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Q3 2024 BUZZFEED INC EARNINGS CALL

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CORPORATE PARTICIPANTS

- **Amita Tomkoria** *BuzzFeed Inc - Senior Vice President - Investor Relations*
- **Jonah Peretti** *BuzzFeed Inc - Chief Executive Officer, Founder, Director*
- **Matthew Omer** *BuzzFeed Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

- **Operator**

PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the BuzzFeed third quarter 2024 earnings conference call. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to your first speaker for today, Amita Tomkoria, Senior Vice President of Investor Relations.

Amita, please go ahead.

Amita Tomkoria *BuzzFeed Inc - Senior Vice President - Investor Relations*

Thank you. Hi, everyone. Welcome to BuzzFeed, Inc.'s third quarter 2024 earnings conference call. I'm Amita Tomkoria, Senior Vice President of Investor Relations. And joining me today are CEO, Jonah Peretti; and CFO, Matt Omer. Before we get started, I would like to take this opportunity to remind you that our remarks today will include forward-looking statements.

Actual results may differ materially from those contemplated by these forward-looking statements. Factors that could cause these results to differ materially are set forth in today's press release, our 2023 annual report on Form 10-K and our Q3 2024 quarterly report on Form 10-Q filed with the SEC.

Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update these statements as a result of new information or future events. During this call, we present both GAAP and non-GAAP financial measures, including adjusted EBITDA and adjusted EBITDA margin.

The use of non-GAAP financial measures allows us to measure the operational strength and performance of our business, to establish budgets and to develop operational goals for managing our business. We believe adjusted EBITDA and adjusted EBITDA margin are relevant and useful information for investors because they allow investors to view performance in a manner similar to the method used by our management.

A reconciliation of these GAAP to non-GAAP measures is included in today's earnings press release. Please refer to our Investor Relations website to find today's press release along with our investor letter.

And now I'll pass the call over to Jonah.

Jonah Peretti *BuzzFeed Inc - Chief Executive Officer, Founder, Director*

Thank you, Amita. Good afternoon, everyone, and thank you all for joining us today. Today's call will be focused entirely on our Q3 results. In the coming weeks, we look forward to sharing an update on our debt, balance sheet, Q4 financial outlook and the results of the strategic review process we initiated last year with our financial advisers.

Turning to our Q3 results. We had a great third quarter. To put our results into context, I want to reiterate that our primary focus this year has been on stabilizing our business. And we have not wavered. In Q1, we announced the sale of Complex, through which we raised significant cash in order to pay down debt, execute restructuring plans and improve our working capital. In doing so, we were able to reorganize the business around two of our largest, high-margin and most scalable business lines in Programmatic Advertising and Affiliate Commerce. In Q2, these changes started to bear fruit in the form of improving trends across time spent, revenue and profitability.

And this quarter, I'm pleased to share that we delivered significant improvements in each of our key operating and financial measures - time spent, overall revenue growth and adjusted EBITDA profit - on a year-over-year basis as well as versus Q2. In Q3, audience time spent grew 13% versus Q2 and 2% year-over-year to 80 million hours, outpacing our peers, according to comScore.

And our flagship BuzzFeed brand continued to lead the way among its competitive set, garnering vastly more time spent overall and among its core demographic of millennial and Gen Z. We grew Q3 revenues by 7% year-over-year to \$64 million, led by strong performance in both Programmatic Advertising and Affiliate Commerce.

Our commerce business had a particularly impressive quarter, growing Affiliate Commerce revenues by 53%, including our biggest Prime Day ever in July, which outpaced even Amazon's overall Prime Day growth. Programmatic Advertising revenues grew 9% year-over-year, accelerating from their Q2 pace of 3% year-over-year.

We delivered adjusted EBITDA of approximately \$11 million in the quarter, a nearly fourfold increase versus Q2 and a \$10 million improvement versus last year when we were roughly breakeven. We also grew our cash balance by \$8 million versus Q2 to \$54 million. These results are a testament to the hard work and resilience of our teams in executing our plans to stabilize our business in a tough environment.

While we still have some hard work ahead of us, I'm confident in our ability to establish a solid foundation for the business to evolve and thrive in the next era of digital media, and I'm grateful for the support of our shareholders as we look to build on this strong performance in the year ahead. We will update you further on our go-forward plans very soon.

I'll now hand the call off to Matt to share more details on our Q3 financial performance.

Matthew Omer BuzzFeed Inc - Chief Financial Officer

Thank you, Jonah. As you just heard, we achieved a number of milestones in the third quarter, returning the business to overall growth in both time spent and revenues, driving exponential year-on-year growth in adjusted EBITDA profitability and improving our cash balance versus Q2. Before I discuss our Q3 financial performance in more detail, I'll recap some highlights across the business. Audience time spent grew 2% year-over-year and 13% quarter-over-quarter to 80 million hours, according to comScore, the first quarter of year-over-year growth in time spent since Q1 2023. Overall, Q3 revenues grew 7%, exceeding our August outlook, led by strong year-over-year growth in both Programmatic Advertising and Affiliate Commerce, including our biggest Prime Day ever in July.

We delivered Q3 adjusted EBITDA near the high end of our guidance range, generating approximately \$11 million as compared to roughly flat adjusted EBITDA in the year ago quarter, a \$10 million improvement year-over-year. And we ended the quarter with \$54 million in cash, an \$8 million improvement versus Q2.

As Jonah articulated, our primary focus in 2024 has been on stabilizing the business and driving profitability. These results underscore the significant progress we have made and position us well to focus on driving consistent top line growth and expanded profitability in 2025 and beyond.

Turning to our third quarter financial performance. As a reminder, all financials and comparables presented here are on a continuing operations basis, which excludes Complex. Overall revenues for Q3 2024 grew 7% year-over-year to \$64.3 million, exceeding our August outlook. Performance by revenue line was as follows: Programmatic Advertising revenues grew 9% year-over-year, accelerating from Q2 to reach \$17.3 million. This strong performance reflects the shift in our strategy to prioritize our most scalable, high-margin and tech-enabled revenue lines. This growth was offset by ongoing pressures in our direct sales channel, resulting in a 3% year-over-year decline in overall advertising revenues to \$26.1 million.

Content revenue trends improved versus Q2, but declined 7% year-over-year to \$17.4 million. As a reminder, branded content is primarily sold through our direct sales channel, a much smaller team than we had a year ago as we continue to prioritize our Programmatic Advertising and Affiliate Commerce revenue lines. Commerce and other revenues of \$20.9 million grew 45% year-over-year, driven primarily by the July Prime Day, which was our biggest to date.

We delivered third quarter adjusted EBITDA of \$10.5 million, in line with the high end of our August outlook, and \$10 million better than the year-ago quarter. This reflects the strong revenue performance in two of our largest and highest margin business lines, Programmatic Advertising and Affiliate Commerce, as well as the cumulative impact of our cost savings plan announced in February. We ended the third quarter with cash and cash equivalents of approximately \$54 million, a net increase of approximately \$18 million year-to-date and \$8 million versus Q2.

As Jonah mentioned, we look forward to sharing our Q4 financial outlook, along with an update on our outstanding debt, in the coming weeks. Thank you for joining.

Operator

This does conclude today's conference call. You may now disconnect.

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