

# informa

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## 2012 Full Year Results

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

21 February 2013

The background is a deep blue gradient with abstract, flowing, curved lines in lighter shades of blue and teal. A faint grid pattern is visible in the upper right quadrant.

# Introduction

**Peter Rigby**

# 2012 Overview

- Earnings ahead of market expectations
- Ongoing strong cash generation
- Proactive portfolio management
- Delivering on all strategic objectives
- Value accretive acquisitions
- Improving mix = higher quality of earnings
- Strong balance sheet
- Attractive shareholder returns



# Financial Summary

**Adam Walker**

# Financial Highlights

- Revenue broadly flat at £1.23bn
- Adjusted operating profit growth of 4.0% to £349.7m
- Record adjusted operating margin up 200bps to 28.4%
- Record adjusted diluted EPS up 7.7% to 40.7p
- Adjusted PBT up 7.3% to £317.4m
- Cash conversion of 94%; free cash flow of £237.8m
- Balance sheet strength: net debt / EBITDA 2.1x
- Total dividend increased 10.1% to 18.5p

# Income Statement

	2012 £m	2011 £m
Revenue	1,232.5	1,275.3
Adjusted operating profit	349.7	336.2
Amortisation	-134.4	-137.9
Other adjusting items	-90.9	-68.0
Operating profit	124.4	130.3
Net interest	-30.9	-41.8
(Loss)/Profit on disposal	-27.5	0.1
Fair value gain on non-controlling interest	1.0	-
Tax	23.7	-14.3
<b>Profit for the year</b>	<b>90.7</b>	<b>74.3</b>
Adjusted EPS (diluted)	40.7	37.8
Dividend per share	18.5	16.8

# Divisional Summary

	2012	2011	Actual	Organic
<b>Revenue</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>%</b>
Academic Information	<b>340.3</b>	323.6	5.2	2.4
PCI	<b>356.6</b>	370.5	(3.8)	(4.4)
Events and Training	<b>535.6</b>	581.2	(7.8)	(3.0)
<b>Total</b>	<b>1,232.5</b>	1,275.3	(3.4)	(2.0)

## **Adjusted Operating Profit**

Academic Information	<b>126.1</b>	116.2	8.5	4.8
PCI	<b>120.7</b>	114.0	5.9	4.6
Events and Training	<b>102.9</b>	106.0	(2.9)	(1.4)
<b>Total</b>	<b>349.7</b>	336.2	4.0	2.8

## **Adjusted Operating Margin**

	<b>%</b>	<b>%</b>
Academic Information	<b>37.1</b>	35.9
PCI	<b>33.8</b>	30.8
Events and Training	<b>19.2</b>	18.2
<b>Total</b>	<b>28.4</b>	26.4

# Cash Flow Summary

	2012 £m	2011 £m
Adjusted operating profit	349.7	336.2
Depreciation and software amortisation	21.5	19.8
Share based payments	3.8	3.0
<b>EBITDA</b>	<b>375.0</b>	<b>359.0</b>
Net capital expenditure	-25.8	-23.9
Working capital movement	-20.2	-23.9
<b>Operating cash flow</b>	<b>329.0</b>	<b>311.2</b>
<i>Adjusted cash conversion</i>	<b>94%</b>	93%
Restructuring and reorganisation	-13.2	-19.3
Net interest	-32.5	-44.5
Taxation	-45.5	-44.0
<b>Free cash flow</b>	<b>237.8</b>	<b>203.4</b>



# Net Debt Movement

	2012	2011
	£m	£m
<b>Net Debt at 1 January</b>	<b>-784.0</b>	-779.1
Free cash flow	<b>237.8</b>	203.4
Dividends	<b>-107.4</b>	-87.3
Net acquisition spend	<b>-174.4</b>	-112.9
Foreign exchange	<b>26.4</b>	-5.7
Other items *	<b>-0.8</b>	-2.4
<b>Net Debt at 31 December</b>	<b>-802.4</b>	-784.0
<b><i>Net Debt/EBITDA (using average exchange rates)</i></b>	<b>2.1</b>	2.1

\* Issue of shares and non-cash items

# M&A activity

- Investment focused around strategic objectives
- Strict financial criteria
- Strong track record of returns
- 2012 highlights:
  - MMPI Canada in July for £30.0m\*
  - Zephyr Associates in October for £38.2m\*

*2011 acquisitions – 1st year ROI: 12.0%*  
*2010 acquisitions – 1st year ROI: 12.5%*  
*2009 acquisitions – 1st year ROI: 18.9%*

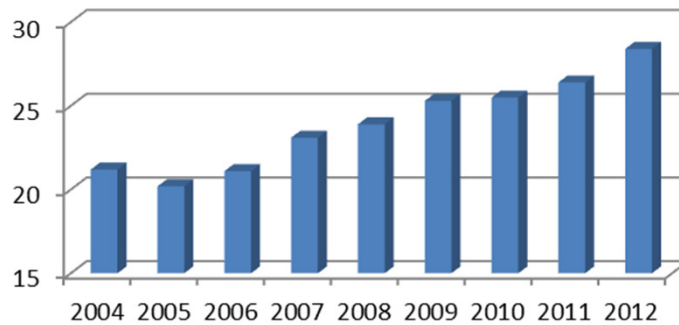
\* Headline consideration

# Agrishow in Brazil

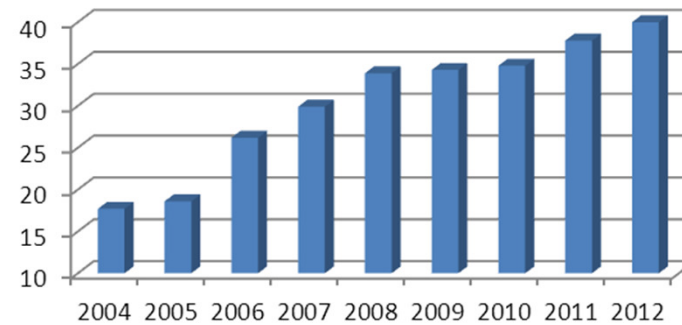
- Award of a 30-year license to manage Agrishow
- Largest agricultural exhibition in Latin America
- Brazil is one of the largest exporters of food in the world
- 20<sup>th</sup> edition in São Paulo in April 2013:
  - Close to 800 exhibitors expected
  - Over 150,000 visitors
  - 440,000sqm
- Adds to growing portfolio of exhibitions in Brazil

# Long-term performance

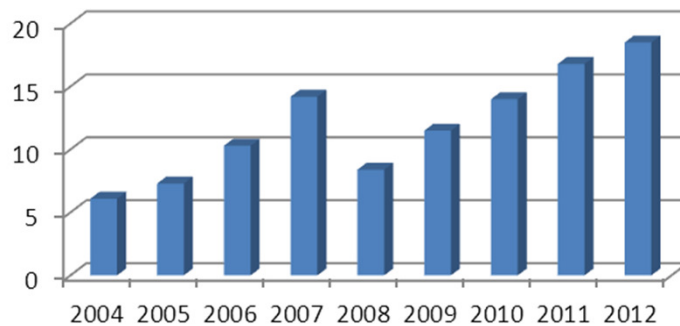
**Adjusted operating margin (%)**



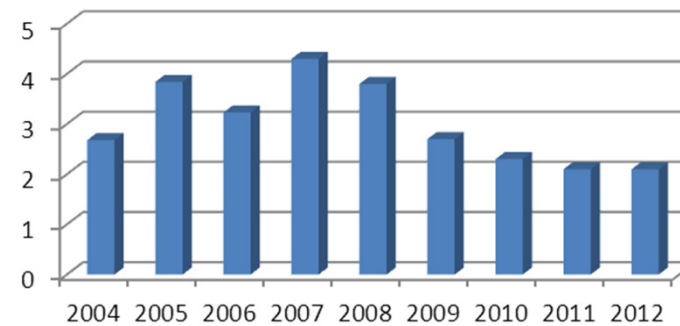
**Adjusted EPS (p): CAGR 11%**



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



**Net debt / EBITDA (x)**



# Financial summary

- Another year of strong earnings and cash flow growth in 2012
- Dividend increase of 10.1%
- Strong balance sheet
- Bolt-on acquisitions and disposals
- Budgeting for underlying growth in all three divisions in 2013
- A year of margin consolidation in 2013
- Healthy renewal rates and forward bookings



# Strategy Update

**Peter Rigby**

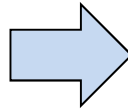
# Strategic drivers



# Proactive portfolio management

- **Deliberate product pruning**

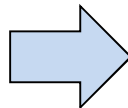
- PCI
- E&T



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

- **Selective disposals**

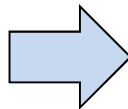
- E&T



Robbins Gioia, Austria/Hungary/Czech conferences

- **Reallocation of assets**

- PCI



Medical Books moving to Academic Information

**Improving the quality of group earnings**

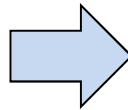


# Proactive portfolio management

- **Strategic acquisitions**

- AI

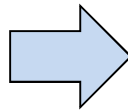
- Focal Press
- Hodder Health



Strong brands, niche content, digital potential, cost/revenue synergies

- PCI

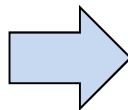
- Zephyr



Digital subscriptions, high renewal rates, cost/revenue synergies

- E&T

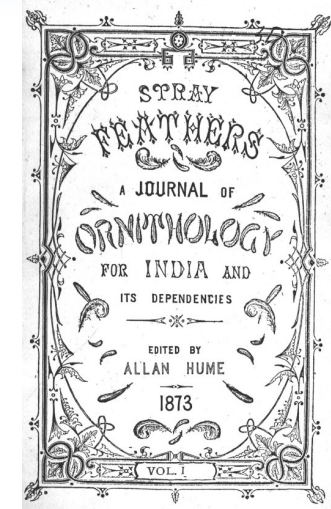
- MMPI
- Agrishow



Annual large exhibitions, emerging markets

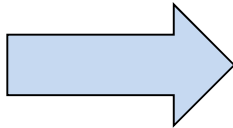
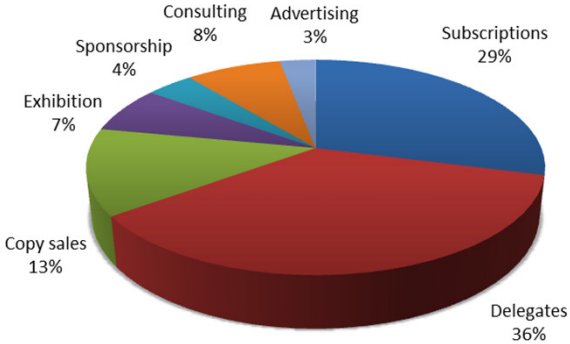
# New product development

- **Academic Information**
  - SACHA
- **PCI**
  - Healthcare Knowledge Centre
  - Verdict
  - China medical data
- **Events & Training**
  - Vitafoods South America
  - Cityscape Qatar

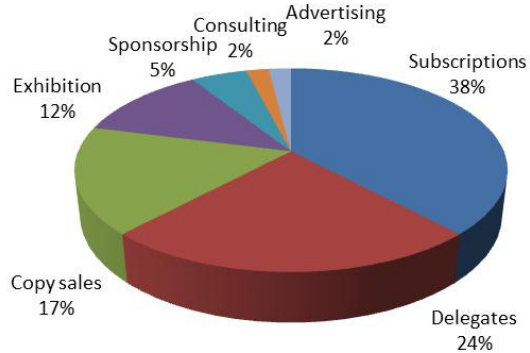


# Improving business mix

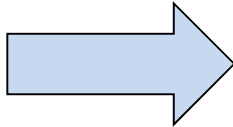
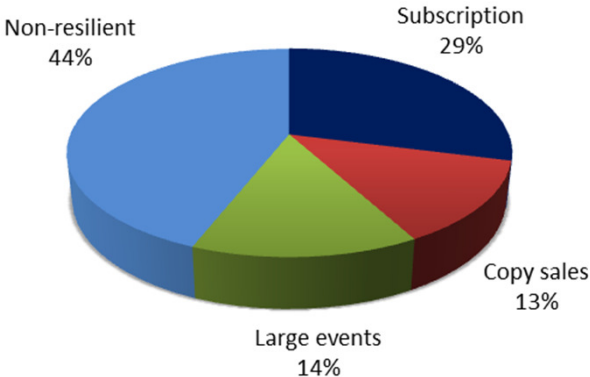
Revenue by type 2007



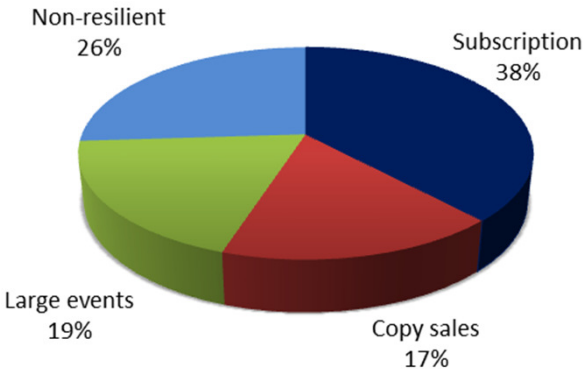
Revenue by type 2012



Revenue by type 2007

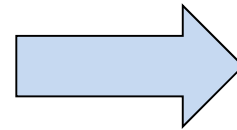
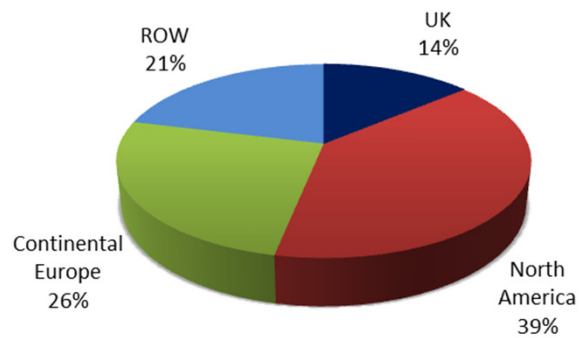


Revenue by type 2012

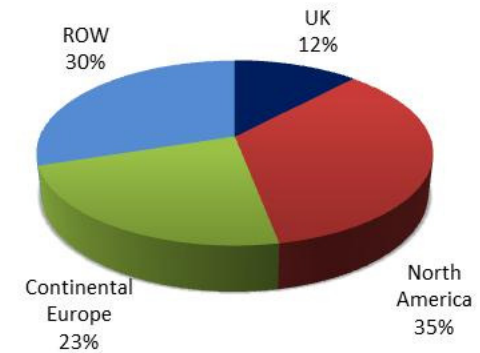


# Improving geographic mix

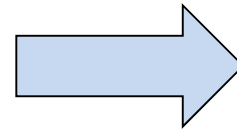
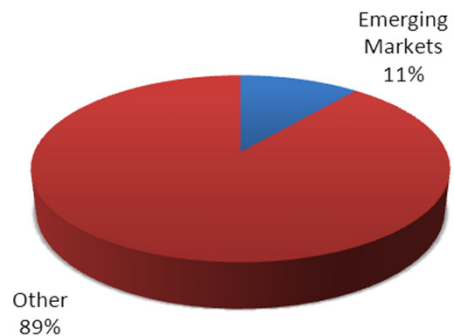
Revenue split 2009



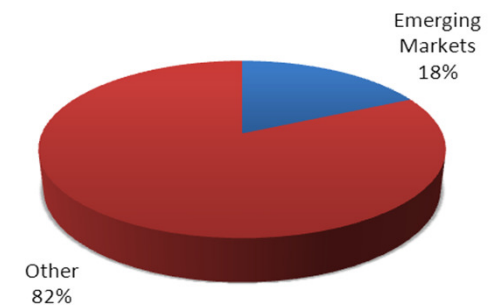
Revenue split 2012



Emerging market revenue 2009



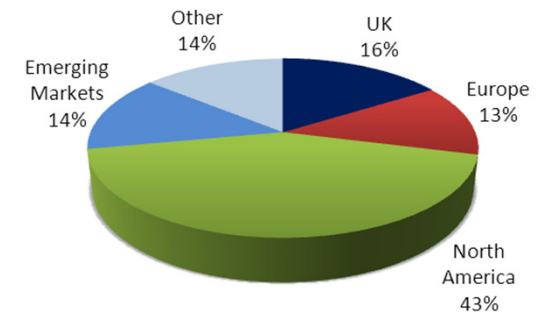
Emerging market revenue 2012



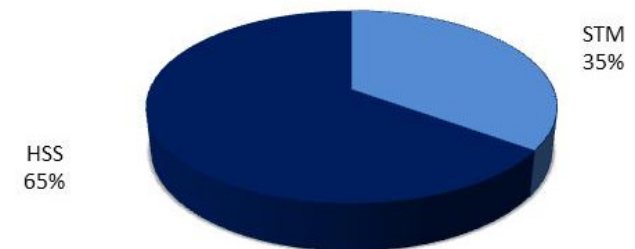
# Academic Information

- 'Must have' information
- Digital subscriptions
- Journal renewal rates >95%
- 1,676 journal titles
- 87,000 book titles
- 16% of book revenue from ebooks
- Two thirds HSS, one third STM
- Open Access investment

Revenue by geography 2012



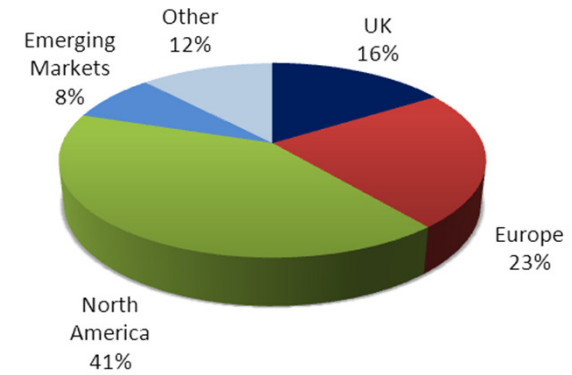
Revenue by subject area 2012



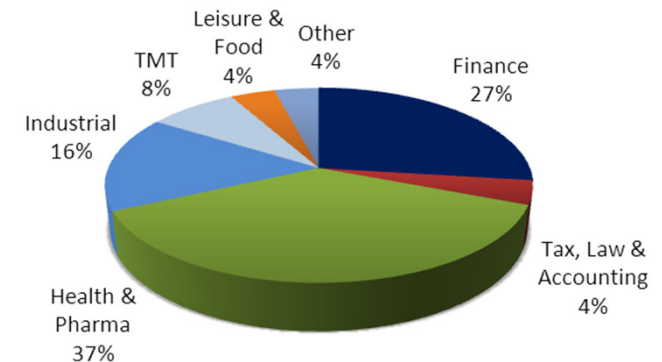
# Professional & Commercial Information

- Proprietary content
- Strong brands
- Niche focus: narrow and deep
- Digital subscriptions
- Average renewal rate c80%
- Analytics and workflow
- Medical Books moving to Academic Information

Revenue by geography 2012



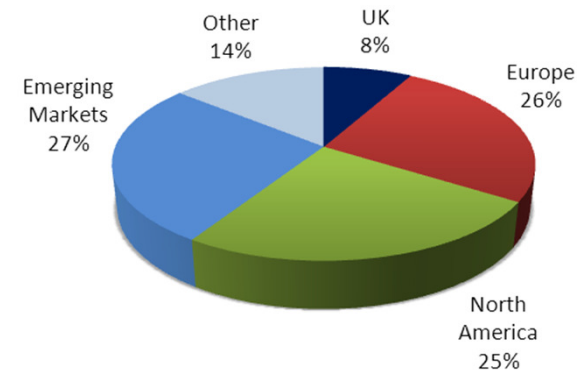
Revenue by vertical 2012



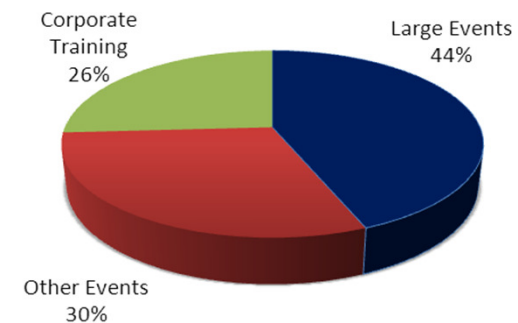
# Events & Training

- 6,500 events in 2012
- 17 new launches & geo-clones
- Over 250 large events
- 44% of revenue from large events
- Local language conferences
- Emerging markets 27% of E&T revenue
- Corporate training still tough

Revenue by geography 2012



Revenue by product 2012



# Vertical strength

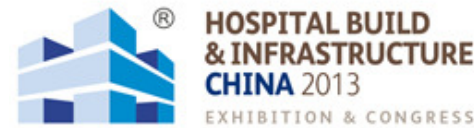
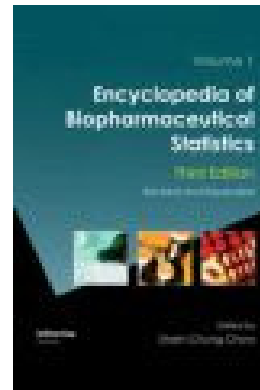
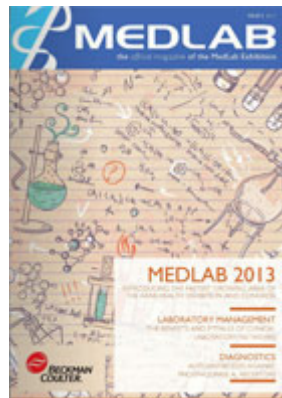
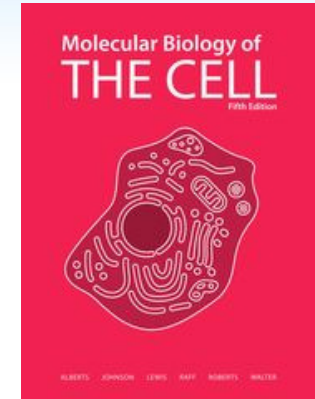
- Building multi-platform strength across industry verticals
- Global reach through geo-cloning and digital publishing
- Leverage knowledge, contacts, brands across the group
- Vertical strengths:
  - Healthcare & Life Sciences
  - Agri-Food & Commodities
  - Anti-Aging & Beauty
  - Telecoms & Media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



# Healthcare & Life Sciences



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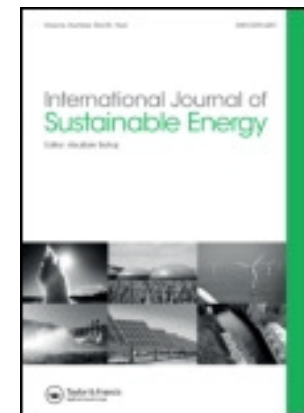


**22<sup>nd</sup> Annual PARTNERSHIPS**<sup>™</sup>  
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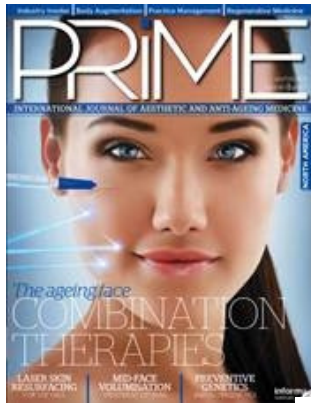
# Agri-Food & Commodities

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agra



The global nutraceutical event  
14-16 May 2013  
Geneva

# Anti-Aging & Beauty



# Summary and outlook

- Another year of healthy earnings growth
- Delivered ahead of expectations
- Improving quality of earnings
- Increasing shareholder returns
- Publishing – focus on subscriptions and digital excellence
- Events – focus on large-scale brands
- Focus on expanding emerging market presence
- Well positioned for 2013

The background is a deep blue gradient with abstract, flowing, curved lines in lighter shades of blue and teal. A faint grid pattern is visible in the upper right quadrant, suggesting a technical or digital theme.

# Appendix

# Balance Sheet

	2012	2011
	£'m	£'m
Intangibles and Goodwill	2,601.2	2,734.6
Fixed Assets	19.3	19.7
Other Non-Current Assets	20.4	1.3
Current Assets	269.3	295.1
Other Current Liabilities	-593.5	-690.2
Net Debt	-802.4	-784.0
Other Non-Current Liabilities	-190.7	-196.1
	<b>1,323.6</b>	<b>1,380.4</b>

# Operating adjusting items

	2012	2011
	£m	£m
Amortisation of intangible assets	134.4	137.9
Impairment	81.3	54.3
Restructuring and reorganisation costs	9.9	15.2
Acquisition related costs	1.3	1.4
Subsequent re-measurement of contingent consideration	-1.6	-2.9
<b>Total</b>	<b>225.3</b>	<b>205.9</b>

# Tax

	PBT	Tax Charge	Effective tax rate
	£m	£m	%
Tax on statutory results	67.0	(23.7)	(35.4)
Adjusted for:			
Restructuring and reorganisation costs	9.9	2.6	
Amortisation of intangible assets	134.4	26.7	
Impairment	81.3	-	
Loss on disposal of investment	27.5	(0.3)	
Other adjusting items	(2.7)	2.0	
Deferred tax credit arising from UK corporation tax rate change	-	4.5	
Tax provision releases (net of associated deferred tax charge)	-	60.0	
<b>Tax on adjusted results</b>	<b>317.4</b>	<b>71.8</b>	<b>22.6</b>



# Deferred Income

	2012	2011	Actual	Constant Currency
	£m	£m	%	%
Publishing	198.5	218.7	(9.2)	(8.5)
Events	109.6	108.3	1.2	3.7
Total	308.1	327.0	(5.8)	(4.5)

# Currency

	Average Rates		Closing Rates	
	2012	2011	2012	2011
USD	<b>1.59</b>	1.60	<b>1.62</b>	1.54
EUR	<b>1.23</b>	1.15	<b>1.23</b>	1.19

Movement of 1 cent on the full year	USD	EUR
	£m	£m
Revenue	3.6	1.0
Operating profit	1.5	0.4
Net debt	3.5	0.3

# 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%

	2012	2011	2010	2009	2008
<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.

