# Audited Financial Results for 2022 and H1 2023 highlights

TELEGRAPH MEDIA GROUP

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## **Telegraph Media Group announces strong growth** in 2022 and confidence towards reaching its strategic goal of 1 million subscriptions in 2023.

Telegraph Media Group (TMG) is providing a trading statement for the year to December 2022.

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## Summary

#### **Subscriptions growth ahead of**

target: Confidently on track to reach TMG's stated strategic goal of 1 million subscriptions by the end of 2023.

- Total subscriptions increased by 14k (2%) from 720k in December 2021 to 734k at December 2022 (as verified by PwC);
- Subscriptions growth momentum has continued to date in 2023, with our subscriptions across print and digital reaching over 974k as of June 2023;
- TMG is firmly on track to reach 1 million subscriptions in 2023 ahead of year-end target. 16% increase in digital subscriptions since the start of 2023, and addition of Chelsea Magazine Company from March 2023.

**Subscriptions revenue growth** underpinning revenue visibility subscription revenue comprised total revenue in 2022; the majority revenue is now recurring.

- Digital subscription revenues increased by £13.8m to £57.9m in 2022;
- Digital subscriptions revenue gro 4x faster than volume, consistent with pricing model; (31% year on revenue growth from December to December 2022).
- Blended average revenue per subscription (ARPS) for December 2022 was £175.
- Growth momentum continuing in 2023 with revenue (excluding Ch

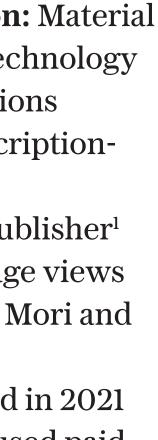
<sup>1</sup>Premium publisher selection defined by The Telegraph - The Guardian, Independent and The Times brands included in the selection <sup>2</sup>Ipsos iris Online Audience Measurement Service, Jan 2022 - Dec 2022,

#### FINANCIAL RESULTS FOR 2022 AND H1 2023 HIGHLIGHTS

y:	Magazine Company) increasing at approximately double the rate of last	Strong financial performance enabling long-term horizon: M
51% of ty of	year.	investment in journalism, technological operations
	<b>Profitability increase ahead of</b> <b>expectations:</b> Profit increase driven	continue as part of the subscript first strategy.
1	by the growth in digital subscriptions, continued strong cost management,	• TMG is the only premium publis with an upwards trend in page vi
owing	and investment in business transformation activities.	for 2022, according to Ipsos Mor Adobe data <sup>2</sup> ;
year 2021	<ul> <li>Operating Profit pre-exceptional items increasing by £6.8m (20%) to £40.1m in 2022 (2021: £33.3m);</li> </ul>	• New version of app launched in 2 has since become the most used for news app in the UK, accordin
er	<ul> <li>EBITDA pre-exceptional items increased to £46.8m (+16%) in 2022 (2021: £40.4m);</li> </ul>	Ipsos data for March 2022, and the paid-for news app with the higher total minutes of use <sup>3</sup> ;
nto elsea	<ul> <li>• 2022 Profit Before Tax was £39.0m</li> <li>(+32%) - a year on year increase of</li> <li>£9.4m (2021: £29.6m).</li> </ul>	<ul> <li>Telegraph video content was war for a total of 18.4 million hours in</li> </ul>

All aged 15+, Page Views (MM). The monthly data grouped by day was used. <sup>3</sup>Ipsos, Ipsos iris, 1-31 March, Adults 15+. Ipsos iris is endorsed by UKOM from Press Gazette 5th May 2022









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## Summary

(up 68% from in 2021) and viewed over 614 million times.

Investment in quality journalism and engaging digital content remains at the heart of our successful long-term strategy: Recruitment and investment central to TMG's strategic aims and vision of 1 million subscriptions by the end of 2023.

- In 2022, across TMG platforms there were 9 million subscriber page views per day (up 21% from 2021) and 121 million page views from Ukraine content from the start of the conflict to the end of 2022;
- Political commentary and analysis, historic front pages and standalone

supplements, award-winning Sports coverage, chart-topping podcasts and an expanded puzzles portfolio drove consistently high subscriber engagement across channels.

#### FINANCIAL RESULTS FOR 2022 AND H1 2023 HIGHLIGHTS

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#### **GROWTH IN SUBSCRIPTIONS**

increased by 14k (2%) from 720k in December 2021 to 734k at December 2022



**TOTAL SUBSCRIPTIONS** growth continued in 2022





## Nick Hugh

### Chief Executive, Telegraph Media Group (TMG)

"2022 was another successful year for TMG and the value of our commitment to quality, trusted and award-winning journalism is evident in our very strong financial performance. Our vision is to reach more paying readers than at any other time in our history, and we are firmly on track to achieve our l million subscriptions target in 2023 ahead of our year-end target. Subscription revenues now represent the majority of the Group, and this recurring revenue visibility enables us to make strategic long-term investment.

I was delighted to announce the completion of the acquisition of Chelsea Magazine Company in March 2023, helping us to deepen our subscriber relationships and scale our business both in the US and UK. With 2022 turnover up 4%, digital subscription revenue up 31% and operating profit pre-exceptionals up 20% on the prior year, TMG's financial results demonstrate our strategy in action. We will continue to invest in our journalism and our people to serve our thriving subscription business and deliver further growth."





## **2022 Results** and 2023 Update

### Strategy

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

### **Subscription Growth**

TMG generated continued subscription growth in 2022 with 734k subscriptions in December 2022, representing a net increase of 14k subscriptions (+2%) in the year. Digital subscriptions grew by almost 42k (+8%). This growth demonstrates continued progress against the Group's strategic targets, which has continued to date in 2023. TMG now has over 974k subscriptions.

Subscription numbers are verified by PwC with appropriate disclosure on the TMG corporate website.

#### FINANCIAL RESULTS FOR 2022 AND H1 2023 HIGHLIGHTS

#### Revenue

In the year ended December 2022, revenue was £254.2m, an increase of £9.2m (+4%) versus 2021 (£245.0m), with the increase largely due to the growth in digital subscriptions. In line with the strategy, digital subscription revenues increased by £13.8m (31%) to £57.9m in 2022 as the business continued to see positive returns from investments in journalism, the continued focus on the subscription model and increases in subscription prices.

### +30/DIGITAL **SUBSCRIPTIONS REVENUES** DIGITAL **SUBSCRIPTIONS**





### **2022 Results**

### **Profitability**

Operating Profit pre-exceptional items increased to £40.1m (2021: £33.3m), driven by the growth in digital subscriptions, continued strong cost management and positive results from transformation initiatives from previous years have driven the EBITDA margin to 18.4% in 2022, versus 16.5% in 2021. 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)

Turnover

#### **Operating Profit pre-exception**

**EBITDA** pre-exceptional items

Subscriptions (thousands)

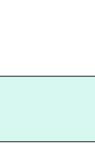
Digital subscriptions (thousands)

FINANCIAL RESULTS FOR 2022 AND H1 2023 HIGHLIGHTS

	2021	2022	YoY change	YoY chang (%)
	245.0	254.2	9.2	4%
onal items	33.3	40.1	6.8	20%
	40.4	46.8	6.4	16%
	720	734	14	2%
	545	587	42	8%











## 2023 Outlook

### **2023 Outlook**

TMG's strategy continues to go from strength to strength, with quality journalism as the foundation to achieve 1 million subscriptions by the end of 2023.

TMG remains confident in the strategy and expects that profitability will increase further in 2023, despite continued decline in print advertising revenues and well-documented inflationary pressures. Revenue (excluding Chelsea Magazine Company) is increasing at approximately double the rate of last year. Subscription revenues currently account for 52% of total revenues in 2023 (2022: 51%), providing greater revenue visibility into future years. This is based on management

accounts which are unaudited. TMG continues to see healthy year-onyear growth across all digital areas in 2023, resulting in continued margin expansion.

This is in contrast to a challenging industry environment. Industry-wide structural decline in print circulation and advertising revenue continues at a consistent rate. Meanwhile many of the fundamental changes in digital publishing are now well established, including the need to constantly adapt to how consumers engage with digital content and regulatory developments around ePrivacy and the use and tracking of cookies.

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

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Restate to be down

Why 'bimbo' can never be a compliment Celia Walden on the 'reclaiming' of offensive and misogynistic words

The Daily Telegraph

Features

<u>-INSIDE-</u> Queen to

*The* RISE *of the* senior 'FITIZEN'

subscriber experience.

On 28 March 2023, TMG announced it had acquired Chelsea Magazine Company (CMC), an independent publisher of lifestyle content. CMC offers a portfolio of specialist consumer brands including; The English Home, The English Garden, Artists & Illustrators, Classic Boat and Britain. Trading since acquisition is in line with expectations.

The Directors are confident that the Company is well placed to compete effectively, strengthen its financial position, and will continue to deliver high quality, trusted, award-winning journalism to its growing subscription base.









## **Editorial highlights: 2022**

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The Telegraph continued to be recognised for its quality journalism and engaging digital media content throughout the year.

In 2022 we delivered comprehensive and authoritative coverage of the conflict in Ukraine, insightful commentary and analysis of The Conservative Party leadership contests as well as historic front pages and standalone supplements to mark the Platinum Jubilee and death of Queen Elizabeth II.

A new daily newsletter, *Dispatches from Ukraine*, and podcast *Ukraine*:

The Latest were launched in April been downloaded 7.2 million times 2022 featuring unrivalled eyewitness throughout 2022. The Vaughany and Tuffers Cricket Club podcast was No.1 on reporting from the Telegraph's correspondents and photographers in Apple's podcasts for sport. Meanwhile, Ukraine and the wider region, alongside Front Page was awarded Best Newsletter at the Digiday Media Awards Europe. analysis from our journalists and subject matter experts.

The Telegraph continued to invest Bed of Lies was named Features Podcast in its Puzzles offering - in January of the Year at the British Journalism the paper launched Britain's biggest Awards, as well as winning two awards weekly puzzles section, an eight page at the Publisher Podcast Awards for broadsheet pull-out. In August 2022, Best Limited Series and Publisher TMG launched a new digital home for Telegraph Puzzles, marking the start *Podcast of the Year 2022.* In July, a new investigative podcast series *Call Bethell* of a wider digital transformation of its was launched with the first episode renowned puzzles portfolio. A new puzzle PlusWord was introduced as well reaching the top 10 on Apple's podcasts. as the flagship crossword, CrossAtlantic. Ukraine: The Latest was top of the Apple Podcast charts in Ukraine having

#### FINANCIAL RESULTS FOR 2022 AND H1 2023 HIGHLIGHTS





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The Telegraph won *Sports Newspaper of the Year* for the third consecutive year at the British Sports Journalism Awards. *Telegraph Women's Sport* marked three years since its inception with a new campaign, *Close the Gap*, calling for fair prize money across women's sport. The campaign was backed by a host of high profile sports figures.

A total of £726,000 was raised thanks to donations from generous Telegraph readers for the paper's Christmas Charity Appeal 2022. The money supported Action for Children, Age UK, Macmillan Cancer Support and the Royal British Legion Industries.





