

# informa

bringing knowledge to life

## 2013 Half-Year Results

**Peter Rigby:** Chief Executive  
**Adam Walker:** Finance Director

30 July 2013





# H1 2013 Overview

- Underlying growth in continuing operations
- Disposal of non-core assets
- Bolt-on acquisitions in line with strategic objectives
- Further proactive reduction in small conference volume and marginal publishing products
- Improving quality of earnings
- Strong cash generation
- Strong balance sheet
- 2013 full year expectations unchanged





# Financial highlights - continuing

- Organic revenue growth of 1.2% to £566.7m
- Adjusted operating profit growth of 2.7% to £162.0m
- Adjusted operating margin up 60bps to 28.6%
- Adjusted diluted EPS up 5.0% to 18.9p
- Interim dividend increased 6.7% to 6.4p
- Deferred income up 7% at constant currency
- Cash conversion of 70%
- Net debt / EBITDA at 2.4x



# Divisional summary - continuing

	H1 2013	H1 2012	Actual	Organic
<b>Revenue</b>	£m	£m	%	%
Academic Information	<b>164.7</b>	154.0	6.9	3.7
PCI	<b>171.0</b>	173.3	-1.3	-4.1
Events	<b>231.0</b>	235.3	-1.8	3.6
<b>Total</b>	<b>566.7</b>	562.6	0.7	1.2

## **Adjusted Operating Profit**

Academic Information	<b>54.0</b>	51.2	5.5	5.6
PCI	<b>46.4</b>	54.0	-14.1	-17.1
Events	<b>61.6</b>	52.5	17.3	18.6
<b>Total</b>	<b>162.0</b>	157.7	2.7	1.9

## **Adjusted Operating Margin**

	%	%
Academic Information	<b>32.8</b>	33.2
PCI	<b>27.1</b>	31.2
Events	<b>26.7</b>	22.3
<b>Total</b>	<b>28.6</b>	28.0



# Income statement - continuing

	H1 2013 £m	H1 2012 £m
Revenue	566.7	562.6
Adjusted operating profit	162.0	157.7
Amortisation	-57.4	-57.1
Other adjusting items	-11.5	-81.6
Operating profit	93.1	19.0
Net interest	-13.8	-12.8
Loss on disposal	-3.0	-25.6
Tax	-16.9	-15.6
Profit/(loss) for the year	59.4	-35.0
Adjusted EPS (diluted)	18.9p	18.0p
Dividend per share	6.4p	6.0p





# Cash flow summary

	H1 2013 £m	H1 2012 £m
Adjusted operating profit (inc Corporate Training)	161.4	160.1
Depreciation and software amortisation	11.3	10.3
Share based payments	1.6	2.3
<b>EBITDA</b>	<b>174.3</b>	<b>172.7</b>
Net capital expenditure	-8.8	-11.8
Working capital movement	-52.6	-39.8
<b>Operating cash flow</b>	<b>112.9</b>	<b>121.1</b>
<i>Adjusted cash conversion</i>	<b>70%</b>	<b>76%</b>
Restructuring and reorganisation	-7.4	-5.2
Net interest	-13.5	-16.5
Taxation	-37.0	-23.2
<b>Free cash flow</b>	<b>55.0</b>	<b>76.2</b>





# Net debt movement

	H1 2013 £m	H1 2012 £m
<b>Net Debt at 1 January</b>	<b>-802.4</b>	<b>-784.0</b>
Free cash flow	55.0	76.2
Dividends	-75.3	-71.0
Net acquisition spend	-61.8	-71.0
Foreign exchange	-37.5	5.2
Other items *	-0.5	-0.2
<b>Net Debt at 30 June</b>	<b>-922.5</b>	<b>-844.8</b>
 <i>Net Debt/EBITDA (using average exchange rates)</i>	 <b>2.4</b>	 <b>2.3</b>

\* Issue of shares and amortisation of borrowing costs



# M&A activity

- Investment focused around strategic objectives
- Strict financial criteria on acquisitions
- Strong track record of returns
- 2012 acquisitions (Zephyr, MMPI) performing well
- 2013 H1 highlights:
  - Disposal of Spanish & Italian conference businesses
  - Disposal of Corporate Training businesses
  - Acquisition of EBD Group

*2011 acquisitions – 1st year ROI: 12.0%*

*2010 acquisitions – 1st year ROI: 12.5%*

*2009 acquisitions – 1st year ROI: 18.9%*



# Disposal of Corporate Training

- Five businesses, originally acquired with IIR in 2005
- Volatile trading, limited revenue visibility, weighted to Q4
- 2012 revenue of \$194m and adjusted EBITA of \$23.5m
- Consideration of up to \$180m from Providence Equity Partners
  - \$165m initial consideration (\$100m cash, \$65m vendor loan)
  - \$15m ratchet depending on revenue in 2013
- Modest dilution to earnings from 2013
- Significantly improves quality of earnings
- Completion expected at the end of Q3



# Financial summary

- Underlying growth in revenue and profit through H1
- Interim dividend increase of 6.7%
- Strong balance sheet with Corporate Training proceeds to come
- Second half outlook remains healthy
  - Academic growth outlook positive
  - PCI sequential improvement in quarterly organic trends
  - Events forward bookings strong
- Full year expectations unchanged

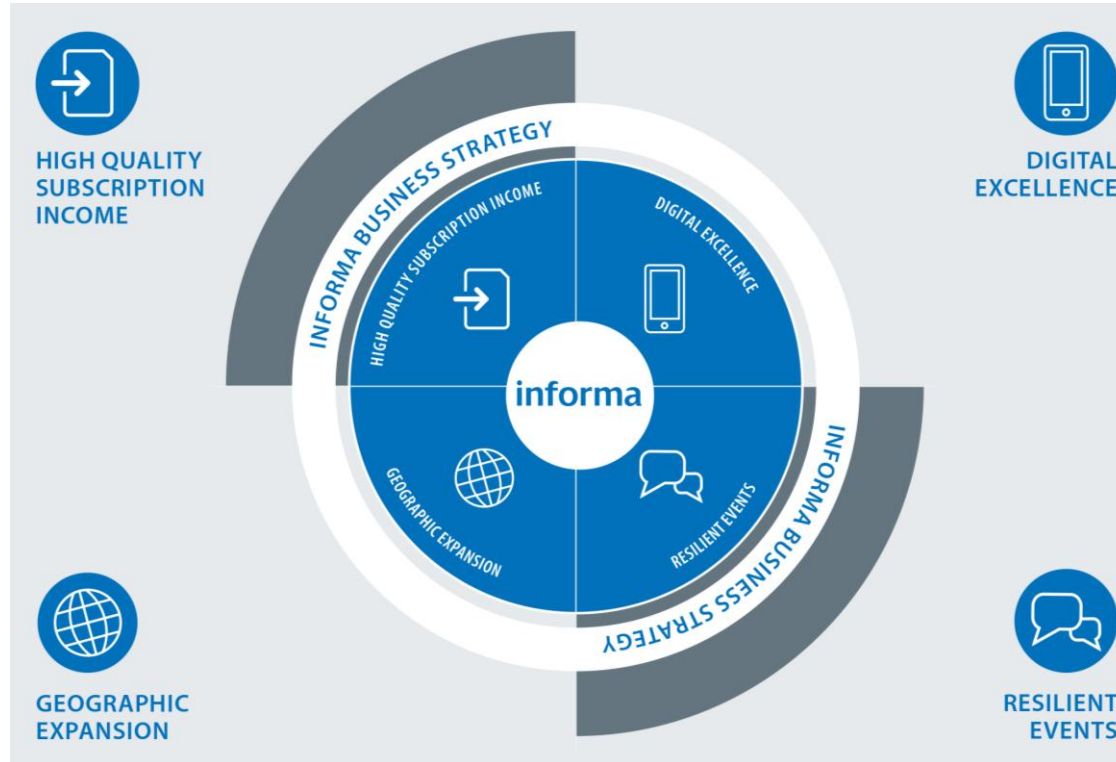


# Strategy Update

Peter Rigby



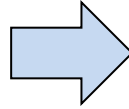
# Strategic drivers



# Proactive portfolio management

- **Selective disposals**

- Events



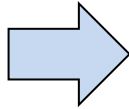
Italy & Spain conference businesses  
Corporate Training businesses

- **Strategic acquisitions**

- Events

- Agrishow

- EBD Group

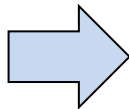


Annual large events, emerging markets, proprietary 'partnering' technology

- **Deliberate product pruning**

- PCI

- Events



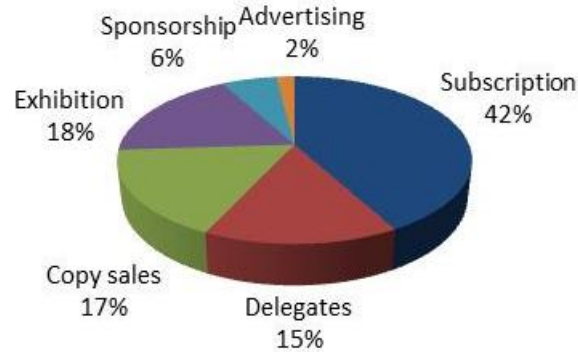
Advertising, consulting, one-off reports  
Small local language conferences



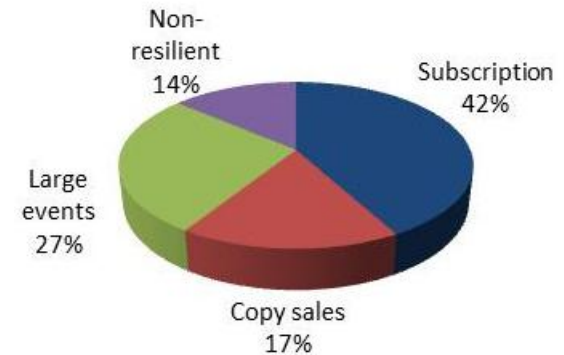


# Improving the quality of earnings

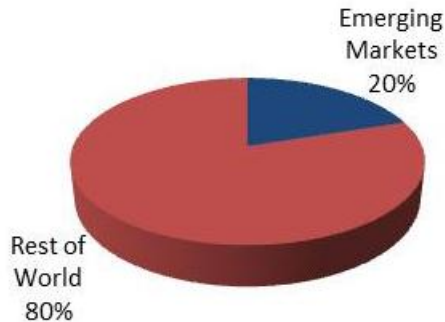
Revenue by type H1 2013  
(continuing)



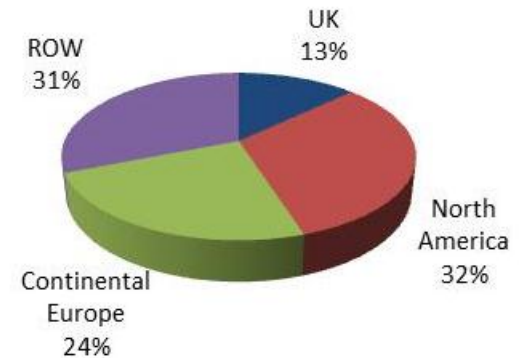
Revenue by type H1 2013  
(continuing)



Emerging market revenue LTM H1 2013  
(continuing)



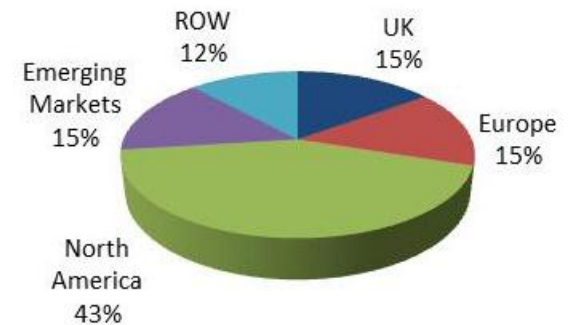
Geographic revenue split H1 2013  
(continuing)



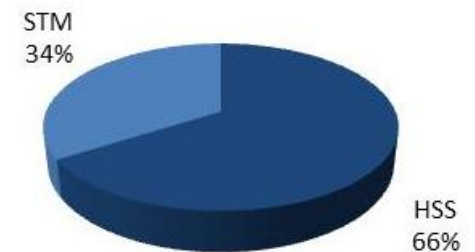
# Academic Information

- 'Must have' information
- Digital subscriptions
- 1,761 journal titles
- 88,700 book titles
- Two thirds HSS, one third STM
- Strong journal renewals
- 23% of H1 book revenue was ebooks
- Appointment of Director of Open Access

Revenue by geography H1 2013



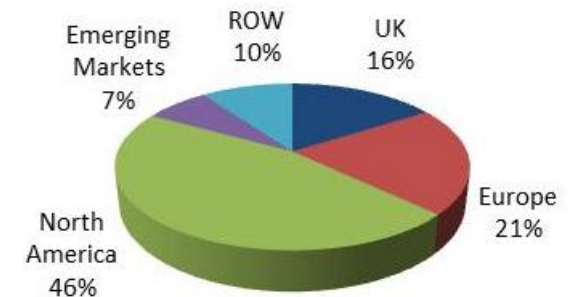
Revenue by subject area H1 2013



# Professional & Commercial Information

- Proprietary content & strong brands
- Niche focus: narrow and deep
- Digital subscriptions; transition largely complete
- Client decision-making still slow...
- ...but key large customers re-engaging
- Overall market activity increasing
- New management team at IGM
- IBI cost initiative to save £5m pa

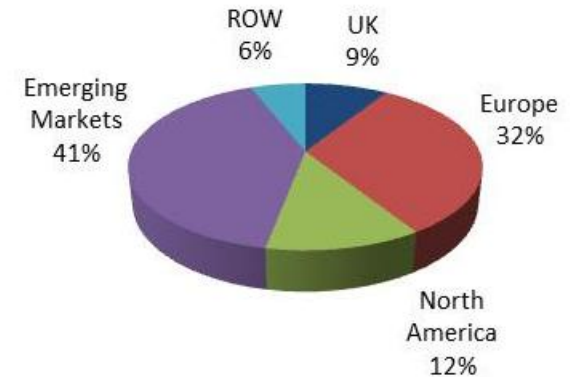
Revenue by geography H1 2013



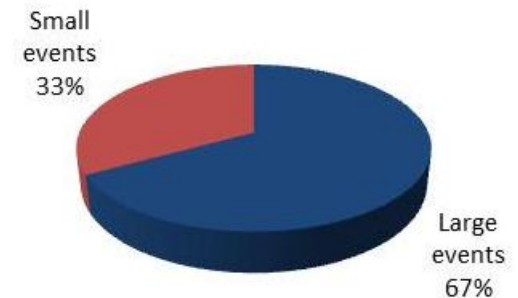
# Events

- 147 large events in H1
- 7 new launches & geo-clones in H1
- Revenue from large events >60%
- Double-digit H1 organic revenue growth in large events
- 18.6% H1 organic profit growth in Events
- Emerging markets 34% of LTM revenue
- Further rebalancing of portfolio
- Potential to leverage EBD technology

Revenue by geography H1 2013  
(continuing)



Revenue by product H1 2013  
(continuing)



# Brazil exhibitions case study

- Small conference business since 1990's
- Buy and build strategy on large events
  - Acquisition of BTS and Ibratexpo in 2011
- Food, furniture, franchising, printing etc
- Close to £100m investment into the region
- Now one of the two big exhibition players
- 2013 June events performed well
- Successful bid for Agrishow in 2013
  - Leading market position
  - Informa's expertise in the food sector



# Brazilian exhibitions: Agrishow

- Food sector booming in Brazil
- Largest agricultural show in Latam
- >400k sqm gross / 240k sqm net
- >80,000 visitors from 67 countries
- BRL 3bn of credit letters issued pre-show





# Canadian exhibitions case study

- Acquired MMPI in July 2012 for \$53.4m
  - Non-core asset for previous owner
  - Portfolio of 46 exhibitions and conferences
- Construction, real estate, food, design, art & craft
- Investment in new launches and geo-clones
  - Delicious Food / Cargo Logistics Canada
- Investment in acquisitions
  - Contech
- The biggest exhibition player in Canada
- Significant geo-cloning potential





# Summary and outlook

- Clear strategic objectives underpin strong first half performance
- Non-core disposals sharpen focus and reduce volatility
- Underlying growth and margin profile improving
- Emerging market presence growing
- Improving quality of earnings
- Balance sheet flexibility
- Attractive shareholder returns
- Well positioned to meet expectations for 2013

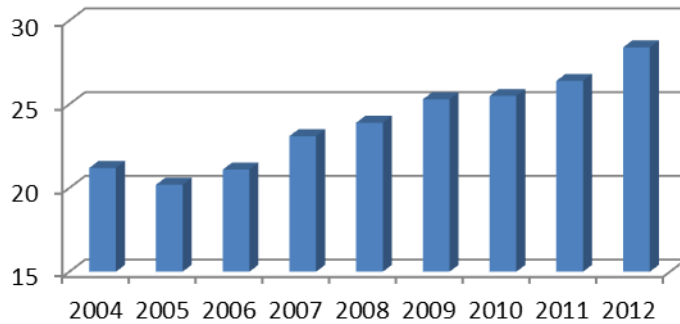


# Appendix

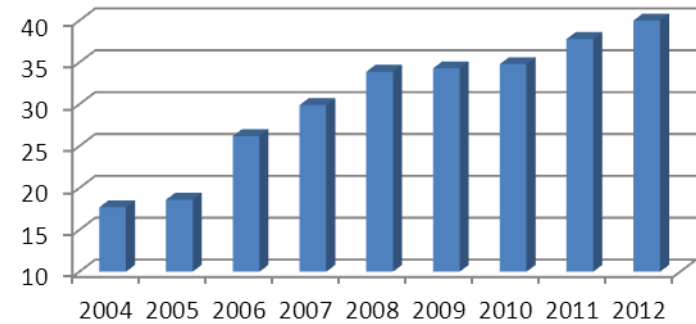


# Long-term performance

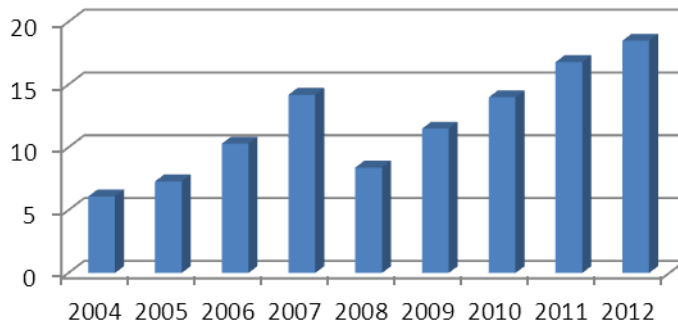
**Adjusted operating margin (%)**



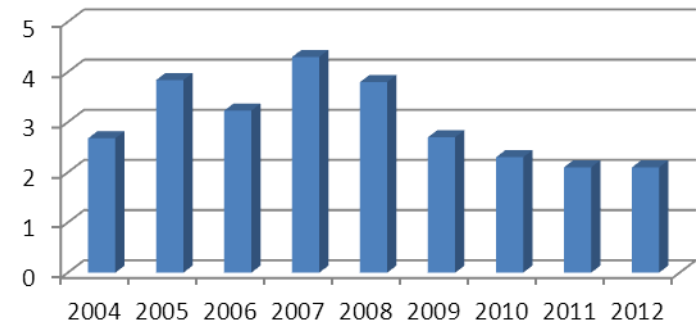
**Adjusted EPS (p): CAGR 11%**



**Dividend per share (p): CAGR 15%**



**Year-end net debt / EBITDA (x)**

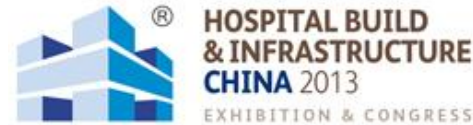
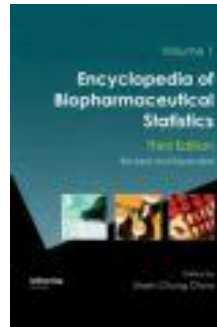
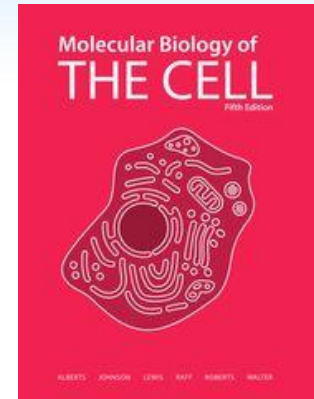


# Vertical strength

- Building multi-platform strength across industry verticals
- Global reach through geo-cloning and digital publishing
- Leverage knowledge, contacts, brands across the group
- Vertical strengths:
  - Healthcare & Life Sciences
  - Agri-Food & Commodities
  - Anti-Aging & Beauty
  - Telecoms & Media
  - Finance



# Healthcare & Life Sciences

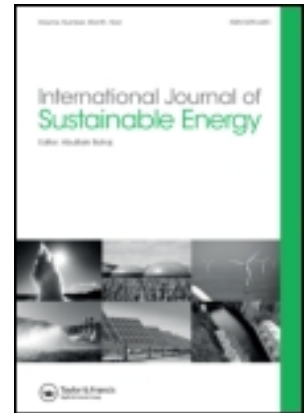




# Agri-Food & Commodities



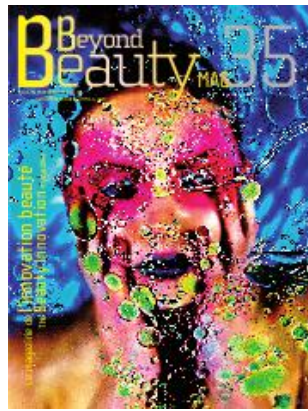
**informa**  
agra



The global nutraceutical event  
14 - 16 May 2013  
Geneva



# Anti-Aging & Beauty





# Telecoms & Media

**informa**  
telecoms & media

**Digital TV**  
Central & Eastern Europe  
Incorporating **tvconnect**

**NET**  
NETWORK ECONOMICS TOOL  
Evaluating next generation costs

**CDNWorld**  
LAS VEGAS

**telecoms**.com

**Broadband**  
WORLD FORUM 2013

**BIG DATA**  
WORLD SERIES

**tvconnect**  
Asia 2013

**WTFB**  
WORLD TELECOMS  
FINANCIAL BENCHMARKS

**Control Room**  
Communications

**Lte**  
latin america 2013

**OVUM**

**Critical Communications**  
World  
INCORPORATING TETRA  
WORLD CONGRESS

**WCIS**  
World Cellular Information Service

**ENTERPRISE ICT AFRICA**  
12th - 14th November 2013  
CTICC, Cape Town, South Africa  
[www.enterprise-ictafrica.com](http://www.enterprise-ictafrica.com)

**mobile**  
communications internationale

**WBIS**  
World Broadband Information Service

**Africa Cast**

**CLOUD**  
WORLD SERIES  
WHERE TECHNOLOGY MEETS BUSINESS

**telecoms**.com  
**INTELLIGENCE**  
INDUSTRY SURVEY 2013  
Getting the industry thinking



**VSAT2013**  
GLOBAL SERIES

**Telecoms Academy**  
TRAINING EXCELLENCE

**tvconnect**  
Global Events

**tvconnect**  
Latin America 2013

**LTE**  
voice summit

**MOBILE VIDEO**  
2013



**Terabit**

**COM**  
WORLD SERIES  
TRUSTED TO DELIVER FOR 19 YEARS

**Broadband**  
LATIN AMERICA 2013



# Balance sheet

	June 2013 £'m	June 2012 £'m
Intangibles and Goodwill	<b>2,493.5</b>	2,596.2
Fixed Assets	<b>18.2</b>	18.1
Other Non-Current Assets	<b>21.9</b>	17.4
Current Assets	<b>267.1</b>	262.7
Other Current Liabilities	<b>-551.7</b>	-623.4
Net Assets Held for Sale	<b>78.8</b>	-
Net Debt	<b>-922.5</b>	-844.8
Other Non-Current Liabilities	<b>-186.8</b>	-178.2
	<b>1,218.5</b>	1,248.0



# Operating adjusting items - continuing

	H1 2013 £m	H1 2012 £m
Amortisation of intangible assets	57.4	57.1
Impairment	-	80.0
Restructuring and reorganisation costs	7.3	1.4
Acquisition related costs	4.2	0.3
Subsequent re-measurement of contingent consideration	-	-0.1
<b>Total</b>	<b>68.9</b>	<b>138.7</b>



# Tax

	PBT	Tax Charge	Effective tax rate
	£m	£m	%
Tax on statutory results	76.3	16.9	22.1
Adjusted for:			
Restructuring and reorganisation costs	7.3	1.8	
Acquisition related costs	4.2	-	
Amortisation of intangible assets	57.4	15.6	
Loss on disposal of business	3.0	-	
Impact of UK corporation tax rate change	-	-0.4	
<b>Tax on adjusted results</b>	<b>148.2</b>	<b>33.9</b>	<b>22.9</b>



# Deferred income

	H1 2013	H1 2012	Actual	Constant Currency - continuing
	£m	£m	%	%
Publishing	187.1	179.9	4.0	3.3
Events	107.3	96.0	11.8	15.3
Total	294.4	275.9	6.7	7.4



# Currency - continuing

	Average Rates		Closing Rates	
	H1 2013	H1 2012	June 2013	June 2012
USD	<b>1.5422</b>	1.5838	<b>1.5249</b>	1.5580
EUR	<b>1.1767</b>	1.2128	<b>1.1681</b>	1.2387
BRL	<b>3.1428</b>	2.9455	<b>3.3470</b>	3.2362

Movement of 1 cent on the full year	USD	EUR
	£m	£m
Revenue	3.4	1.0
Adjusted Operating profit	1.5	0.4
Net debt	4.2	0.4



# Return on investment

2011 acquisitions – 1<sup>st</sup> year ROI - 12.0%

2010 acquisitions – 1<sup>st</sup> year ROI - 12.5%

2009 acquisitions – 1<sup>st</sup> year ROI - 18.9%

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Group ROCE</b>	9.2%	9.0%	8.8%	8.8%	8.1%

ROI is defined as tax-affected Adjusted EBITDA in the First Year post-acquisition, as a proportion of Total Consideration. Adjusted EBITDA is translated at the exchange rates in effect at the date of acquisition. The Group effective tax rate of 22.6% has been used for the 2012 review of 2011 acquisitions (2011 review: 23.4%).

ROCE:  $((OP + \text{interest income} + \text{adjusting items}) * (1 - \text{tax rate}) + \text{other intangible amortisation}) / (\text{total assets} - \text{current liabilities} + \text{ST debt} + \text{accumulated other intangible amortisation} + \text{accumulated goodwill impairment})$





Thank you.

