

TELEGRAPH MEDIA GROUP

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# Financial Results for 2021 and highlights of 2022

## Trading Statement

# Telegraph Media Group announces continued growth in underlying profitability in 2021 and further progress towards its strategic goals.

Telegraph Media Group (TMG) is providing a trading statement for the financial year to December 2021.

# Summary

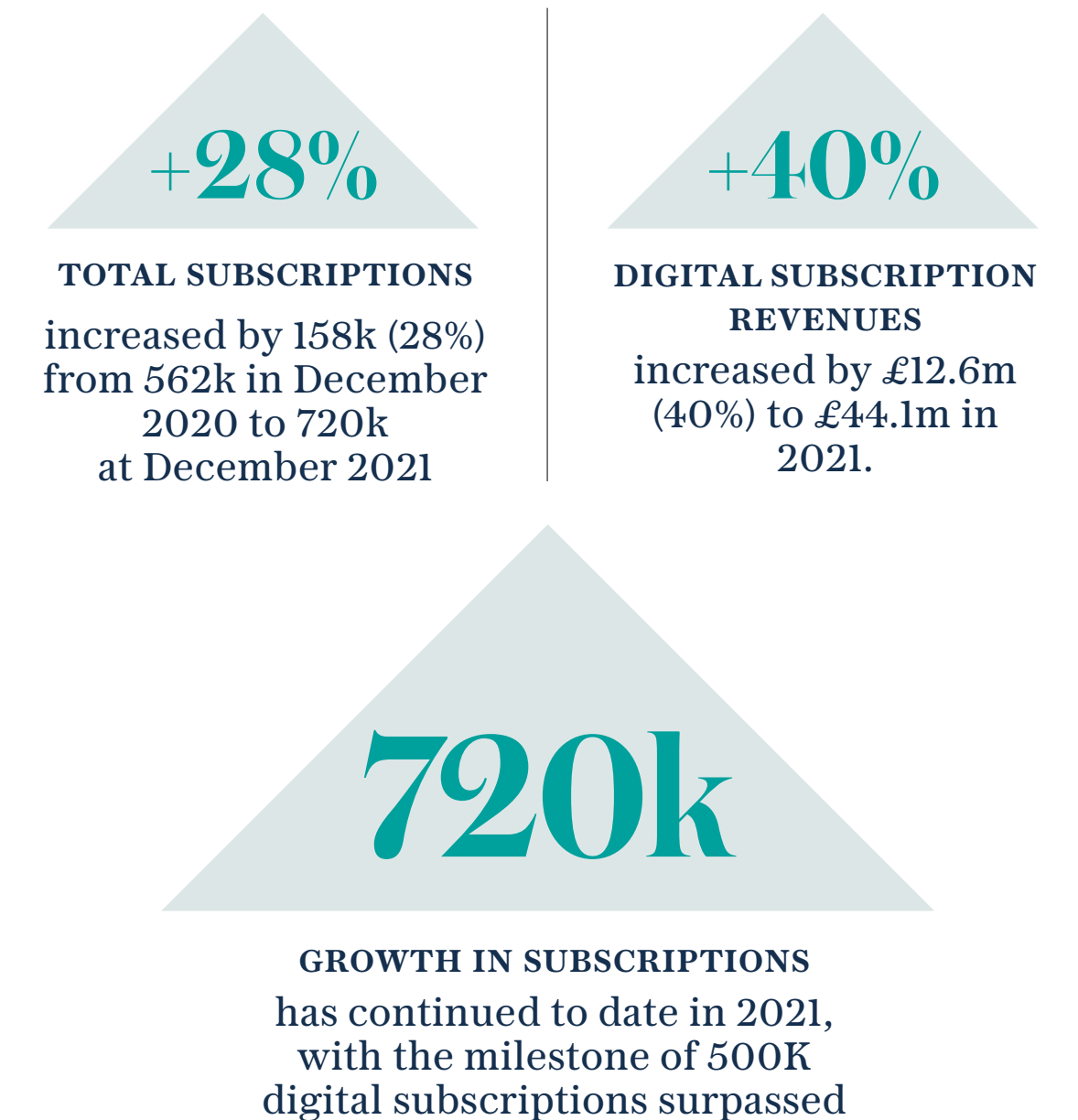
- Continued progress towards TMG's stated strategic goal of 1 million Subscriptions by the end of 2023;
- Total Subscriptions increased by 158k (+28%) from 562k in December 2020 to 720k at December 2021 (as verified by PWC);
- Growth in Subscriptions has continued to date in 2022, with over 740k Subscriptions in March 2022;
- Digital Subscription revenues increased by £12.6m (+40%) to £44.1m in 2021.
- Blended average revenue per Subscription (ARPS) for December 2021 was £175.

• Operating Profit pre-exceptional\* items increased by £6.6m (+25%) to £33.3m in 2021 (2020: £26.7m), driven by the growth in Digital Subscriptions, continued strong cost management and positive results from transformation activities. Similarly, EBITDA pre-exceptional items increased to £40.4m (+8%) in 2021 (2020: £37.5m). 2021 Profit Before Tax was £29.6m (+34%) - a year on year increase of £7.5m (2020: £22.1m). The improvement in profitability in 2021 was ahead of expectations.

• Material investment in journalism, technology platforms and digital operations continue as part of the "Subscriber first strategy" which has been the foundation of TMG's successes to date. In 2021 TMG released a new

version of its app, combining the daily edition of The Telegraph newspaper with 24-hour latest news, comment, analysis, and features. The Telegraph app has become the most used paid-for news app in the UK, according to Ipsos data for March 2022, and the paid-for news app with the highest total minutes of use.<sup>1</sup>

• The quality of journalism remains the key factor for driving consumption of digital news content. Recruitment and investment in this area during 2020, 2021 and now in 2022 continues to be central to TMG's strategic aims and vision of 1 million Subscriptions by 2023. To this end there were 71 net new roles created in editorial in 2021, an increase of 29 on the previous year.



\*non gaap measures to refer to definitions in financial statements

<sup>1</sup> Ipsos, Ipsos iris, 1-31 March, Adults 15+. Ipsos iris is endorsed by UKOM from Press Gazette 5th May 2022

# Nick Hugh

*Chief Executive,*  
Telegraph Media Group (TMG)

“TMG has continued its excellent progress towards our stated strategic goal; subscription numbers have seen substantial growth since launching in 2018. In December 2021 we exceeded the significant milestone of 720,000 subscriptions. The overall subscription number remains the key metric for TMG.

We have continued to invest in our high quality, trusted and award winning journalism including the successful launch of the new version of our app.

As of April 2022, 240,000 subscribers use the app each day.

Digital subscription revenues increased by £12.6m (40%) to £44.1m in 2021, ahead of expectations and this has been a key driver of our 25% growth in pre-exceptional operating profit. Our partnership with dmg media has also been profit additive.

Material investment in journalism, technology platforms and digital operations will continue in 2022.”

# 2021 Results and 2022 Update

## Strategy

Telegraph Media Group (TMG), the multi-platform news publisher, continues to successfully execute on its strategy of delivering 10 million Registrants and 1 million Subscriptions by 2023 (“10-1-23”). TMG remains fully committed to delivering and investing in high quality, trusted, award-winning journalism, 24 hours a day and across print and digital platforms.

## Subscription Growth

TMG saw continued strong Subscription growth in 2021 with 720,250 Subscriptions at 2nd January 2022 (year-end date), representing a net increase of over 158,000 Subscriptions (+28%) in the year, with digital Subscriptions growing by almost 180,000 (+49%). Registrations stood at 7 million in December 2021, up from 6.6 million in December 2020. The growth in Subscriptions and Registrations demonstrates continued progress against the Group’s strategic targets, which has continued to date in 2022 with TMG reaching 740,000 Subscriptions in March 2022. Subscription numbers are verified on a quarterly basis by PWC, with appropriate disclosure on the TMG corporate website.

## Revenue

In the year ended December 2021 turnover was £245.0m, an increase of £9.8m (+4%) versus 2020 (£235.2m), with the increase largely due to the growth in Digital Subscriptions. In line with the strategy, Digital Subscription revenues increased by £12.6m (40%) to £44.1m in 2021 as the business continued to see positive returns from investments in journalism and the focus on the subscription model. In May 2021 Print Advertising Revenue generation was outsourced to dmg media. The transition has been extremely successful to date with positive trading performance and the successful move from a fixed to a more variable cost model.



+49%

DIGITAL  
SUBSCRIPTIONS

# 2021 Results and 2022 Update

## Profitability

Operating Profit pre-exceptional items increased to £33.3m (2020: £26.7m), driven by the growth in Digital subscriptions, continued strong cost management and positive results from transformation activities such as the Print Advertising Revenue generation outsourcing to dmg media.

The improved financial performance was ahead of expectations and reflects the successful and ongoing transformation of the business to a subscription-first strategy.

£ in Millions (except Subscriptions)	2020	2021	YoY change	YoY change (%)
Turnover	235.2	245.0	9.8	4%
Operating Profit pre-exceptional items	26.7	33.3	6.6	25%
EBITDA pre- exceptional items	37.5	40.4	2.9	8%
Subscriptions (thousands)	562	720	158	28%

# 2021 Results and 2022 Update

## Outlook

The Company expects the environment it operates in to remain challenging. Many of the fundamental changes in the industry are now well established, including the need to constantly adapt to how consumers engage with digital content, whilst regulatory developments around ePrivacy and the use and tracking of cookies will continue to be monitored closely.

The Covid-19 pandemic has exacerbated the existing structural decline in print circulation and advertising revenue.

Considering these trends and market conditions, the significant progress that has been made in growing subscriptions has reaffirmed the Company's commitment to its subscription-first strategy.

The Company has a transformation programme in place to ensure the right investments will be made to continue to drive growth in subscriptions, allow the business to adapt to market trends and better align with the subscription-first strategy. This includes ongoing investment in journalism, the newsroom, data, digital products and the subscriber experience.

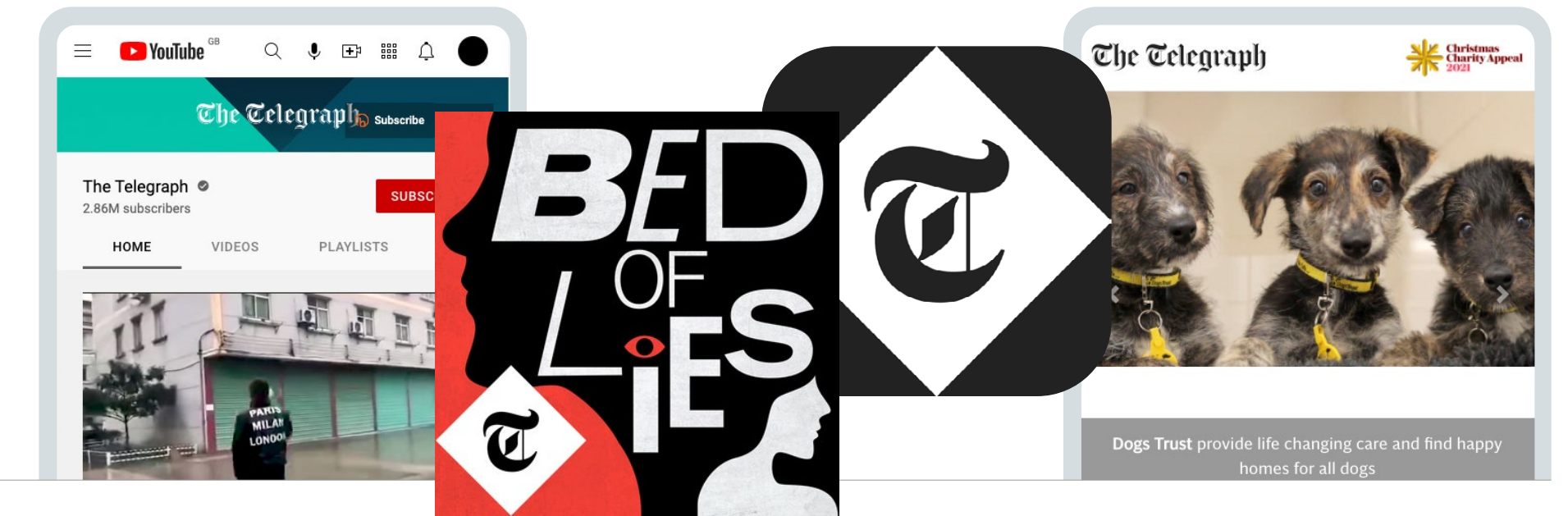
TMG's strategy continues to go from strength to strength, with quality journalism as the foundation to achieve 10 million registered customers and 1 million subscriptions by 2023. Whilst understandably cautious given the challenging trading conditions, we remain confident in our strategy and currently anticipate that the profitability will increase further in 2022, despite the continued structural decline in print and advertising revenues and well

documented inflationary pressures. We expect subscription revenues to account for over 50% of total revenues in 2022 (2021: 46%).

The directors are confident that the Company is well placed to compete effectively, strengthen its financial position, and will continue to deliver the high quality, trusted, award-winning journalism that is now more important than ever.



# 2021 Results and 2022 Update



## Editorial highlights 2021

Continued reporting of the pandemic and comprehensive coverage of all major news events in 2021 saw high subscriber engagement across all Telegraph platforms.

Authoritative reporting of major sporting events in 2021 including coverage of The Euros, Wimbledon, the Tour de France, the Lions Tour, live cricket, F1, the Tokyo Olympic Games and U.S Open. In March 2021 The Telegraph won *Sports Newspaper of the Year* at the 2020 British Sports Journalism Awards for the second year running.

In April 2021, the Telegraph launched a new version of its app, combining the daily edition of The Telegraph newspaper with the latest 24-hour news, comment, analysis, and features. The redesigned app was a significant investment in our continued digital transformation replacing two previous versions to give subscribers the best experience of our journalism. As of April 2022, more than 240k subscribers use the app each day.

The Telegraph won five award wins and four Highly Commended accolades at the Society of Editors' Press Awards, hosted in July 2021. *Bed of Lies* was named *Features Podcast of the Year* at the British Journalism Awards in December 2021. In June 2021, the Telegraph won

*Best Use of YouTube* at the Digiday Awards.

The Telegraph ran important public interest campaigns including ***Campaign for Children***, highlighting the damage to children's education caused by the pandemic and urging Ministers to put children first. Other campaigns in 2021 included ***Mental Health Emergency***, a campaign to shine a light on the impact of lockdown on the nation's minds, and ***Stamp out the Duty*** in support of homeowners set to be caught out by the rise in stamp duty.

The Telegraph made significant growth on social media channels in 2021. The Telegraph's Youtube channel gained

over 695k subscribers with 2.33 million subscribers in total. There was increased engagement for our main Facebook page with 88.4 million people reached (57.9% growth). The Telegraph added 120k Twitter followers to a total of over 3.1 million and surpassed 2 million subscribers on Snapchat. The Telegraph gained more than 1 million newsletter sign-ups in 2021.

A total of £700,000 was raised by Telegraph readers for ***The Telegraph's Christmas Charity Appeal 2021*** which supported four charities Alzheimer's Society, Dogs Trust, The Duke of Edinburgh's Award, and Maggie's which are all continuing to cope with the impact of the pandemic.