

Future Plc: A strong portfolio of assets in deep value territory

Company:	Future (FUTR)	Market Cap:	757p (£808m)
Industry:	Media	Net debt:	£185m (FY 25 estimate)
Country:	US, UK	Revenue:	£777m (FY 25 guidance)
Date:	2 nd -8 th May 2025	Adj. Operating profit:	£218m (FY 25 guidance)
Dividend:	3.4p (0.5%) + £55m buyback	Free cash flow:	£140m (FY 25 estimate)
Entry:	714p (£762m)	Target:	£1.2bn (+50%)

Why Future?

- Attractive EV/FCF ratio of 7x
- If guidance was not met in H1, a trading update would have been issued. Hence, 16th May interim results should meet guidance and lead to revaluation of recent valuation decline
- Go.Compare price comparison website (26% of revenue) should allow the group to be trading at higher multiples towards P/E 14x like MONY Group, which provided a positive trading update recently
- Share buyback programme currently yields nearly 7%

Risks

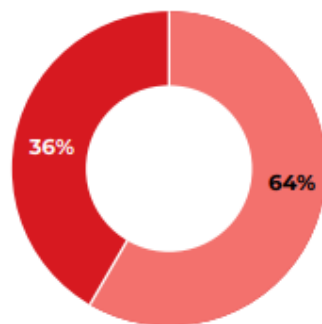
- 64% of Go.Compare's revenue is from car insurance, of which there has been fewer switching activity amidst price declines
- General slowdown in the advertising market

About Future

Future Plc is a media company that evolved through a combination of acquisitions that span from magazines to websites focused on English speaking markets. 64% of revenue is generated in the UK (incl. Australia) with the remainder generated in the US (incl. Canada). In terms of product split, 1/3 of the revenue is generated from magazines and the remaining 2/3 from media, which encompasses digital advertising mostly from websites, video and newsletters as well as affiliated revenues from products, rewards, price comparison and events. The magazines and websites are largely focused on knowledge, gaming, technology, sports and lifestyle. Furthermore, 2/3 of the revenue is direct B2C, 26% is price comparison website Go.Compare (of which 64% is car insurance. Go.Compare's revenue is driven by volume of switches rather than price), and 8% B2B. Game-changing acquisitions include price comparison website GoCo Group for £594m in 2020 and consumer media subscription firm Dennis for £300m in 2021. Since 2018, Future spent at least £1.2bn on acquisitions, funded via equity, debt and cash, whilst their equity count increased from 61m shares to 106m shares today. In recent years, Future has focused on improving the 200 brands of its portfolio, rather than adding new ones. Future has also adjusted their brands to be fit for a move away from desktops towards mobiles.

Future's diversified business structure

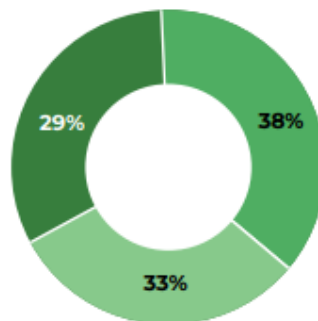
2 main geographies



Key
● US
● UK (including RoW)

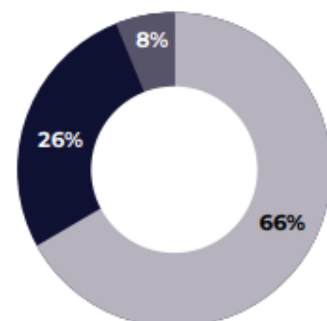
* % of Group's revenue

3 main categories



Key
● Advertising (Media)
● Magazines
● eCommerce affiliate (Media)

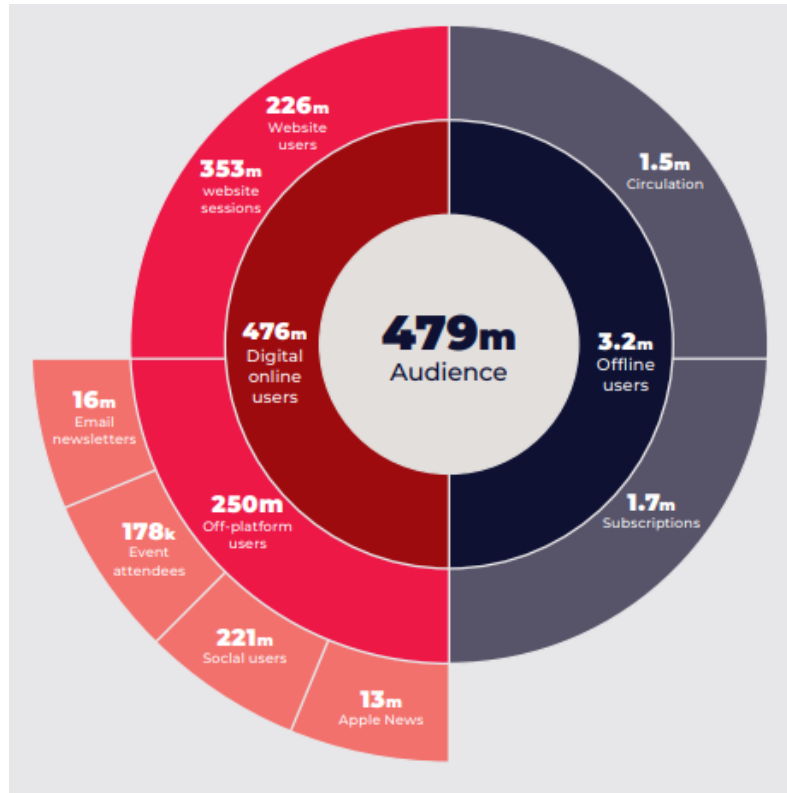
3 main businesses



Key
● B2C
● Go.Compare
● B2B

Source: Future Annual Report 2024

Future's diversified audience



Source: Future Annual Report 2024

Future's acquisitions history

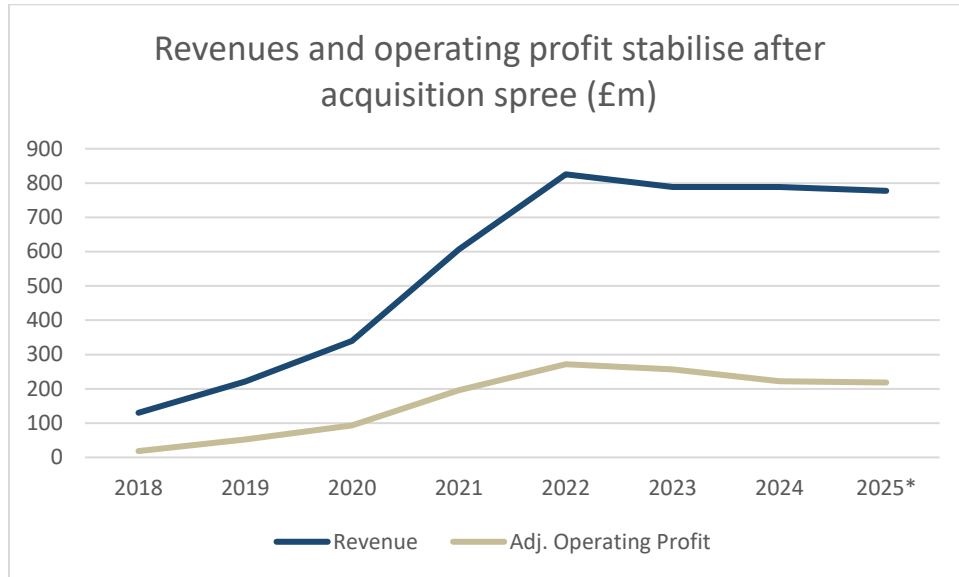
Date	Acquisition	Amount	Financed	Comment
10-May-22	Who What Wear	?	Cash	12m online users, 10m social followers, 90% US revenue, digital-only women's lifestyle publisher
24-Mar-22	WhatCulture.com	?	Cash	Gaming and entertainment, 3m users, 11 YouTube channels, 70% US revenue, video focused
24-Mar-22	Waive	?	Cash	Data platform on emerging content trends
16-Aug-21	Dennis	£300m	Debt	Consumer media subscription business including wealth, knowledge and B2B technology
12-May-21	Marie-Claire	?	Cash	\$19.1m revenue with 17.5m users, women's lifestyle
25-Nov-20	GoCo Group	£594m	Shares, cash, debt	Pricing comparison website
02-Oct-20	CinemaBlend	?	Cash	19.4m monthly unique visitors, focused on TV, film and entertainment, websites, podcasts, social media channels and newsletters, \$3.1m revenue
30-Oct-19	TI Media	£140m	Cash, shares	41 heritage brands, Wallpaper, Decanter, Country Life, Woman & Home to focus on home, cycling, consumer technology and country sport - mostly magazines & websites
29-Jul-19	SmartBrief	\$45m	Debt, shares	Digital media publisher of targeted business news and information

01-Mar-19	Mobile Nations	\$60m	Debt, cash, shares	Android Central, iMore, Windows Central, Thrifter - brands educate and inspire 40m subscribers on personal electronics buying decisions
18-Jul-18	Purch	\$132.5m	Shares, cash	B2C consumer technology and science verticals media publisher, e.g. space.com, Tom's Guide, Top Ten Reviews
07-Jul-17	Home Interest	£32m	Shares	Home interest division of Centaur Media
16-Aug-16	Next Commerce Pty	?	Cash	getprice.com, Australia's largest shopping comparison websites, Pricepanda.com
23-Jun-16	Imagine	£14.2m	Shares	19 periodical magazines in knowledge & sciences
16-Aug-13	Australian Technology Brands	?	?	APC and TechLife from Bauer Media Group
03-Jul-07	cyclingnews.com	£2.2m	Debt	Australian cycling website
06-Mar-06	US music magazine	£2.3m	Debt	revolvermag.com heavy metal US music
20-Sep-05	Italian and French gaming magazines	£2.5m	Debt	Gaming magazines
12-May-05	Cheat Planet	£4.6m	Debt	www.cheatplanet.com cheating website for computer games
29-Apr-05	Highbury	£30.5m	Debt	38 magazines focused on Games, Entertainment and Computing

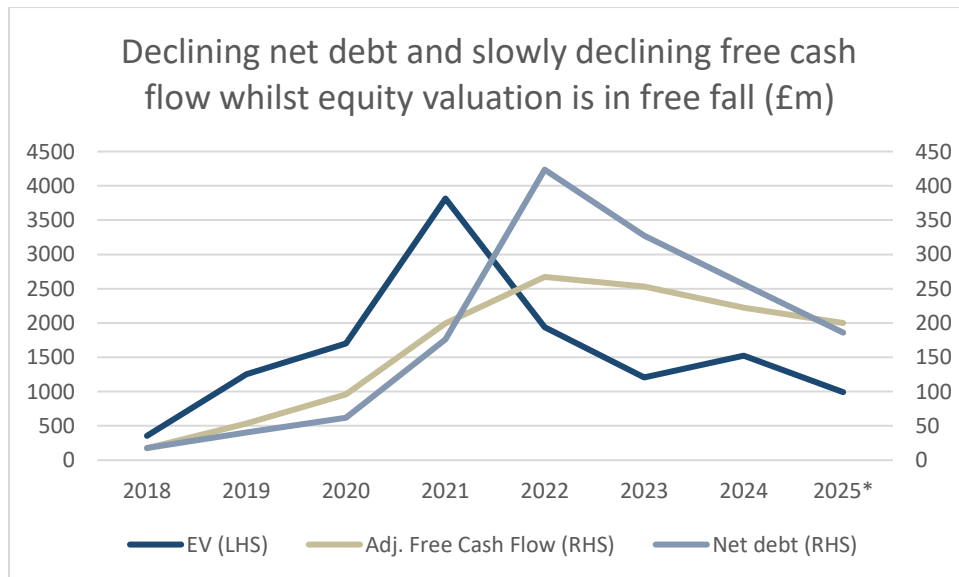
Source: Future Annual Reports and regulatory news

Attractive fundamentals

Whilst adj. free cash flow peaked in 2022 at £267m and net debt at £424m the same year, Future's equity valuation peaked in 2021 at £3.6bn and since tumbled to £800m. At the same time, however, adj. free cash flow remains above £200m (estimated 2025 FY end) and net debt reduced towards £200m (£185m estimated 2025 FY end). This gives the company an EV/adj FCF of 5x – although EV/actual FCF is more around 7x. The main reason for this low valuation is not clear to me, but comparing it to other companies in the space, digital advertising names are generally trading at very low multiples, as there is a shift towards programmatic advertising and other forms of media. When making a direct comparison to their closest competitor in the US, Ziff Davis, it becomes clear that Future's valuation has no relative value attached to it, as multiples are pretty much on par with Ziff Davis, if not Ziff Davis's multiples are even a touch better. The companies are slightly different, however...



Source: Future Annual Reports, 2025* = estimated



Source: Future Annual Reports, 2025* = estimated

Future vs. Ziff Davis

Future has large exposure to the UK, whilst Ziff Davis is almost entirely focused on the US. Future has a price comparison website, which ranks #2 in the UK car insurance switching market, magazines, and a total of 200 brands, while Ziff Davis is entirely focused on websites with around 40 brands. Both companies have also taken very different approaches to AI & ChatGPT. Whilst Future closed an early mover deal with ChatGPT, which allows the platform to use their data and content for very little compensation to Future, Ziff Davis is suing ChatGPT for using their content without consent. The jury will be out on which approach will turn out to be better for its shareholders, but generally speaking I prefer collaboration over lawsuits. In this case, Future has been able to grow organically, whilst Ziff Davis had to create growth via acquisitions. In other words, Future received free advertisement for its content via ChatGPT, as the agreement likely included links to its websites and content, and perhaps a preference as a resource over others, such as Ziff Davis.

Valuation comparison: Future vs. Ziff Davis (all in £m using £/\$ 1.32)

Company	Revenue	Adj. Operating Profit	Free cash flow	Net debt	Net current assets	Operating cash flows	EV	EV/Revenue	EV/operating cash flow	EV/FCF	EV/Operating cash
Future	788	222	150	257	-70	170	993	1.3	4.5	6.6	5.9
Ziff Davis	1,061	374	230	271	282	330	1,483	1.4	4.0	6.4	4.5

Source: Annual Reports 2024

Conclusion

Whether Future or Ziff Davis, either company is currently trading at very attractive valuations. Future is a bit more diversified and has taken a different approach to the threat of AI and ChatGPT, which I personally prefer. If any of the two companies diverge in terms of valuation, it could become a similar relative value situation to Hunting vs. Oil States International (totally different industry, but similar dynamics). In summary, Future is trading at a low valuation and while some of its brands face declining demand, others grow strongly, which should lead to a revaluation if organic growth and stable profit margins can be maintained.



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