

Future

Adding new verticals

Future has announced the purchase of five well-known, specialist consumer titles from Haymarket Media for up to £14m, 1.2x their combined revenue for the year to June 2017. These strengthen the group's offering in audio visual and add new verticals in sports and leisure. Management has a very good record on speedy and successful integration of consumer titles and their improved monetisation. It expects this deal to be earnings enhancing. We will update our estimates when the transaction completes in May. The share price has drifted back from recent highs and we consider that the current rating does not fully reflect the opportunity.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
09/16	59.0	2.3	9.2	0.0	38.5	N/A
09/17	84.4	8.3	21.0	0.0	16.9	N/A
09/18e	91.4	13.6	22.1	0.5	16.0	0.1
09/19e	92.1	14.6	23.1	1.0	15.3	0.3

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments.

Future is paying up to £14m, mostly in cash with the balance in shares (proportions not yet disclosed but with a three-month lock-up on the shares) for five titles from Haymarket Media. These are: *What Hi-Fi*, a key title in its field with a 40-year heritage, published in six countries and with 1.6 million readers (source: Haymarket); *FourFourTwo*, which is described by Haymarket as "the world's biggest football magazine" and which represents Future's first foray into mainstream sport; sister titles *Practical Caravan* and *Practical Motorhome*, the former founded in 1967 and the latter in 2001; and *Stuff*, which adds to the men's lifestyle portfolio and is the one title that will require CMA clearance to proceed. Future has built up considerable experience in successfully transferring established titles onto its platforms and systems in a short timeframe, as well as adding in e-commerce revenues. The group had £10m of net debt at end FY17 and our model previously had this coming down to £4.3m by end FY18e. The group's cash profile is improving as the revenue mix changes (see [previous notes](#)) and as the heavier tech investment phase has now passed, meaning that this purchase is comfortably within financial parameters.

Purchase of additional titles

Media

21 March 2018

Price 354p
Market cap £162m

Net debt (£m) at 30 September 2017	10.0
Shares in issue	45.7m
Free float	99.5%
Code	FUTR
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

Future is an international media group and leading digital publisher, with a scalable platform and a range of leading consumer brands. It operates two separately managed, brand-led divisions: Media and Magazine.

Analysts

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