



Informa

Full Year Results Presentation

28th February 2018



INFORMA

Stephen A. Carter, Group Chief Executive

Gareth Wright, Group Finance Director

Questions From

Katherine Tait, Goldman Sachs

Ian Whittaker, Liberum Capital

Will Packer, Exane BNP Parabis

Simon Baker, Société Générale

Chris Collett, Deutsche Bank

Tom, Citigroup



www.world-television.com
London • Geneva • Madrid • Frankfurt • Barcelona • Zurich

Tel: +44 (0)20 7243 7350
Email: askus@world-television.com

World Television Ltd
18 King William Street
London, EC4N 7BP

Registered in England
No. 2590549
VAT Reg: GB727 5196 14

Introduction & Key Highlights

Stephen A. Carter, Group Chief Executive

Good morning everybody, and thank you very much for coming, particularly on a cold wintery morning. It's very nice to see Tim and Marina at the back of the hall. It's my job to be the warm-up act for UBM's results later today which some of you may well have already have seen, and I'm hoping that we'll get through it in time to avoid you changing channels to go to the ITV presentation which is just down the corridor.

But we're here today to talk about our 2017 Annual Results and to give a sense of what our plans are for 2018. The standard disclaimer is as you would expect, and that takes us straight in to where we are today.

We are, as a matter of record, presenting the results for 2017, but for us it has a slight added piquancy because we're also reporting what is the end of our Growth Acceleration Plan, which has been running for the last four years. You'll forgive me if I just remind everybody what we were setting out to do when we put this together at the end of 2013.

We wanted to change the way in which we ran the business, and we shifted what had previously been a very distributed model into an operating structure pivoted around operating divisions. That necessitated, and required, quite a significant change in the way in which we manage the business and, indeed, some of the people who manage the business. It made us look at our portfolio that we had then and make some changes about which bits of the portfolio would fit and suit for the company that we were building for the future.

We took a very early decision that we would build and buy a position in the Global Exhibitions market, and that's largely where we have focused our acquisition capital over the last period. We wanted to both lay out a reason why and earn the right to be able to invest at what we believe was an appropriate level in a business of this nature. Historically, we had been a significant, I would say, under investor in our assets. We weren't seeking to be an over investor, but we were of a view that we were running what was increasingly going to be data business, and that running that at a sub 1% to sub 0.5% of sales, investment ratio was just an unsustainable position. And that that would require us to address the way in which we funded this programme, probably through the use of our balance sheet in different ways, both in debt and equity.

And that plan, which pivoted around those six pillars, was designed to try and get us to a point whereby we could progressively return the business into growth and, at the same time, build some capabilities which would allow us to then go on and do more at the end of that Growth Acceleration Plan period. That was what we set out to do.

Where are at the end of 2017? I think we're in reasonable shape. We've had a full year of growth in revenue and in adjusted earnings, I think a good step up, a further step up, after a good performance actually last year in cash flow, and a continued progressive increase in our dividend.

I don't want to overstate this because we are still very much in building capability mode, but, nevertheless, those of you who know our company well, and I know many of you do, the operational capability within our business is in a significantly better and different place from where it was four or five years ago.



I think the highlight, for me, of 2017 has been the speed, pace and effectiveness with which Penton has come on board within the business, and we learnt a lot about ourselves and, indeed, about how to do that in the last 18 months, and that will be very relevant to what, hopefully, lies ahead of us.

We continued, and will continue, to look at our portfolio in 2017. We sold a majority position in Euroforum, our last remaining scale European conference business in Germany, to our, actually then, licenced partner now, majority owner, Handelsblatt. We retained a minority position for reasons of relationship and, actually, market access if we need it, but it is no longer our business to run, and theirs to grow alongside their more focused, traditional media publishing assets.

We've also exited our Garland textbook business in Academic Publishing, further polishing and improving the mix of business within AP.

We also added some businesses. We brought in YPI at the beginning of the year, further building our position in international yachting, very much following our strategy of, if we're going to add, add in verticals where we already play and have a market position. And we further added some capability in the open access market through the addition of Dove Medical Press in Academic Publishing. And, we are, as you know, in the middle of a process with UBM in order to try and create even more scale in the market in which we operate.

I'm not going to say much about that today for the reasons that many of you have already heard me say a lot, and, candidly, there's not much new to add, but we may well get to it in questions, and we will just do a short update on timing at the end.

In terms of numbers, these are the numbers. Our Exhibitions business did another strong year of good growth, slightly ahead of the market. Our Academic Publishing business, steady growth, strong year end, as you all know, the quarter four, and particularly November and December are important months for that business, particularly for what you might describe as the more retail aspects of that business, and we had a strong November and December. Business Intelligence continues to tick upwards. And K&N snuck over the line, but got to where we wanted it to be, and I'll talk a little bit more about that later.

In terms of profit earnings and dividends per share, good growth on all those lines. The EPS number, which Gareth will breakdown, is a mixture of currency tax and trading, and the free cash flow number we're particularly pleased with, and I won't steal Gareth's thunder on that either.

So, just to summarise before I had over to Gareth to take you through the detail of the Divisional and Group performance, when we were looking at what become known as the Growth Acceleration Plan what was it we were seeking to do? And these probably are in some sort of order and, well, maybe they're just the order of visibility.

The first was to build and buy a scale position in B2B Events which, again, sitting here in February 2018 kind of looks like an obvious thing to do. It didn't look quite so obvious in 2013. At the time we had an Exhibitions business largely based out of the Middle East and Africa, plus the Monaco Yacht Show, which was around £120m to £130m of turnover. We had no business in the United States, no business materially in Asia.



We saw a market which we thought we would understand, that we could work in, and we sought to be competitive in the way in which we saw that developing. And the proposed combination with UBM is a further step in that strategy.

At the same time, in the B2B Events business, we wanted to simplify and focus, and then get back into growth, what many of you knew as our old Conference business, which, at the time, was considerably larger than our Exhibitions portfolio. It had really been the heartbeat of the company and, in the day, had been a great business to be in. It was a volume business, but it had been a great business. And the first decision for us was do we just get out of that business altogether or is there an essence of that business which has long-term sustainable, defensible value? And we took the later view. And so we have exited quite a number of markets, products, geographies, but we've kept the core of that business which we think has long-term sustainability, whether our branded events, confexes, product with quality and sustainable differentiation, where you can charge a premium price for the quality and service you're delivering to your customers.

Less obviously, and the area where we were at the time having the most difficulty in 2012 and 2013, is what we now call Business Intelligence, what the market variously calls Information Services, were, in truth, we were really a bit of a novate, we hadn't been in that market for very long, we'd sort of picked up a series of spot assets through combined acquisitions, the company had historically made an acquisition which had not been all that one would have wished it to be, and there was question mark over whether or not really we should be in this business at all.

Many people, indeed many shareholders, with a view we should just simply exit that market. And we took the view that, actually, for a relatively nominal investment, somewhere between £25m to £35m, if we could repair that business, actually, what would have would be an asset of real capability. And we thought that the B2B market would move over time towards an approach of focus scale, where having assets which were overlapping, whether they be in B2B Events or information or data or products or service provision, would be long-term beneficial, but therefore if we'd exited that market we might well have built a strong position in B2B Events, but it would, ultimately, be a limiting place to be until we had scale.

We wanted to build a position in the United States. That's not a particularly revelatory statement. How many times have people like me stood at podiums like this in the United Kingdom and said that's a good idea? But I remember saying at the time that, even then, sadly, I was old enough, and now I'm a bit older, to know that there's a sort of little corporate graveyard just off the East Coast of the United States of America of companies that have gone to America, particularly when the Exchange Rate's favourable, and then reversed out two or three years later with their tail between their legs.

So we did it very slowly. We started by putting our toe in the water. Our first business we bought was Virgo Publishing. A small food ingredients business in Phoenix. We then stepped our way up in our scale and position in the United States, FIME, Fan Expo, Hanley Wood, and then Penton, in order to learn our way into the market, and, where we could, to be bring people and talent into the business as well as brands and business so that we could learn as we went and build capability to enable us be able to operate more effectively.

And then, alongside all of that, what we wanted to do wasn't just trade but build. We needed to trade so we needed to deliver growth, we needed to deliver progressive



dividend returns to shareholders who stayed with us, but what we also needed to do was to build capability, invest in ourselves, in our products, in our people, in our platforms, in our systems, and, believe you me, if you were inside the company you could bump into many people who'd say it's a long way from done, but it's a long way from where it was as well. And that process of building capability, if you want to be in the information and data markets, is where you need to be in a business like ours.

So that's what we set out to do. Those were the initiatives that were the bedrock of the last four years, and many people inside the company have been focused on doing, and in large part delivering, pretty well against those objectives over the time.

So now I'd like to hand over to Gareth just to take us through the key financials from the Group and the divisions. Gareth, over to you.

.....

Financial Review

Gareth Wright

Thank you, Stephen. Good morning everyone, and thanks for coming to the Results presentation today.

The financial headline is that we're pleased to be reporting a set of results that demonstrates real financial performance and delivery in the final year of the 2014-2017 Growth Acceleration Plan.

So here are some of the financial highlights for the year. Reported revenue increased by 30.7% to £1.76bn, and underlying revenue growth was 3.4%, an acceleration over the 1.6% organic growth delivered in 2016. Adjusted operating profit increased by 31.3% to £545m, and this increase in OP drove an improvement in the adjusted diluted earnings per share which rose by 9.5% to 46.1p.

Breaking that growth down into its components, it's about 2p an increase from trading, about a 2p increase from our expansion, including Penton, about a 2p increase from currency, and that's all partly offset by 2p tax headwind. As a result of this earnings growth, the Board's commitment to increase the dividend by 6% to 20.45p per share was covered around 2.25 times by earnings.

Free cash flow was strong, increasing around 30% to £401m, achieving our target that we set at the start of 2017 for free cash flow around £400m in the year. And this cash flow has brought our leverage back within our target range at two and a half times at year end.

So just focusing how the Group revenue growth builds up for a second. Our successful programme of expansion and scale added about 21% to revenue year-on-year. The currency benefit of a stronger US dollar added around 5.5%. But the most important thing for us was the 3.4% added through underlying trading increasing from the 1.6% we delivered in the previous year. And all this adds up to an overall increase in actual reported revenue of around 31% in 2017.

So, as I say, a key driver of the expansion and scale was the successful integration of Penton Information Services, delivered ahead of schedule, and operating under a unified management team in 2017.



We took the approach to combine the Penton business into the divisions of Informa that they were most likely to thrive in. And our approach to integrating Penton has allowed us to realise synergies quickly and effectively with around \$15m of gross cost savings achieved in 2017, and this is expected to rise to around \$22.5m in 2018.

We've preserved and delivered strong brands and franchises within Penton, which has strengthened our specialist verticals in turn. And, in addition, there are several revenue initiatives already underway which I'm going to discuss in more detail on the next slide.

At the same time, Penton's data and marketing solutions business was re-launched as Informa Engage, offering specialist B2B services for connecting marketers with B2B decision-makers. And this acquisition, building on the previous deals, such as Hanley Wood and Virgo, has further strengthened our presence in the US, our largest single market.

So, overall, this demonstrates a model for integration that we are growing confidence in, and which we'll look to use for the integration of UBM, assuming that we're successful in completing the shareholder approval process.

So, our operating - our synergies of Penton have been achieved in three main areas. And taking this each in time, and in terms of 2018 synergies that we're aiming to achieve, our Corporate overhead reduction, approximately 15% of the \$22.5m gross savings are coming from the reduction of duplicate costs across Executive Leadership and other Corporate and Group functions.

In terms of Management and Support Restructuring, approximately 50% of the savings we expect to be generated from the reduction in duplicate management costs, including the rationalisation of overlapping IT systems, processes and associated investment spend.

And, finally, in terms of Procurement, approximately 35% of the synergies generated for Penton are expected to come from leveraging the large Group scale across Procurement, Commissions, Insurance and Property. In addition to that, we believe that there are also revenue opportunities ongoing through our 6-Step Revenue Growth Plan.

You may recognise this slide from the UBM 2.7 Announcement presentation that we gave at the end of the January. We felt it was worth using it again as a great illustration of how the 6-Step Revenue Growth Plan can be delivered in practice, and how some of the dynamics are quite quick to come to fruition and some of them take a bit longer.

So picking out a couple of topics from this slide, our broader market position across the GHNN supply chain post-Penton has enabled us to promote our events to new audiences, leading to particularly strong growth at Vitafoods Europe, and Vitafoods Asia in 2017, with the latter doubling in size.

We've also used our greater depth in verticals to help us develop geo-cloning opportunities, and 2018; this will see us launch SupplySide China in Guangzhou.

In 2017, we started to roll out our Markit Mkr digital platform in a number of verticals, and Stephen's going to talk to you a bit more about this in a minute when he goes through the divisions.



And, combined with the progressive rollout of our Customer Value Programme, we're confident these revenue synergies will contribute to another year of attractive growth overall for the business.

So focusing on a division by division growth, we delivered operational performance with all four divisions in growth in 2017.

Global Exhibitions delivered underlying revenue growth of 7.6%, delivered by a strong performance from the top 30 exhibitions. Margins moderately increased by a percentage point as we invested in the division, and we added the slightly lower margin of YPI business, but the outturn was still a 6.5% increase in OP.

Business Intelligence continued its improvement in underlying revenue growth to 2.2%, reflecting in the benefits of investments in products and platforms, on subscription renewals, consulting activities and specialist data and marketing solutions. OP increased by 6.2% as BI was the largest beneficiary of Penton synergy savings.

Academic Publishing improved underlying revenue growth to 2%, reflecting consistent growth in Journals, and an improved performance in Books, which was particularly strong in the last two months of the year.

And Knowledge and Networking delivered positive underlying revenue growth of 0.1%, reflecting increased focus in the portfolio, strength in branded confexes and events and investment in its digital capabilities.

The revenue growth ahead of the Q3 IMS was driven by strong performance in November, by far K&N's largest trading month of the year.

So walking down the wider income statement, operating margin increased by 10 basis points year-on-year. On the upside, higher growth and the mix benefit from the larger GE business helps. This was partly offset by extra depreciation and investment coming from the Growth Acceleration Plan. Interest was £59m, primarily because of the increased debt following Penton, but also not helped by a stronger US dollar and nor were interest rate rises.

The effective tax rate increased - 21.2% following changes in UK tax law, but also not benefitting from the increased mix of US profits in 2017.

And this all added up to a 9.5% increase in EPS, which covered the 6% increase in the dividend two and a quarter times.

So a subject very close to my heart, free cash flow. The Group continues to put great emphasis on the conversion of profits into cash alongside the effect of allocation of free cash flow to balance our targeted acquisition strategy with consistent and progressive shareholder returns.

At the start of 2017 you may remember we set a target of delivering £400m of free cash flow in the year, which would be increase over a third over the £306m we delivered in 2016. We achieved this. We reported £400.9m despite the scheduled increases in capex in the final year of the Growth Acceleration Plan and also despite the negative trend in currency movements through the year. This reflected strong profit delivery and lower cash tax as we utilised tax credits for losses that came with Penton. And the free



cash flow performance delivered another strong year of free cash flow yield, around about 7.1% for the full year.

So the combination of strong cash generation in our balanced approach to funding produced a robust balance sheet at year end, with net debt EBITDA of two and a half times, back within target range of two times to two and a half times.

To strengthen our financing, we funded another \$400m in the US private placement market at the start of January 2018 at an average interest rate of 4%. Another strength in the balance sheet occurs in pensions, where our counting deficit on the defined benefit pension schemes reduced this to under £24m at year end.

So, in summary, including that new PP raise, alongside our year end debt results in the maturity profile in the lower graph, you can see, together our secure pension position, we have a robust balance sheet with long term financing flexibility.

We continue to deliver the Portfolio Management element of the GAP strategy, which looks to ensure that we allocate our capital to the parts of the portfolio where we can generate the best returns. To that end, in 2017, we exited a number of businesses.

The sale of the Garland Books business reduced our exposure to the more volatile lower level textbook market. The disposal of a majority stake in the Euroforum business increased our focus in K&N on the stronger performing core verticals. And, finally, small scale disposals in both BI and GE helped improve the performance for these businesses.

Overall, the Group ROCE includes a full year of the Penton business for the first time, which reduced ROCE as expected on the P&L returns basis, but, on a cash tax basis, reflecting the losses required with that business, the ROCE was 9.9%.

So, to wrap up, I just wanted to highlight the progress in our overall financial KPIs over the period of the Growth Acceleration Plan. Group revenue growth has increased by almost two percentage points, the compound annual growth and adjusted profit has been 13%, the compound annual growth and free cash flow has been 17%. And dividend payments have increased by an average of 4% over that time.

And we think, taken together, this really underlies the solid and improving financial performance of Informa over the mid-term, and over the period of the Growth Acceleration Plan. So, with that, I'd like to hand back to Stephen.

.....

Growth Continuation

Stephen A Carter

Thanks, Gareth. Right, thanks very much, and welcome to some colleagues who joined us. We're halfway through, and then we'll get to questions.

So a little bit of the context. I'm not going to try and become an economic forecaster because, looking into the seeds of times of predicting which grain's going to grow or not is a tricky thing to do as someone once said, but I think context is relevant for the market in which we operate in. And our contextual view is that, whilst, on the day-to-day basis there's noise, and there's certainly noise if you're sitting in London, the macro themes are broadly helpful for the industries that we work in and that we serve.



We are a truly, and about to become an even more so, international and global business, and we see the regional growth opportunities in the markets in which we will be trading, in North America, in Asia, in the Middle East and Africa, and, indeed, in South America as a mid to long-term attractive. If anything, we will be under-represented and, certainly, under-weighted by a percentage in the United Kingdom and Europe.

There is much discussion about the impact of artificial intelligence and robotics, and algorithm capability. What does mean if you're in a face-to-face business? We might get into that in questions. But what it certainly means is that the power of data and analytics, and knowing and understanding your customers, what they're doing, what they want and where they're going, is going to be a core part of the business in which we operate, and we largely see that, not as a headwind but as a helping wind.

In the markets in which we operate, whether that's B2B Events, Business Information or Scholarly Research, the growth of learning and education, and particularly differentiated learning and education is opposed to mass market education, again we see, broadly, helpful mid to long-term trends. And, certainly, in the latter, it's an area of significant investment in most of the developing markets.

In Specialist Information and, indeed, in B2B Events, it's all about micro focus and being close to your specific customers, focused scale in the jargon of the Information Services market. And that has been where we have been trying to develop our portfolio over the last few years, and will continue to do so.

In the verticals, where we increasingly has a strong footprint, actually there's some very interests trends, whether it's in changing end consumer habits, whether it's in the increasing demand being placed on the efficiency of the pharma biotech and healthcare sector; whether it's the increasing horizontalisation of technology into all businesses, the significant increase in food demand driven by the rise in the world's population but no increase in the size of the planet. And the demand for an ever increasing urbanised globe to efficiently house and construct working environments that are fit for purpose for the world in which we live.

So we are not 'tiggeresque' about the markets we operate in, but we are quietly confident that we're in neighbourhoods that have got mid to long-term attractiveness built into them, and our task is to run our portfolio in a way that serves to take best advance of that.

So let's have a little bit of a look at each of our divisions. Our Exhibitions business is now our largest division, and will soon be an even larger part of the Group. Our focus has been on the major brands in the main markets where we have sought to drive out improvement in absolute performance, whether that be straight forward volume. The first lesson I was taught when I started to get deep into this business was it starts with the visitors. You have to have attendee growth, or certainly attendee stability. It's not just a footfall business, but it matters. Then, what you need to do is drive out yield, [gap in audio] across the portfolio. Then what you need to do is to do more. And the big highlight, as Gareth said, has been our Markit Makr Strategy where we've sought to target attractive industry verticals and build depth in verticals through multiple brands across the supply chain.

For us, Markit Makr is both a strategy and a product. The strategy is to serve, to provide our customers with service and benefits across the markets in which they work. The



product is a digital platform that allows us to provide sales and service solutions to our customers which provide them with evermore effective sales leads and efficient lead generation. The advantage of that is if you do that, every time you do it, you gain more knowledge and information and about your customer.

We launched it about 18 months ago after about 18 months of development. We started on our Life Sciences portfolio, Omnia is a sub-brand that we use within that platform, and what that allows us to do is to effectively create a multiplier effect on the service proposition for our customers. We then took it from Arab Health to Africa Health to MEDLAB, which was a brand that we spun out of Arab Health to set up in the medical technology market. We then took it to FIME in the US, which was a business we bought in the US to further expand our footprint, and then we moved it on to Asia Health.

So there's a mixture of take a brand, geo-clone, buy an addition geo-clone, add in digital capability geo-clone. So a steady cadence of developing your portfolio using your brands, using your cross-marketing, and investing in digital capability to build your footprint. That then drives the ability for your customers to showcase their products, that enhances the participation of your exhibitors, and that significantly improves the qualification of the lead generation that you're providing to your customers.

In 2018, we're taking this now from our Life Sciences portfolio onto our Food Ingredients portfolio, which is probably our other most internationalised vertical in the way in which we work. And then we're beginning to move it out across real estate and construction and other categories.

We feel very confident that this is another added strength to our bow, alongside ensuring that the core B2B Events product remains as strong as it needs to be in what is an increasingly demanding market.

Business Intelligence, quite a different business model, it's a subscription led business model where renewal rates matter. If you remember back in the day we were a 70% renewal rate business, that's really very tricky as they say, if you open your books on January 1st and you've already lost 30% of your customers you have to have a new business pipeline to die for if you're going to stay static. And that was why we were facing a 10% year on year decline, because we just couldn't catch up fast enough and we were in that kind of death spiral of having to discount in order to just stand still.

So we rebased the business and we focused the business around subscription renewals and contract value and existing customer management, changed the way in which we operate and organised around those customers and around these verticals. We then layered in consulting, largely as a sales and customer service support rather than necessarily as a profit driver.

And then we began to bring our investment from GAP onboard in order to improve the product offering, both for our existing customers and for our perspective new customers. I would say, not job done, but job being done now and what I would call the hygiene factors of running a business like this.

The prize for us I think 2018 and beyond is to take the investments we've made, whether it's in Citeline, in pharma, or in EPFR in financial services, or in ag, or in technology and not just satisfy the people we know, but also bring in some customers that we don't know. And if there is a challenge and a task for that business it is to drive



our performance in new business having done a very strong performance in existing business. And that's where we see the mid-term opportunity for further growth.

In Academic Publishing, which has been a business of consistent strength and if I had a pound for every time I've been asked the - what are you going to do with Academic Publishing question in the last five years we would be doing very well. This is a consistent business, it is a strong business.

It was when the Board asked me to become the Chief Executive; it was nearly 60 to 65% of our business. It will, I think, on maths - doing it in my head, at the end of 2017 it will just less than a third of the business. If we are successful in the completion of our combination with UBM it will be less than a fifth of the business. But the interesting thing is, it will be 40% bigger than it was five years ago.

So for me there's not a lot not to like about a business that's growing, that's getting smaller as a proportion of a Group that's growing. It is a very consistent, reliable and powerful business. We have no scale issues in this market, that was a problem we had in the B2B Events business, we don't have a scale issue in this market. We have a powerful brand, or indeed brands, we have a footprint in humanities and social sciences, which is recognised, by authors, by researchers, by institutions, it's an international business, and it's a business which is adapting to the way in which the market is adapting.

And it is true that the market is adapting, there is a shift in the way in which particularly in research journals, customers are seeking to buy and use the product. And that shift between big access deals to open access pay to publish publishing is a trend. But it's not a cliff edge, it's a trend, and it's a trend that we are actively participating in, investing in, and bringing capability to be able to deliver service to our customers.

The opportunity in this business is to drive further service and technology capability for the customers that we've got and for the communities that we serve. I encourage you to go to our platform, Taylorfrancis.com, we invested quite a significant amount of money. We have done a job of work in our Books business over the last two or three years.

Those of you who have listened to me politely over the last few years will remember talking about two or three years ago that we were unifying our Books business, it was three businesses we're putting it into one, we're creating a central platform, we're moving all of our Books products onto one platform, the UBX platform. We invested quite a considerable amount of money in that platform.

We launched that last year, it puts over 140 reference titles on it, we've got 2,000 customers, we've migrated onto that platform, it's live, it's active, I encourage you to go to the artificial intelligence area, not just because it's a fascinating current subject, but also we're one of the world leaders in it. But you can't get beyond the pay wall until you pay and so hopefully there will be enough there to tease you to consider going further.

On author services, we need to do more on author services, because it isn't simply any longer a matter of sourcing content, you have to regard your authors as a relationship for life and for the period of the publication. And again that's an area where we're investing in technology to help us on providing those author communities with research dashboard, portals for easier submission, and the easier managing of manuscripts, more



flexibility, faster routes to market and a higher level of data and analytics on subject matter usage and reader interest.

It's a very interesting market with lots going on underneath that steady headline of another year of consistent performance.

In Knowledge & Networking, just to finish on the portfolio. Here we said we wanted to simplify and grow, as I said at the beginning this used to be a very significant business in volume, it's now a significant business in quality. And the focus is largely, if you look at the chart in the revenue by vertical, is around the three verticals of Life Sciences, Global finance and TMT, which is about 220 to 230 of the 280 million of revenue.

Those markets are doing well; the brands in those markets are doing well. The Event portfolio has shrunk to just 1,000 from nearly 12,000, the focus is around the larger events, with [audio jumps] of over 100,000. We're building businesses that have got revenues of over a million. And that is the way in which we will seek to develop that portfolio.

We have said goodbye to Spain, and Portugal, and South Africa, and Holland, twice, and Sweden, and Denmark, and Russia, and Brazil, and Germany, and Switzerland, and those exit processes take time. I know because I'm looking at some of the people who did it. And we've by and large I think exercised our duty of care to our colleagues in those businesses well and focused the business around where we see long term sustainable future.

This is a lift from an internal presentation, which was designed to visualise when we talk about communities what do we mean by communities, what do we mean when we say what we need to do is to provide and engagement platform for our customers in individual communities. How do you become a digital first business, rather than just a spot events business? How do you provide market leading trend data for your customers which is relevant? How do you build a digital platform that people are willing to subscribe to and use regularly? How do you make people genuinely feel part of an industry community, and importantly for us commercially, insert yourself into that community in a way where people don't think it's intrusive, but an embedded part of the way in which they connect, network and learn? And that is the core of that business. And when you get it right it is a really beautiful thing.

The Group as a whole, here is where we are on quality, visibility of earnings; our revenue by division is as laid out. Our Exhibitions business is now as we set out to be four or five years ago, our largest business, it will become a larger business. But that's a snapshot, that's a moment in time, we're building this Group over time for scale and performance as an information services Group, but short term it now is clearly our largest and powerhouse business.

Our revenue mix is materially dollar denominated and our revenue type is increasingly more visible and more predictable and gives us a higher level of certainty as we step from one year to the next.

Our strategy for 2018 is growth continuation, we see the steady, progressive improvement in growth, in performance, in revenue, in earnings and in dividends as an attractive part of the investment proposition for shareholders, as a measured balance of return for our customers and our colleagues and our shareholders and allows us to



invest in the business progressively over time to continue to compound our technology improvements and our platform capabilities.

We feel good about where the business is, we are very excited about our possible combination with UBM. The process is as laid out, there's not much to add to that other than later today there will be a considerably more exciting presentation from Tim and Marina on their own results and then we will both be publishing the relevant circular and prospectus materials in the middle of March. There will then be a shareholder vote in April, there will be the record date for the dividends and then we're anticipating a completion date in Q2 2018, obviously that's subject to the completion of the now underway anti-trust procedural filings.

We're hopeful therefore that that will take us to the midyear, where we'll be one company. That will allow us to set at it, with our Accelerated Integration Plan, we're using the time, within the bounds of appropriate rules and procedures to learn more, to test our operating hypothesis, so that when we combine we can hit the ground running. We have a team that is working, I would say as collaboratively as you can do. And I'd like to just pay a thank you to Tim and Marina and the team for allowing us to do that in a way that's making the discovery as effective as it can at this stage.

We see cost savings, but we're not making this proposal in order to achieve cost savings, we want to run the business efficiently, but what we want to do is we want the combined company to be a growth based business, investing for the future and delivering more for its customers and for itself. And on that I will pause and take questions.

.....

Questions and Answers

Katherine Tait, Goldman Sachs

Morning, two questions from me. Firstly, on Academic Publishing clearly Annie has been in place now for about eight months and I think there has been a lot of talk about data and tech, but obviously your margins this year improved by 100 basis points, how should we think about the margin profile going forwards, given potential investments that Annie and the team have been making within that business to really bring it up to the level that you've been sketching out for us?

And secondly on the sort of Markit Makr digitisation of Exhibitions, can you talk us through how this is monetised, is this an additional subscription that your exhibitors and various attendees sign up for and pay and additional fee for, or is that something that is incorporated into the broader services of the existing shows?

.....

Stephen A. Carter, Group Chief Executive

Okay, thanks Katherine, why don't I touch on Markit Makr and say a couple of things on Academic and you might want to come in on the margin profile, yeah?

On Markit Makr there are three or four different ways, in which you can monetise; the first thing I would say is we didn't set out to do it in order to drive revenue. We set out to do it a bit like what we're doing in K&N where we're trying to build community relationships over time, outside of the event, other people call it beyond the booth, is in order to build a community relationship.



Having said that, there are routes to monetisation, you can monetise through straightforward effectively exhibit prices but they're digital exhibits for presence and depending on what the scale of that presence is and the ranking of that presence. You can monetise through media and advertising revenues. You can monetise through data analytics.

And what it also allows you to do is to deepen the nature of your following year conversation about how you then sell and price and package for the following year, because you're dealing with a customer who, a) is considerably more invested and embedded in the event, and, b) you have considerably more information about who their visitors were, what their purchasing cycle was, what their purchase budget was and how it enables you to then sell to them.

So it's really - at its heart it was driven by a desire to improve the depth of the relationship with the customer and to enable you to do what we call customer value proposition, which is to have more than just a simple price to yield conversation. That's the way we think about it.

On Annie, it certainly feels longer and that's a good thing, she's definitely a firm part of the team, both the Informa Leadership team, but also the Taylor and Francis team. She's been, it would appear everywhere; certainly everywhere I go she's been there before me, both inside the business and with customers.

We've begun to make some change, the Dove addition was very much made on her watch, albeit that was in the pipeline before she came, that was very much part of - she was in that thinking from the get go.

The approach to what we're doing in Academic Publishing is no different Katherine that what we've tried to do everywhere, which is measured change, rather than kind of seismic or cliff edge change. I think I have said publically we're not seeking to - because there's been a change in leadership have a kind of you know kitchen sink moment where we kind of rebase the business and turn it into something that it isn't or it wasn't because it doesn't need that.

But what it does need and why Annie was the right person, is it needs much more focus around service delivery for authors, I think that's definitely true. We need to be, at a minimum alongside the price and how would I describe it kind of market shifts in the way in which our journals are being used both by authors and indeed by institutions. And we also need I think to be more ambitious about what we can do internationally.

We have a very nice business in the United States, actually a good business in the UK and Europe, but really a lot of the growth in publishing and in academic research is in the - you know in the rest of the world, I was about to say emerging markets, but these are well emerged, China is a global leader in research publishing now. So we can be more ambitious there and that's where her focus is.

Personally I don't believe we need to materially change the margin profile of that business, we might need to adjust it, but not materially. Gareth.

.....
Gareth Wright, Group Finance Director



In terms of the actual movements Katherine, in 2017 because the nature of this business is that it's heavily weighted towards dollars in its revenue profile, but has a sterling cost base in 2017 you saw the margin expand by about a percentage point because of the strengthening in the dollar relative to sterling, so that explains that 2017 result. But obviously the corollary of that is if you mark to market at the moment at 1.41 with the US dollar what you'll see is that margin come a bit under pressure going the other way in 2018. So in the short term you shouldn't expect to see an expansion in that number.

.....

Ian Whittaker, Liberum Capital

Three questions please, first of all just looking at your underlying organic revenue growth for 2018, the more than 3.5%. Given you did 3.4% in 2017, Knowledge & Networking is improving, Business Intelligence is improving, Academic should be stable, Events to continue to remain strong and very good growth rates, so should we expect that to be close to 4%, rather than the 3.5% level?

The second thing, just in terms of Academic, there has been some speculation in the - or some suggestion in the trade press that there have been some issues with your negotiations in France and the UK, just around your products, I was wondering if you could - so with the universities there - talk a bit about that?

And then thirdly, just in terms of what you were talking about in terms of Penton in terms of you've got potential revenue synergies on top of what you've done in terms of the costs. Obviously there has been a time lag in terms of what you acquired that business to when you're now talking about potential revenue synergies. I mean is this typical in terms of the length that you could expect from an acquisition to then when you start to actually sort of look at revenue synergies, or is there something special about the Penton deal that has meant that maybe things have been a little bit delayed?

.....

Stephen A. Carter, Group Chief Executive

Thanks very much Ian, I'll try and cut into those and Gareth come in as you see fit, maybe particularly on the overall growth figure.

On Penton, I mean - I don't know if it was you Ian, but certainly somebody I think - sorry I could be misattributing, if I am I apologise, but somebody said I think when we announced Penton. So what is it about a growth strategy that encourages you to buy a business that's not growing? And our view was, well because we think that over time it will grow and we think the bits that aren't growing are going to decline at a pace and rate and the bits that are going to grow are going to exceed that and then we'll get there. And you're right, there is a bit of a time lag.

Actually, if you - I think - we don't break out Penton, so don't know what the profit number is, but I think if I looked at Penton as Penton was, it probably was marginally in growth in 2017, I'm looking at Richard to keep me right, I honestly think it was marginally in growth. But there was a drag and the drag was largely print. But the print actually didn't do as badly as we thought, or certainly as we model, I think partly because we don't have a theological view that print revenue is bad revenue, if it has a role. We're not seeking to maximise our non-print revenue mix in order to drive a valuation for sale. So we're not motivated by that outcome.



And the other parts of the Penton portfolio which we thought were strong have been stronger. The Event brands have been very strong; the combination where we've made them with our existing brands, particularly in food ingredients has been extremely strong. We're heading into Natural Products Expo this week and through next week and that is looking extremely good. And I think if you give that a little bit of time to run you will get it to where it is. But I think that's the function of the Penton mix, rather than a structural point on approach to acquisitions.

On AP, look it's that time of year, we're in the middle of renegotiations and renews and subscription discussions. I haven't seen the noise that you referred to, but I'm sure there is some, but there is nothing that's materially worrisome.

On the overall growth, I couldn't possibly comment because we're in the middle of an offer period. You know we've given previous guidance that we want another year of growth; we think that north of 3.5% is a target that we should aim for. Obviously it's a mix because it's a Group number, it will depend.

Exhibitions is a bigger business now by some margin, so whilst I think Exhibitions will have another strong year it won't be as strong I would suggest on the headline number as it has been this year. Academic I think will be steady. BI, we're targeting another year of progressive growth, but we would not put a number on it. And K&N, again I think will be steady. So you know it's a mixed effect, but another year of growth, I don't know if you want to led the witness any further on that one Gareth?

.....

Gareth Wright, Group Finance Director

No, nothing to add to that I think that's what we can say at the moment.

.....

Will Packer, Exane BNP Parabis

Hi, three questions from me please. Firstly, within your Exhibitions portfolio could you go into a bit more detail on what bits, very a vertical and geographic perspective have outperformed? And just how big a driver has the US real estate and construction been, and what's the sustainability of growth there?

Secondly, it seems there has been some reallocation between divisions from 2016 to 2017; could you just talk through what assets have moved between Exhibitions, BI, and K&N?

And then lastly, we kind of touched on this already, but we're finished with the GAP scheme, you're talking about organic revenue growth of 3.5%, just how much operating leverage can we start to see in the business? Thanks.

.....

Stephen A. Carter, Group Chief Executive

Gareth do you want to come in on the operating leverage and - sorry Will what was your second question, apologies?

.....



Will Packer, Exane BNP Parabis

The reallocation?

.....
Stephen A. Carter, Group Chief Executive

And the reallocation point and then I'll talk about GE, or would you rather dodge the question, would you like to come in on the operating leverage question, when can we see some or more, and has there been any material reallocation between, I think you said GE and BI, didn't you?

.....
Gareth Wright, Group Finance Director

That's the one that I was slightly having a think about, I don't think there anything reallocating between the divisions in 2017. I mean we had an initial allocation of the Penton assets as one segment and then we broke that out at the half year, but I think really it's pretty steady between the divisions and certainly not a material factor in terms of any of the numbers.

In terms of operating leverage, I think we've seen in 2016 and 2017 is a drive to improve the revenue performance, a real focus on that, and make the investments that we need to make into the business to deliver that. And we would see that being kind of the same in 2018 and in the short term because we want to continue to drive the revenue number and continue to improve that.

And whilst we'd like to see the OP tick up behind it, it's not our - getting OP to accelerate ahead of the revenue growth is not our primary focus at the moment. It's really about sustainable revenue growth, and therefore if we need to deliver a slightly higher level of revenue growth and have the profits tick up a bit behind it but not reach that level then we'll be comfortable with that as an overall shape of the business.

.....
Stephen A. Carter, Group Chief Executive

On your vertical and geography point, actually just skimming down - I mean we don't report these breakout numbers, but Richard and keep me - construction and real estate had a good year across the mix. I mean it's not all hard construction as you know, some of that is surfaces, some of that is interiors, some of that is property development, some of it is physical construction, we've got a broad portfolio there. But the only area where we had a real softness was in one particularly geography, but that was a local issue.

Health and nutrition very strong across the entire brand, so in all geographies. Life sciences, similarly I think very strong - and MEDLAB last year was the breakout, we repeated it this year, again, it went well.

Aviation, the Events portfolio was very, very strong, that was a Penton addition, that's really a second market - portfolio as you know. Agriculture similarly, international yachting, you know we had a slight, you know heart in mouth moment, as many people did for very genuine reasons around the hurricanes in the United States, but actually we were on the other side of that and actually our entire yachting portfolio traded strongly.



And we've had the first of those this year in Miami; we've got Palm Beach coming up and again strong.

Beauty and anti-aging, largely an Asian business, but anti-aging is one of our European portfolios and European and US strong. Utilities, which is largely waste, strong, almost all American. Pop Culture, all North American and strong. So actually very, very spread. It was a consistent portfolio performance across geographies.

.....

Will Packer, Exane BNP Parabis

One point, would you therefore expect underlying, excluding the UBM acquisition, operating profit growth to be in line or below revenue growth for FY'18?

.....

Stephen A. Carter, Group Chief Executive

I don't think we can comment on that Will, but it's a very fair question.

.....

Simon Baker, Société Générale

Two questions please, firstly, when you talk Stephen about the BI progressive organic revenue growth in 2018, I'm just wondering what KPIs you can share with us that underpins your confidence and expectation there? In the past renewal rates were moving up towards 90% as they are now, we've talked about ACV in the past being one of the main KPIs, so what you can share with us on that?

And then secondly on Academic Publishing, you say that the market is adapting open access deals, paid to publish deals are the trend, I was just wondering on whether you could add some colour on what that trend means for margin please - within that component? Thanks.

.....

Stephen A. Carter, Group Chief Executive

Interesting questions, on the first I think the confidence in a steady performance from BI comes from the fact that we've got good visibility now on where we are on renewals and on contract value across all of the markets we're in and the renewal period runs really from - it straddles a calendar year, it runs from November through to February. So actually standing here now we've got reasonable sight of that.

The less confidence in how punchy or strong that will be is because as I was saying in my opening remarks, really what will now lift that business from you know a steady growth performer and there's no shame or disappointment in that, but into a strong growth performer is new business. And that is about pipeline and conversion and indeed the profitability of that pipeline and conversion. And that's much harder to track and see at this stage of the year. And so that will be where there will be a real focus in 2018 and beyond.

And that's a bit of a skills shift too, because you know you're into farmers and hunters and the way in which you take your product to market. So there is a bit of an



operational gear shift we need within the business, which we're doing - I'm not saying we're not alive to it, but it's a slightly different pace.

In AP, I mean this is a subject that I don't profess to be an expert; there are many people who know more about this than me. But there is no doubt that you know - we've discussed this before you and I, you know the fundamental truth of research and scholarly publishing is that everybody engaged in that activity has one common goal. And that is to ensure the dissemination and sharing of high quality original research output. On the grounds that it broadens that sum of human knowledge and if you broaden the sum of human knowledge you increase learning, if you increase learning you increase innovation. That's the driving force of the activity that we're all engaged with, which is why academic publishers, to be good academic publishers have to be as interested in academia as they are in publishing. It's a very interesting market to work in; it's not just a sales proposition.

And in open access, what you have in open access is a publishing - a systemic publishing product solutions which accelerates that dissemination because it makes it easier to access, it makes it quicker, it changes the peer review process, so that has some impacts. And also in some instances it changes the way in people budget and pay. And in any market when you see those shifts that requires the provider of the service to adapt their product development, their packaging, pricing model and we're doing that.

And on the buy side of the market people don't want to buy twice, or they certainly might buy twice, but they don't want to pay twice for the same product. And those are the trends that all the publishers are addressing. And that's why we've progressively made investment, both in our own open access business, we bought and open access business last year, we're making more investment in the way in which we provide service provision to those.

I don't - I mean it's a trend, but it's not a cliff edge and I think the end outcome will be a positive one, which is it will expand the market. And generally speaking in my experience is if you're in a market - if you've got brands, product and quality content and the market is expanding it's incumbent upon you to find a way of developing your product and service to take advantage of that, not just defend where you are. And that is what we're in the process of doing and that's a large part, to go back to Katherine's question of what Annie's charge is over the next three or four years.

.....

Chris Collett, Deutsche Bank

Just a couple of questions, one was continuing on Academic, you've talked about the Journals business being steady, it looks like Books have improved, but given that somewhat lumpy business and very weighted to the year end do you have confidence that that business has genuinely improved or could we go back to another poor performance in 2018?

Second question was just on the synergies with UBM, it was interesting to see - I think you had over a third of your synergies from Penton were coming from procurement, but procurement as a proportion of the synergies with UBM is a much smaller part, so I'm just wondering if there is anything that we should read into that?

And then the final question, a little bit reflective, you've come to the end of the GAP, I think you've talked about the next plan being the sort of Accelerated Integration Plan,



but you know integration isn't necessarily a strategy, so what is going to come, is there going to be another GAP, should we expect another sort of strategy announcement at some point in the future?

.....

Stephen A. Carter, Group Chief Executive

Thanks Chris, you might want to come in on the procurement question, Gareth. I mean you know our Academic business is a tale of two cities, although they're not equally sized, you know one of the cities is a bigger one which is Journals and the other is as you say the Books one, which is more a unit sale business.

You know the great joy of the Journals business is it's a subscription business, you know the great worry of the Journals business is it's a subscription business. The great joy of the Books business is you know when you get it right it's a beautiful thing and when you get it wrong it's a retail sales business. So you kind of live with both.

What we do in order to smooth out the lumps to use your word in Books and what we've been doing and that's why I used it in my presentation is we've simplified our own operating business. So you know we've got rid of our own internal divisions where we had kind of three different books - versions of the world, which makes for inefficient production processes and commissioning. We have upped our absolute volume, so we are publishing more product, we're producing more product. I think we have done that without any reduction in quality, in fact if anything I think not to comment on historically that it was poorer quality, but I think our quality levels continue to improve year on year. And we've invested significantly in our platform, where increasingly more and more customers are using for discovery and usage. And then on top of that you need to improve your marketing and your customer service.

But ultimately, you know, I'll be standing here in November of next year and you'll be saying to me what's your confidence in your Books numbers for 2018 and I'll be saying ask me in January, that's the truth of that business. But I think we are pleased that we did in 2016 bore fruit in 2017 and I think we feel going into 2018 good about the mid-term prospects.

I'll let Gareth come in on procurement, although you know suffice to say the number that we put out in the 2.7 was an audited number and as the auditor is sitting just you know one row behind you I'm going to limit anything further that I say on that other than that number has been verified and we feel confident in that. Are we hopeful that there might be another number that will be subsequently verified, of course we're hopeful about that, but I can't comment any more.

On strategy we have - well we've got our hands full right now, we've come out of the GAP programme, we've given ourselves a programme for forward growth and we want to deliver that in our existing business in 2018. And that is I think a good strategy for this year.

We also want to ensure that combination with UBM goes well and the AIP will take some doing to do that at the speed that we've laid out.

I think you ask an interesting question about where long term the future of the combined Group is, but I think we need to become a combined group before we answer that question publically. So I think that will be a '19 issue not an '18 issue. But on the



detail of the Penton procurement versus what we're proposing on UBM, do you want to touch on that Gareth?

.....

Gareth Wright, Group Finance Director

Yes, I think you're right in the way that you've analysed it Chris. I mean on Penton it was a larger proportion of the overall numbers for procurement. A key aspect of that was getting their contractor services contracts for the build of their exhibitions onto the terms of our contract and we had a larger scale business and therefore we were able to use some leverage to get a better contract in that space. So that was the large part of the Penton savings, along with things about insurance, commissions, property, etc, that also helped, but the contractor savings were the largest element.

It's slightly lower in terms of the shape of it in terms of the UBM 2.7 announcement for two reasons. So the first one, is as Stephen has mentioned is that is an audited number and therefore you've got to take a bit of a haircut on the number to get to a point where it's been de-risked enough for the auditors to sign off on it and be comfortable with it. And as Stephen said it's a number therefore that we would hope to beat.

But the second dynamic I think you've got to take into account is that UBM you know have made procurement a part of their strategy and therefore I don't think we're coming from the same sort of starting point as we were with the Penton acquisition. So I think it could be wrong to assume that there is going to be quite the same level of low hanging fruit as there were with Penton.

.....

Stephen A. Carter, Group Chief Executive

I'm conscious we're losing the audience to an audience business, a question at the front.

.....

Tom, Citigroup

I do apologise if you've addressed this elsewhere I think I might have missed it at the beginning. But just to pin down the Books business in the fourth quarter of last year, obviously a bit acceleration from 0.9% in Academic to 2% for the whole year, was there anything unusual in that, was that all underlying demand for Books, or was there any sort of channel effects, or anything that was unusual in that fourth quarter performance, because it obviously was a big acceleration. And you seem to be saying that it will now stick at 2% for the whole of the year, for 2018 as well?

.....

Stephen A. Carter, Group Chief Executive

I don't think I said that last bit.

.....

Tom, Citigroup

Didn't you say it's steady?

.....



Stephen A. Carter, Group Chief Executive

I said steady.

.....

Tom, Citigroup

Steady at 2, no?

.....

Stephen A. Carter, Group Chief Executive

I said steady.

.....

Tom, Citigroup

Steady, okay.

.....

Stephen A. Carter, Group Chief Executive

Just to be clear, for the avoidance of doubt as they say, I have no recollection of saying that, but I think it will be steady.

The answer is it was - look it was a strong - there was one channel change in one geography where there was a new channel, or a new stocking order which came to the market, but overall the vast majority of the performance was underlying. And given that we're having this conversation in February if I'm allowed to say this, looking at Richard, we haven't seen a dry January because of a bumper December if that's your question.

Any final questions? Well can I thank you again for those people who are in the room, can I say thank you to those people who are watching on the webcast, I know - I hope at least that there will be colleagues not just from Informa, but that Tim very kindly arranged for this to be linked through the UBM site, and I hope that some UBM colleagues have also found it a useful insight into the business that hopefully they will be becoming a very central part of. So thanks very much for your time and enjoy the next show. Thank you very much.

.....

END

DISCLAIMER

This transcription has been derived from a recording of the event. Every possible effort has been made to transcribe this event accurately; however, neither World Television nor the applicable company shall be liable for any inaccuracies, errors or omissions.



www.world-television.com
London • Geneva • Madrid • Frankfurt • Barcelona • Zurich

Tel: +44 (0)20 7243 7350
Email: askus@world-television.com

World Television Ltd
18 King William Street
London, EC4N 7BP

Registered in England
No. 2590549
VAT Reg: GB727 5196 14

