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Reach

Media

25 July 2025

Clarifying the narrative

Reach's interims show it is on track to meet full-year expectations. The statement highlights the new CEO's strategic priorities: driving deeper and broader connections with audiences, accelerating the use of AI and technology, and diversifying revenue sources. The underlying macroeconomic backdrop is still difficult and further shifts in traffic referral routes, notably via Google, are problematic. However, Reach has plenty of experience in mitigating market challenges. Compelling content, in appropriate formats (especially video), should continue to build digital audiences and generate the associated data to attract advertisers, both in the UK and US markets. With inherently strong cash conversion and the end in sight for the substantive funding needed to settle historical legal issues and pension obligations, Reach can start to be more proactive in building a route back to growth.

Improving operating margin

The continuing shift in the business mix towards digital and a strong focus in cost optimisation helped lift the H1 operating profit margin to 17.5% from 16.8% in H124. Print remains in structural decline, with cover price increases providing some revenue resilience, while print advertising continues to struggle against tough comparatives. Digital revenues are now being disclosed split between direct and indirect, with the former more challenged by weak local advertising markets, partially offset by stronger diversified revenues. There should be a natural seasonal weighting towards Q4. Indirect revenues, derived from social platforms or on-platform programmatic, are growing well (up 9.2% over H124) as media channels, such as TikTok and YouTube, continue to build.

Cementing audience connection

Video and audio are becoming increasingly important within the mix as media and news consumption patterns shift, particularly among younger audiences. Reach is leveraging its existing journalistic resource and investing in the associated physical and technical needs. AI is being increasingly incorporated group-wide to improve efficiency and support specific tasks such as subtitling and translation. Data is at the heart of the advertiser offering and the group's platforms are being further upgraded to enhance the ability to target audience cohorts at scale. See the Reach interview in our advertising ecosystem report for more details. Reach is now experimenting with digital subscription models through pilot programmes, with a view to rolling out across FY26. New formats are also being trialled across affiliates and e-commerce, with these diversified revenues up 6.5% y-o-y in H125.

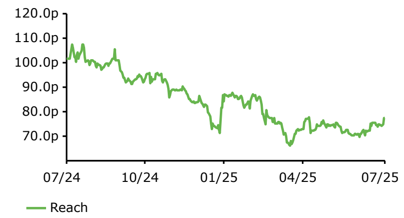
Consensus forecasts

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
12/23	568.6	93.0	21.80	7.34	3.6	9.4
12/24	541.0	98.1	23.13	7.34	3.4	9.4
12/25e	514.3	94.1	24.00	7.34	3.3	9.4
12/26e	493.0	88.5	22.40	7.34	3.5	9.4
12/27e	480.0	87.6	22.00	7.34	3.5	9.4

Source: LSEG Data & Analytics

Price	78.00p
Market cap	£248m

Share price performance



Share details

Code	RCH
Listing	LSE
Shares in issue	318.3m
Net debt at 30 June 2025	£(26.0)m

Business description

Reach is the largest commercial news publisher in the UK and Ireland, home to more than 120 brands.

Bull points

- Clear path to taming of cash drain from legacy pensions and historical legal issues.
- Growing data-driven, higher-margin revenue streams.
- Attractive yield.

Bear points

- Continuing difficult macroeconomic backdrop.
- Challenge to share of voice from dominant platform.
- Structural decline in print.

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