

TELEGRAPH MEDIA GROUP

Financial Results *for* 2020
and highlights *of* 2021

TELEGRAPH MEDIA GROUP

Trading Statement

Telegraph Media Group announces continued growth in underlying profitability in 2020 and further progress towards its strategic goals.

Telegraph Media Group (TMG) is providing a trading statement for the financial year to December 2020.

Introduction

- Continued progress towards our stated strategic goal of delivering 10 million registrants and 1 million subscribers by 2023;
- Total subscribers increased by 139k (33%) from 423k in December 2019 to 562k at December 2020 (as assured by PWC);
- Growth in subscribers has continued to date in 2021, with the milestone of 600k subscribers surpassed in March 2021;
- 6.6m registrants at December 2020, substantially up from 5.6m at December 2019.

- Digital subscription revenues increased by £13.7m (77%) to £31.5m in 2020.
- Blended average revenue per subscription (ARPS) for December 2020 was £193.33.
- Operating Profit pre-exceptional items increased by £12.2m (76%) year on year to £28.3m in 2020 (2019: £16.1m), driven by the growth in digital subscriptions and strong cost management through the Covid-19 pandemic. Similarly, EBITDA pre-exceptional items increased to £39.0m (+52%) in 2020 (2019: £25.6m). The improvement in underlying

- profitability in 2020 was significantly 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 our successes to date.
 - Online traffic continued to grow in 2020 from both subscribers (+57%) and non-subscribers (+12%), and the quality of journalism remains the key factor for driving consumption of digital news content. Recruitment and investment in this area

during 2020 and now in 2021 continues to be central to our strategic aims and vision of 10 million registrants and 1 million subscribers by 2023 (10-1-23).

- The business has proven resilient and successfully maintained all customer operations through the Covid-19 crisis. On the basis of the recent financial performance and strong liquidity the business promptly repaid all furlough monies initially taken as part of the Government’s Coronavirus Jobs Retention Scheme (CJRS).



33%

Total subscribers increased by 139k (33%) from 423k in December 2019 to 562k at December 2020



6.6m

Registrants at December 2020, substantially up from 5.6m at December 2019



603k

Growth in subscribers has continued to date in 2021, with the milestone of 600k surpassed

Nick Hugh,

Chief Executive,

Telegraph Media Group (TMG)

‘2020 was a challenging year for all businesses in the face of a global pandemic; but the Telegraph’s subscription growth continued.

Despite the Covid challenges, we ended the year with over 560,000 subscriptions across print and digital and we now have over 603,000 subscriptions across print and digital, with average revenue per digital subscriber also increasing.

Our digital subscriber growth during 2020 was 79% with overall subscription revenues of close to £98m. This clearly demonstrates how our subscription strategy, which recognises the quality and value of our journalism, is working.

In 2021 we expect to further continue our strong year on year growth.’

2020 Results and 2021 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 subscribers by 2023 (“10-1-23”). TMG remains committed to this vision and continues to put quality journalism at the heart of everything it does.

Subscription Growth

TMG saw continued strong subscription growth in 2020 with 561,816 subscribers at 3rd January 2021 (year-end date), representing a net increase of 138,505 subscribers (+33%)

in the year, with digital subscribers growing by over 150,000 (+71%). Registrations stood at 6.6 million in December 2020, up from 5.6 million in December 2019. The growth in subscribers and registrants demonstrates continued strong progress against the Group’s strategic targets, which has continued to date in 2021 with TMG reaching the significant milestone of 600,000 subscribers in March 2021.

Revenue

As we continue to transition to a subscription-led business, we continue to place importance on Average

Revenue per Subscriber (ARPS) as this is key to delivering a sustainable business model. At December 2020 ARPS stood at £193.33 - broadly in line with December 2019. The subscription numbers are reviewed on a monthly basis by PWC, with appropriate disclosure on the TMG corporate website.

In the year ended December 2020 turnover was £235.2m, an expected decline versus 2019 (£265.8m), reflecting the continued industry wide structural decline in print advertising and newspaper circulation, together with the impact of Covid-19. In line with the strategy, digital

subscription revenues increased by 77% to £31.5m in 2020 as the business continued to see positive returns from investments in journalism and the focus on the subscription model, which are key components of the “10-1-23” strategy.



+71%

Digital subscribers grew by over 150,000

2020 Results and 2021 Update

Profitability

Operating Profit pre-exceptional items increased substantially to £28.3m (2019: £16.1m), driven by the growth in digital subscriptions and planned cost actions. 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 subscribers)	2019	2020	YoY change	YoY change (%)
Turnover	265.8	235.2	(30.6)	(12%)
Operating Profit pre-exceptional items	16.1	28.3	12.2	76%
EBITDA pre- exceptional items	25.6	39.0	13.4	52%
Subscribers (thousands)	423	562	139	33%

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2021 Outlook

TMG expects the business environment to remain extremely challenging through 2021, not least because of the ongoing impact of Covid-19 on the advertising market and commerce activities (for example Travel and Events), plus ongoing market competition.

However, whilst presenting challenges in certain aspects of the business Covid-19 has continued to accelerate our digital transformation, with the number of digital subscribers continuing to grow in the first quarter of 2021. Print circulation has proven resilient despite the UK wide lockdowns since the end of March 2020, but many of the fundamental structural changes in the industry are now well established, including how consumers engage with digital content.

Despite the challenging market conditions, TMG's performance has proven robust during the Covid-19 pandemic and the business was able to repay all furlough monies initially taken as part of the Government's Coronavirus Jobs Retention Scheme (CJRS).

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 subscribers by 2023.

Whilst understandably cautious given the challenging trading conditions, we remain confident in our strategy and currently anticipate that the underlying profitability will increase further in 2021, despite the significant deterioration in the advertising and commerce markets. We expect subscription revenues to account for around 50% of total revenues in 2021 (2020: 42%).

2020 Results and 2021 Update



Editorial highlights in 2020

- Comprehensive coverage and editorial initiatives launched during the Covid-19 pandemic included the daily live blog, live data tracker and exclusive reports, newsletters and a raft of new podcasts to support subscribers.

- Coverage of the U.S Presidential election in November 2020 saw the second biggest day of 2020 for traffic to the homepage. The live blog had more than 20 million page views (the second biggest article ever), and broke

the record for subscriber visits to a live blog.

- The Telegraph's journalism led the way campaigning on important issues during 2020, from the *Test4Travel* campaign, to Telegraph Sport's *Keep Kids Active in Lockdown* and the *Equality Check* campaign on closing the lock down gender gap.

- The Telegraph won 11 awards at the National Press Awards, more than any other newspaper group, including wins for The Investigation of the Year, Scoop of the Year and Front Page of the Year for the British #MeToo

scandal investigation. Other awards included Website of the Year and two awards for Telegraph Women's Sport in the Reporting Diversity and Supplement of the Year categories.

- Over £2 million was raised for charities in 2020 by Telegraph readers. The Telegraph's Christmas Appeal closed in January 2021 and raised a total of over £0.8m to support charities which help those suffering from the knock-on effects of Covid-19. In addition to this, readers donated over £1.2 million to The Telegraph's Coronavirus Charity Appeal in Spring 2020.

- In 2020 there were four Telegraph news podcasts in the top 50 of the Apple news podcast charts and our total podcast listens increased 126% year on year to more than 10 million. Subscribers to our YouTube channel doubled in the year to 1.5 million, and we attracted more subscribers than any other quality UK news publisher on Snapchat.

- In 2020 Telegraph Events saw over 4,000 subscribers from across the world attending 49 digital events.

- The Telegraph Sport team won Sports Newspaper of the Year award at the 2019

British Sports Journalism Awards. The Money team won six awards at 2020 Headline money Awards, more than any other publication.

