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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 ("MAR").

30 October 2019

Future plc

Proposed Acquisition of TI Media for £140 million

Future plc (LSE: FUTR, "Future", "the Group"), the global platform for specialist media, today announces the proposed acquisition by its subsidiary, Future Holdings 2002 Limited, of TI Media (the "Acquisition") for a total consideration of £140 million in cash.

TI Media is a UK-based, print-led consumer magazine and digital publisher with deep industry heritage and a portfolio that incorporates 41 brands including Decanter, Country Life, Wallpaper* and Woman & Home. TI Media brings to Future a presence in the Wine, Golf, Equestrian, Country Living, TV Listings and Gardening verticals and deepens and extends Future's strength and position in Home, Cycling, Consumer Technology and Country Sports.

Future also today announces a proposed placing of 8,184,906 new ordinary shares (the "Placing") to part fund the Acquisition consideration.

Compelling strategic and financial rationale

- Entry into new market verticals through leading brands and expansion within existing markets
    - Introduces three new specialist verticals to the Group: Lifestyle (brands include Decanter, Country Life, Wallpaper*); Women's Interest (brands include Woman's Weekly, Woman's Own, Woman, Chat); and Sport (brands include Golf Monthly, Horse & Hound – to sit alongside existing sports titles)
    - Extension and deepening of a number of our core existing verticals: Gaming & Entertainment (brands include What's on TV, TV Times); Technology (Trusted Reviews); and Home Interest (brands include Country Life, Homes & Gardens)
    - Addition of TI Media's brands gives Future over 220 brands globally
- Leverages Future's proprietary technology platform to deliver growth
    - Opportunity to improve quality of earnings by implementing the Future diversified revenue model across TI Media's market leading brands
    - Significant opportunities in digital advertising, eCommerce and audience growth
- New geographies & monetisation models
    - Decanter is a global authority on wine and comprises a multi-dimensional brand with an opportunity to further leverage premium subscription model
    - TI Media is historically UK focussed - opportunity to leverage Future global operating model
    - Acquisition provides opportunity to access new advertising bases and materially diversify audience reach of Future
- Creating centres of excellence

- Leveraging Future's expertise to share best practice in SEO online audience development, events, licensing, email newsletter and e-commerce and expand capability of TI Media in areas in which Future has created centres of excellence
    - Significant opportunity for Group overhead savings through consolidation of back offices, including Finance, IT and HR

- Significant financial benefits
    - Materially earnings enhancing in the first full year following completion
    - Cost synergies of £15 million per annum will be achieved within 24 months, with a significant proportion to be achieved in first full financial year following completion of the acquisition
    - ROIC expected to exceed WACC within the first full year following completion
    - An acquisition of scale – the Target's continuing revenue was £201.5 million and Adjusted EBITDA was £28.7 million for the 12 months ended 31 May 2019[1]
    - A multiple of 4.9x Adjusted EBITDA (pre synergies) on a last 12 month basis (to the end of May 2019)
    - Expectations of strong cash generation

Transaction highlights and financing

- Consideration of £140 million, funded through combination of debt and an equity fundraise via an underwritten placing, also announced today

- Increase of debt facility to £135 million with drawdown of additional £45 million through exercise of accordion in order to part finance the transaction
    - Leverage to remain below the Company's stated target of 1.5x

- The Acquisition is a Class 1 transaction for Future under the Listing Rules and accordingly requires the approval of Shareholders
    - Future expects to publish a shareholder circular in the coming days to convene a general meeting for approval of the Acquisition (expected by the end of November 2019)

- Completion of the Acquisition is conditional upon (i) approval of Future's Shareholders; (ii) the CMA taking a decision (or being deemed to have done so) that (a) it does not intend to make a Phase 2 reference; or (b) in the event of the CMA announcing its intention to make a Phase 2 reference, it has accepted undertakings-in-lieu of a Phase 2 reference from Future or its subsidiaries (the "Competition Condition"); and (iii) the placing and sponsor agreement between Future, Numis and N+1 Singer (the "Placing and Sponsor Agreement") not having been terminated in accordance with its terms

- Completion is anticipated to occur by the Spring of 2020

Board appointment

Current TI Media CFO, Rachel Addison will join Future as CFO of the Group upon completion. Rachel brings a wealth of media experience having previously held CFO roles in the newspaper industry. Rachel has experience of large scale integrations, including most recently running the integration of Local World and Reach. Upon Rachel's formal appointment on completion of the Acquisition, Penny Ladkin-Brand will commence her new role at Future as Chief Strategy Officer.

Current trading

The financial year ended strongly with revenues in the region of £220 million, and as such the Board expects trading to be at the top end of Board expectations and we remain confident of another strong year in 2020.

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[1] Unaudited

Zillah Byng-Thorne, CEO of Future, commented:

"This acquisition provides an outstanding opportunity to accelerate Future's strategy and to bolster its growth levers.

"TI Media's long-established market leading brands, industry events and quality content are an exceptional fit with our business and our strategy. TI Media will substantially expand our presence in existing verticals and bring a number of new content verticals that will significantly enhance the Future portfolio.

"In addition, the largely UK-focussed, print-led nature of the TI Media portfolio offers a multiplicity of opportunities to leverage our proprietary technology stack and operating model to develop new digital monetisation models and geographic expansion.

"This deal marks the latest move in our strategy to deliver growth both organically and through acquisition. We are confident that the acquisition will be materially earnings enhancing in the first year, driving further growth in profitability and cash generation whilst significantly enhancing our scale and reach."

There will be an analyst conference call at 8am on 31 October 2019 UK time – please contact Hannah Campbell at hannah.campbell@instinctif.com or telephone 020 7427 1412 for details.

Enquiries

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Proposed Acquisition of TI Media for £140 million

1. Introduction

Future announces the proposed acquisition by its subsidiary, Future Holdings 2002 Limited, of TI Media for a consideration of £140 million. The consideration for the Acquisition will be satisfied entirely in cash. The consideration and related transaction costs will be funded by the net proceeds of the Placing announced today and the balance from the £45 million accordion facility provided under Future's revolving credit facility.

TI Media is a special interest media publisher with operations in the UK. The Target is the holding company for the brands operated under the TI Media umbrella.

The Acquisition is conditional on (i) approval of Future's Shareholders, (ii) the CMA taking a decision (or being deemed to have done so) that (a) it does not intend to make a Phase 2 reference; or (b) in the event of the CMA announcing its intention to make a Phase 2 reference, it has accepted undertakings-in-lieu of a Phase 2 reference from Future or its subsidiaries (the "Competition Condition"); and (iii) the Placing and Sponsor Agreement not having been terminated in accordance with its terms.

2. Reasons for the proposed Acquisition

The Directors believe that both the strategic and financial rationales for the Acquisition are compelling and that the Acquisition is strongly aligned to the Group's existing strategy. The combination of Future and TI Media will allow the Enlarged Group to expand its presence into a number of existing markets and enter into new markets, creating significant scale in the UK market in particular. In addition, the Directors believe that Future's platform can be applied to a number of TI Media's content categories and iconic titles to create scalable new Media revenue streams.

Future has recent experience in delivering scalable new Media revenue streams, with the expansion of the acquired Home Interest portfolio into a new global brand with an eCommerce led editorial strategy (realhomes.com), the creation of a new video on demand show (The Real Homes Show) and an extension of the existing events strategy, all while continuing to grow the magazine business. While the recent acquisition of the cycling titles from Immediate enabled Future to use its editorial expertise to launch a new cycling brand (Bikeperfect.com) within five months of acquiring the business.

TI Media's diverse portfolio of new verticals, including Gardening, Golf, Country Living and Wine, coupled with the increased leadership position in Home and Cycling, amongst others, present a material opportunity for Future to replicate the successes seen on other similar acquisitions.

Expand Future's presence across existing markets, entry into market leading specialist verticals and audience diversification

One of the key principles that Future executes against is that its businesses need to be experts in their respective fields, and the acquisition of TI Media will introduce three new specialist verticals to the Group: Lifestyle (Decanter, Country Life, Wallpaper*); Women's Interest (Woman's Weekly, Woman's Own, Woman, Chat); and Sport (Golf Monthly, Horse & Hound to sit alongside Future's existing sports titles).

The Directors believe that the Future operating model, coupled with its proprietary technology platform, enables the acceleration of a diversified strategy for these new verticals quickly, economically and at scale. In these content verticals, which are new to the Group, TI Media holds market leading positions in print in Country Living, Marine and Equestrian (according to ABC) and brings with it long-standing expertise with a number of heritage brands such as the 135-year old Horse & Hound magazine.

The specialist portfolio also includes a number of other brands in new areas for the Group, including Craft and Wine, which the Directors believe offer interesting expansion opportunities into Media revenue models. The new verticals are in valuable content areas which Future has been seeking to enter for some time. Future has demonstrated a strong track record of monetising specialist content and the Directors believe that the Group can drive significant value from the monetisation of these new content areas.

The Directors believe that the Acquisition will allow the Enlarged Group to scale up its presence in a number of existing verticals, in particular, Technology (Trusted Reviews); Gaming & Entertainment (What's on TV, TV Times) and Home Interest (Country Life, Homes & Gardens). TI Media's portfolio includes iconic brands such as Country Life and Home & Gardens, in addition to Ideal Home, Living Etc, Country Homes & Interiors, 25 Beautiful Homes and Style at Home, making it the UK's number one homes print portfolio (according to ABC), which the Directors believe will further strengthen the Enlarged Group's presence in that vertical.

The Acquisition will also allow Future to enter new markets such as TV weeklies. While the strategy for the TV weeklies to date has been print led, with a high subscriber base mitigating newsstand volume declines, management believe there is an opportunity to materially grow the digital audience and capitalise on eCommerce opportunities.

The addition of these new content verticals to Future's magazine portfolio is expected to add approximately 870,000 to Future's existing Gaming and Entertainment audience reach and other TI Media brands are expected to expand Future's Home Interest audience by 10.3 million.

Leveraging Future's technology and media platform

The majority of TI Media's historical revenue has been print led and the integration of the Target Group into the Enlarged Group is expected to provide the opportunity to leverage Future's proven technology platform and SEO expertise to grow new digital revenue monetisation models. In line with the strategy executed by Future over the previous three years, with both legacy and recently acquired brands, Future's technology platform provides the opportunity to launch new websites leveraging TI Media's content.

This diversification of the revenue model should lead to an improved quality of earnings at the TI Media business. The Group's track record in this area has been demonstrated through the successful digital monetisation of Home Interest, the migration of What HiFi onto the Future technology platform and, more recently, the migration of Cyclingnews.com among other brands.

One of the benefits of Future's technology platform is the fully integrated programmatic sales tool, Hybrid, and the eCommerce affiliate marketing engine, Hawk. Through migration to Future's technology platform and taking the same approach as Future's management has with historic acquisitions, the Directors believe TI Media would see increased digital monetisation in these areas.

Future's Vanilla website platform and SEO expertise provides a platform for the growth of a digital audience of scale, which the Directors believe can then be monetised. The Target is currently monetised almost entirely in the UK, therefore the Directors believe there is the potential for expanding the digital brands into the US, as a greenfield monetisation opportunity, as a result of the geo-localisation functionality in the technology stack coupled with the presence and expertise of local teams.

Due to TI Media's more print orientated business (revenue from magazines and publisher services accounted for 73 per cent. and 11 per cent., respectively, of total continuing revenue for the year ended 31 December 2018), management expects the share of Magazine and Publisher Services revenue to increase following Completion. However, through leveraging Future's platform management expect that within first full financial year, more than 50 per cent. of revenues and more than 60 per cent. of contribution of the Enlarged Group would come from the Media division.

Revenue from digital advertising and eCommerce accounted for approximately 9 per cent. of the Target's total revenue for the year ended 31 December 2018 compared to 57 per cent. of Future's total revenue for the six months to 31 March 2019. The Directors believe that this indicates that there is a significant opportunity for the growth of Media revenues within the TI Media business under Future's ownership.

New geographies and monetisation models

Premium subscriptions – Decanter is a global authority on wine and comprises a multidimensional brand that operates in print as well as awards and events in the UK and Asia. Decanter hosts one of the largest wine awards with 20,000 paid entries. Decanter.com's audience includes Decanter Premium paid subscribers, accessing content behind the paywall, with access to 22,000 wine reviews. Growth in premium subscribers was 63 per cent. over the 12 months to September 2019.

While Decanter is a global brand, its US audience is under-indexed; out of its global audience 24 per cent. of users are in the UK and 38 per cent. in the US and Canada. There are also expansion opportunities in Asia following eight years of the Decanter Asian World Wine Awards. There is an opportunity both to expand Decanter's premium subscription model and to apply that monetisation model to other verticals and brands within the Enlarged Group.

Global scale presents opportunities – TI Media has been a largely UK focussed business with 89 per cent. of its revenues for the year ended 31 December 2018, being generated in the UK. Future's global operating model, including local sales teams in the US, Canada and Australia represent an opportunity to expand the audience reach of TI Media. Due to the domestic focus and operating model of TI Media there has been little focus on the US opportunity, the combination of Future's Hybrid Advertising platform coupled with Future's local US and Australian sales and marketing teams represent an opportunity to develop TI Media's brands.

Future's centralised licensing and syndication team also provide an opportunity to distribute the TI Media content into non-UK markets. Future has demonstrated its ability to grow UK domestic brands into online global brands. An example of this within the Company's existing portfolio is What Hifi, which has grown a material US online presence under Future's ownership.

New advertising base – The Acquisition is expected to materially diversify the audience reach of Future and currently females comprise 63 per cent. of TI Media's audience. This compares to Future's audience which is predominantly male (approximately 60 per cent.) and would broaden the Group's appeal to a wider range of advertising partners. Partly as a result of this difference in demographics, there is very limited overlap between existing advertisers which presents an opportunity to cross sell within the UK.

Creating centres of excellence

Future aims to deliver organic revenue growth through best in class content, monetised via numerous revenue streams supported by centralised hubs. Through the execution of Future's stated strategy, Future has created centres of excellence in events, email marketing, newsletters, SEO, licensing, syndication and eCommerce. Future believes the Acquisition represents an opportunity to expand the capability of TI Media in areas in which the Group has already created centres of excellence.

This is expected to be achieved through the sharing of best practices, content and resources across both businesses. Examples of this include sharing of SEO best practice to help support increased growth in digital audiences. This approach was successful in the acceleration of the digital audience growth in Tom's Guide (acquired as part of the acquisition of Purch B2C), while the opportunity to monetise global audiences through accessing Future's centralised licensing and syndication teams is expected to create higher margin earnings.

An additional example of the benefits of the centres of excellence is Future's global events teams, which operate as one function across the US and the UK, servicing both the business to business and the business to consumer brands. The Directors believe that moving TI Media events to this model will create process efficiencies as well as benefits from expert marketing teams. Future's centralised hubs model allows the business to scale in a cost effective manner and will facilitate the delivery of synergies (further details are set out below).

Strong financial rationale

In addition to meeting the Group's strategic criteria for acquisitions, the Directors believe that the financial rationale for the Acquisition is compelling. The Directors have carefully reviewed the prospects of the Enlarged Group, as well as the expected synergy benefits and associated costs of achieving them. The Enlarged Group will be of a greater scale which the Directors believe will give rise to benefits in advertising and distribution arrangements as well as procurement. The Group's management team has significant experience in successfully integrating acquisitions, delivering cost synergies and driving new monetisation channels. The acquisition enterprise value equates to a multiple of 4.9x Adjusted EBITDA (pre synergies) on a last 12 month basis (to 31 May 2019). The key elements of the financial rationale are:

- The Directors expect the Acquisition will be materially earnings enhancing in the first full year following Completion;
- Cost synergies of £15 million per annum with total restructuring costs of £9 million to achieve these;
- The Directors expect the Acquisition will deliver a return on invested capital in excess of Future's weighted-average cost of capital within the first full year following Completion;
- Expectations of strong cash generation which should provide further opportunities to invest in growth with expectation of normalised cash conversion of 85 - 90 per cent. to free cash flow as part of Future; and
- Acquisition of scale – the Target reported continuing revenue of £201.5 million and Adjusted EBITDA of £28.7 million for the 12 months ended 31 May 2019 (unaudited).

Proven management team with a track record of successfully integrating acquisitions

The Future management team has deep experience of integrating acquisitions built up over a number of years. The TI Media business is well known to management, being an asset management identified more than two years ago as a strategic fit, and the Directors believe this will facilitate the integration process.

3. Summary Information on TI Media

TI Media is a consumer magazine and digital publisher in the United Kingdom, with a portfolio selling approximately 33.2 million magazine copies in each of the last two years. The business of TI Media came together as a result of a number of media mergers and acquisitions over the last century. The International Publishing Corporation Ltd was formed in 1963 following the merger of the UK's then three leading magazine publishers – George Newnes, Odhams Press and Fleetway Publications – which came together with the Mirror Group to form the International Publishing Corporation ("IPC"). IPC Magazines was created five years later, in 1968. A number of the titles launched by TI Media in the late 19th Century are still being published today under the TI Media umbrella. The Field, which launched in 1853, and joined the IPC stable in 1994 following the acquisition of Harmsworth Magazines, is the oldest brand within the business.

IPC was acquired by Time Warner in 2001 and was renamed Time Inc. UK in 2014 after Time Inc. acquired the company in connection with its spinoff from Time Warner. Shortly after Time Inc.'s subsequent acquisition by Meredith Corporation in 2018, Time Inc. UK was acquired by a vehicle owned by funds advised by Epiris LLP and rebranded to TI Media in June 2018. In September of 2018, TI Media sold its library of pre-1970 IPC Comics titles to Rebellion Developments and, in 2019, TI Media sold its music magazines to Bandlab Technologies. TI Media's portfolio includes 41 brands and ten weekly titles, of which three are in the TV listing vertical including the 64-year old TV Times.

TI Media also includes the UK's number one homes print portfolio, which includes six magazines and three websites. While the audience demographic is broad, on average it reaches the 35 years old and over category, with 63 per cent. of its audience being female. The addition of TI Media's brands to Future's existing portfolio would result in the Group publishing over 220 brands globally.

TI Media's digital portfolio has an audience reach of 26.8 million monthly unique browsers, generating approximately 66.6 million monthly page views; and has approximately 45 per cent. of its online audience based in the UK (in each case, as at August 2019). The digital portfolio includes leading consumer technology brand Trusted Reviews and also Marieclaire.co.uk which had 1.8 million unique users a month in June 2019.

Examples of TI Media's audience reach include:

- Sport – 4.6 million audience reach

- Women's Interest – 12.7 million audience reach
- Lifestyle – 6.8 million audience reach

TI Media's business also includes the UK's second largest distributor of magazines, Marketforce. The Directors believe that the ownership of Marketforce, a leading UK newstrade sales, marketing and distribution business, which is owned by TI Media, will facilitate the integration of the Group's magazine supply chain. Marketforce is the link between publishers and retailers, providing a comprehensive range of circulation and distribution services for TI Media's portfolio.

In recent years, Marketforce has expanded its strategy to be the partner of choice for the magazine industry by introducing subscription management to its product offering, with a full-service subscription management service which now manages all the consumer subscriptions for TI Media. It is management's view that this investment could be leveraged to support the Future subscription model, resulting in cost savings and revenue opportunities.

Part of the business offering includes a number of events and awards programs, including the iconic Decanter awards, with over 20,000 paid entries a year, 400,000 unique users a month and over 5,000 subscribers to its digital premium subscription brand. Growth in premium subscribers was 63 per cent. over the 12 months to September 2019.

4. Summary financial information on the Target Group

The Target Group generated £225.8 million of revenues and £31.1 million of adjusted EBITDA in the year ended 31 December 2018. Of the total revenues, 67.6 per cent. were revenues from the Target's magazines, which declined by 4.7 per cent. in 2018; 15.1 per cent. were revenues from the Target's media business, which grew by 9.6 per cent. in 2018; and 10.5 per cent. were revenues from the Target's publisher services business, which grew by 2.6 per cent. in 2018, in each case compared to the prior year. In the 12 months ended 31 May 2019 (unaudited), the Target Group reported continuing revenue of £201.5 million and adjusted EBITDA of £28.7 million. In 2018, the Target generated adjusted free cashflows[1] of £34.1 million. Gross assets at 31 December 2018 were £205.1m.

Selected Financial Information

Year ended 31 December	*May 2019 LTM £m*	*2018 £m*	*2017 £m*	*2016 £m*
Magazine revenue total	147.9	152.6	160.2	175.0
Media revenue total	31.2	34.1	31.1	28.2
Publisher services revenue	22.4	23.7	23.1	16.9
Net continuing revenue	**201.5**	**210.4**	**214.4**	**220.1**
Discontinued revenue	10.3	15.4	26.5	40.4
Net Revenue total	**211.8**	**225.8**	**240.9**	**260.5**

Selected Key Performance Indicators

Year ended 31 December	*May 2019 LTM £m*	*2018 £m*	*2017 £m*	*2016 £m*
Adjusted EBITDA	28.7	31.1	29.8	26.0
Adjusted EBITDA margin	14%	14%	12%	10%
Magazine Revenue as % of Continuing Revenue	73%	73%	75%	80%

Year ended 31 December	*May 2019 LTM £m*	*2018 £m*	*2017 £m*	*2016 £m*
Media Revenue as % of Continuing Revenue	15%	16%	15%	13%
Adjusted free cash flow[1]		34.1	19.7	0.6
Adjusted cash conversion[2]		110%	66%	2%

EBITDA Reconciliation Table

Year ended 31 December	*2018 £m*	*2017 £m*	*2016 £m*
Operating (loss)/profit before interest and share of associate and joint venture	(8.5)	4.4	1.2
Exceptional items	28.2	17.1	18.4
Share based payments	2.5	1.4	0.9
Depreciation	2.0	3.0	2.4
Amortisation of intangible assets	6.9	3.9	3.1
Adjusted EBITDA	**31.1**	**29.8**	**26.0**

Note:

1. Adjusted free cash flow is defined as adjusted EBITDA less capital expenditure and working capital. Historic cash-flows have been adjusted to exclude exceptional items however working capital movements do include provision movements in relation to exceptional items.
2. Cash conversion is defined as Adjusted EBITDA less capital expenditure and working capital.

Breakdown of exceptional items

Year ended 31 December	2018 £m	2017 £m	2016 £m
Acquisition expenses	2.0	-	0.2
Impairment of intangible assets	12.5	-	1.3
Pension plan amendments	-1.2	-6.1	-
Profit on disposal of intangible assets	-0.4	-0.1	-1.9
Contingent consideration released	-	-	-2.1
Bankruptcy of print supplier	-	-	2.1
Severance costs	9.7	13.5	10.0

Strategic consultancy and transformational costs	2.6	5.7	6.1
Property relocation costs	-	3.8	2.1
Business sale related expenses	2.3	-	-
Facility and professional fees relating to ownership transition	0.7	0.3	0.6
Total	**28.2**	**17.1**	**18.4**

5. Synergies and integration of the Target

The Group has a track record of delivering synergies from previous acquisitions and the Directors believe that there is scope for a material level of cost synergies that could be delivered in the following areas:

- back office functions - £5.3 million of synergies from consolidation of management teams, integration of support functions and efficiency improvements from adopting Future's operating model, processes, IT platforms and tools;
- front office functions - £6.0 million of synergies from integration of business facing functions, deployment of Future's editorial model across the combined business and efficiency improvement driven by consolidated portfolio of brands and Future's digitally focused approach; and
- other overhead costs - £3.7 million of synergies from office rationalisation, consolidation of IT contracts and professional fees.

The Directors believe that Future's recent experience in acquiring and integrating acquisitions will be beneficial as the two businesses are brought together. It is anticipated that the total cost savings achieved in connection with acquisition will be a run rate of £15 million per annum and will be achieved within 24 months, with a significant proportion of these savings to be achieved in the first full financial year following completion of the acquisition. It is anticipated that total restructuring costs of £9 million will be incurred by the end of the financial year ending 30 September 2021 in order to deliver these cost savings. The overall synergies of £15 million represent approximately 5 per cent. of the combined cost base based on the financial year 2018 (ended 30 September 2018 for Future and 31 December 2018 for TI Media).

The synergies identified above reflect both the beneficial elements and the relevant costs that will arise as a result of the Acquisition. The synergies are contingent on the Acquisition completing and could not be achieved by Future and the Target operating independently.

6. Principal Terms of the Acquisition

On 30 October 2019, Future Holdings 2002 Limited, a subsidiary of Future, (the "Purchaser"), Future as guarantor, and the sellers named therein (the "Sellers") entered into the Share Purchase Agreement, pursuant to which the Purchaser agreed to acquire 100 per cent. of the share capital in the Target for an aggregate sum of £140 million on a cash-free and debt-free basis with a normalised level of working capital.

Completion of the Acquisition is subject to (i) the approval of Future's Shareholders, (ii) the Competition Condition (as more fully described above under "Introduction") and (iii) the Placing and Sponsor Agreement not having been terminated in accordance with its terms.

7. Financial impact of the Acquisition

The Board believes that the Acquisition will generate considerable value for Shareholders. The key financial implications of the Acquisition are expected to be:

- Materially earnings enhancing in the first full year following completion of the Acquisition;
- Cost synergies are expected to be £15 million per annum;
- The Directors expect the Acquisition will deliver a return on invested capital in excess of Future's weighted-average cost of capital within the first full year following Completion;
- Expectations of strong cash generation which should provide further opportunities to invest in growth with leverage remaining below 1.5x; and

- The Group will remain appropriately leveraged and retain significant financial flexibility with the cash generative nature of the Target and its existing business allowing it to de-lever quickly following Completion.

8. Financing of the Acquisition

The consideration for the Acquisition will be satisfied entirely in cash. The consideration and related transaction costs will be funded by the net proceeds of the Placing, as announced by the Company today, and the balance from the £45 million accordion facility provided under Future's existing revolving credit facility on a 'certain funds' basis.

9. Current trading and prospects

The Group

The financial year ended strongly with revenues in the region of £220 million, and as such the Board expects trading to be at the top end of Board expectations and we remain confident of another strong year in 2020.

TI Media

Since 31 December 2018, trading has been in line with expectations and there has been no significant change in the financial or trading position of TI Media since that date.

10. Dividend policy

The Group aims to pursue a progressive dividend policy whilst optimising value for shareholders by balancing returns to shareholders with investment in the business to support future growth and accordingly has a dividend policy which requires dividend cover to be at least four times earnings and cash. The Board paid a dividend of 0.5 pence per share as a final dividend for the year ended 30 September 2018. Future's Employee Benefit Trust waives its entitlement to any dividends.

Presentation of Information

Forward-looking information

This Announcement may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company, including amongst other things, United Kingdom domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its respective affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company and the Joint Bookrunners expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Target historical financial information

The historical financial information of the Target Group set out above has been prepared in accordance with IFRS, as adopted by the EU. This Announcement includes unaudited non-IFRS financial measures and ratios, including Adjusted EBITDA, EBITDA margin and cash conversion for the Target Group, which are not measures of financial performance under IFRS. Adjusted EBITDA, as presented in connected to the Target Group is defined as operating profit or loss for the year before exceptional items, share based payments, depreciation and amortisation. Cash conversion is defined as Adjusted EBITDA less capital expenditure and working capital. Please see the reconciliation of Adjusted EBITDA to the nearest IFRS line item included above.

Prospective investors should not consider these non-IFRS financial measures as alternatives to measures reflected in the historical financial statements of the Target, which have been prepared in accordance with IFRS. In particular, prospective investors should not consider such measures as alternatives to profit after tax, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of the Target's activity.

Company website

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

Definitions

The following definitions apply throughout this announcement, unless the context otherwise requires:

"**Acquisition**"	the acquisition of the Target by the Purchaser on the terms and conditions set out in the Share Purchase Agreement
"**Board**" or "**Directors**"	the directors of Future as at the date of this Announcement and/or the directors of Future from time to time (as the context so requires)
"**CMA**"	the Competition and Markets Authority in the UK
"**Company**" or "**Future**"	Future plc (incorporated in England and Wales with registered number 03757874)
"**Competition Condition**"	the CMA taking a decision (or being deemed to have done so) that (i) it does not intend to make a Phase 2 reference; or (ii) in the event of the CMA announcing its intention to make a Phase 2 reference, it has accepted undertakings-in-lieu of a Phase 2 reference from Future or its subsidiaries
"**Completion**"	completion of the Acquisition pursuant to the terms of the Share Purchase Agreement
"**Computershare**"	Computershare Investor Services PLC
"**CREST**"	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
"**Enlarged Group**"	the Group as enlarged by the Acquisition
"**Euroclear**"	Euroclear UK & Ireland Limited (incorporated in England and Wales under registered number 2878738), the operator of CREST
"**Existing Ordinary Shares**"	the 85,387,955 Ordinary Shares currently in issue
"**RCF Agreement**"	the committed facilities agreement originally entered into between the Borrower and the Bank on 23 June 2016 as amended and restated from time to time
"**FCA**" or "**Financial Conduct Authority**"	the Financial Conduct Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of Admission to the Official List otherwise than in accordance with Part VI of FSMA
"**FSMA**"	the Financial Services and Markets Act 2000 (as amended)

"**Group**"	Future and its subsidiary undertakings from time to time
"**IPC Seller**"	IPC Magazines Holdings Limited
"**Lenders**"	HSBC Bank plc, National Westminster Bank plc and The Governor and the Company of the Bank of Ireland
"**Listing Rules**"	the listing rules of the Financial Conduct Authority made pursuant to Part VI of FSMA
"**N+1 Singer**"	NplusOne Singer Capital Markets Limited
"**Numis**"	Numis Securities Limited
"**Official List**"	the Official List of the FCA
"**Ordinary Shares**"	the ordinary shares of 15p each in the capital of Future, other than in respect of the period prior to 2 February 2017 where references to Ordinary Shares are to ordinary shares of 1 pence each in the capital of Future
"**platform**"	the technology systems and infrastructure that facilitate the production of content and the delivery of it to the consumer
"**Purch B2C**"	The business to consumer business of Purch Group, Inc.
"**Purchaser**"	Future Holdings 2002 Limited
"**PwC**"	PricewaterhouseCoopers LLP
"**Regulations**"	the Uncertificated Securities Regulations 2001 of the United Kingdom
"**Resolution**"	the resolutions set out in the notice of General Meeting
"**SEO"**	search engine optimisation
"**Share Purchase Agreement**"	the purchase agreement dated 30 October 2019 between the Purchaser, Future and the Sellers
"**Sellers**"	the sellers named in the Share Purchase Agreement
"**Shareholders**"	the holder(s) of Ordinary Shares
"**Sponsor**"	Numis
"**Target**"	Sapphire Topco Limited
"Target Group"	The Target and its subsidiaries, including TI Media
"TI Media"	TI Media Limited and its subsidiaries
"**technology stack**"	the suite of technology a company uses to run its business

"**Time UK**"	Time Inc. (UK) Ltd
"**Time UK Purchaser**"	Sapphire Bidco Limited
"**uncertificated**" or "**in uncertificated form**"	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland