23 November 2016

Future plc

Continued growth in operating profits supported by strong cashflows and diversified revenues

Future plc (LSE: FUTR, "Future", "the Group"), the international media group and leading digital publisher, today published its results for the year ended 30 September 2016.

Financial highlights

- Group revenue £59.0m (2015: £59.8m) – reflecting growing new revenue streams and continued tight management of print
  - Media division revenue up 14% to £23.9m (2015: £20.9m), 41% of overall revenue:
    - e-commerce revenues increased 187% year-on-year
    - five new events hosted this year in part driving the growth
  - Magazine revenue £35.1m (2015: £38.9m), reflecting market's structural decline
  - Recurring revenue streams now representing 25% (2015: 22%) of total revenue
- EBITDAE* increased 31% to £4.7m (2015: £3.6m) reflecting changes in revenue mix and margin improvements
- Operating profit, pre-exceptional items, up 188% to £2.3m (2015: £0.8m) reflecting operational gearing
- Operating cash inflow of £6.5m (2015: outflow of £2.3m)

Operational highlights

- Data-led content strategy supports move to diverse revenue business
- Media division:
  - Strong revenue growth in core global brands – techradar.com up 49% and PC Gamer up 43%
  - Record online audience – 53 million online users in November 2015
- Media Services division created in October 2016 to focus on high margin licensing, franchising and content publishing businesses
- Magazine division focusing on market-leading specialist content, brand led, delivering efficient operations and continual innovation
- Imagine Publishing acquisition, completed in October 2016, substantially increases scale and brings operational and financial synergies

Zillah Byng-Thorne, Future's Chief Executive, said:

"Our strategy to create a leading global specialist media platform with data at its heart, monetised through diversified revenue streams, has delivered extremely positive results with Media division revenue growth of 14% year-on-year. We are also benefiting from the Group's operational leverage.

"We focus on content that connects with our substantial and growing audience base and monetise their needs through increasingly diversified revenue streams, which include e-commerce, event sponsorship, digital advertising, licensing, content publishing, subscriptions, newstrade sales and event ticketing.

"We are also taking advantage of the fragmented print market and have substantially increased our scale and sector coverage with a number of acquisitions - most notably Imagine Publishing in October 2016. Imagine transforms the scale of the business and brings significant operational synergies and cash generation opportunities."

* Earnings before interest, tax, depreciation, amortisation, impairment of intangible assets and exceptional items.

To see a recorded message from Zillah Byng-Thorne, discussing Future's full year results, see http://www.futureplc.com/invest-in-future/

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Overview

The Group made significant progress in the last financial year, both operationally and financially.

The Group is a global content platform for specialist media with scalable, diversified brands that has data at its heart. Data drives Future's strategy by helping the Group understand its audience's needs and particularly the path to purchase, which allows it to provide value for its partners, clients and itself. This creates loyal communities. This has been most evident in the Group's fast-growing e-commerce business, where revenue is up 187% year-on-year.

Our data-led content strategy underpins our move to a diverse revenue business, with e-commerce and events showing notable rates of growth. Additionally, a major re-alignment of the cost base and tight management of the decline of the print business have resulted in further growth in operating profit.

During the year we completed the re-organisation of the business into two distinct divisions; Media, which is focused on global scalable brands, and Magazines, which is focused on market-leading specialist content.

In October 2016 we established a new division, Media Services, which is focused on delivering high margin revenues through monetising our IP in franchise, licensing and contract publishing deals.

We are expanding our global reach through organic growth, acquisitions and strategic partnerships.

The global media brands in our Media division have performed strongly this year; two of our leading brands, techradar.com and PCGamer.com, have shown significant growth. Techradar revenue was up 49% year-on-year, a result of leveraging content to harness e-commerce, and PC Gamer revenue up 43% year-on-year, through strengthened relationships with hardware providers.

Our online audience has never been stronger, with our global websites breaking our own records. During our peak season pre-Christmas we reached 53m online users.

We have strong engagement with our users through our large social media following, reaching 45m people across Facebook, Twitter and YouTube and generating 10m sessions to our websites from social media.

We continue to innovate in our Magazines division, including new magazine launches and updates to existing titles.

Current trading and outlook

The Group has a clear strategy, which is resulting in improved financial and operational performance, particularly increased EBITDAE margins and cash conversion.

Future has substantially increased its portfolio and overall scale, both from organic growth across the business and targeted acquisitions. The continued focus on operational improvements and the increased size of the business is resulting in economies of scale within the business and enhanced operational profitability.

Recurring revenue streams now represent 25% of total revenue, compared to 22% in the last financial year. These are a mix of subscription revenues and highly predictable e-commerce income.

The Board expects these trends to continue into the current financial year which, at this early stage, is performing in line with our expectations.

Operational review

Diversified revenue

We understand the value of diversified revenues within media and continue to concentrate on developing material, recurring new cash generative products in order to take advantage of a fast changing media landscape. We have clearly diversified revenue streams in digital advertising, e-commerce, events, licensing, retail, subscriptions, contract publishing and third party sales.

Our e-commerce business goes from strength to strength; enriching users' experience and providing price comparison and purchase options. We have our own proprietary price comparison technology, which provides us with a powerful position in the UK online technology market compared to many other large consumer technology websites. Our acquisition of Next Commerce in August 2016 further builds on the range of our product categories, introducing a significantly improved taxonomy, while also expanding our reach into Australia and South East Asia.

We have a strong digital advertising revenue stream, advertising targeted at individuals based on behavioural segmentation and a technology stack that capitalises on the growth in programmatic while maximising digital yield. We provide access to unique audiences, focusing on strategic relationships and creative solutions.

Our events business has taken significant strides forward in the year, including the hosting of five new events. We have built on our global brands by producing our creative and design conference, Generate, in four locations: New York, Sydney, London and San Francisco.

The acquisitions of Noble House Media and assets from Blaze Publishing have significantly strengthened the events portfolio with shows including The London Acoustic Show, The London Drum Show and the Mobile Industry Awards.

Additionally, our award winning event, The Photography Show, generated over £2m of revenue and attracted 30,000 visitors this year.

We continue to innovate in the Magazine division with a number of launches during the year, including introducing new brands into the kids category, while we continue to focus on strengthening the performance of our existing magazines through targeted relaunches.

Divisions

In November 2015, the Group was reorganised into two new divisions, Media and Magazine, to enable a more efficient operating model to be employed in each division, reflecting their different market dynamics.

The Media division, underpinned by leading global brands, is focused on building fast-growing digital and diversified revenues. Future has invested in the rapidly growing revenue streams of e-commerce and events and continues to innovate in digital advertising.

The Media division focuses on being at the forefront of digital innovation, in particular the high growth technology and games markets. It has a number of leading brands including techradar, PC Gamer, GamesRadar+, The Photography Show, Generate and Golden Joysticks.

The Magazine division is specialist and brand-led. It has over 100 magazines and bookazines and is the number one digital consumer magazine publisher in the UK. The division is focused on creating the best content in the market in an efficient operation and continues to tightly manage the portfolio. In addition, we have made a number of acquisitions this year within existing and new verticals, which strengthen our portfolio and provide synergistic benefits.

In October 2016, we established a new division, Media Services, in order to bring focus and resources on higher margin revenues. The Media Services division is centred around offering our content expertise to third party customers, encompassing our licensing and content publishing businesses and focusing on growing our licensing revenues for both digital and print brands. In addition, this division is exploring opportunities in non-core markets to franchise our events. We are also reinvigorating our focus on Fusion, our contract publishing business, with a clear aim of partnering with other businesses in their content solutions.

Acquisitions

The Group has strengthened its portfolio over the year with key bolt-on acquisitions. Adding portfolio enhancing brands means that we can achieve economies of scale through our core UK publishing operations and enhance operational profitability.

These acquisitions have allowed us to take advantage of a fragmented market. They have provided the Group with a number of complementary titles to our existing portfolio and added the new portfolio of field sports and also a step toward the high value B2B market with the mobile category.

In April 2016, Future acquired Noble House Media, a multi-platform publisher specialising in technology and the mobile industry. The acquisition added expertise in the mobile industry and further strengthened Future's technology portfolio, including adding leading magazine brands Mobile Choice, Wireless and Mobile and the prestigious Mobile Choice Awards and Mobile Industry Awards.

In May 2016, Future acquired assets from Blaze Publishing, a magazine publisher and event organiser, in the music and field sports sectors. This acquisition strengthens Future's position as the market leader in music publishing in the UK, in line with our strategy to take leadership positions.

In August 2016, we acquired Next Commerce, a digital shopping comparison business with operations in Australia and across South East Asia. Next Commerce operates Getprice.com.au and Pricepanda.com and has websites in six countries listing over 19.5 million products. In line with our strategy this strengthens our presence in e-commerce through their market leading technology and practices for retailers, publishers and consumers in the region, while at the same time providing a far greater taxonomy that can be migrated into the Future "Hawk" software.

In June 2016, Future agreed terms to acquire Imagine Publishing. The transaction completed in October 2016. Imagine has a portfolio of 18 periodical magazines and 300 bookazines across the knowledge, history, science, games, tech and creative verticals. It also has a strong licensing, web and digital edition business.

The Imagine acquisition brings significant cost synergy opportunities and cash generation, which can be deployed into the core growth areas of the business. The integration of Imagine into the Group is proceeding to plan and, while only one month in, we are confident of delivering the estimated annualised cost synergies of £3.0m.

Key details of the acquisitions we have made in 2016 are included below:

Acquisition	**Revenue***	**Deferred Consideration**
Next Commerce	£3.3m	Deferred consideration of up to £550k payable in Future plc shares at end of January 2017 if revenue targets exceeded

Noble House Media	£0.9m	None
Assets of Blaze Publishing	£3.1m	Up to £320k payable against achievement of gross contribution targets
Imagine Publishing	£16.4m	None

*Revenue figures obtained from most recent annual financial information or in the case of Blaze, financial information relating to the acquired assets

Fund raising

The Group raised net proceeds of £3.1m in November 2015 via an equity placing, to accelerate growth and profit generation, particularly in the Media division. These funds have provided working capital for, and enabled investment in, the Group's high growth revenue streams, e-commerce and events, in addition to investment in the restructuring of the business.

Financial review

Financial summary

Continuing operations	**2016** **£m**	2015 £m
Revenue	**59.0**	59.8
EBITDAE	**4.7**	3.6
Depreciation charge	**(0.4)**	(0.5)
Amortisation of intangible assets	**(2.0)**	(2.3)
Operating profit pre-exceptional items	**2.3**	0.8
Exceptional items	**(3.5)**	(2.5)
Impairment	**(13.0)**	-
Operating loss	**(14.2)**	(1.7)
Net finance costs	**(0.7)**	(0.6)
Loss before tax	**(14.9)**	(2.3)
Loss per share (p)	**(4.0)**	(0.6)
Adjusted earnings per share (p)	**0.4**	0.0

The financial review is based primarily on a comparison of continuing results for the year ended 30 September 2016 with those for the year ended 30 September 2015. Unless otherwise stated, change percentages relate to a comparison of these two periods.

Revenue

Group revenue was £59.0m (2015: £59.8m) reflecting the continued change in the business with the new revenue streams growing strongly whilst the print revenues, as expected, continue to decline. UK revenue was £44.7m (2015: £47.3m) and in the US £15.2m (2015: £13.4m).

The Group's focus is on building recurring revenue streams, which have annuity like qualities. These encompass e-commerce and subscriptions, and now represent 25% of the Group's total revenue (2015: 22%).

Media

Media revenue has increased by 14% to £23.9m (2015: £20.9m), driven by the Group's fast growing revenue streams; e-commerce and events.

In the UK, Media revenues increased by 8% to £14.1m (2015: £13.1m), driven by the new revenue streams of e-commerce and events. In only its third year, The Photography Show at Birmingham's NEC generated revenue growth of 12% year-on-year.

Digital advertising in the UK now represents 69% (2015: 72%) of UK advertising revenues.

The US also delivered strong growth, up 24% year-on-year to £10.4m (2015: £8.4m), with revenue from affiliates being the biggest driver of this growth. Digital advertising in the US now represents 88% (2015: 85%) of US advertising revenues.

Magazine

Magazine revenue declined in line with expectations to £35.1m (2015: £38.9m), reflecting the market's overall structural decline. A focus on subscription revenues, however, has increased the mix of recurring revenues in this division to 30% from 29% in 2015. The division is constantly looking for ways to innovate and launched five new magazines in the year.

EBITDAE

The Group's EBITDAE was up 31% to £4.7m (2015: £3.6m), of which £2.8m (2015: £3.3m) was UK and £1.9m (2015: £0.3m) was US. The swing in profit margins between the UK and US is in large part a reflection of the strategy to create operational centres of excellence in lower cost environments, with all of the back office costs for the Group now located in the UK. During the course of the year, global functions were introduced for most operational teams, allowing resources to be located in the most financially and operationally effective locations. This has helped to improve the overall Group profitability through greater operational gearing and allowed the US operations to grow from strength to strength.

Future's headcount was further reduced from 521 to 449 employees and rationalisation of the Group's overhead base continued with a focus on process re-engineering. All websites have now been migrated onto the Group's proprietary platform and a global content management system migration (CMS), the final CMS migration will be completed in Q1. This puts the Group in a strong position to benefit from economies of scale as the number of brands increases. All acquisitions made during FY16 have been fully integrated into the Group's operations and systems.

Exceptional items and impairment

Exceptional costs were £3.5m (2015: £2.5m). Restructuring costs of £1.8m include headcount reduction and transformation expenses. A credit of £0.5m was recognised as dilapidation costs for legacy offices were lower than originally expected.

The balance of exceptional costs principally comprise acquisition related costs in respect of the acquisition of Miura (Holdings) Limited, the ultimate parent company of Imagine Publishing Limited, which was completed on 21 October 2016.

A non-cash impairment charge of £13.0m has been recognised against goodwill attributable to the UK business. This reflects a shift in the underlying profitability and cash flows of the Group and the continued decline of print.

Net finance costs

Net finance costs were £0.7m (2015: £0.6m) with the increase representing a small foreign exchange loss (profit in 2015) reflecting the volatility of currency markets.

The Group pre-tax loss was £14.9m (2015: £2.3m).

Taxation

The tax credit for the year amounted to £0.5m (2015: £0.3m), comprising a current tax charge of £1.3m (2015: credit of £0.3m) and a deferred tax credit of £1.8m (2015: £nil) predominantly related to the recognition of a portion of US losses. The current tax charge arises in the UK where the standard rate of corporation tax is 20%.

Overall the effective rate for the Group when applied to the loss before tax was 3% (2015: 13%). The Group continues to focus on compliance with tax authorities in all territories in which it operates.

(Loss)/earnings per share

	2016	**2015**
Basic loss per share (p)	(4.0)	(0.6)
Adjusted earnings per share (p)	0.4	0.0

Adjusted earnings per share is based on the loss after taxation which is then adjusted to exclude exceptional items, impairment and related tax effects.

The continuing adjusted profit after tax amounted to £1.5m (2015: £0.1m) and the weighted average number of shares in issue was 362m (2015: 333m).

Dividend

The Board is not recommending a final dividend for the year.

Cash flow and net debt

Net cash at 30 September 2016 was £0.5m (2015: net debt £1.8m), an improvement of £2.3m in the year.

Following the acquisition of Imagine, the Group refinanced Imagine's existing debt and settled outstanding fees and other deal related costs, totalling £7.4m.

During the year, there was a cash inflow from operations before exceptional items of £6.5m (2015: £2.3m outflow) arising from an improvement in working capital and trading performance.

This was offset by £3.4m (2015: £5.2m) of exceptional restructuring payments made in the year, £1.9m (2015: £2.0m) of capital expenditure, net proceeds from a share placing of £3.1m and payments of £0.9m to fund acquisitions (net of cash acquired). Foreign exchange and other movements accounted for the balance of cash flows.

Credit facility and covenants

The Group had available facilities of up to £5.0m at 30 September 2016. Following the acquisition of Imagine the Group secured new debt facilities totalling £14.0m expiring in June 2021. Further details of these new facilities are included within note 10.

Consolidated income statement

for the year ended 30 September 2016

	Note	**Unaudited 2016 £m**	2015 £m
Continuing operations			
Revenue	1	**59.0**	59.8
Operating profit before depreciation, amortisation, exceptional items and impairment of intangible assets	1	**4.7**	3.6
Depreciation		**(0.4)**	(0.5)
Amortisation		**(2.0)**	(2.3)
Exceptional items	3	**(3.5)**	(2.5)
Impairment of intangible assets	2	**(13.0)**	-
Operating loss	2	**(14.2)**	(1.7)
Finance costs	4	**(0.7)**	(0.6)
Net finance costs	4	**(0.7)**	(0.6)
Loss before tax	1	**(14.9)**	(2.3)
Tax on loss	5	**0.5**	0.3
Loss for the year from continuing operations		**(14.4)**	(2.0)
Discontinued operations			
Profit for the year from discontinued operations		**0.2**	0.7
Loss for the year attributable to owners of the parent		**(14.2)**	(1.3)

Earnings per 1p Ordinary share

	Note	**Unaudited 2016 pence**	2015 pence
Basic loss per share – Total Group	7	**(3.9)**	(0.4)
Diluted loss per share – Total Group	7	**(3.9)**	(0.4)
Basic loss per share – Continuing operations	7	**(4.0)**	(0.6)
Diluted loss per share – Continuing operations	7	**(4.0)**	(0.6)

Consolidated statement of comprehensive income

for the year ended 30 September 2016

	Unaudited 2016 £m	2015 £m
Loss for the year	**(14.2)**	(1.3)
Items that may be reclassified to the consolidated income statement		
Continuing operations		
Currency translation differences	**0.3**	-
Other comprehensive income for the year from continuing operations	**0.3**	-

Total comprehensive loss for the year attributable to continuing operations	**(14.1)**	(2.0)
Total comprehensive income for the year attributable to discontinued operations	**0.2**	0.7
Total comprehensive loss for the year attributable to owners of the parent	**(13.9)**	(1.3)

Items in the statement above are disclosed net of tax**.**

Consolidated statement of changes in equity

for the year ended 30 September 2016

Group	**Issued share capital £m**	**Share premium account £m**	**Merger reserve £m**	**Treasury reserve £m**	**Accumulated losses £m**	**Total equity £m**
Balance at 1 October 2014	3.3	24.8	109.0	(0.3)	(104.2)	32.6
Loss for the year	-	-	-	-	(1.3)	(1.3)
Currency translation differences	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(1.3)	(1.3)
Share schemes						
- Value of employees' services	-	-	-	-	0.1	0.1
Balance at 30 September 2015	3.3	24.8	109.0	(0.3)	(105.4)	31.4
				Unaudited		
Loss for the year	-	-	-	-	(14.2)	(14.2)
Currency translation differences	-	-	-	-	0.3	0.3
Other comprehensive income for the year	-	-	-	-	0.3	0.3
Total comprehensive loss for the year	-	-	-	-	(13.9)	(13.9)
Share capital issued during the year	0.4	2.8	-	-	-	3.2
Share schemes						
- Value of employees' services	-	-	-	-	0.5	0.5
Balance at 30 September 2016	**3.7**	**27.6**	**109.0**	**(0.3)**	**(118.8)**	**21.2**

Consolidated balance sheet
as at 30 September 2016

	Note	**Unaudited 2016 £m**	2015 £m
Assets			
Non-current assets			
Property, plant and equipment		**0.5**	0.6
Intangible assets - goodwill	8	**29.5**	40.9
Intangible assets - other	8	**3.7**	2.9
Deferred tax		**2.4**	0.5
Total non-current assets		**36.1**	44.9
Current assets			
Inventories		**0.4**	0.5
Corporation tax recoverable		**0.1**	1.2
Trade and other receivables		**12.4**	15.3
Cash and cash equivalents	9	**2.9**	2.5
Total current assets		**15.8**	19.5
Total assets		**51.9**	64.4
Equity and liabilities			
Equity			
Issued share capital		**3.7**	3.3
Share premium account		**27.6**	24.8
Merger reserve		**109.0**	109.0
Treasury reserve		**(0.3)**	(0.3)
Accumulated losses		**(118.8)**	(105.4)
Total equity		**21.2**	31.4
Non-current liabilities			
Financial liabilities – interest-bearing loans and borrowings	10	**0.1**	-
Corporation tax payable		**2.6**	3.5
Deferred tax		**0.9**	0.7
Provisions	11	**1.5**	2.1
Other non-current liabilities		**0.5**	0.8
Total non-current liabilities		**5.6**	7.1
Current liabilities			
Financial liabilities - interest-bearing loans and borrowings	10	**2.3**	4.3
Trade and other payables		**21.4**	20.7
Corporation tax payable		**1.4**	0.9
Total current liabilities		**25.1**	25.9
Total liabilities		**30.7**	33.0
Total equity and liabilities		**51.9**	64.4

Consolidated cash flow statement

for the year ended 30 September 2016

	Unaudited 2016 £m	2015 £m
Cash flows from operating activities		
Cash generated from/(used in) operations	**3.1**	(7.5)
Tax received	**0.1**	0.5
Interest paid	**(0.4)**	(0.6)
Tax paid	**(0.8)**	(1.0)
Net cash generated from/(used in) operating activities	**2.0**	(8.6)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(0.2)**	(0.2)
Purchase of computer software and website development	**(1.7)**	(1.8)
Purchase of magazine titles and events	**(0.6)**	-
Purchase of subsidiary undertakings, net of cash acquired	**(0.3)**	-
Disposal of property, plant and equipment	**-**	1.2
Disposal of magazine titles and trademarks	**-**	0.1
Net cash used in investing activities	**(2.8)**	(0.7)
Cash flows from financing activities		
Proceeds from issue of Ordinary share capital	**3.3**	-
Costs of share issue	**(0.2)**	-
Draw down of bank loans	**4.6**	3.5
Repayment of bank loans	**(5.7)**	-
Bank arrangement fees	**-**	(0.2)
Repayment of finance leases	**(0.1)**	-
Net cash generated from financing activities	**1.9**	3.3
Net increase/(decrease) in cash and cash equivalents	**1.1**	(6.0)
Cash and cash equivalents at beginning of year	**1.6**	7.5
Exchange adjustments	**0.2**	0.1
Cash and cash equivalents at end of year	**2.9**	1.6
Amount attributable to continuing operations	**2.9**	1.6

Notes to the Consolidated cash flow statement
for the year ended 30 September 2016

A. Cash used in operations
The reconciliation of (loss)/profit for the year to cash generated from/(used in) operations is set out below:

	2016 £m	2015 £m
(Loss)/profit for the year – Continuing operations	**(14.4)**	(2.0)
– Discontinued operations	**0.2**	0.7
Loss for the year – Total Group	**(14.2)**	(1.3)
Adjustments for:		
Depreciation charge	**0.4**	0.5
Amortisation of intangible assets	**2.0**	2.3
Impairment of intangible assets	**13.0**	-
Profit on disposal of magazine titles and trademarks	**(0.4)**	(0.1)
Profit on disposal of property, plant and equipment	**-**	(0.3)
Share schemes		
- Value of employees' services	**0.5**	0.1
Net finance costs	**0.7**	0.6
Tax credit	**(0.5)**	(0.4)
Profit before changes in working capital and provisions	**1.5**	1.4
Movement in provisions	**(0.6)**	(0.7)
Decrease in inventories	**0.1**	0.1
Decrease/(increase) in trade and other receivables	**3.8**	(2.8)
Decrease in trade and other payables	**(1.7)**	(5.5)
Cash generated from/(used in) operations	**3.1**	**(7.5)**

B. Analysis of net (debt)/cash

	1 October 2015 £m	**Cash flows £m**	**Finance leases entered into £m**	**Exchange movements £m**	**30 September 2016 £m**
Cash and cash equivalents	1.6	1.1	-	0.2	**2.9**
Debt due within one year	(3.4)	1.2	(0.1)	-	**(2.3)**
Debt due after more than one year	-	-	(0.1)	-	**(0.1)**
Net (debt)/cash	**(1.8)**	**2.3**	**(0.2)**	**0.2**	**0.5**

C. Reconciliation of movement in net (debt)/cash

	2016 £m	2015 £m
Net (debt)/cash at start of year	**(1.8)**	7.5
Increase/(decrease) in cash and cash equivalents	**1.1**	(6.0)
Movement in borrowings	**1.2**	(3.5)
Finance leases entered into	**(0.2)**	-
Other non-cash changes	**-**	0.1
Exchange movements	**0.2**	0.1
Net cash/(debt) at end of year	**0.5**	(1.8)

Accounting policies

Basis of preparation
This preliminary statement of annual results for the year ended 30 September 2016 is unaudited and does not constitute statutory accounts. The information in this statement is based on the statutory accounts for the year ended 30 September 2016. The statutory accounts have not yet been delivered to the Registrar of Companies nor have the auditors yet reported on these.

The statutory accounts are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee's (IFRIC) interpretations as adopted by the European Union, applicable as at 30 September 2016, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies adopted, methods of computation and presentation are consistent with those set out in the Group's statutory accounts for the year ended 30 September 2015.

Going concern
The financial statements have been prepared on a going concern basis.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of Future plc (the Company) and its subsidiary undertakings. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the financial statements

1. Segmental reporting
The Group is organised and arranged primarily by reportable segment. The executive Directors consider the performance of the business from a geographical perspective, namely the UK and the US. The Australian business is considered to be part of the UK segment and is not reported separately due to its size.

(a) Reportable segment
(i) Segment revenue

	2016 £m	2015 £m
UK	**44.7**	47.3
US	**15.2**	13.4
Revenue between segments	**(0.9)**	(0.9)
Total continuing operations	**59.0**	59.8

Transactions between segments are carried out at arm's length.

(ii) Segment EBITDAE

	2016 £m	2015 £m
UK	**2.8**	3.3
US	**1.9**	0.3
Total segment EBITDAE from continuing operations	**4.7**	3.6

EBITDAE is used by the executive Directors to assess the performance of each segment.

A reconciliation of total segment EBITDAE from continuing operations to loss before tax from continuing operations is provided as follows:

	2016 £m	2015 £m
Total segment EBITDAE from continuing operations	**4.7**	3.6
Depreciation	**(0.4)**	(0.5)
Amortisation	**(2.0)**	(2.3)
Exceptional items	**(3.5)**	(2.5)
Impairment of intangible assets	**(13.0)**	-
Net finance costs	**(0.7)**	(0.6)
Loss before tax from continuing operations	**(14.9)**	(2.3)

(b) Business segment

After geographical location, the Group was reorganised during the year into two new segments. The Media segment comprises websites and events and the Magazine segment comprises magazines. An additional segment, Other, was retained to reflect unallocated salaries and other direct costs which are not directly charged to the business segments for internal reporting purposes. The Group considers that the assets within each segment are exposed to the same risks.

(i) Revenue by business segment

	2016 £m	2015 £m
Media	**24.5**	21.5
Magazine	**35.4**	39.2
Revenue between segments	**(0.9)**	(0.9)
Total continuing operations	**59.0**	59.8

(ii) Gross profit by business segment

	2016 £m	2015 £m
Media	**19.5**	18.3
Magazine	**23.5**	25.2
Other	**(24.8)**	(27.8)
Add back: distribution expenses	**3.6**	3.5
Total continuing operations	**21.8**	19.2

2. Operating loss from continuing operations

	2016 **£m**	2015 £m
Revenue	**59.0**	59.8
Cost of sales	**(37.2)**	(40.6)
Gross profit	**21.8**	19.2
Distribution expenses	**(3.6)**	(3.5)
Administration expenses	**(15.9)**	(14.9)
Exceptional items	**(3.5)**	(2.5)
Impairment of intangible assets	**(13.0)**	-
Operating loss from continuing operations	**(14.2)**	(1.7)

3. Exceptional items from continuing operations

	2016 **£m**	2015 £m
Vacant property provision movements	**(0.5)**	0.4
Restructuring and redundancy costs	**1.8**	2.8
Acquisition related costs	**2.3**	-
Profit on disposal of magazine titles and trademarks	**(0.1)**	-
Profit on disposal of property	**-**	(0.3)
Provision for bad debts	**-**	(0.4)
Total charge	**3.5**	2.5

The vacant property provision movement during the year relates to surplus office space in the UK and the US.

The restructuring and redundancy costs relate mainly to staff termination payments and other restructuring and transformation related activities. The profit on disposal of property in 2015 related to the sale of one of the Group's UK properties for cash proceeds of £1.2m.

The acquisition related costs represent fees incurred in respect of the acquisition of Miura (Holdings) Limited, the ultimate parent company of Imagine Publishing Limited, which was completed on 21 October 2016.

The provision for bad debts in 2015 represents the release of part of a provision made in 2014 in relation to amounts owed to the Group which were no longer considered recoverable following the filing for bankruptcy of Source Home Entertainment LLC and its group companies, one of the Group's distributors in the US.

4. Finance income and costs

	2016 **£m**	2015 £m
Interest payable on interest-bearing loans and borrowings	**(0.1)**	(0.2)
Amortisation of bank loan arrangement fees	**(0.1)**	(0.4)
Other finance costs	**(0.3)**	(0.2)
Exchange (losses)/gains	**(0.2)**	0.2
Total finance costs	**(0.7)**	(0.6)
Net finance costs from continuing operations	**(0.7)**	(0.6)

5. Tax on loss

The tax credited in the consolidated income statement for continuing operations is analysed below:

	2016 **£m**	2015 £m
UK corporation tax		
Current tax at 20% (2015: 20.5%) on the loss for the year	**-**	-
Adjustments in respect of previous years	**1.3**	(0.3)
Current tax	**1.3**	(0.3)
Deferred tax origination and reversal of temporary differences		
Current year (credit)/charge	**(1.6)**	0.1
Adjustments in respect of previous years	**(0.2)**	(0.1)
Deferred tax	**(1.8)**	-
Total tax credit on continuing operations	**(0.5)**	(0.3)

In 2013 the Group reached agreement with HMRC relating to the tax treatment of certain one-off transactions which took place in 2003. Part of that agreement will result in the Group paying tax of £6.2m plus interest (comprising instalments of £85,000 per month over five years from July 2013 and a final instalment of £2.0m). The tax payable was fully provided for in prior years' accounts.

The liability in the balance sheet of £3.5m at 30 September 2016 has been split based on this agreement between current liabilities and non-current liabilities.

The prior year adjustment reflects a reassessment of the availability of loss relief available to the Group as a result of the uncertainty surrounding the impact of the Brexit vote.

6. Dividends

Equity dividends	**2016**	2015
Number of shares in issue at end of year (million)	**368.8**	334.4
Dividends paid in year (pence per share)	**-**	-
Dividends paid in year (£m)	**-**	-

7. Earnings per share

Basic earnings per share are calculated using the weighted average number of Ordinary shares in issue during the year. Diluted earnings per share have been calculated by taking into account the dilutive effect of shares that would be issued on conversion into Ordinary shares of awards held under employee share schemes.

Adjusted earnings per share removes the effect of exceptional items, impairment of intangible assets and any related tax effects from the calculation.

Total Group	**2016**	2015
Adjustments to loss after tax:		
Loss after tax (£m)	**(14.2)**	(1.3)
Exceptional items (£m)	**3.2**	2.4
Impairment of intangible assets (£m)	**13.0**	-
Tax effect of the above adjustments (£m)	**(0.6)**	(0.5)
Adjusted profit after tax (£m)	**1.4**	0.6
Weighted average number of shares in issue during the year:		
- Basic	**362,486,525**	332,796,904
- Dilutive effect of share options	**13,074,591**	536,550
- Diluted	**375,561,116**	333,333,454

Basic loss per share (in pence)	**(3.9)**	(0.4)
Adjusted basic earnings per share (in pence)	**0.4**	0.2
Diluted loss per share (in pence)	**(3.9)**	(0.4)
Adjusted diluted earnings per share (in pence)	**0.4**	0.2

The adjustments to loss after tax have the following effect:		
Basic and diluted loss per share (pence)	**(3.9)**	(0.4)
Exceptional items (pence)	**0.9**	0.7
Impairment of intangible assets (pence)	**3.6**	-
Tax effect of the above adjustments (pence)	**(0.2)**	(0.1)
Adjusted basic and diluted earnings per share (pence)	**0.4**	0.2

Continuing operations	**2016**	2015
Adjustments to loss after tax:		
Loss after tax (£m)	**(14.4)**	(2.0)
Exceptional items (£m)	**3.5**	2.5
Impairment of intangible assets (£m)	**13.0**	-
Tax effect of the above adjustments (£m)	**(0.6)**	(0.4)
Adjusted profit after tax (£m)	**1.5**	0.1
Weighted average number of shares in issue during the year:		
- Basic	**362,486,525**	332,796,904
- Dilutive effect of share options	**13,074,591**	536,550
- Diluted	**375,561,116**	333,333,454
Basic loss per share (in pence)	**(4.0)**	(0.6)
Adjusted basic earnings per share (in pence)	**0.4**	-
Diluted loss per share (in pence)	**(4.0)**	(0.6)
Adjusted diluted earnings per share (in pence)	**0.4**	-
The adjustments to loss after tax have the following effect:		
Basic and diluted loss per share (pence)	**(4.0)**	(0.6)
Exceptional items (pence)	**1.0**	0.7
Impairment of intangible assets (pence)	**3.6**	-
Tax effect of the above adjustments (pence)	**(0.2)**	(0.1)
Adjusted basic and diluted earnings per share (pence)	**0.4**	-

Discontinued operations	**2016**	2015
Adjustments to profit after tax:		
Profit after tax (£m)	**0.2**	0.7
Exceptional items (£m)	**(0.3)**	(0.1)
Impairment of intangible assets (£m)	**-**	-
Tax effect of the above adjustments (£m)	**-**	(0.1)
Adjusted (loss)/profit after tax (£m)	**(0.1)**	0.5
Weighted average number of shares in issue during the year:		
- Basic	**362,486,525**	332,796,904
- Dilutive effect of share options	**13,074,591**	536,550
- Diluted	**375,561,116**	333,333,454
Basic earnings per share (in pence)	**0.1**	0.2
Adjusted basic earnings per share (in pence)	**-**	0.2
Diluted earnings per share (in pence)	**0.1**	0.2
Adjusted diluted earnings per share (in pence)	**-**	0.2
The adjustments to profit after tax have the following effect:		
Basic and diluted earnings per share (pence)	**0.1**	0.2
Exceptional items (pence)	**(0.1)**	-
Impairment of intangible assets (pence)	**-**	-

Tax effect of the above adjustments (pence)	**-**	-
Adjusted basic and diluted earnings per share (pence)	**-**	0.2

8. Intangible assets

	Goodwill £m	Magazine and website £m	Other £m	Total £m
Cost				
At 1 October 2014	285.6	15.2	15.3	316.1
Additions	-	-	1.8	1.8
Disposals	-	(3.1)	(2.8)	(5.9)
Exchange adjustments	1.9	0.3	0.5	2.7
At 30 September 2015	**287.5**	**12.4**	**14.8**	**314.7**
Additions through business combinations	**1.5**	**1.1**	**-**	**2.6**
Other additions	**-**	**-**	**1.7**	**1.7**
Disposals	**-**	**(0.2)**	**(0.2)**	**(0.4)**
Exchange adjustments	**4.9**	**1.0**	**1.2**	**7.1**
At 30 September 2016	**293.9**	**14.3**	**17.5**	**325.7**
Accumulated amortisation				
At 1 October 2014	(244.7)	(15.1)	(11.9)	(271.7)
Charge for the year	-	(0.1)	(2.2)	(2.3)
Disposals	-	3.1	2.7	5.8
Exchange adjustments	(1.9)	(0.3)	(0.5)	(2.7)
At 30 September 2015	**(246.6)**	**(12.4)**	**(11.9)**	**(270.9)**
Charge for the year	**-**	**-**	**(2.0)**	**(2.0)**
Impairment	**(13.0)**	**-**	**-**	**(13.0)**
Disposals	**-**	**0.2**	**0.2**	**0.4**
Exchange adjustments	**(4.8)**	**(1.0)**	**(1.2)**	**(7.0)**
At 30 September 2016	**(264.4)**	**(13.2)**	**(14.9)**	**(292.5)**
Net book value at 30 September 2016	**29.5**	**1.1**	**2.6**	**33.2**
Net book value at 30 September 2015	40.9	-	2.9	43.8
Net book value at 1 October 2014	40.9	0.1	3.4	44.4

Impairment assessments for goodwill and other intangibles

The goodwill balance at 30 September 2016 and 30 September 2015 relates to the UK.

At 30 September 2016 the Group performed its annual impairment assessment of goodwill and, as a result, an impairment charge of £13.0m has been taken against the carrying value of the UK business. This reflects a shift in the underlying profitability and cash flows of the Group and the continued decline of print.

9. Cash and cash equivalents

	2016 **£m**	2015 £m
Cash at bank and in hand	**2.9**	2.5
Cash and cash equivalents (excluding bank overdraft)	**2.9**	2.5

10. Financial liabilities - loans, borrowings and overdrafts

Non-current liabilities

	Interest rate at 30 September 2016	Interest rate at 30 September 2015	**2016** **£m**	2015 £m
Obligations under finance leases	**9.6%**	-	**0.1**	-
Total			**0.1**	-

Current liabilities

	Interest rate at 30 September 2016	Interest rate at 30 September 2015	**2016** **£m**	2015 £m
Bank overdraft	**-**	3.0%	**-**	0.9
Sterling revolving loan	**2.5%**	3.0%	**2.3**	3.4
Total			**2.3**	4.3

The interest-bearing loans and overdraft are repayable as follows:

	2016 **£m**	2015 £m
Within one year	**2.3**	4.3
Between one and two years	**0.1**	-
Total	**2.4**	4.3

The total multicurrency revolving and overdraft facility available to the Group at 30 September 2016 amounted to £5.0m. On 21 October 2016, following the acquisition of Imagine, the Group negotiated a new bank facility with HSBC Bank plc to replace its existing facility with Santander plc and now has facilities totalling £14.0m, comprising an £8.5m term loan, a £3.5m revolving credit facility and a £2.0m uncommitted overdraft facility. The new facilities run to 23 June 2021. Repayments are required in respect of the term loan as follows:

Repayment date	**Repayment amount**
30 September 2017	£600,000
30 September 2018	£800,000
30 September 2019	£1,000,000
30 September 2020	£1,250,000
23 June 2021	£4,850,000

The Group has granted security to the bank and the availability of the facility is subject to certain covenants.

Fees relating to the new facility amounted to £0.4m and these will be amortised over the initial term of the facility (capitalised fees relating to the old facility were £0.1m at 30 September 2016). The bank borrowings and interest are guaranteed by Future plc, Future Holdings 2002 Limited, Future Publishing Limited, Future US, Inc, Future Publishing (Overseas) Limited, Future IP Limited, FutureFolio Limited and all of the entities acquired as part of the Imagine acquisition (being Miura (Holdings) Limited, Fascination (Holdings) Limited, Skaro (Holdings) Limited, Imagine Publishing Group Limited and Imagine Publishing Limited).

Interest payable under the current credit facility is calculated as the cost of one-month LIBOR (currently approximately 0.3%) plus an interest margin of between 2.00% and 2.50%, dependent on the level of Bank EBITDAE.

Under the new facility, the Group has covenants in respect of net debt/Bank EBITDAE and Bank EBITDAE/interest and the covenants are tested quarterly on the basis of rolling figures for the preceding 12 months. Due to the change of bankers no covenant testing was required at year-end, however the Group was in full compliance with all covenants at all testing dates during the year ended 30 September 2016.
For covenant purposes, net debt is exclusive of non-current tax and Bank EBITDAE is not materially different to statutory EBITDAE on a total Group basis.

11. Provisions

	Property £m
At 1 October 2015	2.1
Charged in the year	0.2
Released in the year	(0.5)
Utilised in the year	(0.3)
At 30 September 2016	**1.5**

The provision for property relates to dilapidations and obligations under short leasehold agreements on vacant property. The vacant property provision is expected to be utilised over the next five years.

12. Related party transactions

The Group had no material transactions with related parties in 2016 or 2015 which might reasonably be expected to influence decisions made by users of these financial statements.

13. Acquisitions

Acquisition of Blaze Publishing

On 12 May 2016, Future Publishing Limited acquired certain assets from Blaze Publishing Limited for cash consideration of £0.4m. In addition, deferred consideration of up to £0.3m is payable by 12 May 2017 based on gross contribution targets.

The impact of the acquisition on the consolidated balance sheet was:

	Book value £m	**Fair value adjustment £m**	**Provisional fair value £m**
Intangible assets:			
- Advertising relationships	-	0.4	0.4
Trade and other payables	(0.2)	-	(0.2)
Deferred tax liabilities	-	(0.1)	(0.1)
Net assets acquired	**(0.2)**	**0.3**	**0.1**
Goodwill			0.6
			0.7
Consideration			
Consideration satisfied by:			

Cash – initial consideration	0.4
Cash – deferred consideration	0.3
Total consideration	**0.7**

The goodwill is attributable to the synergies expected to arise in integrating the magazines and events into the wider Future group.

Acquisition of Next Commerce Pty Ltd

On 15 August 2016, Future Publishing (Overseas) Limited acquired 100% of the share capital of Next Commerce Pty Ltd for cash consideration of £0.3m. In addition, deferred consideration of up to £0.6m, in the form of shares in Future plc, is payable by 24 January 2017 based on revenue performance.

The impact of the acquisition on the consolidated balance sheet was:

	Book value £m	**Fair value adjustment £m**	**Provisional fair value £m**
Intangible assets:			
- E-commerce technology	-	0.6	0.6
Trade and other receivables	0.2	-	0.2
Cash	0.1	-	0.1
Trade and other payables	(0.3)	(0.1)	(0.4)
Deferred tax liabilities	-	(0.2)	(0.2)
Net assets acquired	**-**	**0.3**	**0.3**
Goodwill			0.6
			0.9
Consideration			
Consideration satisfied by:			
Cash – initial consideration			0.3
Cash – deferred consideration			0.6
Total consideration			**0.9**

The goodwill is attributable to the synergies expected to arise in leveraging the technology acquired across Future's existing portfolio.

Acquisition of Noble House Media Limited

On 5 April 2016, Future Publishing Limited acquired 100% of the share capital of Noble House Media Limited for cash consideration of £0.1m.

The impact of the acquisition on the consolidated balance sheet was:

	Book value £m	**Fair value adjustment £m**	**Provisional fair value £m**
Intangible assets:			
- Events acquired	-	0.1	0.1
Trade and other receivables	0.1	-	0.1
Trade and other payables	(0.4)	-	(0.4)
Net liabilities acquired	(0.3)	0.1	(0.2)
Goodwill			0.3
			0.1
Consideration			
Consideration satisfied by:			
Cash			0.1
Total consideration			**0.1**

The goodwill is attributable to the synergies expected to arise in integrating the events into the wider Future group.

14. Post balance sheet event

On 21 October 2016 the Company completed the acquisition of 100% of the share capital of Miura (Holdings) Limited, the holding company and ultimate parent company of Imagine Publishing Limited, for total consideration of 179,567,841 new shares in the Company which, at the closing price of 8.5p on 20 October 2016, represents consideration of £15.3m. As part of this transaction the Group refinanced, entering into new bank facilities totalling £14.0m. Further details of these new facilities are included within note 10.

Fair value information on the assets acquired is not yet available.