



Informa

Half Year Results Presentation

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INFORMA

Stephen A. Carter, Group Chief Executive

Gareth Wright, Group Finance Director

Questions From

Ian Whittaker, Liberum Capital

Matthew Walker, Credit Suisse

Adam Berlin, UBS

Will Packer, Exane BNP Parabis

Katherine Tait, Goldman Sachs

Nick Dempsey, Barclays Capital

Tom, Citigroup

Chris Collett, Deutsche Bank



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 and Highlights

Stephen A. Carter, Group Chief Executive

Good morning everybody, and thank you very much. Good to see a full house, particularly in July. We were rather expecting more people to be on vacation, but there you have it. But we are reasonably well prepared.

Before we start, I have to tell you that there are no scheduled fire alarm tests today, so if the fire alarms do go off then please listen to the announcements and follow the instructions. And the fire assembly point is over by St Paul's Cathedral, opposite the Blacks camping store. Have we all got that? Good. Right.

Second disclaimer - this presentation comes with all the normal disclaimers but, apart from that, we'll get into the meat of it.

Very good to see you all. We've had a busy time at Informa for the last few months so, for us, it's a great opportunity to share with you what's going on inside the company and, in particular, give you a bit of any insight into how we are combining Informa and UBM as we laid out the last time we had a chance to talk.

For those of you who have followed the company for the last few years, you'll be very familiar with this programme we put in place back in the end of the 2013, beginning of 2014, the Growth Acceleration Plan, which was larger designed to give ourselves a framework to be able to do two things, which was to operate the company as a company focused on and delivering growth and, at the same time, creating a platform for scale to enable us to expand in the markets that we saw future growth opportunities, of which the first we identified was Exhibitions, of which the most recent manifestation of that has been our acquisition of UBM.

We will come back to the Growth Acceleration Plan later, but this is the first set of results that we are presenting since the end of the GAP plan, and, whilst it includes a short 10-day stub period of UBM, in the main, it is a report on old Informa if you like and we've presented the numbers out so you can see them pretty clearly, what the contribution was in the stub period and what UBM did over that period.

At a headline level, these are the division numbers. Academic Publishing, a steady growth number. I wouldn't get carried away with that. Some of that's a phasing effect. But we feel good about where that is. Exhibitions, in growth, in the mid to high single digits. Business Intelligence tracking reasonably comfortably in growth, a slight change in the mix. And Knowledge & Networking steadied despite the fact that it's carrying a bit of a burden from a major cancellation which it didn't carry in from year-to-year.

And the revenue to profit flow through is as is. There's a combination effect in the difference between the revenue and the profit, largely driven by a mixture of depreciation and currency.

EPS number ticks up, free cash flow is strong, and a confirmation today that we're maintaining our commitment to increase the dividend by 6% on a year-on-year basis.

So, at a headline level, that's where the business is and we feel very good about that at this point in the year.



The steady track on both revenue and earnings continues, and, of course, the Group is quite a different group in size and scale in 2018 from where it was in 2014.

Underlying revenue growth is very much the focus of the business. Top line growth of all the businesses is where we have focused our activity, whether it be in product development, or in new markets, or in sales, or in pricing, but underpinned by a steady, progressive improvement in profit and earnings, and a particular focus on free cash flow. And the free cash flow strength of the business continues to perform.

Clearly, the balance sheet posts the UBM acquisition is slightly at the upper end of the gearing level following completion, but there's a clear track to see that tick down through to the end of the year, and Gareth will talk, in his presentation, about where the balance sheet is and where we ended up on our most recent financing.

Because of the strength of the free cash flow, we feel very confident with where we are in our dividend commitments, and, most of all, inside the business, what are we doing? We're focused on how we do this combination of the two companies as effectively as we can. And we'll get into that in quite some detail later.

Just to get into each of the businesses, Academic Publishing, as you will recall, had a strong year last year, and has tracked into '18 equally strongly. We're continuing to see steady and progressive performance in our Books business, both in electronic products but also in physical product.

And we launched a programme which people will have, perhaps, slightly forgotten about, 18 months, two years' ago, inside the business, to internationalise the business, to simplify it, to improve the volume and the specificity of subject matter development inside Books. And that continues to treat us very well, and we feel, I think, confident about where that business is.

Our renewals levels in Journals remain high, and, reassuringly and interesting for us, we bought a business in the middle of last year called Dove Medical Press to expand our footprint in Open Access, and the Open Access business is showing high single digit growth.

It's a very small business by comparison to the reach and range of our overall subscription business, but, nevertheless, is giving us a very nice footprint in our place in the market where, as people who follow this industry will know, there's a significant shift towards.

We're also continuing to invest at a slightly higher level in Academic Publishing, particularly to improve our service offering around discoverability and the digital services for specific subject matter groups.

So a little bit of currency headwind. You see that, generally, in our profit numbers. That's partly a kind of revenues and dollars costs in pounds effect; it's partly a change in the currency between the pound and the dollar. Put those two together and you see a little bit of a headwind in the first half, but not, we believe, a material issue on a going forward basis.

So headlines on Academic, resilient performance, particularly underpinned by strength in Books. Good morning.



In Global Exhibitions and UBM - this is the first time that I will be talking about the UBM business, so we've owned the business for five weeks, so I am, by definition, therefore, an expert - but in Global Exhibitions in our own business, we had very strong underlying trading.

If we had one part of the portfolio that hit a couple of problems - it was in the Middle East - largely because, in that market, we've had significant growth year-on-year for four or five years on the trot. The business is still in growth so this is not a problem zone, but it came off slightly. And also we had a one year effect last year because of a breakout in our major medical show, Arab Health, where we took MEDLAB out as a separate brand. And so that obviously doesn't repeat in '18 as it did in '17.

Our big brands in the portfolio continue to perform extremely well, particularly in Natural Products, particularly in Construction, and particularly in the Beauty categories. And all three of those categories look very well set for further growth into '19.

We, like many players in this market, have been innovating around value delivery for customers, whether that be around how they bring products to market, how they exhibit, how you develop their footprint in around before, or during, an exhibition. What, broadly, we call customer value initiatives. And they continue to be rolled out.

We're seeing volume expansion in some of our shows, and there have been a series of new launches.

We announced, about a year ago, the launch of what we called our Markit Makr product, which is, essentially, a digital product service which affords exhibitors and attendees an ability to be able to extract more out of the event before, during and after. And that is rolling progressively out across our portfolio.

Headlining [Gap in Audio] and through into the second.

UBM is quite a different portfolio for us. If anything, it's complementary solely on the numbers in that that tends to be a back half weighted business rather than a front half business, trading broadly in line with expectations with the exception of Fashion, which we'll come back and talk about.

Underlying revenue growth just over 1% in aggregate, the Exhibition business growing at just over 2% with some drag overall in Marketing Services, which is a small portion of the portfolio. And in that portfolio, particular strength in Pharma, Technology and Food and Hospitality, and, as we're discovering, really strong performances in Asia in particular.

Fashion, we've called out, and I'm going to come back to that so I'm not going to dwell on it here.

In BI and in Knowledge & Networking, steady performances in the first half of both these businesses. They're quite back half weighted - BI, because the subscription renewal period is a back six month period, and, for K&N, just the nature of that business, the portfolio is very weighted to the back half. But, notwithstanding that, we saw, actually, steady performances in the first half of the year on subscriptions, and we saw actually strong performances in K&N, because K&N is carrying a drag in the first half of the year of about £5m worth of revenue from a non-recurring contract which we didn't renew. So, actually, we feel pretty good about where K&N is, given the first half realities.



Going into the second half of the year, we see improved levels of growth coming through in BI, particularly in subscriptions, and a steady performance in K&N.

Obviously, the main headline of today is this is the first time we've presented as one company, and what we're really trying to do here is create a new company, a combination of the two businesses, and there's been a lot of time, management time, meetings, travel, engagement, customer engagement and portfolio planning to see how you put two companies together in a way that maximises success for the people inside the company and for customers, and therefore, ultimately, for shareholders.

There is nothing that we have discovered, notwithstanding the issues in Fashion, that changes our view, but combining these two companies creates a business of international scale and reach with a geographical footprint that is advantageous because it gives us channels to market from the brands we've got. It gives us vertical scale in markets, particularly B2B markets which have got long-term sustainable growth features. It enhances our specialist knowledge in areas where we want to continue to improve.

The power of the face-to-face platform sees no sign of abating, although clearly, like in all businesses, there's a need to add more products and service delivery to it in order to make it remain competitive, and the ultimate competitor advantage is, of course, is the strength we have and the knowledge we have about our customers, their markets and what they're doing.

So we feel, I think, strongly positive about how we put the two companies together. We've made some quite significant early decisions about the operating model, which we've laid out in the release to give people a sense of how we're going about the operation. And I'll come back and talk about that after Gareth.

So, we've metamorphosed our GAP approach into an Integration Plan, and the Integration Plan has these six key elements. And, over the next couple of years, this is what you'll see us focus on, report on and measure ourselves on.

It's a 12-month programme to then set us up for future growth, particularly revenue growth.

The first thing that we have spent much time on is the operating model. How are we going to run this business? What is the operating model? And, in short order, what are the synergies that we can extract as a result of combining the two businesses?

We announced today that we, A, now can see the £60m synergies that we planned in the pre-acquisition due diligence, and we're audited, and we can see a path to taking that to £75m, and we're going to use that gain in order to fund an investment programme in Fashion.

We've made some decisions around leadership and talent, which is a mix and a match of talent and skills from the two companies at the operating level and at the staff level.

We've called out today that the combined business is going to focus on those markets and categories where we see growth at a level that we are interested in and, therefore, that will bring some portfolio trimming to the business over the next year to 18 months.



The cost and revenue synergies, we've been very specific on the cost synergies, the revenue synergies, we're still at the stage of where do we see them rather than identifying how and when.

We've been very specific about how we're going to approach Fashion, and I will lay out our approach to that after Gareth takes you through the detail of the numbers.

And, on the brand, we've made the explicit decision to retire the UBM brand within 12 months. The company will be called Informa. The UBM brand is not a brand we will trade. We will focus our investment around the operating brands, the customer brands and the product brands, and focus any attention that is needed at the corporate level around the Informa brand.

We've laid it out inside the company and externally pretty transparently as a 12-month programme. The first phase, in fact, finishes at the end of this month, what we've called the Validation & Discovery phase, where, really, what we're doing there is ensuring that what we thought we knew we knew, and refining on the back of new discovery. And then, during the months of August, September and October, the second phase, what we've called the Combination period, we will intend to put the two companies together at an operating level of detail, which will mean that we will go into our budgeting process for 2019 as one company.

So we feel pretty confident that we have a programmatic approach to combination which should seek to minimise the downsides and the disruptions that, eventually, go with these activities, we talk about them in these rooms and in presentation slides, but they affect, in round numbers, you know, 9,000 or 10,000 people's lives. And so being methodological about how you're doing it, and as transparent as you can be, both pays respect to the colleagues in the companies but also means you can get there by minimising disruption to the operating business.

Those are the phases. They, in reality, should see us go into 2019 as an operating company, and then allow us, in '19, to then pick up pace both on cost synergies that we haven't looked at yet and operating benefits that we haven't looked at yet, particularly in and around shared service, and then begin to focus in '19 through '20 on the real promise, which is around the revenue synergies and the upsides in markets.

At that point I will pause, and hand over to Gareth to take us through the detail of the financial numbers that we have reported this morning. Gareth.

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Financial Review

Gareth Wright, Group Finance Director

Cheers. Thank you, Stephen. Good morning everyone.

Reporting the financial results for the first half of 2018, and I'm pleased to say that we've delivered another good performance in terms of trading, and that includes another period of year-on-year improvement in our underlying revenue growth.

So I'll start by talking you through those headline financial results for the first half. We're reporting improved underlying revenue growth of 4.3%. This figure excludes



UBM, and it's ahead of the 3.7% growth we reported this time last year, and the 2.4% growth for the full year 2017.

This growth was powered by the Global Exhibitions division, now our largest division in revenue terms, but supported by the other three divisions which all improved their underlying revenue growth performance compared to the first half of last year.

Reported revenue growth increases by 4.6% in addition to the 4.3% underlying growth. We've benefited from the combination with UBM, and that enabled us to more than offset a currency headwind from the weaker US dollar.

Adjusted operating profit increases 1.9% in underlying basis, with the drop through from revenue for profit reflecting depreciation on the portfolio of GAP-funded projects and platforms that went live in 2017.

Reported operating profit increases 3.3%, delivering a 2.5% increase in earnings per share after increased charges for interest and tax, and the increased number of shares post UBM.

The Group's balance sheet was used efficiently in the UBM combination with half year leverage increasing to 3.1 times, and position and return under 3 times leverage by the year end, before trending down to the 2 times to 2.5 times leverage range that we've consistently stated as our medium term target.

And free cash flow continues to be a strong feature in the Group, and increased by almost 5% to just over £119m in the first half of the year.

The Board considered both the first half performance and the increase in half year free cash flow before raising the interim dividend by 6% to 7.05 pence per share. And this 6% growth is consistent with the dividend per share growth that we were delivering at the end of Growth Acceleration Plan.

So, in summary, the 2018 half year results demonstrate that we're on course to deliver the headline objectives for the year of growth continual, to continue to reposition the Group while delivering a progressive trading performance.

So, if you take these headlines and then break them down into a closer look at the division by division results for the first half, Academic Publishing had a good first half, reporting 3.5% underlying growth. This was driven by improved performance in the Books business. We benefited both from our operational fitness programme that we launched and delivered in 2017, and also, as well, we've benefited from a more stable end market outlook.

This was supported by further solid growth in Journal subscriptions, and assisted by good growth in Open Access that Stephen just touched on.

Global Exhibitions delivered another excellence performance in the first half of 2018. The 7.3% underlying revenue growth was built off a strong performance from the top 30 events, which grew at just above the divisional average. And this included strong growth in some of our largest verticals, including Health and Nutrition, Life Sciences, Construction and Real Estate, and Beauty and Aesthetics.



The growth in the first half of 2018 is slower than the prior year because 2017 included the breakout of the MEDLAB exhibition from the Arab Health exhibition, MEDLAB having a top 20 event in its own right immediately, and enabling Arab Health to expand.

However, our outlook for the second half of this year in G has helped because we don't have the headwind from the Ipex Print Show which we had in the second half of 2017, but not repeat in 2018.

Business Intelligence continues to make good progress. The division delivered another acceleration in growth to 2.4% on an underlying basis compared to 2.2% at this time last year.

A steady performance in subscriptions was augmented by strong growth in contingent revenue streams, including Consulting and Specialist Marketing solutions.

Knowledge & Networking delivered 0.5% growth, an improvement on the 4% decline in the first months of 2017 in what is the business's weaker first six months of the year.

With steady progress in the core events, balanced by the performance of the regions, the business rode out the headwind from the critical communications contract discontinuation.

And then UBM was part of the Group for two weeks at the end of June, and in that period delivered £69m of revenue, and just over £28m of OP.

If we look at the six months as a whole, which is obviously a more relevant period to assess the business over, it has delivered underlying revenue growth of 1.1%, comprising 2.5% underlying growth in Events, and a 7.6% decline in other Marketing Services.

And, within Events, there was strong performance in verticals, such as Pharma, Technology and Food & Hospitality, offset by the weaker performance in Fashion that Stephen touched on.

Turning to the margins on a division-by-division basis, overall the adjusting operating margins were broadly unchanged, around 31%, reflecting a mix of the strongest growth being in our highest margin division offset by the impact of that depreciation and FX effects from the weaker dollar.

For Academic Publishing, the decrease is really a reflection of the currency movement, with the division weighted to US dollar on revenue, and sterling on costs, and, therefore, you get a transactional headwind in the business when the dollar weakens. And this was a dynamic we discussed at the time of the February results, when we could see that the 2018 currency was starting weaker than in 2017.

In Global Exhibitions, there's a bit of a Yachting headwind following the YPI addition in 2017, plus a depreciation from GAP investments coming online.

In Business Intelligence, there's a revenue weighting towards the second half of the year, and, all things being equal, when the stronger second half trades out we'd expect the full year margin to be broadly unchanged year-on-year.



And, likewise, in Knowledge & Networking, well that also has a second half of the year revenue weighting, and therefore we would expect the full year margin in that division to be broadly unchanged.

If we talk a bit about how the revenue growth mix builds up, this is a key area for us, is delivering increased sustainable levels of underlying revenue growth was also the key objective of the Growth Acceleration Plan. So it's good for us to report that we have delivered another period of growth in that respect.

Today, we've delivered 4.3% underlying revenue growth, which I've just outlined on a division-by-division basis; we've added 7.4% revenue through the expansion of our business, and particularly the combination with UBM.

There's a 0.4% phasing downside from biennials that ran in the first half of 2017, but do no run again in 2018.

And, finally, there's a 6.7% headwind from currency, which was principally the effect of the weakening US dollar, which represents round about 65% of the Group's revenue. And that's how you track into the 4.6% reported revenue growth, including UBM for the six months.

So moving to the income statement, you can see that the Group has generated round about £294m of adjusted OP in the first six months of 2018. The net interest for the six months increases a touch year-on-year because of the higher debt at the end of the period, including the UBM combination. The full year interest, depending on whether you assume and changes in interest rates or in FX, I expect the interest charge to be round about £85m to £90m for the full year, including a full six months of the UBM financing. And next year, with a full year of that financing, I think you'd expect the interest charge to be round about £100m all things being equal.

The effective tax rate decreases to 18%, which the main factor being the lower tax payable in the US following the tax reforms that were enacted in December 2017. And, as previously communicated at the time of the UBM announcement, we'd expect the Group ETR to tick up in 2019 to round about 19%.

For the second half of this year, it will probably be somewhere between the two depending on what happens in tax law changes around areas like state aid.

The outcome of all this is a 2% increase in earnings year-on-year, despite the significant headwind from the US dollar, and, as we've previously disclosed, a one cent movement in the US dollar has a 0.3p impact on legacy Informa earnings on a full-year basis, therefore the weakening in the first half from 1.26 of the dollar rate in 2017 to 1.37 in H1 '18 has an effect round about 1.7p headwind on the earnings per share.

So, if you adjusted for the FX effect it would result in earnings round about 10%.

So driving free cash flow remains a strong and key area of focus for us and, although the first half of the year is usually the slower of the two halves, and we expect that to be the case in 2018, we have turned a 3.3% increase in operating profit into almost a 5% increase in free cash flow.

Capex in the first half was just over £12m lower than 2017, which reflects the completion of investments under the Growth Acceleration Plan.



Working capital is about £23m worse year-on-year, but this includes a £26m outflow from the stub period of UBM, which is not really an ongoing reflection of the UBM working capital performance, and just reflects what happened in those two weeks.

So compared to H1 free cash flow delivery in the second half is our key period, and a stronger period for free cash flow as we deliver a large amount of subscription cash in the publishing businesses as well as we get the down payments on exhibition space for the first half of 2019.

UBM also will contribute strongly to free cash flow in the second half, looking at the phasing of that business.

So, as results stand, we'd expect our leverage to be a touch under three times by year end before tracking down into our target range to 2 to 2.5 times net debt EBITDA by the end of 2019.

In conclusion, our focus remains clearly on free cash flow, and with six months of UBM included, we'll be targeting free cash flow in excess of £475m for 2018 as a whole.

So, what are the dynamics you see in these results? It's an increase in depreciation partly offsetting some of the underlying revenue growth in the first half of the year, and we've put together this slide as a way of trying to give you a feel of how the change in dynamic is working over time, it's the Growth Acceleration Plan, capex has gone live.

The Informa guidance overall still means that capex is roundabout 3% to 5% of revenue. So, for example, if you take consensus Group revenue for 2018, let's assume 3% for Events, 5% for Publishing, you get to a capex figure of around £90m for the year, which is what's on the slide.

But, in the mix, with UBM as an events business diluting this slightly, that's why you see the blue line trending down in 2018.

But the key message from the slide is that the gap is closing between the capex and the depreciation columns, and that signifies that the catch-up investment impact on depreciation is coming to a close, and we expect that gap to fully close over the period of 2019/2020.

Our balance sheet gearing was at 1.3 times net debt EBITDA at the half year, where we made the 2.7 announcement at the end of January. We said that we expected half year our net debt to be a touch over 3 times and that's exactly what's happened. However, by taking the gearing up just over 3 times, we've used the balance sheet efficiently and effectively in the UBM combination without overextending it.

The key development in terms of our financing in the first half of the year was the refinancing of the £645m drawn UBM acquisition facility through the issue of our first public bond in July.

We issued notes for €65m and £300m in the process. That was over two times subscribed, and with a post-swap interest cost of 3.1%. And our 10 year maturity profile shows a good spread on debt expiry, as you can see on the graph there, with a balanced mix of funding sources.



So, looking at our free cash flow performance over the period from 2014, you can see consistent growth in free cash flow, despite the first half being our weaker cash generation period.

That strong cash generation, and our balance sheet flexibility, has given us real optionality in terms of capital allowance. And, whilst we have allocated capital of the building and buying the number one position in the exhibition and trade show industry global, we've also consistently grown the dividend to reward shareholders supporting that strategy.

Dividend per share has increased by CAGR of over five times through the period, but cash returns to shareholders have more than doubled over the same time period to over £250m on a pro-forma basis for 2018.

So, to summarise, we made a good start to the year. We delivered steady improvement in underlying revenue growth, broadly stable margins overall once we continued to invest in the Group, and continued to strong cash generation while completing the acquisition and starting the integration of UBM.

Now, as in previous years, there's plenty of trading to deliver in the second half, so there's still a long way to go, but we've the benefit of predictable subscription and exhibition revenue accounting for over 65% of our revenue numbers, giving us good forward visibility, and our 30% plus margins and £600m of annual free cash generation, mean we convert our revenue very efficiently.

As we've seen, our balance sheet is secure with long-term financing and flexibility in place, meaning that we can continue to make steady investment to support consistent returns.

But, overall, notwithstanding the dynamics I've highlighted here, I feel reasonably assured about where we are at the half year, and think we are well-positioned and confident about delivering another full year of progress and performance.

Stephen.

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Business Update

Stephen A Carter, Group Chief Executive

Thanks, Gareth.

Right, I'm conscious that there's a packed agenda of results, so I'm going to crack through the next section quickly so we can get some questions before people may wish to head off to other presentations of more interest.

This is the AIP plan. I'm just going to pick out a couple of these to talk about in a little bit of a depth, and then we'll maybe take some questions.

Let's just talk a bit about the operating model, how we're combining the two companies.

We've made a number of decisions already which are material to the way in which the company will operate. The first is that in Asia, where by far and away UBM were the



senior party, we are folding our business into UBM's operating model in Asia would be the best way to think about it.

We have a very nice business and a series of very good joint ventures in China but, by comparison to UBM, they are the senior party. And, to that end, we've announced a management approach in Asia which we think gives us a very smooth transition of combination for both our joint venture arrangements and theirs.

We've spent quite a bit of time on the ground in that market meeting our partners, and I think we feel very comfortable about where that puts the combined company in what is probably one of the most exciting geographical areas for the combination.

By contrast, in EMEA, and in Americas, we will largely drop the geographical operating model, and move to a market model which is more orientated around market verticals or end markets. And we're in the process of working through what that means for individuals, but as a philosophical matter in those two areas, that's how we will combine the businesses.

And, actually, when we look at the portfolios inside the two companies, that makes an awful lot of sense when you see the overlap.

So what you'll end up with is a business which, in the end, will be more market-led than geographically led, and will allow us, over time, to increasingly move to a more market and verticalised model.

We're not going to create a matrix. We're not, by nature, matrix managers. We prefer a clean line of sight on authority over decision-making. And so we are aligning our businesses around markets and customers.

We've made some decisions around the portfolio, and the one where we've spent most time is Fashion. So I want to go to Fashion first of all.

This is a business which is facing some market challenges. We've now had a chance to pore over the business cases associated with both the Advanstar acquisition and the bolt-on acquisitions that were done following the Advanstar acquisition. And, in round numbers, that business was targeted to do around \$200m of revenue by the end of '18, and it's currently tracking to do about \$150m. So its size is the scale of the change in a relatively short time period.

We've taken the view that this is not a market which we can't address, or a set of market challenges that we can't address, but to do so requires us to make some investments in the product in order to make it more relevant to what is a significantly changing end market.

There's a statement of sort operating principle, the truth of trade show industry, which I'm sure all of you know, is that trade shows essentially work well when they are seen as focused on the health of the industry that they serve. When trade shows work less well is when they're seen to be focusing on the health of the trade show first and the industry second.

And so the decision we're taking here is that this is an industry that's facing market and structural challenges, and the role of the long-term healthy trade show portfolio is to be seen to be alongside the industry as it navigates its way through those changes.



That will require us to make some investments in price, some investments in product, some investments in people, some investments in innovation, and probably will result in us changing the way in which we manage and operate what is, as you can see on this slide, quite a diverse set of individual segment market brands.

To that end, the identified upside on the synergies, the £15m worth of incremental synergy gain that we can see through the combination, we're targeting a reasonable proportion of that as an investment budget to rebase the Fashion business over a two to three year period.

We've badged it a Fashion Gap programme because it's simple for us inside the business to understand what that means and, programmatically, we know how to do that, and that will be a programme that we'll run and track over the next period.

On the people side, we've made a number of appointments at the senior level. Generally speaking, we are operating in the operating model that you recognise that is Informa through the operating divisions.

You'll begin to see more and more changes in the operating divisions underneath the headline of K&N, BI and GE, an increasing move towards a market-led approach but, nevertheless, for the purposes of simplicity and clarity, we will use our existing operating model.

On the core staff functions, and the senior staff functions, we've seen a mix of leadership appointments that we've already announced. Some of them are colleagues coming from Informa, some of them are colleagues coming from UBM, but the obvious objective is that, in relatively short order, everybody works for one company, and that is something that we are very keen to achieve.

The synergy delivery runs as previously undertaken - £60m, with £50m of that £60m coming at pace in year in 2019, a run rate of £60m by '20, and a target now of £75m through to 2021, and obviously there are some costs to achieve those synergies.

The revenue synergies, which obviously take a bit more time to blend in, will flow largely, in the first instance, as we've outlined before, around cross-marketing internationalisation and sharing data and marketing solutions in businesses and markets where we already operate. And I think where we'll see those coming first and fast will be in Asia by geography, and in Food and Ingredients by sector.

The brand decision we've headlined, the company will be called Informa. One of the great underlying strengths of this business is the depth and range of individual operating brands we have in a series of markets, and the brand transition programme inside the company, and externally where it is relevant, because there are some markets where the UBM brand has some footprint as a trading brand, is underway. J... Singh from Asia is running that programme for us. But really the focus will be around building and developing the customer and market-facing operating brands.

So this is where the business is. As Gareth says, at the half year, just to throw in my own yachting metaphor, steady sailing through to the half year, and we feel good about where the business has gone.



Doing these integrations and combinations takes an enormous amount of effort and candidly goodwill on all sides because it's change, and change in people's lives can be disruptive, but, actually, having lived these things in a number of lives, this one is going about as well as it could go.

The operating performance in both businesses, I think, pays testament to the fundamental resilience in the businesses, and the quality of the colleagues around the company as well as the strength of the underlying fundamentals.

We have good confidence about where the business will track in the back half of the year, and, as I say, the back half, front half weighting of the two portfolios is helpful.

This programmatic approach to the operating model, how we're making the leadership decisions, how we're going to refine our portfolio to make it more focused around growth, where we find the synergies in revenue and cost, what we're going to do with the Fashion portfolio, and how we operate the business, is the way in which the AIP will gain traction over the next six to twelve months.

This is our growth outlook for the company as a whole, and, on that, very happy to throw it open to questions. Thanks very much for listening.

I think we need some mics at the front if we could, please, Michael. Maybe start over here, and then, Kate, there's two or three people here.

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Ian Whittaker, Liberum Capital

Thanks. Actually, it's just one question. I just want to come back to something you actually with regard to Fashion in terms of the sort of events. You said events rely on the underlying health of their sectors, and therefore you need to look at things such as price and more investments. Are there any other sectors, when you look through your Events portfolio, where you think that, in terms of the structural challenges facing the underlying industries, that you'll need to take a similar approach over the next two to three years?

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Stephen A Carter, Group Chief Executive

That's interesting. That's a question we didn't rehearse. No, I don't think so. I would say in all of our major sectors some of the things you're seeing going on in Fashion are visible. So, let's take the obvious, you know, the rise and rise of, you know, electronic retailing and international distribution, you know, and, increasingly, you know, transparently global supply chain, these are truths in virtually all of the B2B markets that we operate in. But the scale of the structural change in Fashion, I think one of the things that gives our portfolio quite a bit of strength is, you know, we are not seeing that elsewhere at that level. No, I don't think so, would be my sense.

But, you know, to use a phrase that Charlie McCurdy used in a meeting - we were discussing this the other day - you know, the features and the facts of what is happening in the Fashion industry are not features and facts that we haven't seen in other markets. I think the question is, you know, the pace and the rate and how do you address that in a way that's seen as being invested in the health of the players in the industry, and how



does the Fashion portfolio, and the trade show, and what it does, adapt at the same pace and rate? I think that's what we'd say.

Kate, there's two here in the front. Oh, sorry, on you go.

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Matthew Walker, Credit Suisse

Thanks. Two questions, please. The first is you said the Journal renewals are going really well. Have you experienced any sort of consortia pushback, and in which markets have you done, if any, any offset deals or any pay-and-read deals?

The second question is more for Gareth, which is free cash flow, you're saying it's over £475m is target for the year. I think you did about £400m last year so there should be natural growth in your own free cash flow, so it should be more than £400m. I think UBM was a couple of hundred of free cash flow, as you said, that they're stronger in free cash flow in the second half of the year. So, to me the maths doesn't really, you know, it should be more because you've got at least £100m from UBM plus you've got some natural growth in your portfolio from free cash flow, so why such a conservative number on free cash flow, particularly as the capex depreciation gap, as you pointed out in your slides, is narrowing? Is it working capital? What's happening?

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Stephen A Carter, Group Chief Executive

Okay, why don't I take your first question, Matthew, and then, Gareth, your maths aren't adding up.

On Journals, as you know, Matthew, we don't comment on individual deals. We never have. Are there changes in the way in which, you know, subscription arrangements are being executed in the market? There are. Some of them are much documented upon. And we are definitely adapting our approach to journal subscription renewal contracts on a customer-by-customer basis.

Is it affecting our overall renewal rates? No, it's not. It's not. And do we have any specific issues that are live today in the two areas that you pointed to? No, we do not.

Gareth, do you want to talk?

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Gareth Wright, Group Finance Director

Well, you say it might be a prudent target, but that's, generally, because we only have set targets that we can hit. So, yes, you're right. It is slightly prudent.

We certainly erred on the side of giving a number that we feel is definitely, you know, deliverable and achievable, so that's where the £475m plus number that was on the slide has come from.

In terms of the make-up of the numbers, yeah, I can see how you're constructing the UBM number and taking that apart. I don't think that's unreasonable. I think, in the Informa number, you've got to bear in mind it's an actual currency number, so whereas we did £400m last year we get some growth on an underlying basis, but on an actually



currency basis, that offsets it. So, in terms of actual free cash flow in Informa, that probably would have been flat to maybe slightly down on a like-for-like plain vanilla basis.

Then you throw in the UBM cash generation, which is, well, you know, strong in the second half. I wouldn't say it's overweight strong, but it's certainly not weak in the second half. And then you put in the extra interest, you come up with a number north of £475m, but that's the number we've set as a target to beat for the second half.

And what we're really trying to say there is, if you look at the long-term progression of free cash flow, we did £300m in '16, we did £400m for '17, we think we can beat £475m for '18, and the maths extrapolated again for '19 where we think we can be in the region of £600m.

And so what we're talking about really is the long-term progression of the free cash flow generation of the Group, and the optionality that gives us in terms of capital allocation going forward.

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Stephen A. Carter, Group Chief Executive

Thanks Gareth, two questions in the front here and then one in the middle there.

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Adam Berlin, UBS

Good morning, the first questions is on a similar theme, if we look at the chart behind you you've got 5% underlying revenue growth for Global Exhibitions when you did over 7% in the first half, is that another kind of prudent piece of guidance or are there reasons why you're expecting a big deceleration in the second half in terms of growth rates? That's the first question.

The second question is you mentioned quite a lot of reasons around the margins to do with FX, to do with depreciation, to do with operating leverage, but if we just take the 2017 margins as a base and you think two to three years ahead, if FX roughly stays where it is should we expect the underlying margins for Informa before UBM to be up, down, or roughly flat?

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Stephen A. Carter, Group Chief Executive

Okay, should I take the first one and you come in on the margin question Gareth? I mean I think you're asking a general and a specific question on guidance, so there's a specific question around what are we guiding on Exhibitions and I think there's a general question.

On Exhibitions the general view from published sources is that this is an industry that's doing on an industry average somewhere between you know 4 to 4.5%, 5% depending on whose sourced numbers you take. And we have always set ourselves the target to try and beat that industry number. And that is where we guide people north of 5%.

We're not trying to make a sort of specific you know half way through 2018 comment on how '18 is trading. This time last year I think what was then the old Informa Exhibitions



portfolio did around 10 - for the half year? Am I right about 10? Was it 11, 10 or 11? But A, the portfolio is slightly different this year, B the Yachting, to return to yachting, not metaphors, but facts, the yachting portfolio was not a full - it wasn't a full year for last year. So there's a comp difference which is non-trivial, because there was a major show in that portfolio which was not ours for the period. And that combined with a little bit of softness in the Middle East has given us a half year performance of around, what are we for the half year - yeah just over 7%.

Equally, however, our view is that our back half will be less differentiated from the first half this year. So we feel I think confident about where we are in this year's trading in GE. So I wouldn't try and over connect the dots.

More broadly on your guidance point around growth, these are I think sensible prudent guidance numbers for both the individual divisions and then how they aggregate at the Group level, given where we are half way through the year. And then at the beginning of next year we'll do a reset for '19.

On the margin point Gareth do you want to?

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Gareth Wright, Group Finance Director

Yeah, so I think what we've talked about previously in terms of the - if you look at the legacy Informa Group if you like and the legacy UBM Group and take them separately, in terms of the legacy Informa Group what we tried to do through the Growth Acceleration Plan was build a business that was capable of a consistent 30% margins overall, whilst delivering a higher level of underlying revenue growth in the region of sort of 4, 5%. And that is what we would still standby for that Group as a longer term projection of what we want that business to be able to achieve and what we're looking for consistently from the management teams.

If you look at UBM that as a business in totality had a reasonably similar operating margin. And therefore the two businesses are not dilutive to each other. And I think in terms of the guidance that UBM had given previously they were talking about sort of margin progression slowly over time stepping up in the biennial strong years and then trying to hold it in the biennial weak years. And that's something that we're looking to validate through our long term planning now that we're inside the business and seeing how they were going to get there.

But one thing we're broadly saying is a business that delivers, consistent, sort of circa 30% margins at a higher level of underlying revenue, consistent revenue growth is what we're trying to deliver and we think we're on course to do that.

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Will Packer, Exane BNP Parabis

Three questions from me please. Firstly, in terms of the Fashion business within UBM the company previously disclosed the organic performance of that business, could you let us know what it was in H1'18, was there a further deterioration?

And connected to that, the company and the trade press over the last 12 months or so had given some quite specific plans around what they intended to do to reinvigorate the



business, are those - should we assume today that they are now ditched and there's a whole new strategy?

Secondly, to ask the margin question in a slightly different way, when can we expect underlying profit growth to meet or exceed underlying revenue growth, is there a date that we can have in mind when that catch up could occur?

And then finally in terms of Books, the performance has really improved in the last 12 months or so, could you just update us as to what the key factors behind that have been, you know a part of the portfolio where there has historically been some concern?

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Stephen A. Carter, Group Chief Executive

Okay, I think there were four questions in there, but we'll let you off it's summer. In H1 I think the underlying revenue growth decline in Fashion, I'm looking at some combination of Gareth, Richard and Chris at the back of the room was about 10%, is that right around 10%.

On your question on plans, no they're not ditched they're just developed and it will be our intention to engage with the industry in the Magic Show in August to begin to lay out our plans. There is a very strong team inside that business. What we're outlining today is a plan to invest in the business for growth, not to do anything more than that. So I think from - if you're an industry player, you know our message is you know we want to see these brands make a contribution to the industry. And I think there are things we can do on that and there is actually quite a lot of work being done inside the team.

You know I think one of the benefits of being in a combined business is that it doesn't have quite such a drag effect on our growth and that allows us I think to take a medium to long term view of the portfolio and candidly I think that's in everybody's interest, I think it's in the industry's interest, I think it's in our interest and I think it's in our shareholders' interest. So that's the way we'll approach it.

I personally will give you no dates Will on that, but Gareth might, so I'll leave him to come to you on the underlying growth matching profit growth question.

And on Books, well really a multiplicity of factors I think. I mean interestingly physical book volumes were good, electronic book numbers were good, subject expansion was strong, absolute new product was strong and I think it was a slight more benign end market.

So you know you put all that together and I think a bit of good outcome from our own programmatic approach to simplification of our business, you know we're now in our second full year of a single international unified Books business and I think operationally it feels like a more coherent business and we're a bit faster on speed to market and product innovation. So that combination I think as well.

But the back half comps is what I meant when I said in my opening remarks, you know don't get too carried away, the back half comps in books are tough because last year we had an absolutely stellar back end of November through December, but certainly in the sort of five or so years now I've been around that business, that section of the business, it feels much more steady.



Do you want to comment on the profit conversion question?

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Gareth Wright, Group Finance Director

Yes I think that's a key element of the slide 20 message that we're trying to talk to was just how that parity is being achieved over time. I mean certainly in terms of '16, '17, '18 it has been - the capex has been trending ahead of depreciation. But we feel that for '19, between '19 and '20 around those two years we'll reach parity in that sense. And that's when you'll start to see more of a - you know equal drop through between the underlying revenue growth and the underlying profit growth.

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Will Packer, Exane BNP Parabis

And just to come back on Fashion, should we think that your kind of business plans are still well in place in terms of where organic growth for the wider business can go despite the Fashion deterioration?

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Stephen A. Carter, Group Chief Executive

You mean the overall Group level?

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Will Packer, Exane BNP Parabis

For UBM?

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Stephen A. Carter, Group Chief Executive

I mean look in relatively short order I mean it's already beginning to become one business, but I mean we're not changing our view of the UBM growth number for this year if that's your question, I think that's your question. I mean look ultimately it's a law of numbers, I mean if the fashion decline went from 10% to 20% we'd be having a different conversation, but what we're calling today I think is a conservative view of where the business will be at the end of the year and a sensible view of an investment programme?

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Gareth Wright, Group Finance Director

And it's 5% of the overall portfolio, 4 to 5% in revenue terms; it's just less of a headwind on the larger Group's revenue number than it would have been for UBM on a standalone basis.

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Katherine Tait, Goldman Sachs

Morning, just on Academic you talked about the successes that you've seen at Dove and the sort of strong growth that we're seeing within the Open Access segment. Can you talk a bit about your ambitions within Open Access and whether or not you see that -



how you sort of see that fitting into your broader Academic Publishing business going forwards?

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Stephen A. Carter, Group Chief Executive

That's quite a big subject, I mean slightly to connect your question and Matthew's question, there is no doubt, and we've talked about this at these sessions on a number of occasions that the Academic business is facing you know change. It's a bit like other areas where there's - there are changes in consumption patterns, there are changes in commercial negotiation.

Open Access has become a kind of soundbite descriptor of actually a multiplicity of different changes in the way in which people want freer access, faster access, easier discoverability, a higher level of freedom of use, and that's creating a demand on the publishers of which self-evidently were responding to the way in which you provide your customers with - you know either contractual agreements, subscription agreements, deal agreements, or individual usage contracts. And so I think all the players in the industry are - are adapting.

What's our ambition? Well, our ambition at a very simple level is we have a very rich catalogue of content, that's our great strength and you know our ambition is to maximise the discovery and use of our content. So where are we focused? We're focused on investment in technology. And actually to go back to Will's question around Books, one of the other things is our UBX platform, which we deployed last year which is now our single books platform, has really helped on discoverability of content on books. I'm sure that's been a contributing factor.

So one of our ambitions in Academic is to you know increasingly drive technology solutions that made discoverability and use of the content easier for our customers. And that helps when it comes to contractual renewal and subscription discussions. But it's - it's a steady cadence of better content, more relevant, more easily accessible, higher use of technology and flexibility in the way in which you contract with your customers. And that's the pace we've been on for the last few years and that I think that's serving us well.

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Nick Dempsey, Barclays Capital

Hi, I've got two left, just on the Middle East you talked about slowing there, are we talking about a macro thing in the Middle East and maybe could you talk about how those shows, the important ones in the first half in the Middle East have booked into next year?

And the second question on the 5% of revenues that are now under review, are we focused here on BI and K&N, is that what we're saying, are they mostly in those divisions?

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Stephen A. Carter, Group Chief Executive

Yes to your second question Nick and on your first question it's really a combination effect in the Middle East. I mean the Middle East again is a sort of generic term. Some



of it was some locations in the territory where we just reined back our ambition on new launches because we just couldn't see the economics on them. So a little bit of a hit on the revenue line. And specifically we've got a kind of one year effect in the healthcare portfolio because of really what was a spectacular breakout of MEDLAB from Arab Health and then you know what that has as a comparative effect year on year.

But actually the main shows in the portfolio are still in growth, so I mean I don't want to either mislead you or overly worry you. I'm not calling a decline in the portfolio. It's just it's been a comparatively super strong performer as you know for the last few years and we've just seen it rein back a little bit versus our budget ambitions in the year.

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Nick Dempsey, Barclays Capital

And advanced booking into next year?

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Stephen A. Carter, Group Chief Executive

Advanced bookings into next year are actually pretty strong. We came out of the three main shows in that portfolio in the first half feeling very good about next year.

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Tom, Citigroup

Just one question actually on the reinvestment, so you've got £15m of extra cost savings and I think you said you're going to reinvest - well effectively reinvest that in the turnaround around in Fashion. But obviously the turnaround in Fashion comes before you get the cost savings so I just want to understand the phasing of that is it included in the one off restructuring charges or is it included in the underlying margin expectation?

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Gareth Wright, Group Finance Director

It's in the opex, we're thinking that's flowing through opex and therefore that will come through in the business margins. It's not part of the costs lowering, the £75m we've talked about that's separate. And in terms of the phasing we think looking at the sort of revenue trend I think you'd expect there to be a year on year margin impact of this overall Fashion dynamic in '19 and '20 and then it kind of stabilises as the costs are going in, the costs will go in in '19 and '20 and as you see the revenues stabilise then it will be neutral in '20, '21.

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Chris Collett, Deutsche Bank

Morning, I just had one question which was about Business Intelligence and I just wanted to understand, you're expecting a bit of improvement in the growth in the second half of the year, is that because you're expecting some one time revenues to come through, or is it the effect of the stronger gross subscriptions sort of rolling through in the business. And also just wondering if you could talk a little bit more broadly about sort of Business Intelligence and how that will look with parts of the - what was UBM's other Marketing Services?



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Stephen A. Carter, Group Chief Executive

Yes to your first question, it's a mixture of both. I mean the back half of the year is just a slightly - it's a busier period for the business, both in sub renewals, the peak sub renewal kicks off in sort of mid October and runs through to late January, early February so it just is a busier period for sub renewals. But it is also particularly in Marketing Services it's a kind of one off, you know there some one off spikes if the business does well. And actually the indication from the first half is that our Consulting revenues and our Marketing Services revenues in the first half were actually tracking well. So yes to both is the short answer.

More broadly we will be doing some pruning in that portfolio. Part of what we've talked about there affects the overall portfolio. So where will you see us double down? You'll see us double down I think in the areas where we think we've got real strength, market position and growth. And I think that will - you'll therefore see us in Pharma and in Tech, which are two areas where there are overlaps with the UBM portfolio, have a greater level of focus, just to use those two as an example.

Any final questions? Okay, I think we're pretty much out of time. I very much appreciate people coming; I know it's a very busy time of year. Thanks for your questions, thanks for your support and have a great summer.

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