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2012 Full Year Results

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

21 February 2013

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
Profit for the year	**90.7**	74.3
Adjusted EPS (diluted)	**40.7**	37.8
Dividend per share	**18.5**	16.8

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Divisional Summary

Revenue	2012 £m	2011 £m	Actual %	Organic %
Academic Information	**340.3**	323.6	5.2	2.4
PCI	**356.6**	370.5	(3.8)	(4.4)
Events and Training	**535.6**	581.2	(7.8)	(3.0)
Total	**1,232.5**	1,275.3	(3.4)	(2.0)
Adjusted Operating Profit				
Academic Information	**126.1**	116.2	8.5	4.8
PCI	**120.7**	114.0	5.9	4.6
Events and Training	**102.9**	106.0	(2.9)	(1.4)
Total	**349.7**	336.2	4.0	2.8
Adjusted Operating Margin	**%**	%		
Academic Information	**37.1**	35.9		
PCI	**33.8**	30.8		
Events and Training	**19.2**	18.2		
Total	**28.4**	26.4		

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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
EBITDA	**375.0**	**359.0**
Net capital expenditure	**-25.8**	-23.9
Working capital movement	**-20.2**	-23.9
Operating cash flow	**329.0**	**311.2**
Adjusted cash conversion	***94%***	*93%*
Restructuring and reorganisation	**-13.2**	-19.3
Net interest	**-32.5**	-44.5
Taxation	**-45.5**	-44.0
Free cash flow	**237.8**	**203.4**

Net Debt Movement

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

* Issue of shares and non-cash items

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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

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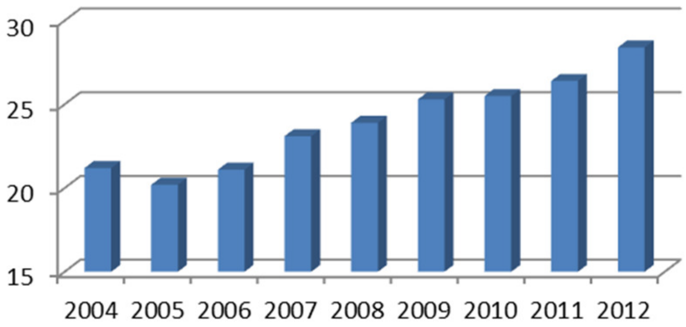
Agrishow in Brazil

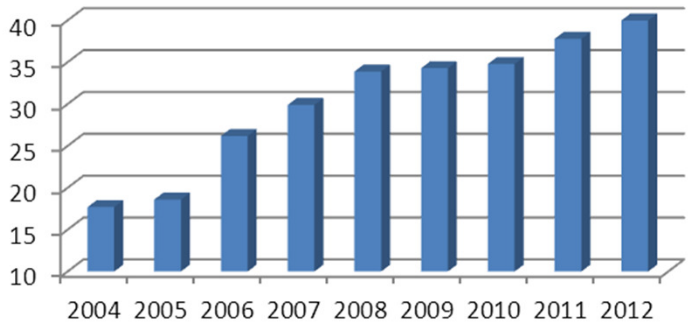
- Award of a 30-year license to manage Agrishow
- Largest agricultural exhibition in Latin America
- Brazil is one of the largest exporters of food in the world
- 20th edition in São Paulo in April 2013:
  - Close to 800 exhibitors expected
  - Over 150,000 visitors
  - 440,000sqm
- Adds to growing portfolio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

Long-term performance

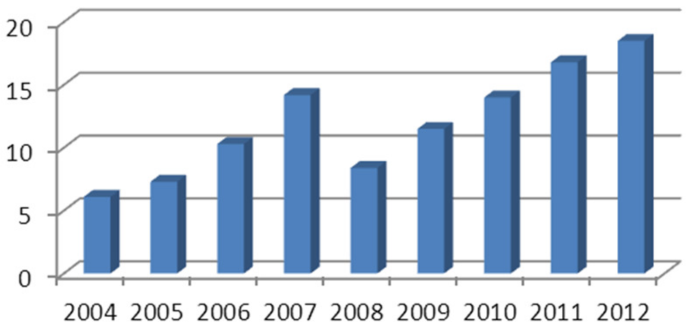
Adjusted operating margin (%)



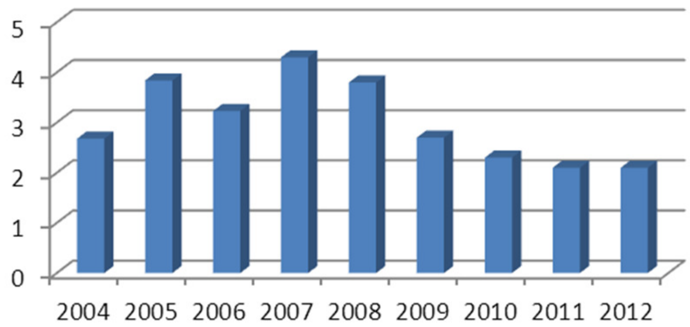
Adjusted EPS (p): CAGR 11%



Dividend per share (p): CAGR 15%



Net debt / EBITDA (x)



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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 → Advertising, consulting, one-off reports
  - E&T → 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

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Proactive portfolio management

- **Strategic acquisitions**
  - AI
    - Focal Press
    - Hodder Health

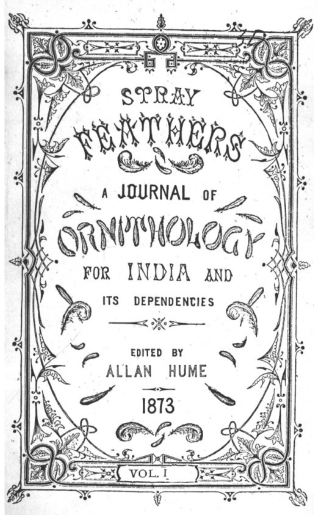
    Strong brands, niche content, digital potential, cost/revenue synergies
  - PCI
    - Zephyr

    Digital subscriptions, high renewal rates, cost/revenue synergies
  - E&T
    - MMPI
    - Agrishow

    Annual large exhibitions, emerging markets

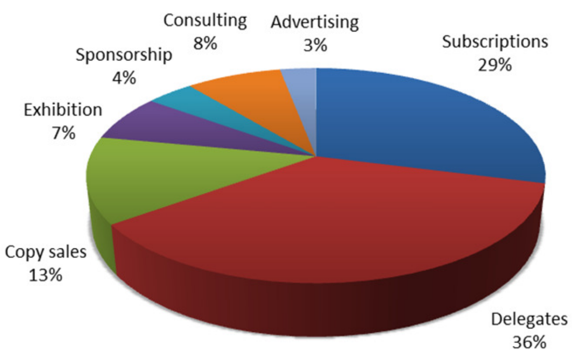
New product development

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

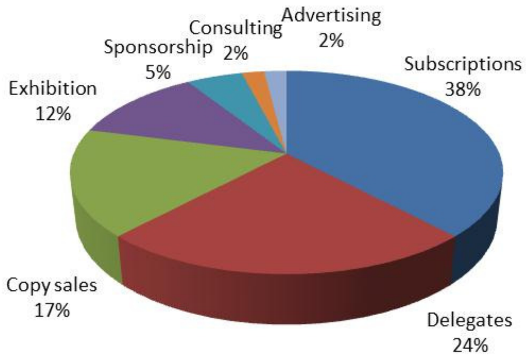

STRAY FEATHERS
A JOURNAL OF ORNITHOLOGY
FOR INDIA AND ITS DEPENDENCIES
EDITED BY ALLAN HUME
1873
VOL. I

Improving business mix

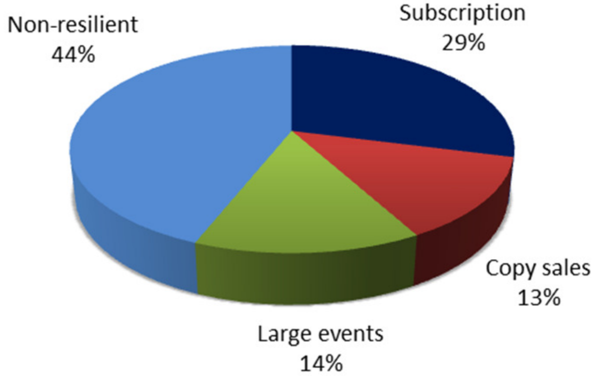
Revenue by type 2007



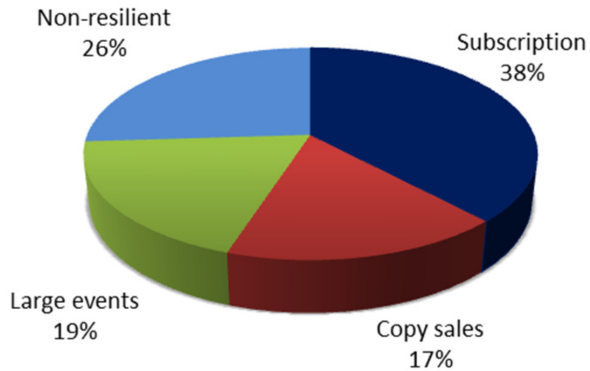
Revenue by type 2012



Revenue by type 2007

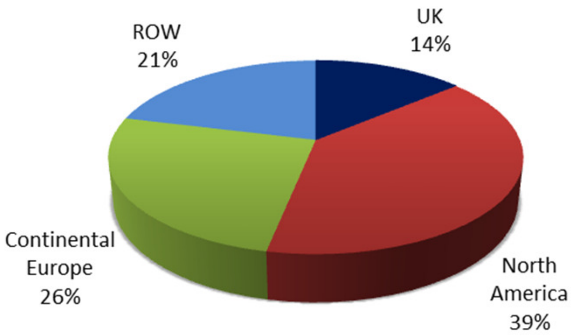


Revenue by type 2012

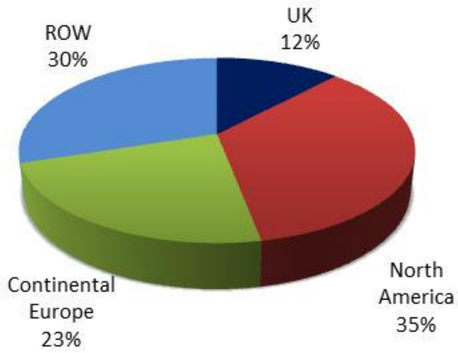


Improving geographic mix

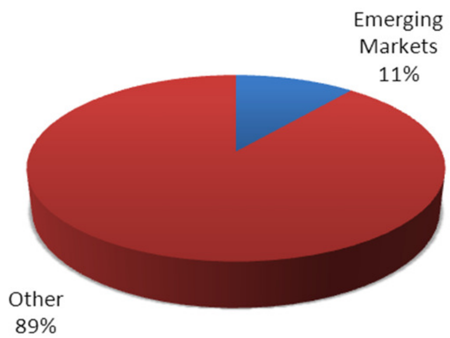
Revenue split 2009



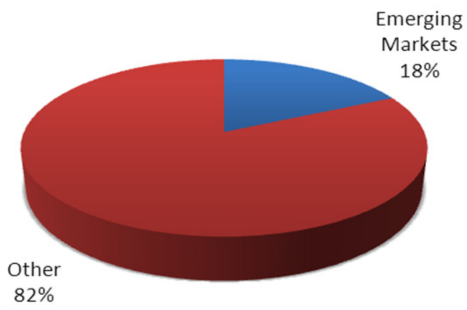
Revenue split 2012



Emerging market revenue 2009



Emerging market revenue 2012



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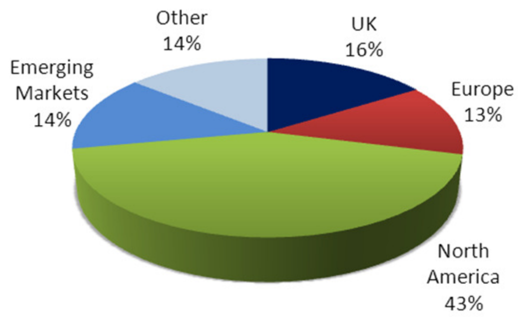
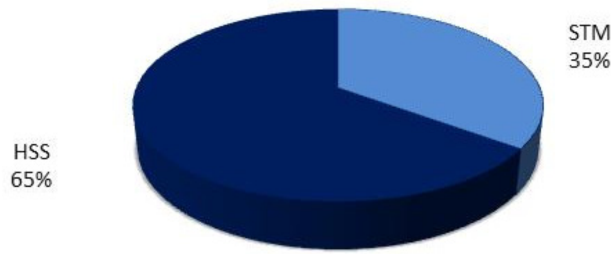
Academic Information

- '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



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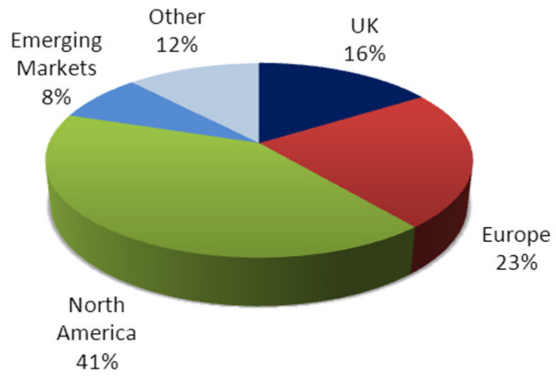
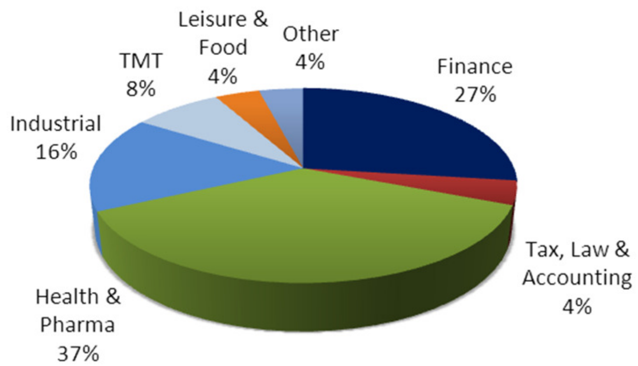
Professional & Commercial Information

- 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



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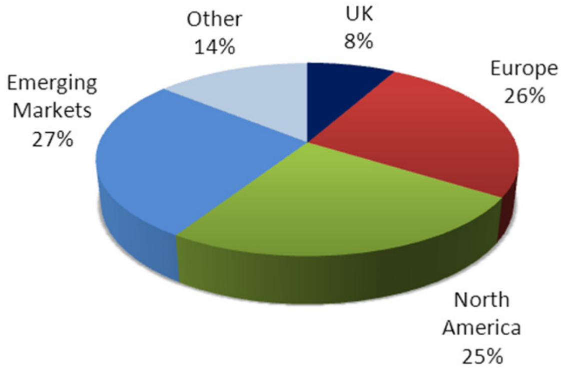
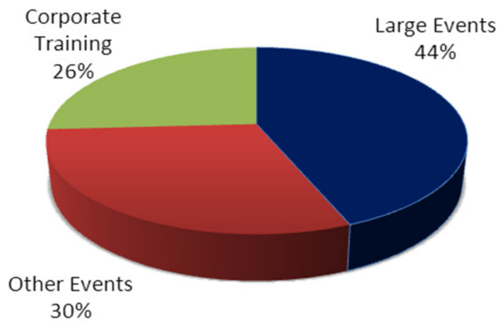
Events & Training

- 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



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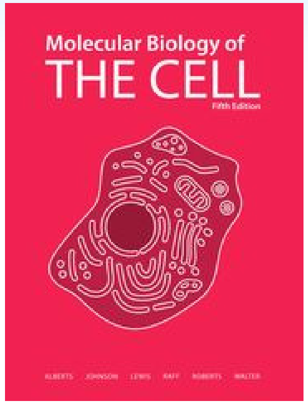
Vertical strength

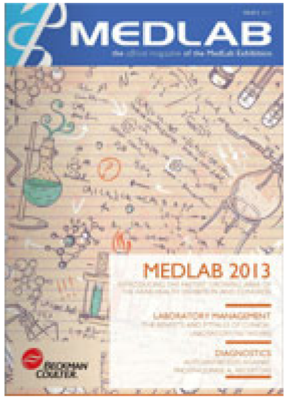
- Building multi-platform strength across industry verticals
- Global reach through geo-cloning and digital publishing
- Leverage knowledge, contacts, brands across the group
- Vertical strengths:
  - Healthcare & Life Sciences
  - Agri-Food & Commodities
  - Anti-Aging & Beauty
  - Telecoms & Media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

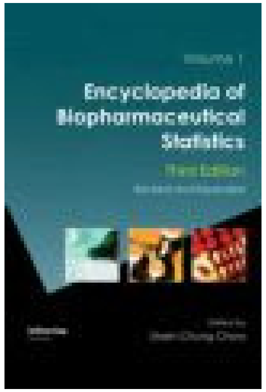
Healthcare & Life Sciences

Garland Science
Taylor & Francis Group

ARAB HEALTH







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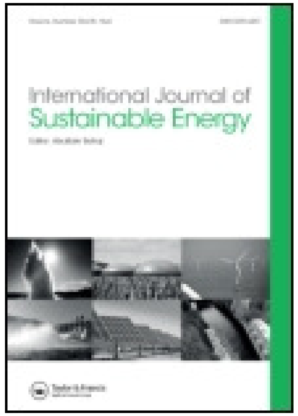

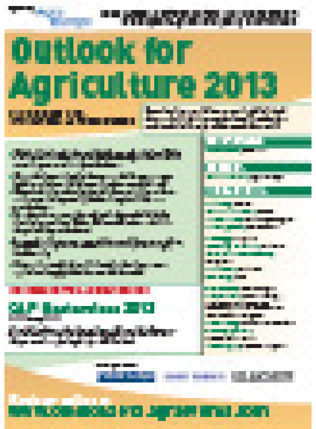

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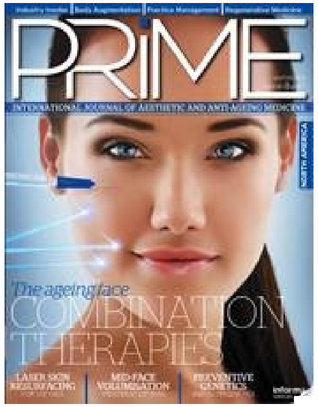
Anti-Aging & Beauty



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BEYOND BEAUTY EVENTS

EuroMediCom
Promoting Science for tomorrow

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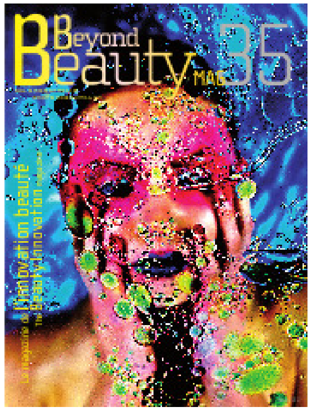

fp finished products europe
The leading dietary supplements event
14 -16 May 2013
Geneva

CREATIVE BEAUTY PARIS
BEYOND BEAUTY EVENTS

PRIME EUROPE
INTERNATIONAL JOURNAL OF AESTHETIC AND ANTI-AGEING MEDICINE
Informa healthcare

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

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
	1,323.6	1,380.4

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
Total	**225.3**	205.9

Tax

	PBT £m	Tax Charge £m	Effective tax rate %
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	
Tax on adjusted results	**317.4**	**71.8**	**22.6**

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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)

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Currency

	Average Rates		Closing Rates	
	2012	2011	**2012**	2011
USD	**1.59**	1.60	**1.62**	1.54
EUR	**1.23**	1.15	**1.23**	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

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Return on Investment

2011 acquisitions – 1st year ROI - 12.0%

2010 acquisitions – 1st year ROI - 12.5%

2009 acquisitions – 1st year ROI - 18.9%

	2012	2011	2010	2009	2008
Group ROCE	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 + interest income + adjusting items)*(1-tax rate) + other intangible amortisation)/(total assets – current liabilities + ST debt + accumulated other intangible amortisation + accumulated goodwill impairment)

Thank you.