

# INTERIM RESULTS 2024.

Half Year Results Presentation | 31 July 2024

Reach

# Disclaimer.

This presentation has been prepared by Reach plc (the “Company”) and its subsidiaries or associated companies or its or their affiliates (the “Group”) in connection with the publication of the Company’s preliminary results for the six months ended 30 June 2024.

Certain statements in this presentation may constitute forward-looking statements. Any statement in this presentation that is not a statement of historical fact, including without limitation, those regarding statements, estimates, opinions and projections with respect to anticipated future performance of the Group may be forward-looking statements which reflect various assumptions or opinions concerning anticipated results taken from the Group’s current business plan or from public sources which may or may not prove to be correct. Such forward-looking statements reflect current expectations based on the current business plan and various other assumptions and involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results or other financial condition or performance measures will be achieved. As a result, recipients of this presentation, should not rely on such forward-looking statements due to the inherent uncertainty therein.

Forward-looking statements speak only as of the date of such statements reflecting the knowledge and information available and, except as required by the Financial Conduct Authority, the London Stock Exchange or applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Nothing in this presentation should be construed as a profit forecast or profit estimate and no statement in this presentation should be interpreted to mean that future earnings per share of the Company for the current or future years will necessarily match or exceed the historical or published earnings per share of the Company.

No reliance may be placed for any purpose whatsoever on the completeness or accuracy of the information or opinions contained in this presentation and no member of the Group or any of their respective officers, directors, employees, representatives, agents or advisers take any responsibility for, or accepts any liability in respect of, the accuracy or completeness of such information.



# Jim Mullen

Chief Executive Officer

Interim results | 31 July 2024

Reach

# First half performance – in summary.

## Solid overall performance.

- Operational expertise optimising digital and print assets
- Strong trading of digital inventory with yield increase >30% YOY and digital back in growth in Q2 +7%
- Print circulation (3.6%) and print advertising (11.5%) both outperforming structural volume decline (17%)
- Underpinned by impactful journalism, growing secure audience by Q2 +4%

## Strong cost management.

- Early cost actions delivering 9% reduction in operating costs
- Delivered adjusted operating margin of 17% and high operational cash generation

## CVS continues to deliver resilience.

- Data-driven revenues have grown +9%, and now make up 45% of digital revenues (HY23: 41%)
- Driving growth in direct advertising revenues and diversification into non-advertising revenues
- Industry headwinds remain with page views down 25%
- Selective investment to drive further diversification

## On track to deliver market expectations.

A nighttime photograph of a city skyline reflected in a body of water. The buildings are illuminated with warm yellow and orange lights, and some modern glass skyscrapers are lit up with blue and white lights. The sky is a deep twilight blue.

# Darren Fisher

Chief Financial Officer

Interim results | 31 July 2024

Reach

# Summary – financial performance.

Revenue

**£265m**

HY23: £279m

Adj. operating  
profit

**£44m**

HY23: £36m

Operating  
margin

**16.8%**

HY23: 12.9%

Adj. operating  
cash flow

**£58m**

HY23: £38m

Adj. Earnings  
per share

**10.1p**

HY23: 8.7p

Digital  
revenue

**£60m**

HY23: £61m

% Data-driven  
revenue

**45%**

HY23: 41%

YOY operating  
cost reduction

**9.3%**

HY23: (2.8)%

Cash  
conversion

**130%**

HY23: 106%

Interim  
dividend per  
share

**2.88p**

HY23: 2.88p

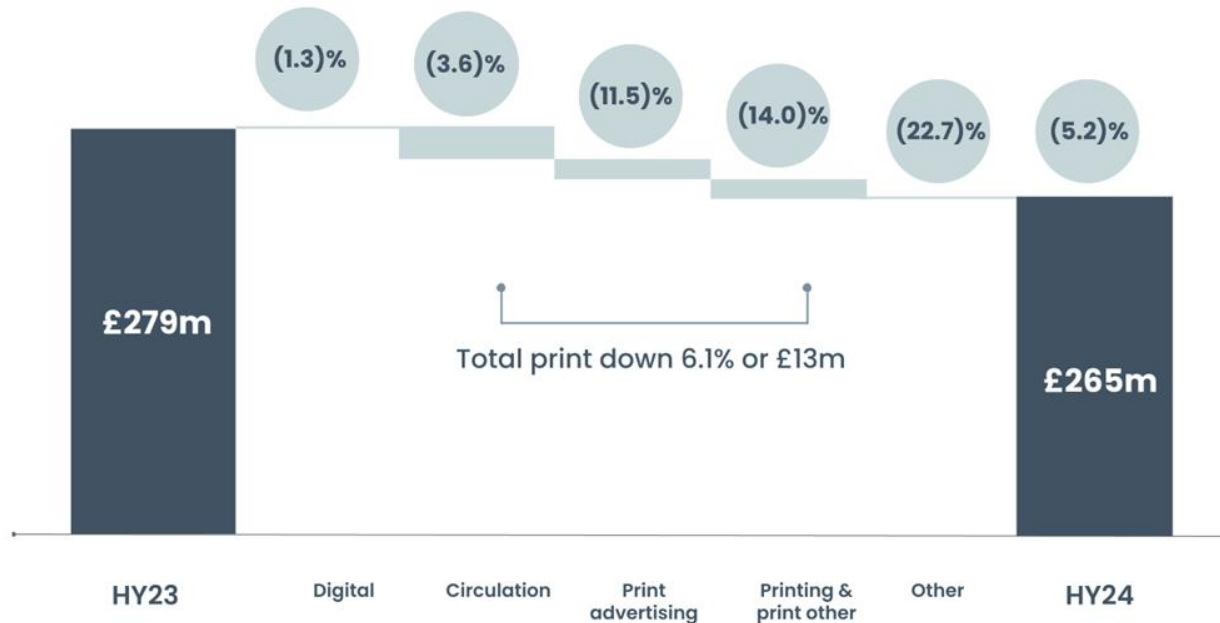
# HY24 Financial summary.

Adjusted results	HY24 £m	HY23 £m	Var £m	Var %
Digital	60.0	60.8	(0.8)	(1.3)
Print	204.0	217.3	(13.3)	(6.1)
Other	1.0	1.3	(0.3)	(22.7)
<b>Revenue</b>	<b>265.0</b>	<b>279.4</b>	<b>(14.4)</b>	<b>(5.2)</b>
<b>Operating profit</b>	<b>44.5</b>	<b>36.1</b>	<b>8.4</b>	<b>23.3</b>
Operating margin	16.8%	12.9%		
EPS	10.1p	8.7p	1.4	16.0
DPS	2.88p	2.88p	0	0.0
<b>Adj operating cash flow</b>	<b>57.7</b>	<b>38.2</b>	<b>19.5</b>	<b>51.0</b>
Net debt	(12.3)	(3.5)	(8.8)	

- Revenue down 5%
- Lower operating costs from the restructure undertaken at end of 2023 and lower newsprint costs
- Strong operating margin of 17%
- Healthy cash conversion
- Interim dividend 2.88p (HY23: 2.88p)
- Reporting periods:
  - HY23: 26 weeks ended 25 June 2023
  - HY24: Six months ending 30 June 2024

# Revenue.

Print circulation resilient and print advertising continues to outperform volumes

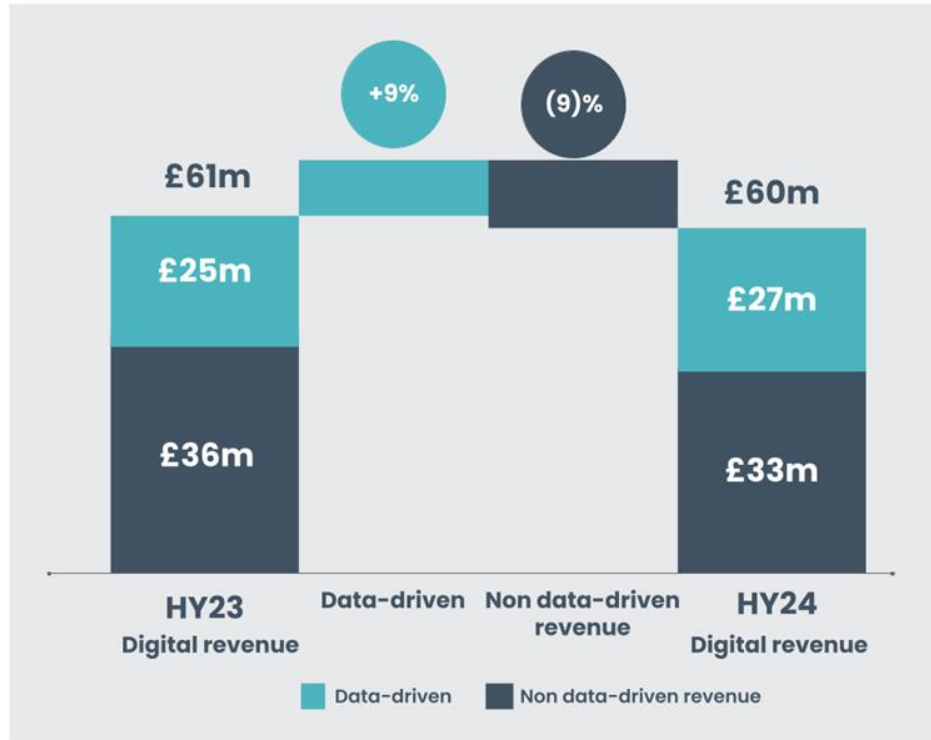


- Strong trading of digital assets driven by Customer Value Strategy, increasing yield >30% (revenue per thousand pages)
- Print circulation resilient, declining 3.6%
- Print advertising outperforming volume decline



# Digital revenue.

Data-driven revenues continue to grow



## Data-driven revenues

- Data-driven revenues grew 9%, with the improving yield more than compensating the volume decline
- Strong year-on-year growth in direct advertising, partnerships, ecommerce and affiliates

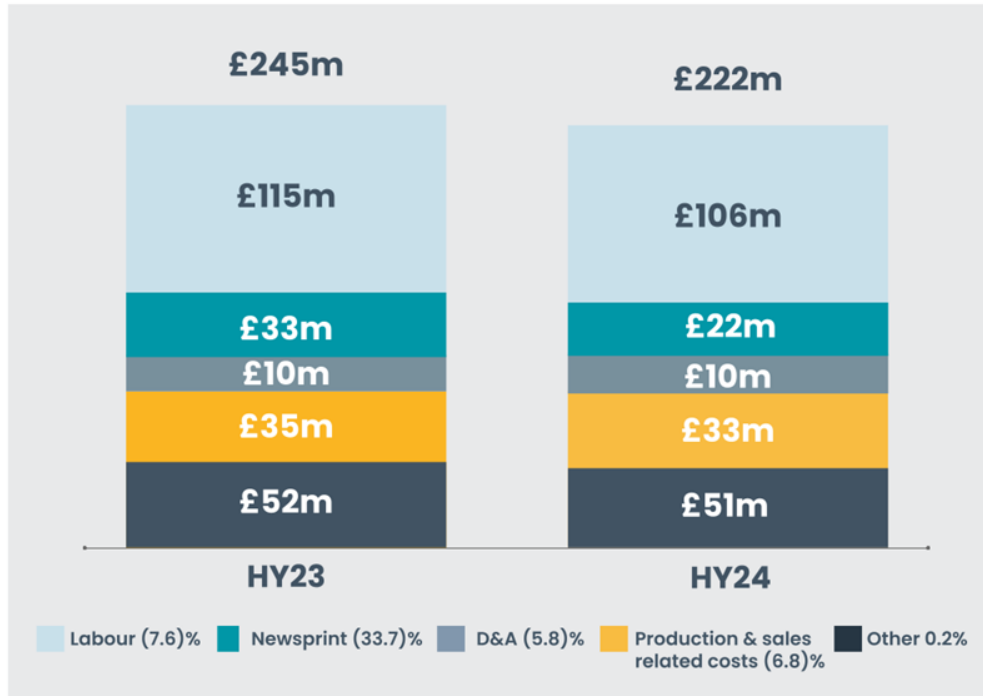
## Non data-driven revenues

- 'Non data-driven revenues' are more sensitive to page view volumes. The decline outperformed the volume impact from lower referral traffic
- Open market yields stabilising

## Digital growth returning in Q2

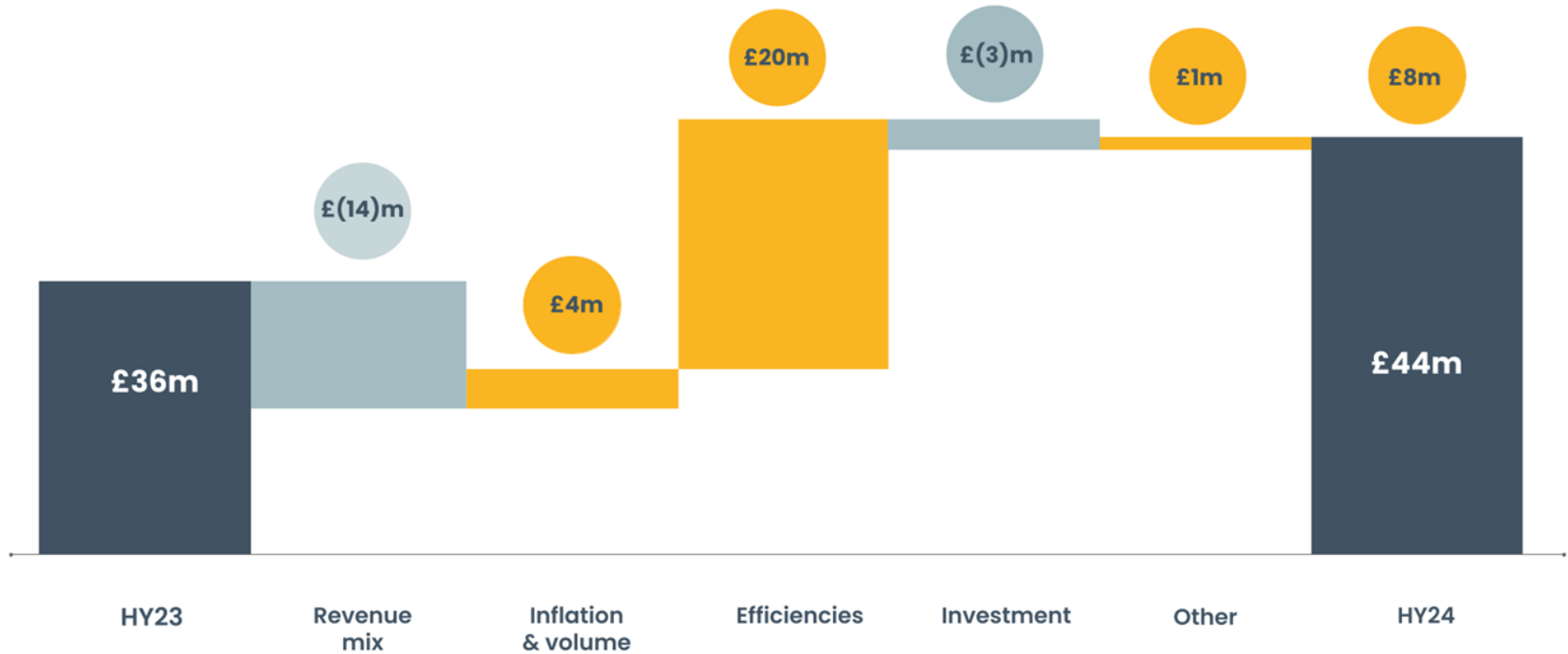
# Decisive action on operating costs.

Adapted quickly to changing environment

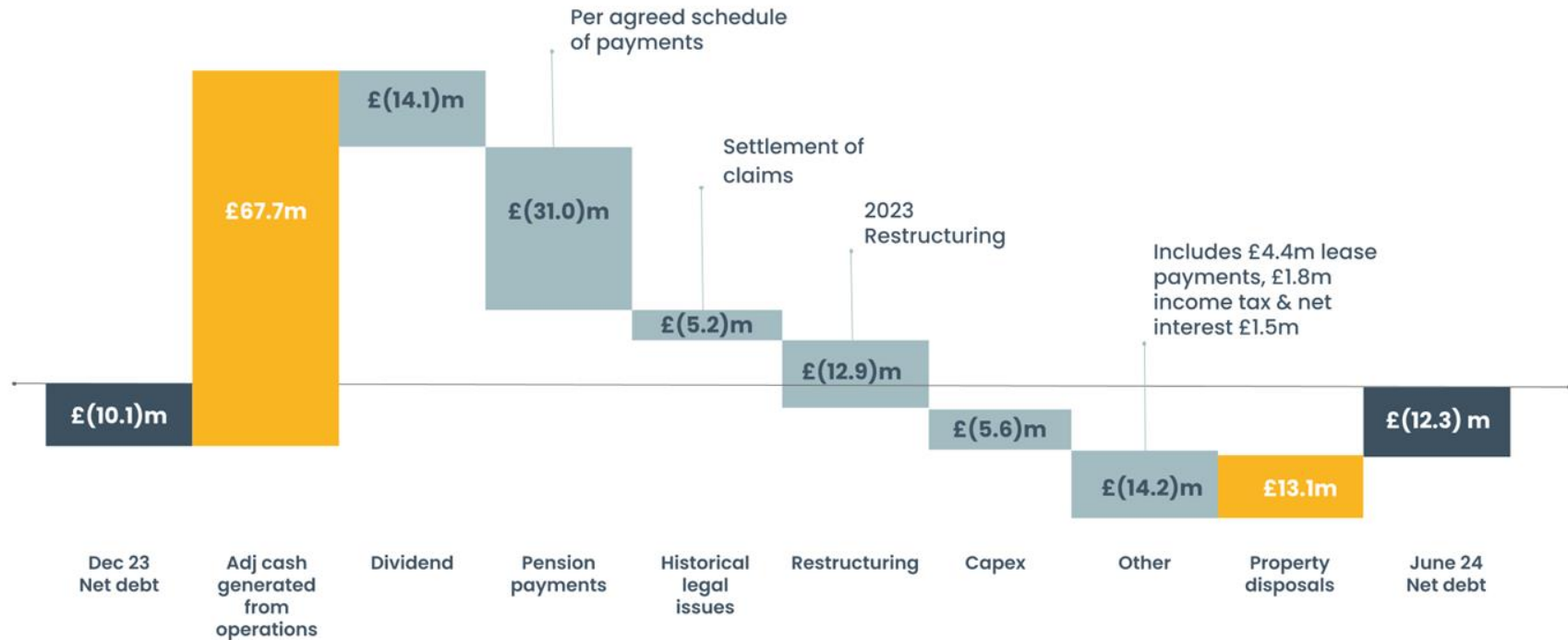


- Operating costs declined 9%
- Labour costs declined 8%, due to the restructuring implemented at the end of 2023
- Newsprint costs have reduced materially from lower volume alongside lower newsprint costs
- Production and sales related costs includes production, distribution, marketing and other cost of sales
- Key components of 'other' include:
  - IT related costs (£16m)
  - Utilities rates & other office costs (£12m)
  - Other editorial costs (£10m)

# Profit bridge.



# Half year 2024 use of cash.



# Capital allocation.

Profitability and cash remain priorities as we continue to reduce our financial obligations

Resilient print  
profits, sustainable  
cash generation  
and strong  
balance sheet



Organic  
investment



Pension  
funding



Dividends for  
shareholders



M&A

# Financial guidance.

## Full year 2024

- Costs:** Trending slightly ahead of 5-6% reduction in operating costs
- Profit:** Profit phasing to be more equally weighted between H1 and H2
- Depreciation:** Expect similar charge to 2023 (£21m)
- Cash:** Working capital expected to be broadly neutral (excluding bonus accrual)  
Capex mid teens (2023: £15m)  
Pension contributions similar to 2023 (£60m)  
HLI expected to complete in 2025

**On track to deliver market expectations.**

*Notes: Market expectations compiled by the company are an average of analyst published forecasts. Consensus adjusted operating profit for FY24 is £97.8m.*



# Jim Mullen

Chief Executive Officer

Interim results | 31 July 2024

Reach

# Solid performance against **macro backdrop**.

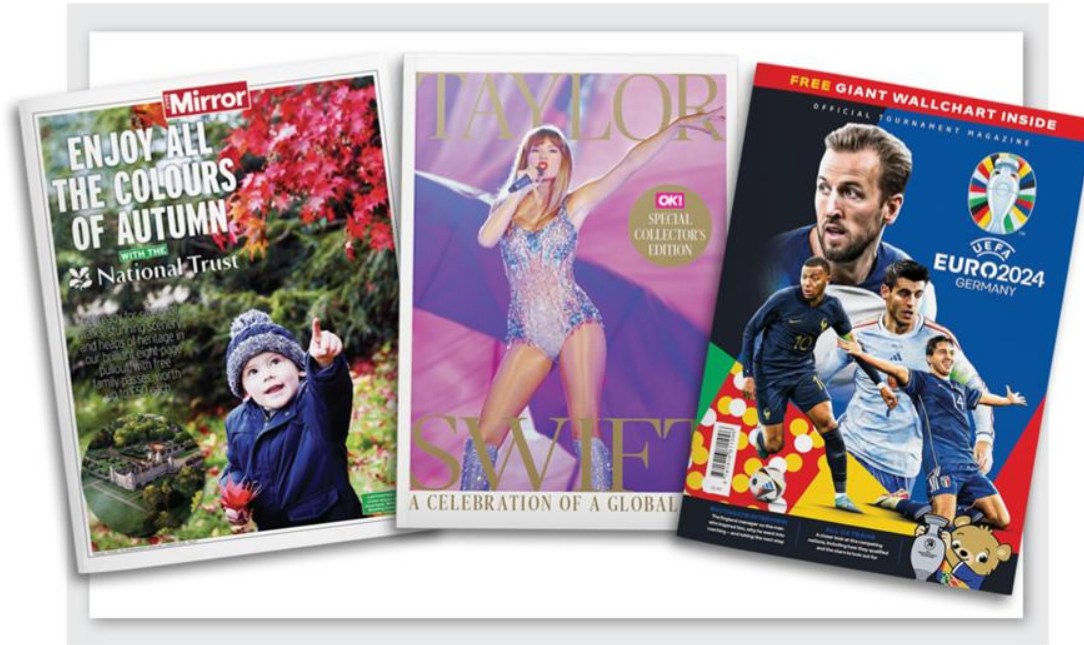
Ongoing delivery driven by strategy and expertise





# Circulation supporting **print revenues**.

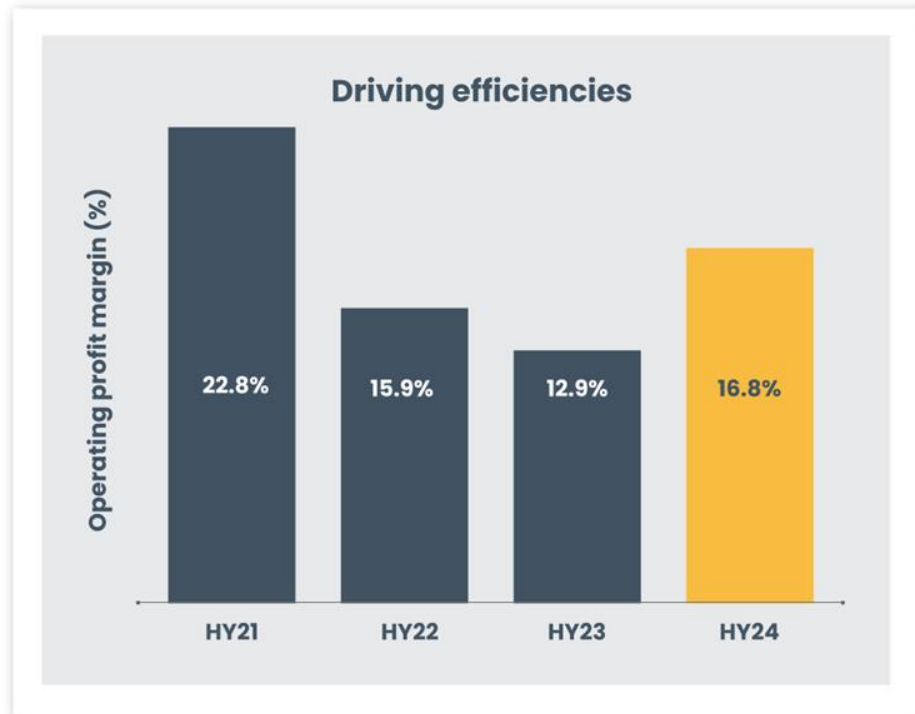
Industry-leading operational expertise maximising value



- Cover price increases supported with strong promotional activity and special one-off products
- Astute use of evergreen content
- Historical trends demonstrate print demand is relatively price inelastic
- Print advertising outperforming volumes - benefitting from competition across food retail
- Newsprint costs reduced, longer-term contracts creating more stability

# Track record in driving efficiencies.

Meeting our financial obligations and delivering returns to our shareholders



## Industry backdrop

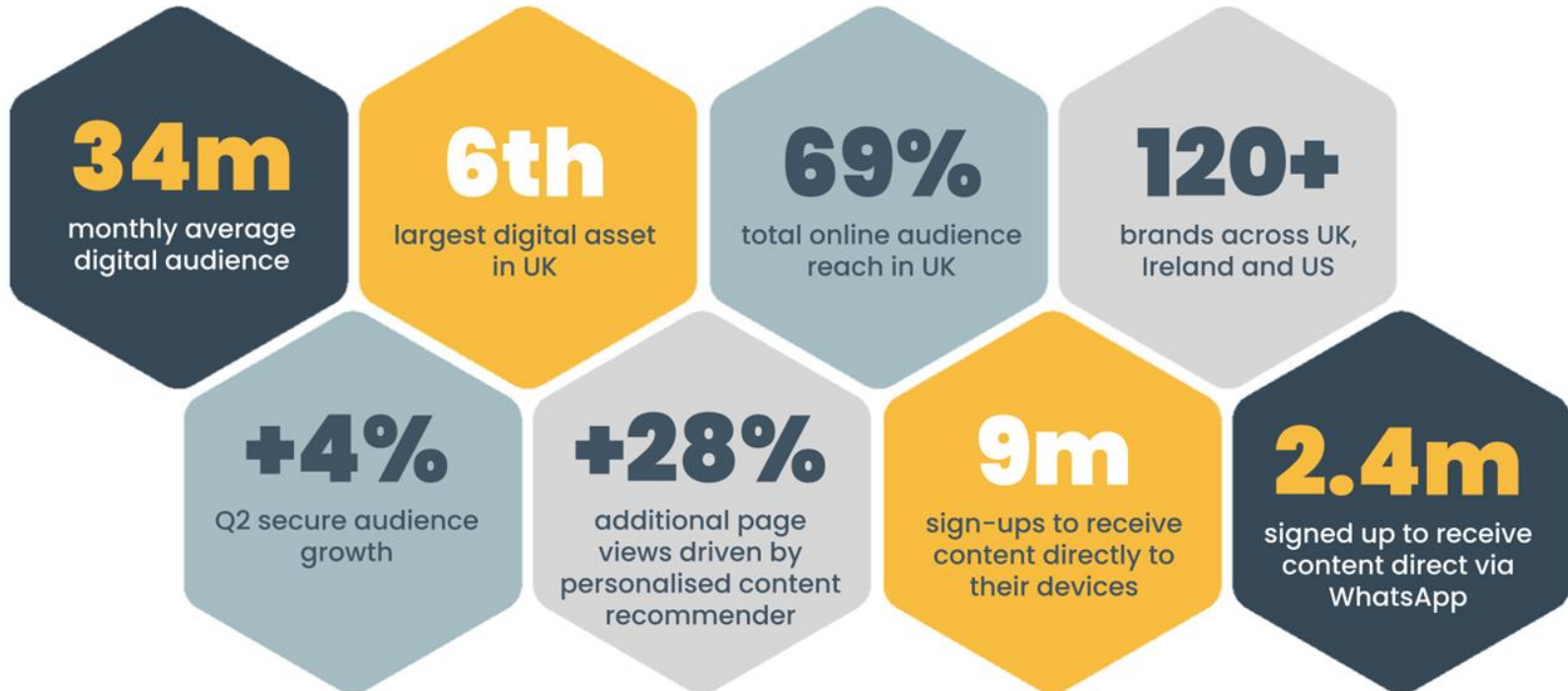
- Revenue CAGR HY21-24 (4)%
- Industry shock - estimated inflationary impact on operating costs for FY22 - £40m

## Controlling the controllables

- Consistent focus and track record in managing cost across this period
- Early cost intervention in 2023 enabling financial delivery in 2024
- Underpinned by operational and industry expertise

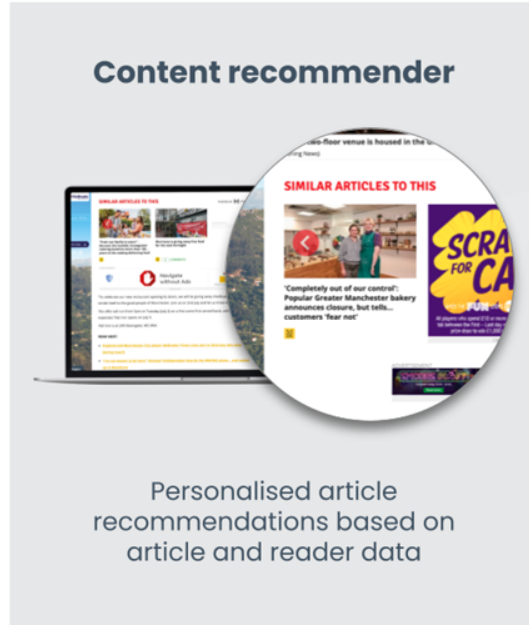
# Our digital strength.

Using data to secure and grow sizeable online asset



# Driving secure audience and engagement.

Data and in-house tech enabling scale



\*source: IPSOS Iris June 24

- **Reach has grown page views per visit by +7.0% YOY \***
- **Personalisation driving engagement**
  - **Homepage optimisation trials**
    - Results: increasing Click Through Rate >20%
  - **AI-powered recommender tools** driving personalisation on widgets and onward user journey, leading to incremental page views per visit
    - Results: >0.5% uplift in page views per visit
- **New web platform improving website experience**
  - Trial: Liverpool Echo - major brand, circa 2m page views per day
  - Results:
    - Improved content loads speed 2x
    - Removed cumulative layout shift including ad buffering
    - >10% uplift in page view per visit
  - To be rolled out across digital estate
- **US expansion progressing** to plan, driving further engagement from third party platform referrers

# Using data to add value for our partners.

More effective direct ad campaigns



## H1 total food ad revenue grown >30%

- Extended product offering including app takeovers
- Driving additional value from our in-house ad tech - Mantis
  - 3X levels of contextual targeting v FY23
  - Additional value with curated marketplace and geographic targeting



## Material advertiser investment

- New Mantis feature delivering national campaigns with regional activation
- Powered by location or contextual signals increasing user relevance
- Increased local awareness and footfall



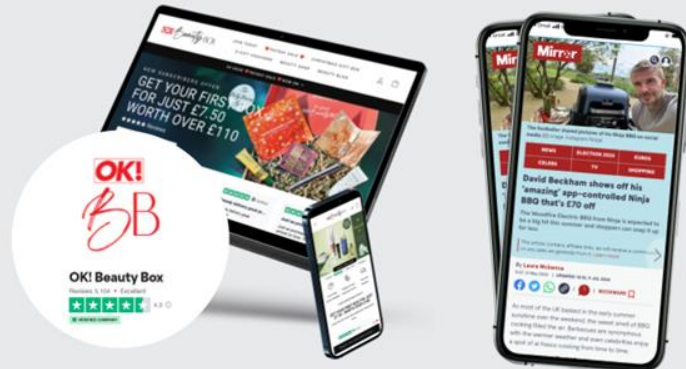
## Click-through-rate increase 20% versus average

- New customer with Mantis contextual targeting
- Added dynamic formats, e.g. pre-roll and page takeovers for sun care and hayfever products

# Further revenue diversification.

Data and in-house tech driving yield

## Ecommerce and affiliates



- Ecommerce and affiliates continue to drive growth
- Over double the number of affiliate partners generating more than £100k in shipped orders (HY23 - HY24)
- Affiliate pages drive 3X value
- Over 500,000 Beauty Boxes sold and 350,000 Shopify transactions

## Mantis and Yimby



- Building on diversification success in H1 with Mantis B2B expansion - new partners signed
- Mantis is the market leader in contextual targeting accuracy
- Building on ecommerce success with Yimby marketplace soft launch - site launched and 5,000 products available

# Improving yield performance.

Material improvement in yield (RPM)



## Customer Value Strategy CVS

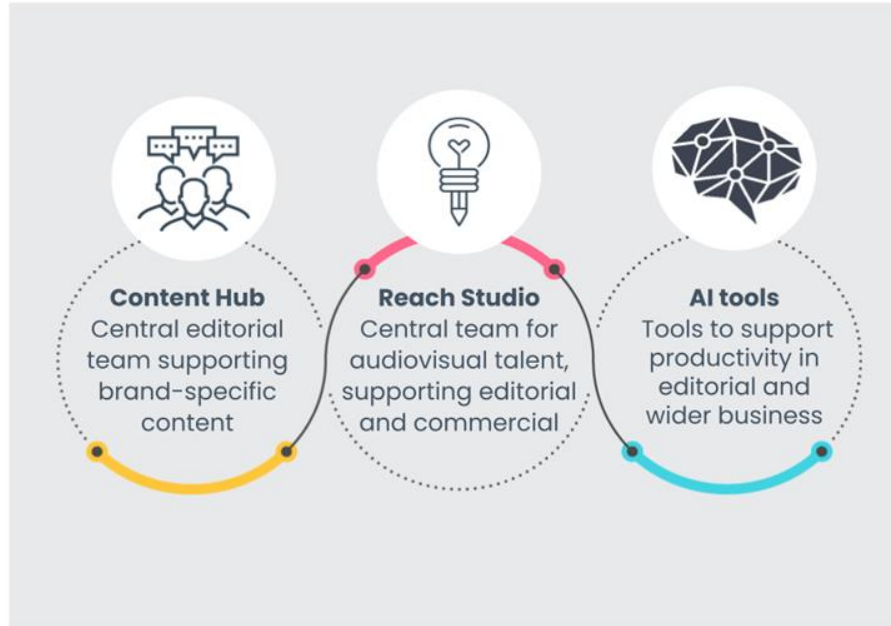
- Data driving more valuable advertising
- Over the LTM total digital revenues per 1000 page views increased >30% and more for data-driven revenues
- Data-driven revenues yield >12X open market

## Audience variable (AV) revenues

- Majority open market programmatic
- RPM for this segment slightly improved as open market prices stabilised and referral volumes normalising
- Other revenues include non data driven direct and third party revenues
- Video performance driven from improved inventory management

# Adapting the digital newsroom.

Setting our teams up to deliver for our audiences



## Content Hub

- 250 journalists in central team
- Using data and insight to support all brands with content relevant to our audiences
- Fully implemented in June

## Reach Studio

- Integrated editorial and commercial team creating high quality video content
- Big launches around election and Euros
- Creates new commercial partnership opportunities
- Engagement on video is 20% higher

## AI tools

- Reducing time on repetitive tasks - in trials average story upload time is halved
- Supports breaking news, enabling our titles to be first on big stories
- Over 600m page views supported by AI in H1



# Brilliant, multiplatform journalism.

Serving our audiences wherever they are.

Enlighten. Empower. Entertain.



# Outlook.

## Outlook.

- Customer Value Strategy working, driving resilience and diversification
- Increased mix of higher quality data-driven digital earnings
- Growing digital business
- Responsible cost management
- Underpinned by reliable print business

**On track to deliver market expectations.**

# Appendix

Half Year Results Presentation | 31 July 2024

Reach

# Definitions.

Metric	Description
Adjusted operating profit:	Operating profit before adjusting items
Adjusting Items:	Items are adjusted on the basis that they distort the underlying performance of the business where they relate to material items that can recur or relate to historical liabilities. Other items may be included in adjusted items if they are not expected to recur in future years.
Adjusted operating cash flow:	Aligned with the definition of adjusted operating profit to exclude the cash flow impact of restructuring payments and other items classified as adjusted items in the income statement.
RPM:	Revenue per 1,000 pages (£)
Reporting periods:	HY23: 26 weeks ended 25 June 2023 HY24: 6 months ending 30 June 2024
Market expectations:	Compiled by the company are an average of analyst published forecasts – consensus adjusted operating profit for FY24 is £97.8m.
CAGR:	Compound Average Growth Rate

# Pensions.

	HY24 £m	FY23 £m	Change £m
Fair value of scheme assets	1,636.8	1,733.0	(96.2)
Present value of scheme liabilities	(1,682.7)	(1,835.6)	152.9
Impact of IFRIC 14	(0.2)	(0.2)	-
<b>Net scheme deficit</b>	<b>(46.1)</b>	<b>(102.8)</b>	<b>56.7</b>
<b>Net scheme deficit after deferred tax</b>	<b>(34.5)</b>	<b>(77.1)</b>	<b>42.6</b>

	2024	2025-27	2028
Estimated committed pension payments	61	182	15

- The estimated committed pension payments are based on the current funding schedule and are subject to future valuations and movements in the underlying assets and liabilities
- c.£40m reduction in estimated payments in 2028

## Profit to cash **measure.**

Profit to cash	HY24 £m	HY23 £m
<b>Adj. operating profit</b>	<b>44.5</b>	<b>36.1</b>
Depreciation & amortisation	9.7	10.3
<b>Adj. EBITDA</b>	<b>54.2</b>	<b>46.4</b>
Working capital movement	14.1	1.3
Lease payments	(4.4)	(2.1)
Other	0.7	1.1
Capex	(5.6)	(7.2)
Associates	(1.3)	(1.3)
<b>Adj. operating cash flow</b>	<b>57.7</b>	<b>38.2</b>
<b>Profit to cash ratio</b>	<b>130%</b>	<b>106%</b>

- Depreciation & amortisation in line with prior year
- HY24 benefitted from working capital inflows, most of which we expect to unwind in the second half of the year
- Other includes the add back of non cash items eg:: share based payments
- The majority of capex relates to capitalisation of technology labour cost

# Group income statement.

	Statutory results £m	Operating adjusted items £m	Pension finance charge £m	Adjusted results £m
<b>HY24</b>				
Revenue	265.0	-	-	265.0
Operating profit	36.8	7.7	-	44.5
Profit before tax	32.9	7.7	1.7	42.3
Profit after tax	24.6	5.9	1.3	31.8
<b>Basic earnings per share (p)</b>	<b>7.8</b>	<b>1.9</b>	<b>0.4</b>	<b>10.1</b>
<b>HY23</b>				
Revenue	279.4	-	-	279.4
Operating profit	11.1	25.0	-	36.1
Profit before tax	6.7	25.0	3.1	34.8
Profit after tax	4.6	20.2	2.4	27.2
<b>Basic earnings per share (p)</b>	<b>1.5</b>	<b>6.4</b>	<b>0.8</b>	<b>8.7</b>

- Operating adjusted items relate to the items charged or credited to statutory not adjusted operating profit.
- Pension finance charge related to the defined benefit pension schemes

# Operating adjusted items.

	HY24 £m	HY23 £m
Provision for historical legal issues	-	(5.9)
Restructuring charges	(2.7)	(10.2)
Property-related items	2.0	0.3
Pension administration expenses	(2.4)	(2.6)
Other items	(3.9)	(5.9)
<b>Operating adjusted items included in administrative expenses</b>	<b>(7.0)</b>	<b>(24.3)</b>
Operated adjusted items included in the share of results of associates	(0.7)	(0.7)
<b>Total operating adjusted items</b>	<b>(7.7)</b>	<b>(25.0)</b>



# Provisions.

	Share-based payments £m	Property £m	Restructuring £m	Historical legal issues £m	Other £m	Total £m
As at 31 December 2023	(0.5)	(19.1)	(12.7)	(18.2)	(2.2)	(52.7)
Charged to income statement	(0.2)	-	(2.7)	-	(0.1)	(3.0)
Utilisation of provision	0.1	1.2	12.9	5.2	0.1	19.5
<b>As at 30 June 2024</b>	<b>(0.6)</b>	<b>(17.9)</b>	<b>(2.5)</b>	<b>(13.0)</b>	<b>(2.2)</b>	<b>(36.2)</b>