

Recommended offer for GoCo Group plc - script

Hello,

Following our announcement of a recommended offer for GoCo Group, I wanted to take the opportunity to talk you through why we feel it makes for such a compelling and complementary combination, both in terms of the strategic rationale underpinning it and the financial benefits we expect it to bring.

I want to take you through the rationale by focusing on six key areas. They are:

1. Adding a services price comparison revenue stream which would become another spoke to our wheel
2. Adding Financial Services as a new content vertical
3. Substantially growing GoCompare's share of the market by extending access to Future's audiences in addition to lowering the costs of acquisition for GoCompare via our SEO expertise
4. Helping GoCo's Autosave proposition to grow its addressable market through our unique platform and audience reach
5. Extending ecommerce revenue opportunities by combining the delivery of voucher code discounts for consumers. In summary, bringing together GoCo's MyVoucherCode with the voucher code business we already operate today and extending these across the considerable audience reach that Future has); and
6. Creating enhanced propositions for advertising partners. Through the combination, we would be able to leverage our digital advertising and email technology to reach an extended premium and qualified audience. This is about leveraging Go Co's audience to amplify our existing email newsletter advertising revenue stream, by connecting our advertisers with the consumers they want to reach

The first two themes, adding a new revenue stream and a new content vertical will be very familiar to those of you who know us well , whilst the third is about what we can bring to GoCo. The balance are examples of the unique opportunity the combination creates.

So starting with the first of these - adding a services price comparison revenue and a spoke to our wheel

For us, price comparison is a logical next step for what we do and the audiences we serve.

Let me set out why.

For those of you who are familiar with Future's story, you will be aware of our transition over time to become a leading global digital platform and the home of trusted, specialist brands. Our content helps consumers to make informed buying decisions on products across a diverse range of verticals – including consumer technology, video gaming, home interiors and women's lifestyle.

Our brands have loyal communities and we currently reach over 420 million consumers every month - including 1 in 3 people in the US and UK.

As you will have seen from our recent results, one of the fastest growing and high margin areas of our business has been ecommerce, which accounted for 19% of our group revenue in the month of September 2020.

We've been able to grow this through our proprietary ecommerce technology – called Hawk – which provides our consumers with the best prices on the best products written about by our independent editorial teams.

However, our technology is only able to provide readers with information and pricing on products, which has meant that we have not been able to monetise beyond this and into services.

Across many of our brands, our editorial team is already producing content geared towards services – for example, it might be an article on the best mortgage deal for a young family, or the best broadband deal to support your gaming needs. Whilst we can drive eyeballs to it, right now we're not able to fully monetise that content in the way we'd like to.

As part of our long-term strategic agenda, this very naturally led us to begin looking at ways we could capitalise on the opportunity of extending into services and help consumers find the best deals in the market, which is why we started to consider price comparison.

We first wanted to prove the concept and test that it made sense for us and our audiences – and that it was an addressable market. So we have been doing this through working with white-labelled price comparison services.

This taught us that the logic stacked up, but if you know Future, then you will appreciate that our model is to develop or acquire proprietary technology rather than paying margin away through a third party. Exactly in the same way we added video via Barcroft Studios.

And this is where GoCo comes in. As a leading brand in the price comparison space they have built the proprietary technology which can be integrated across our relevant brands to help our audiences find the best deals in services.

Think of it as Hawk for services.

I'll give you just one example.

We are the one of the biggest publishers of home interest with leading brands like Real Homes and Ideal Home.

I'm sure you can see that this is an area where consumers want help in making a decision on home improvements but also to have access to – for example – the best home insurance offers or relevant energy products and switching options within the same content - minimising friction for the reader and anticipating their purchasing needs.

And it's not just about homes. If you look across our other brands and into areas such as gaming, cycling, pets, photography, caravans - there are opportunities to offer our readers the best insurance, utilities and services deals that are available across the market - which is what we're really excited about.

Turning to the second area - adding financial services as a new vertical

Much like we have done in the past with our brand verticals such as women's lifestyle, the transaction enables us to add a new vertical – in this case, financial services.

If you've attended our capital markets days in the past, you'll recall us talking about financial services as an area we've been looking at for some time.

So through this acquisition, GoCo's existing brands and expertise would become the foundation of our financial services vertical. We would then set about helping to strengthen those brands, including pocketyourpounds, and further monetise the content, in much the same way we have with other acquisitions – for example, with cycling following the acquisition from Haymarket.

Thirdly I want to talk about the benefit of substantially growing GoCompare's share of the market in addition to lowering the cost of customer acquisition through our SEO expertise

I suspect this is the most intuitive place when people think about this transaction's opportunity.

One of the challenges of the price comparison website sector has been the cost of customer acquisition.

We at Future have extensive audience reach and are experts in organic search, or SEO, with our leading content and trusted brands ranking high up in search results and

helping to drive the 282 million consumers we see on our websites every month. You can also see the success we have had in this since our acquisition of TI Media– where simply by using best practice organic SEO we have already been able to grow online users.

Our search expertise is not confined by individual verticals – rather we take a ‘centres of excellence approach’ with a centralised team of experts that work closely with our verticals and brands to help them scale faster.

The fourth benefit is helping GoCo's Autosave proposition to grow its addressable market through our unique platform and audience reach

The Autosave business is an excellent part of the GoCo Group, which helps consumers save money through automated switching. It has been enjoying rapid growth following the investment made to launch this proposition and already has around 600,000 subscribers.

At Future we have lots of experience from our magazine heritage of managing a subscription business and crucially the retention of customers. We see an opportunity to use our operational scale to help the business to further grow subscribers to add to the services it provides.

The fifth benefit is the extension of ecommerce revenue streams through surfacing discount voucher codes for the benefit of our extensive audience

We already have our own discount voucher codes business within Future, currently sitting across our title Marie Claire.

Our own experience of providing our consumers with discount opportunities evidences that there is significant potential across our large audience reach. To provide some context, Marie Claire already generates revenues equivalent to around 20% of MyVoucherCodes due to a more targeted market.

Therefore, adding the MyVoucherCode business with their commercial relationships and connecting it with Future's audience scale and content verticals provides another opportunity to monetise our audience by providing a more endemic context for the saving opportunity.

The sixth benefit I want to discuss is about leveraging our digital advertising and email technology to unlock a completely new revenue stream for the GoCo Audiences

GoCo operates multiple leading brands focused on helping people save money, including GoCompare and LookAfterMyBills.com. On our side, we have a digital advertising sales team and proprietary technology which allows us to create almost automatically bespoke email newsletters on any subject matter.

When you take our newsletter technology and the ability to create, for example, home savings guide and then the audience that the GoCompare business has, we believe there's a real opportunity to add advice and help, and extend our ability to sell premium advertising space.

Now taking a step back to look at the financial benefits of the combination...

It's earnings accretive on day one, and materially so in the first year of ownership.

We have also identified attractive costs synergies of approximately £10m comprised of the removal of back office duplicative functions and services. Further, as you will note, we have not included any revenue opportunities. However, for those of you who know this space, you will be aware that improvements such as organic search, for instance, typically flow through to the bottom line.

The group will also have a highly cash generative profile as a technology led business with low capital intensity, allowing us to de-lever rapidly to below 1.5x.

In summary, I am incredibly excited about our recommended offer for GoCo, which was announced alongside our record full-year results.

It's an entrepreneurial business with a good cultural fit - and we think the compelling mix of complementarity and growth opportunity will create substantial value for both sets of shareholders.