



TELEGRAPH MEDIA GROUP

**Financial results for 2018  
and highlights to date in 2019**

# Introduction

Our results for the year to 31 December 2018 demonstrate strong strategic progress in the face of structural declines across the entire industry in print advertising and print circulation revenues. Whilst revenues and profits have been impacted by the continued industry pressures in line with expectations, we have continued our £10M investment plan in journalism and subscription capabilities. We are approaching the half-way point of our three-phase strategic plan ahead of schedule, particularly with regard to subscriber numbers where we have already reached 400,000 subscribers on our way to our 1m target by 2023.

## Our strategy

In 2018 we established a subscription first approach; building on the success of our registration strategy. In September 2018, we set out our vision of 10.1.23; the ambition of reaching 10m registrants and 1m subscribers by 2023. We anticipated that this would take some time to achieve, given the challenges faced by our industry.

Quality journalism is at the heart of everything we do. We have also made the important decision to focus on the quality of our earnings stream and to reduce our exposure to business areas which were not likely to be profitable for us in the long term.

Our intention is to measure our progress in three phases. During phase 1 we have

been investing for the long-term future of the business to create new avenues for growth. Phase 2 is about stabilising our revenues with a growing proportion of reader revenue, with early rewards being earned from strategic investments to offset the industry-wide decline. Phase 3 will see the Group emerge into a growth era in profits, with a business fit for the future of journalism.

10.1.23

10m registrants and  
1m subscribers by 2023

400,000

400,000  
subscriptions

5m

5 million  
registrations



# Our financial results for FY2018\*

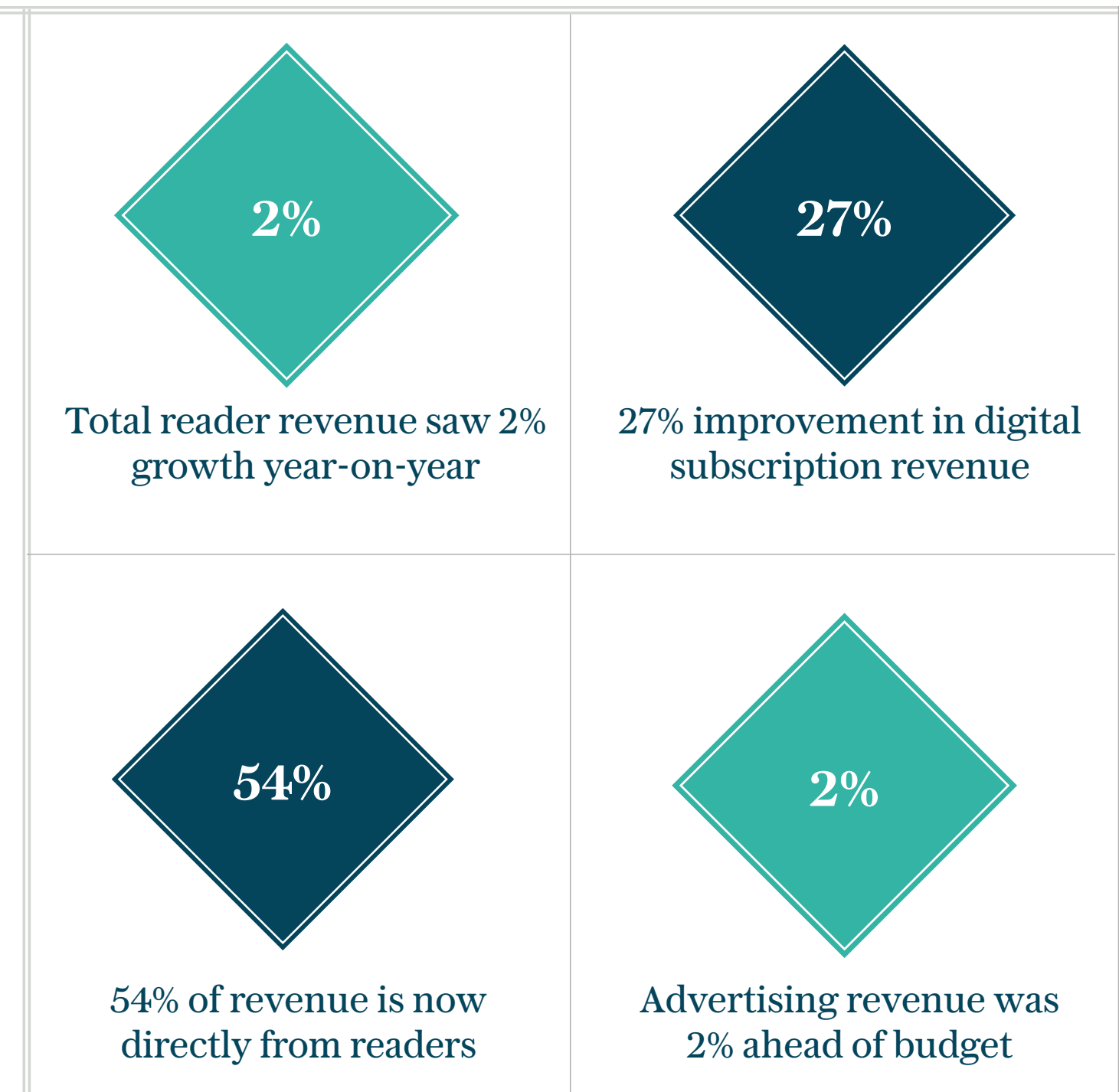
We stand between the end of phase 1 and the start of phase 2 in our plans. Revenues have declined marginally year on year as expected, from £285.7m in 2017 to £278.1m in 2018, although the 2.6% decline was lower than the fall of 5.8% that we saw in 2017. The drop in revenue results from the structural decline across the industry in print advertising and circulation and is partially offset by significant growth in subscriber volumes and revenues.

Within our revenue performance, there were encouraging signs of progress. Total reader revenue saw 2% growth year-on-year. Driven by subscribers, both print and digital subscription revenues continue to grow, more than offsetting casual paper

sales decline. Our total subscription revenue increased by 10%, driven by a 27% improvement in digital subscription revenue and supporting our strategy.

We also saw a turnaround in the performance of our print revenues, with a 4% improvement in contribution year-on-year. As a result of this growth, 54% of our revenue is now directly from readers. Additionally, advertising revenue was 2% ahead of budget.

Our operating profit in 2018 declined during the year, from £21.0m in 2017 to £8.1m in 2018. This performance was entirely expected and operating profit was ahead of budget.



\*FY 2018 highlights are based on the combined results of two statutory legal entities, Telegraph Media Group Limited and Telegraph Events Limited.



# Progress against our strategic aims

Within our results we have seen very promising progress towards our 10.1.23 strategic goal as we have shifted the business to a subscriber-first approach.

At year-end in 2018 we had 3.3m registrants, 3x the number we had at the beginning of the year, exceeding the 3m target we had set ourselves for the end of the year, and achieving it 3 months early.

Against our 10-1-23 strategy, we are delighted to announce that we are currently at 5million registrants, 400,000 subscribers and showing excellent growth in both areas, demonstrating that we continue to perform well against our strategy.

Our intention remains to deliver a business model that is both sustainable and profitable

to enable ongoing investment.

More than 750,000 readers have paid for our journalism in the last 12 months. Those readers that pay for our journalism but are not currently subscribed, alongside our 5M pool of registrants, demonstrate that we have a significant opportunity ahead of us from which we are well-placed to achieve our goal of 10-1-23.

**Nick Hugh, Chief Executive Office, The Telegraph, said:**

“Our transformation continues apace and we are tracking ahead of plan. In 2018 we launched our subscription-first strategy of 10-1-23 and we are already at 5M registered users and 400k subscribers, before the end

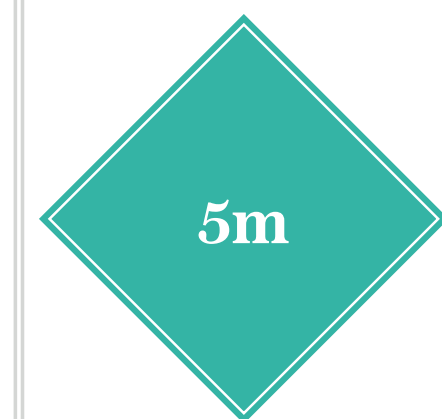
of 2019, which gives us great optimism that the plan is working.

We are also extremely pleased to have beaten our financial targets in 2018 despite the structural changes and economic uncertainty.

Despite the ongoing structural challenges in the industry, we will continue our investments in journalism and subscriptions, whilst improving our overall profit margins to continue our path towards a sustainable model, centred around our world-class centre-right journalism.

We anticipate that our 2019 financial results will show an improvement as the business continues to deliver its strategic plans.”

**10.1.23**  
*progress*



5m  
registrations



400k  
subscribers



# Quality journalism

At the heart of our business is quality, centre-right journalism. It is our raison d’etre. We have placed continued focus on investing in our business to deliver outstanding campaigning stories, leading the agenda. Our £10m investment programme has been significantly focused on strengthening our team with new hires and training for our talent.

In 2018, we hired 39 net new journalist roles. In 2019 we have already hired 37 net new journalism roles so far. We have made strides in expanding into important areas such as:-

- ◆ The launch of Telegraph Women’s Sport – a groundbreaking initiative to boost the coverage and investment in the profile of women’s sport, driven by a dedicated team of journalists.
- ◆ A team of international world-class technology journalists, including reporters based in the US as part of our global Technology Intelligence team.
- ◆ Our Westminster team – The Telegraph has expanded its political team in Westminster as our well placed team provide expert analysis at a time of huge political upheaval.



- ◆ The launch of the Telegraph’s Women Mean Business campaign and an inaugural live event which saw over 500 business leaders discuss the biggest issues facing diversity in the business world and how to close the funding gap.
- ◆ Growing Health & Fitness and also Telegraph Family, both dedicated editorial sections offering features and opinion pieces that speak to the modern family.



# Editorial highlights



Some of our editorial highlights during 2018 and 2019, to date, include:

- ◆ The best Brexit news and analysis coverage from a range of expert voices with agenda leading opinion.
- ◆ Impactful Duty of Care campaign – calling for digital companies to have a legal obligation to protect children using their services.
- ◆ The Telegraph is at the forefront of innovation to deliver our journalism to our audience with award-winning WhatsApp groups, daily Snapchat edition, recently refreshed puzzles site, website redesign and

deeper community engagement including over 30 additional newsletters launched with our newly hired dedicated community team.

- ◆ The Telegraph’s Philip Green investigation following the successful campaign against the injunction against the Group.
- ◆ A new long-form video team was created at the end of 2018. They have created the Telegraph’s first feature length documentary telling the inside story of the MPs expenses scandal. The team also hosted the only Leaders debate before the European elections, and exclusively went behind the scenes with the Brexit party campaign.