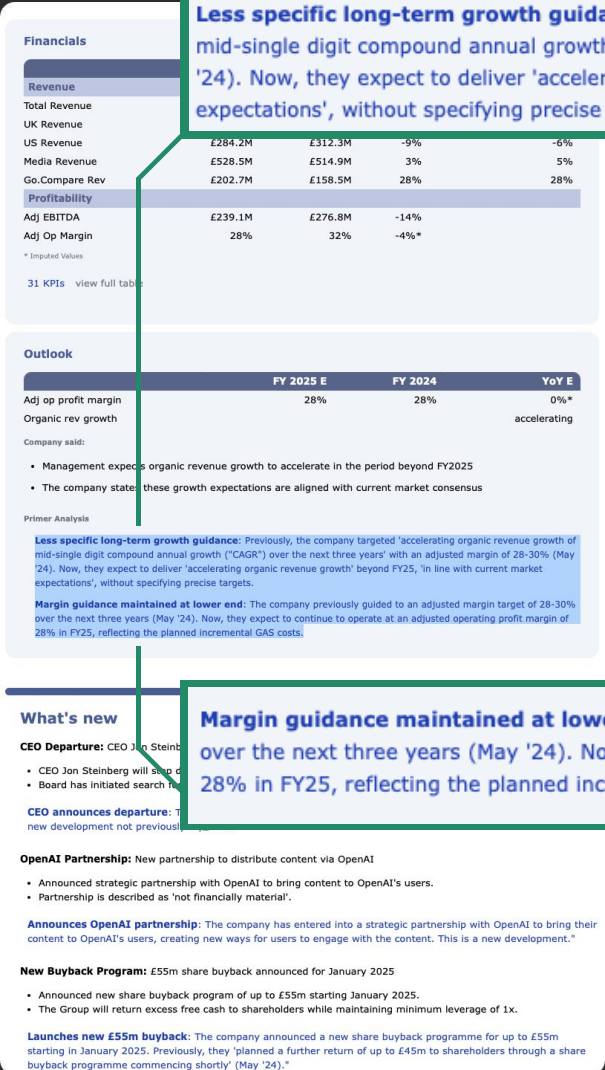


Future (FUTR.L): What the sell-side missed Primer uncovers subtle earnings signals

When Future plc (FUTR.L) released its December 2024 results, the market initially responded positively, with sell-side analysts submitting almost universally positive write-ups.

However, through comprehensive analysis of both earnings filing and subsequent call, Primer uncovered a series of subtle but significant shifts in management's outlook

These insights proved impactful, with Future's share price declining by over 20% in the weeks following as investors began to digest the full implications of the results.



Financials

	FY 2024	FY 2025 E	YoY E
Revenue			
Total Revenue	£284.2M	£312.3M	-9%
UK Revenue			-6%
US Revenue			
Media Revenue	£528.5M	£514.9M	3%
Go.Compare Rev	£202.7M	£158.5M	28%
Profitability			
Adj EBITDA	£239.1M	£276.8M	-14%
Adj Op Margin	28%	32%	-4%*

Outlook

	FY 2025 E	FY 2024	YoY E
Adj op profit margin	28%	28%	0%*
Organic rev growth			accelerating

What's new

CEO Departure: CEO Jon Steinberg will step down from the company and the Board has initiated search for a new CEO.

CEO announces departure: The company has announced that CEO Jon Steinberg will step down from the company and the Board has initiated search for a new CEO.

OpenAI Partnership: New partnership to distribute content via OpenAI

- Announced strategic partnership with OpenAI to bring content to OpenAI's users.
- Partnership is described as 'not financially material'.

Announces OpenAI partnership: The company has entered into a strategic partnership with OpenAI to bring their content to OpenAI's users, creating new ways for users to engage with the content. This is a new development."

New Buyback Program: £55m share buyback announced for January 2025

- Announced new share buyback program of up to £55m starting January 2025.
- The Group will return excess free cash to shareholders while maintaining minimum leverage of 1x.

Launches new £55m buyback: The company announced a new share buyback programme for up to £55m starting in January 2025. Previously, they 'planned a further return of up to £45m to shareholders through a share buyback programme commencing shortly' (May '24)."

Less specific long-term growth guidance: Previously, the company targeted 'accelerating organic revenue growth of mid-single digit compound annual growth ("CAGR") over the next three years' with an adjusted margin of 28-30% (May '24). Now, they expect to deliver 'accelerating organic revenue growth' beyond FY25, 'in line with current market expectations', without specifying precise targets.

Key changes in growth and margin guidance

Within minutes of Future's earnings filing release, Primer's AI engine identified crucial changes in guidance that escaped the attention of human analysts. Two particular changes stood out:

- 1.) The removal of specific growth targets between earnings periods, suggesting uncertainty in Future's long-term trajectory
- 2.) A subtle downward revision in margin expectations, with Future specifying the bottom end (28%) of their previous 28-30% range, indicating potential pressure on profitability

Margin guidance maintained at lower end: The company previously guided to an adjusted margin target of 28-30% over the next three years (May '24). Now, they expect to continue to operate at an adjusted operating profit margin of 28% in FY25, reflecting the planned incremental GAS costs.

Positive initial market reaction

Despite these warning signals in the filing, sell-side analysts remained universally positive in their initial reactions, missing these subtle but significant changes in guidance that would later prove material to Future's outlook.

Earnings Call: Reading between the lines

Following the filing, Future's earnings call revealed additional concerning signs that were initially overlooked by sell-side analysts who remained largely positive in their write-ups, focusing primarily on organic growth achievements and share buybacks, overlooking that:

1.) Management had introduced unexpected commentary about a second-half weighting, guiding to only 48-49% of revenue coming in H1 FY25

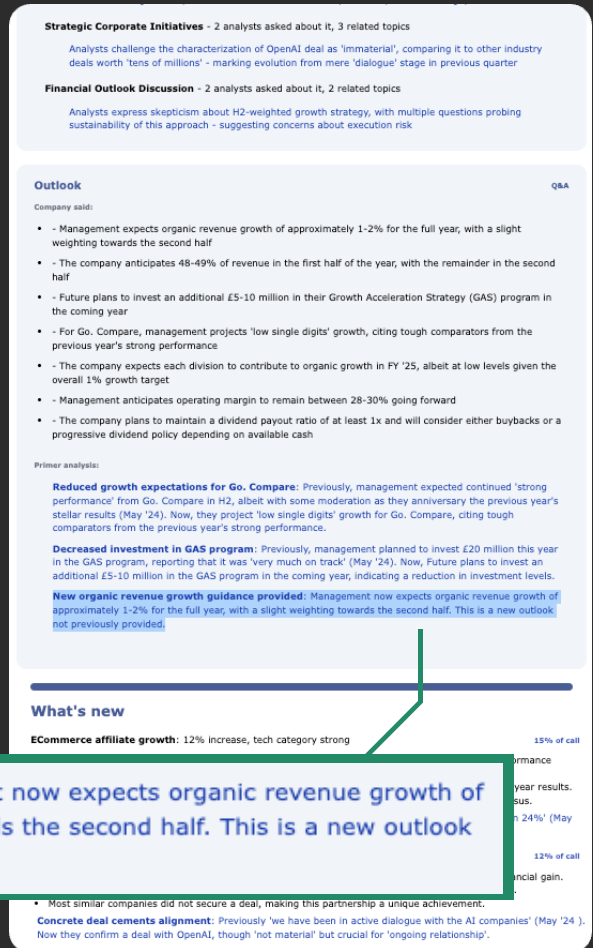
2.) This H2 weighting was explicitly linked to delayed benefits from investments, suggesting near-term growth challenges

How Primer made the difference

Primer's AI-driven analysis provided users with several critical advantages:

Real-Time pattern recognition: Primer immediately flagged the H2 weighting commentary as unusual by comparing it against historical seasonal patterns and previous management guidance

Contextual understanding: The platform connected guidance changes with broader context about Future's business model and investment cycle, helping users understand the full implications



Strategic Corporate Initiatives - 2 analysts asked about it, 3 related topics
Analysts challenge the characterization of OpenAI deal as 'immaterial', comparing it to other industry deals worth 'tens of millions' - marking evolution from mere 'dialogue' stage in previous quarter

Financial Outlook Discussion - 2 analysts asked about it, 2 related topics
Analysts express skepticism about H2-weighted growth strategy, with multiple questions probing sustainability of this approach - suggesting concerns about execution risk

Outlook Q&A

Company said:

- Management expects organic revenue growth of approximately 1-2% for the full year, with a slight weighting towards the second half
- The company anticipates 48-49% of revenue in the first half of the year, with the remainder in the second half
- Future plans to invest an additional £5-10 million in their Growth Acceleration Strategy (GAS) program in the coming year
- For Go. Compare, management projects 'low single digits' growth, citing tough comparators from the previous year's strong performance
- The company expects each division to contribute to organic growth in FY '25, albeit at low levels given the overall 1% growth target
- Management anticipates operating margin to remain between 28-30% going forward
- The company plans to maintain a dividend payout ratio of at least 1x and will consider either buybacks or a progressive dividend policy depending on available cash

Primer analysis:

Reduced growth expectations for Go. Compare: Previously, management expected continued 'strong performance' from Go. Compare in H2, albeit with some moderation as they anniversary the previous year's stellar results (May '24). Now, they project 'low single digits' growth for Go. Compare, citing tough comparators from the previous year's strong performance.

Decreased investment in GAS program: Previously, management planned to invest £20 million this year in the GAS program, reporting that it was 'very much on track' (May '24). Now, Future plans to invest an additional £5-10 million in the GAS program in the coming year, indicating a reduction in investment levels.

New organic revenue growth guidance provided: Management now expects organic revenue growth of approximately 1-2% for the full year, with a slight weighting towards the second half. This is a new outlook not previously provided.

What's new

Ecommerce affiliate growth: 12% increase, tech category strong 15% of call

Concrete deal cements alignment: Previously 'we have been in active dialogue with the AI companies' (May '24). Now they confirm a deal with OpenAI, though 'not material' but crucial for 'ongoing relationship'. 12% of call

New organic revenue growth guidance provided: Management now expects organic revenue growth of approximately 1-2% for the full year, with a slight weighting towards the second half. This is a new outlook not previously provided.

The market impact

While the market initially responded positively to sell-side optimism, investors who had access to Primer's deeper analysis were better positioned to understand the underlying risks.

As the broader market gradually processed these subtle signals in the weeks following the results, Future's share price declined by over 20%, validating Primer's early warning signals.

This case study demonstrates how Primer's AI can uncover material insights that even experienced analysts might miss, providing users with a significant competitive advantage in their investment decision-making process.