

Reach plc - Q4 trading update for 3-month period to 25 December 2022

**Strategy delivering more sustainable and digitally led future
 Expect challenging market to continue in 2023; disciplined cost reduction plan to help mitigate impact**

	Q4 YOY¹	FY 2022¹
Digital Revenue	(5.9%)	1.0%
Print Revenue	(3.6%)	(3.5%)
- circulation rev	1.8%	(1.7%)
- advertising revenue	(20.2%)	(15.9%)
Group Revenue	(4.2%)	(2.3%)

Jim Mullen Chief Executive

"While the macroeconomic environment remains challenging for the whole sector, we are continuing to deliver on our strategic priorities. Consistent growth in audience engagement, an increasingly active user base and a growing pool of customer data is supporting a higher quality digital mix, with data-led, strategically driven revenue c. 30% of our digital business.

Page view growth for the year of 4% is outperforming the publishing sector, our registered customer base of 12.5m is now 25% of our UK audience and with the expansion of our footprint in the US, we're confident that this will drive more sustainable growth for the long term.

We expect current market headwinds will continue during 2023 and have therefore taken decisive action, putting in place a further cost reduction plan. This will ensure we retain our strong foundations and are able to continue investing in our digital growth priorities, which position us to benefit strongly when the economic environment improves."

Q4 trading - circulation revenue strong, advertising revenue lower than expected

Circulation revenue for the period grew by 1.8%, continuing to benefit from cover price rises earlier in the year, though this was more than offset by digital and print advertising which were lower than forecast. This was largely due to a significantly lower than anticipated benefit from traditionally stronger programmatic yields and campaign spend around Black Friday and Christmas, which has affected the whole sector. More broadly, we have also seen the continued impact of macroeconomic and consumer uncertainty, reflected in slowing market demand for advertising.

Digital revenue and print advertising for Q4 declined by 5.9% and 20.2% respectively (July-August² digital grew 5.9% and print advertising declined 17.0%).

Lower than forecast group revenue in Q4 and the less profitable revenue mix of stronger circulation but lower advertising, is expected to impact profit and the Board now expects operating profit for FY22 will be below the current market consensus³ by mid-single digits %.

Cost reduction plan to mitigate profit headwinds and protect digital investments

Near-term, economic conditions remain uncertain, creating unavoidable headwinds for the whole sector, with advertising weakness and prolonged cost inflation. The business has however established a consistent track record of disciplined cost control and efficiency savings. During 2023 we are currently targeting further savings of at least £30m to help mitigate the impact of macro pressures and support our investment in transitioning to a more digitally-led and profitable future for all stakeholders.

These will be generated throughout the business and include; simplification of central support functions, supply chain efficiencies in print and distribution, and accelerated removal of editorial duplication.

The business is scheduled to report results for FY22 on 7 March 2023.

The business also confirms that new Chief Financial Officer, Darren Fisher, will join the business effective from 1 February 2023.

Enquiries

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Footnotes

¹ Q4 and FY22 year-on-year revenue movements are subject to completion of FY22 audit

² Q3 performance distorted following the passing of HM The Queen in September

³ Current market consensus, as published on the Reach plc website, shows the average of analyst expectations for Group revenue at £602.5m and operating profit of £112.8m for FY 2022

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