

Informa PLC: Ten-Month Trading Update

14 November 2023

Accelerating Growth

Informa's major brands, geographic breadth and depth in specialist markets are delivering further outperformance in 2023 and strong momentum into 2024

Informa (LSE: INF.L), the international B2B Events, Specialist Data, Digital Services and Academic Markets Group today published a trading update, confirming continuing strong growth across the portfolio, a further increase to 2023 market guidance and an extended share buyback programme.

Stephen A. Carter, Group Chief Executive, Informa, said:

"At Informa, we have built leading positions serving B2B and Academic Markets around the world, embedding our products and services with customers, and creating long-term opportunities for growth and scale."

He added: "We are confirming an upgrade to revenue and profit in 2023 and extending our share buyback programme to £1.15bn. In 2024, our task is to continue to improve our product and service offering, grow organically, and use our cash flows and balance sheet to seize opportunities to build and buy further scale."

Highlights

- **2023 Outperformance...**Strength and momentum across the portfolio (10-month Group underlying revenue growth of 31.7%), lead to a further increase in 2023 full year expectations to Revenues of £3.15bn+ (from £3.05bn) and Adjusted Operating Profit of £840m+ (from £790m);
- **Specialisation...**75+ Research subject areas, 600+ major B2B Brands, 20+ B2B market categories, 15 specialist Tech Research sectors, 40+ Digital Media Brands, 20m+ known, engaged audience;
- **First Party Data & Technology...**The scale and depth of our First Party Data, delivered by IIRIS, and the increasing application of artificial intelligence in customer service, search, content and data analytics, is enhancing customer value, improving efficiency and creating growth opportunities;
- **B2B Leadership...**In an increasingly digital world, demand for high quality face-to-face connections, B2B market access and highly qualified sales intelligence is higher than ever, fuelling strong underlying growth at **Informa Markets** (+65.0% after 10 months), **Informa Connect** (+15.6%) and **Informa Tech** (+5.6%);
- **Academic Strength...**The market for specialist, verified knowledge and research is also in structural growth, underpinning the continuing strength of **Taylor & Francis** (+3.2%). Underlying strength in Pay-to-Read Subscriptions and Advanced Learning is being supported by growth in open research volumes and other Pay-to-Publish services;
- **International Breadth...**The power of our Brands and operating reach across 10+ major markets deliver breadth and growth, with full year revenues expected to exceed 2019 pre-covid levels in **North America, South America, ASEAN, the Middle East, Europe and China**;
- **Targeted Expansion...**In 2023 we have redeployed £1bn+ of Informa Intelligence proceeds (c.£2.5bn value / c.28x average EV/EBITDA) into M&A, at an average post-synergy multiple of c.9x EV/EBITDA. These businesses are immediately contributing to growth, whilst further strengthening our market positions in **Foodservice** (Winsight), **Specialist Tech Research** (Canalys), **Packaging and Aviation** (Tarsus) and **Healthcare Technology** (HIMSS);
- **Accelerating shareholder returns...**An improving underlying performance, cash flow and balance sheet strength enables us to extend the share buyback programme to £1.15bn, an increase of up to £150m through to our Full Year Results on 7 March 2024.

Trading Update: Accelerating Growth

2023 Outperformance: Full Year Revenue and Adjusted Profit ahead of market guidance

The strength, depth and international breadth of our portfolio of specialist brands continues to deliver good performances across the Group, giving us confidence in a strong outcome in 2023 and continuing momentum into 2024.

Our updated 2023 Group guidance is for Revenue of £3.15bn+ (up from £3.05bn) and Group Adjusted Operating Profit of £840m+ (up from £790m, average GBP/USD at 1.24).

This performance represents a c.10% increase on 2019 Group revenues or a c.20% increase excluding the **Informa Intelligence** businesses that have since been divested.

2024 Outlook

Ongoing conflict and macro-economic challenges in some countries, including heightened inflation, higher interest rates and variable demand, is creating a degree of market uncertainty and volatility.

Informa's strategic focus on growing, specialist B2B and Academic Markets (rather than B2C Markets), combined with major brands and international breadth, provides resilience and strength. Furthermore, our range of specialist products and services, which are deeply embedded within our customer markets, deliver forward visibility and predictability, including subscription revenues in both academic research and B2B data and analytics, and advance bookings across our B2B events portfolio, providing visibility on c.£1bn of 2024 revenue to date.

Informa Markets...International Scale, Specialisation and Growth

Major B2B brands, reach and breadth across 10+ major international markets and deep positions in 20+ growing market categories is delivering accelerating growth across our portfolio of transaction-led, live and on-demand events.

Full year revenues will be ahead of 2019 levels in all major geographies, including **North America, South America, ASEAN, Europe** and **China**, the latter having seen significant acceleration through the year following the removal of COVID restrictions.

Similarly, we have seen growth in all major market categories in 2023, with particularly strong performances in **Healthcare** (*Arab Health, Medlab*), **Health & Nutrition** (*Natural Products Expo West, Supplside West*), **Pharma** (*CPhI Worldwide, CPhI China*), **Beauty** (*China Beauty Expo*) and **Luxury** (*Fort Lauderdale International Boat Show, Art Miami, Monaco Yacht Show*).

Structural demand for face-to-face connections and B2B market access remains high, and the quality of our product offering is improving, with technology enabling better matchmaking between buyers and sellers, on-demand access to content and data to support faster decision making and a range of other value-added services.

Tarsus: Combination and Growth

The Tarsus business has continued to perform well post-acquisition (\$940m valuation / sub-9x post-synergy EV/EBITDA), delivering 65% underlying revenue growth through the period to date, with strong performances in **Healthcare** (*Health Connect Partners*), **Anti-Aging & Aesthetics** (*A4M Spring Congress*) and **Aviation** (*Dubai Airshow*).

Alongside operational delivery, we have been focused on combining the Tarsus businesses and brands with Informa and this process is now largely complete, ensuring we will enter 2024 as one business. This sees c.60% of Tarsus' 2024 revenue included within Informa Markets (including all major biennial events), with c.40% combined into **Informa Connect**, where we see increasing opportunities for differentiated High Value, Branded, Specialist Professional Content-led B2B Events (*eg SuperReturn, Bio-Europe, IM Power, A4M*).

It is our intention to report full year 2023 divisional revenue and operating profit on an integrated basis, including the Tarsus contribution.

Informa Connect...Content, Community and Growth

Major content-led brands, international reach and depth across industries and professional communities and increasingly powerful customer data and analytics are delivering strong growth across **Informa Connect**.

Post the addition of **Tarsus** and **Winsight** brands, the business is generating more than £600m of annual revenue, split broadly two thirds Live & On-Demand Events and one third Digital Services, with 70%+ of revenue generated in North America.

All major market categories are performing well in 2023, including **Finance** (*SuperReturn, SuperInvestor*) **Life Sciences** (*Bio-Europe, Biotech Showcase*), **Foodservice** (*National Restaurant Show, FSTEC*), **Anti-Aging & Aesthetics** (*Anti-Aging World Congress, A4M Winter Congress*) and **Pop Culture** (*FanExpo Canada, Megacon Orlando*).

In **Finance**, our retail banking data and analytics business, **Curinos**, is delivering strong growth in subscriptions and we are investing to further expand the product offering. Similarly, in our other subscription-led businesses, **Zephyr** (*Wealth Management Data & Reporting*) and **IGM** (*Fixed Income/FX Data & Information*), trading is robust, and we are targeting additional growth through a combination of technology enhancement, service expansion and cross promotion across the broader Finance portfolio.

Data and analytics are at the heart of all organic investment and product innovation within **Connect**, with our first party data providing increasingly powerful customer insights to support targeted marketing and product development. More directly, our data is underpinning our **Lead Insights** product, which has significantly enhanced the value proposition for event sponsors and other partners by providing an end-to-end customer platform for scoring, qualifying and activating leads.

Informa Tech...First Party Data, Diversified Services and Growth

Our focus on serving B2B markets and the strength of our specialist technology brands, deep industry knowledge and relationships, breadth of first party data through IIRIS (20m+ records) and growing range of high value B2B services have combined to deliver good growth in 2023, despite the challenges and reductions in some B2C and media budgets across the Technology sector.

As the broader technology market recovers, this puts us in a strong position to build on our existing relationships and further expand our range of audience-led B2B Digital Services for technology customers, where we see a significant long-term opportunity to create value.

In **B2B Live & On-Demand Events** serving the Technology market, where we have 15+ major franchises (*Black Hat, Enterprise Connect, LEAP, Game Developer Conference*), demand for high quality face-to-face connections and accredited training is strong and pacing into 2024 is currently ahead of last year.

In **Specialist Market Research** (*Omdia*), the quality of our data and specialist content is supporting robust subscription renewals, whilst the recent addition of Canalys has expanded our leadership across key sub-verticals such as **Artificial Intelligence, Cloud, Cybersecurity** and **Enterprise IT** into the key segments of **Channels** and **Mobility**, adding further depth to our research offering.

Within **Specialist Media** (40+ brands including *Light Reading, Heavy Reading, AI Business, Information Week*) and **Specialist Lead Generation** (*Industry Dive, NetLine*), current end market uncertainty is creating attractive opportunities to accelerate the expansion of our Digital Services offering, through the launch of new products like *Intentive* (an intent-based lead generation platform) and through targeted acquisition/combination.

Academic Markets...Consistent Growth

Structural growth in original research and specialist knowledge, combined with the power of our specialist brands and a growing range of open research services is underpinning continuing growth at Taylor & Francis. We remain on track for our GAP 2 target of 3%+ underlying revenue growth in 2023, rising to c.4% in 2024.

This improving growth profile is driven by the combination of continued strength in traditional **Pay-to-Read** publishing and increasing focus and momentum in **Pay-to-Publish** services.

In **Pay-to-Read**, our **Researcher Services** business is delivering consistent growth, with high renewal rates for peer reviewed subscription research supported by robust article volumes and the quality and relevance of our specialist content across 75+ subject categories.

In **Advanced Learning**, demand for our specialist reference content remains strong (8,000+ annual new titles and a backlist of 175,000 titles), benefiting from increased emphasis on a number of growth subject categories.

In **Pay-to-Publish**, the market continues to grow healthily and our investment in operational capacity and processing efficiency is reducing publication timescales and increasing volume throughput, enabling us to secure more of this growth. As a result, direct Open Research volumes have increased significantly in 2023, which combined with the addition of several new institutional **Read and Publish** contracts, is delivering accelerated levels of growth in overall **Pay-to-Publish** revenues.

Accelerating Shareholder Returns

We continue to take a disciplined approach to capital allocation, balancing strong returns to shareholders, organic investment and targeted acquisitions. To date, in 2023 we have returned more than £650m to shareholders through a mixture of dividends and share buybacks, with c.£1bn of shares bought back since the divestment of our Intelligence portfolio in 2022 (c.10% of share capital).

Today we are reporting continuing strong momentum in our business, with market guidance raised for the full year. Alongside our improving operating performance, cashflow generation is strong, with free cash flow of £575m+ expected in 2023, and leverage expected to be c.1.3x at year-end.

This strong cash flow performance and balance sheet strength is enabling us to extend our share buyback programme to £1.15bn. Dependent on volumes and share price movements, this will see us acquire shares up to a maximum value of £150m between now and our Full Year Results on 7 March 2024.

Conference Call

A conference call to discuss the Trading Update will be held at 8.30am UK time today, hosted by **Group Finance Director, Gareth Wright**, and **Director of Investor Relations, Richard Menzies-Gow**.

Dial in details as follows:

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