

National World plc announces a trading update for the year ending 1 January 2022

Thursday, 16 December 2021

Performance in the second half of the year has remained robust and the Board expects the full year adjusted results to be substantially ahead of the Company's expectations. Since the acquisition of JPI Media and its subsidiaries on 2 January 2021, the modernisation of the business has proceeded at pace and we have established a media presence across the whole of the UK with numerous online launches. At the same time, we have delivered efficiencies and there has been an improvement in advertising revenue.

Trading

The year-on-year revenue trends are presented on a like-for-like basis, assuming the JPI Media business was acquired at the beginning of 2020.

Revenue for the full year is expected to be c.£85 million with revenue in the second half expected to be broadly in line with the second half of 2020. Robust digital revenue growth of c.20% is expected for the full year with print revenue year on year trends expected to be significantly improved with a decline of c3% in the second half compared to the 9% decline in the first half.

Financial position

The Group maintains a strong financial position with cash balances expected to be c.£23 million at the end of the year representing an improvement of c.£4 million since June 2021.

Operational progress

The Group continues to implement its strategy to localise, energise, digitise and monetise relevant and unique content to deliver enhanced value and build a sustainable content and sales business across multiple brands and platforms.

Key operational highlights in the second half:

- Launch of seven new "World" news sites in major cities, not historically served by JPI newsbrands, giving the business a UK-wide footprint;
- National World.com, our flagship national online newspaper, continues to grow seven months after launch;
- Continued consolidation of local news brands into larger county sites under the 'World' brand simplifying the online portfolio;

- Further rationalisation of our regional management structure with two smaller regions (North East and North West) consolidated into a new North region;
- Commenced IT migration on to the Google Cloud platform, expected to complete during 2022;
- Targeted annualised cost savings in excess of £5 million delivered, (net of National World management costs) with restructuring costs of c.£4 million; and
- Commenced rationalisation of the property portfolio with a reduction in office space as we adopt flexible working. This will result in one-off costs for vacant space and lease obligations for a number of properties that will be fully or partially vacated by the end of the year.

Outlook

The Group is currently implementing a new phase of restructure to create a sustainable premium content and sales business as well as maintaining performance in the near term. Management is actively engaged in developing acquisition opportunities primarily targeting businesses that will enhance its digital capabilities and broaden its content base beyond news. It is also open to adding to its heritage assets to build scale and enhance shareholder value through synergies.

Whilst the trading environment remains uncertain due to the pandemic and rising newsprint and energy prices, the Board looks forward to reporting further progress in 2022 and beyond.

The Board thanks JPI Media's talented staff for successfully completing the first stage of reorganisation on the journey to a sustainable operating model.

For the purposes of UK MAR the person responsible for arranging for the release of this announcement on behalf of National World is Vijay Vaghela, Chief Operating Officer.

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