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**Informa**

2018 Full Year Results Presentation  
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## *Introduction and Highlights*

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

Good morning, everybody, and thank you very much for coming. For those of you that are in the room, and for those of you have dialled in either to the call or the webcast, thank you very much for joining.

This is the presentation of our 2018 results. I have to say, on a personal point of view, I'm genuinely excited about this morning because it's the first opportunity for us to be able to talk about what we've been doing inside the company, and there's been a lot going on.

Creating a combined company has been a challenging and rewarding activity, not necessarily in equal measure, but, nevertheless, broadly we feel good about where the combined company has got to, and today's an opportunity to try and bring that to life for you.

This slide is the official health warning disclaimer, but I'm also going to offer a sort of a personal apology for those of you who I know spend a considerable amount of time following our company, which we're extremely grateful. And, when we're not grateful, we hand you over to Richard.

I'm conscious that we, in our efforts to put the company together into a highly functioning, compelling and, hopefully, powerful future engine for growth, it requires us to make decisions about where brands operate and how the business functions.

The net consequence of that is that means we're presenting the company to you in a way that's slightly different. I'm conscious that that means, if you're running a model on the company, you're trying to rewire where X-bit has gone to Y-bit. So, we've tried to lay it out today in the deck, and we'll try and give you a bit of colour to bring to life the decisions we've made, why we've made them and how the company, the new company, is going to operate.

In the book that you've got, which I know you're not reading ahead on if you're in the room, there is a set of appendices which try to give you more colour and context on the detail of the operating structure.

So, with that, apology. I will crack on.

So, for us, 2018 was all about combination and creation, bringing together the combined company as a result of the combination with UBM, which started factually on June 16<sup>th</sup>, although we'd been planning for it pretty much since the beginning of the year.

And that activity during 2018 came on the back of a programme of change across the company, which has been running for quite some time.

I think we made no secret back in 2013/'14 that what we were seeking to do was to improve the operational fitness of our business, give it more capability, build a platform for future scale and then develop a strong market position, particularly in the Global Exhibitions market.

We wanted to make the business more international. We specifically wanted to expand both in the United States of America and in Asia, we wanted to get the company into a regular cadence of investment for growth rather than running for profits, and we wanted to drive more towards industry specialisation because that's where we believed we would have long-term strength. That's what we set out to do and, for us, the combination with UBM was a natural next step in that process.

This slide may actually be slightly different in your book. I think this is the one where we made - Is this the one where we made the deliberate error just to check that people were paying attention?

Actually, you'll notice in the book that we transposed the bottom circle on the right into the top, but really this is just designed to show the revenue change by region and my mix. And, really, it highlights the point that our exposure to North America and Asia has increased significantly in revenue mix, and the nature, the quality of our revenue by either subscription-based revenue or forward visible exhibitor revenue is considerably different from what it was quite some time ago. And that progressive improvement in mix and predictability was another key tenant of the Growth Acceleration Plan.

This summarises the trend growth. And my personal headline about how I would describe 2018 is sort of steady as she grows. We're moving the business forward on ever measure, we're not trying to drive exponential growth in any particular metric, we want revenue growth, we want conversion - we'd like to see that profit conversion improve a bit in '19 on a going forward basis - we've committed to keeping our margins above 30%, we've committed to increasing our dividend on a progressive basis, and we've made quite a focus on driving our cash flow, and Gareth will talk about that in quite some detail. And that's a powerful engine for the company both in terms of delivery and giving us future optionality for further development.

The summary here of where we've gone over the last few years starts on the growth line. We did 3.7% underlying growth in the year. The profit conversion wasn't quite one for one, and that's an error that we'll focus on going into 2019. The margin was consistent, just below 31%. Our operating free cash flow, as I said, was higher both at the absolute level and on conversion.

And we've now done this three times at different scales, whether it be Penton, Hanley Wood or UBM, and each of those are designed to give the company more depth and capability, particularly around market verticals, which I'll come and talk about after Gareth has taken you through the detailed financials.

Our leverage, as we predicted, would end in the year just below three times. We've done some work on our long-term financing to give ourselves some forward comfort, that there are no concerns there. And we will see the company de-lever through the year.

Our recommendation is an increase in the dividend of just over 7%, growing in line with earnings.

How does that break down via the businesses? You see on, what we called in '18, Global Exhibitions growing at nearly 7%, 6.7%, comfortably ahead of the market. Our old Conference business, now a much more content-led specialised business, growing just above 2%. Strong performance on the revenue line. Some issues there on profit conversion, largely due to depreciation and catch-up, 'cos that was an area where we really had underinvested.

UBM, in the stub period, in total - doing about 3.7%. Business Intelligence growing again just above 2.5% at 2.6%. And another very steady growth year for our research publishing business at 2.2%. And then you see how that tumbles down below that.

Where are we on what we've called the Accelerated Integration Plan? Well, we're slightly in the results season I suspect in the calendar for some of you, but it's early March. The good news, as it relates to this, is the one year anniversary of the AIP is in June, so that's coming at pace and rate, and the headline is we're making, I would say, good progress at the commercial side of combination.

So, what do I mean by that? What I mean by that is brand alignment, portfolio management, leadership appointment, sales platform, pricing, scheduling.

We are very well advanced on combining these two businesses. We've moved fast. I think if you're inside the company, I know some of you know many people inside the company and some of you have been around the company, we've moved at pace. We've made no apology for that. And I think that has been beneficial.

Inevitably, when you're doing these things, it causes some human disruption, and we've tried to be as respectful as possible to those colleagues we've ended up leaving the combined company, but it has allowed us to come into 2019 with a unified business where people know where they are, who they are, who they're working with and have a shared set of targets and ambitions for the year.

There's more work to do. Still, much work to do on the back end, whether it's sales order processing, or marketing automation, or even the important areas of general ledger and standard ERP platforms. And that work will run through the back end of '19 and all of 2020.

But, at the front end of how this business operates commercially, it feels like one business, and we feel very good about that.

I'm just going to highlight a couple of bits of the AIP because it comes in a series of different areas.

On the operating model, as you will see from the way in which we're shaping the combined company, we're moving it more and to a business organised around end markets, and I'm going to talk about that because that's where we see the future of the company.

Our colleague, Patrick Martell, who used to run the Business Intelligence business, is now firming in the driving seat as the Chief Operating Officer, and he has end-to-end responsibility for the systems operations shared service side of the business. As he says, he now doesn't have a

revenue line; he just has a very large cost line. And his responsibility is to work through the back end consequences of creating this business of scale, and how do we drive benefits from that.

On portfolio management, which I'll come back and talk about, we have already announced the disposal of the Life Sciences media business. That should come as no surprise. It was much trailed historically by UBM, either implicitly or explicitly. Again, we moved pretty fast on that.

It wasn't a bad business at all. It was a good business, as evidenced by the price we got, but it wasn't a business where we were going to have a long-term position. So, we spent quite a bit of time ensuring that we were handing that business over to a new owner in a good way for the colleagues who were leaving with that business, but it leaves us, I think, much cleaner on the portfolio than it would have been otherwise.

We are looking some other businesses, up to about £120m in value, and we'll continue that process through 2019. None of them bad businesses. All of them in growth. But not areas where we're going to invest for further scale.

On the cost synergy side, we're confident where we are - on target, ahead of target - and, thereby, facilitating the much needed investment in the fashion portfolio, which we'll deep dive on later.

And, as a small point of record, the UBM brand will, as a trading brand, be retired by the end of the AIP programme, and inside the company we're well underway in that process, and you see a little bit of it in the brand identity for the individual operating divisions.

Now, this slide, which, for those of you who have ever spent any time covering, or working, in the networking business, looks a bit like the inside of a telephone street cabinet. This is to try to bring to life how do you put these businesses together, because it explains how we go from what was us, what was UBM, to what is the combined company.

And, essentially, what we've done is made a series of judgements about where we want to specialise and where there is portfolio overlap and what makes most sense in terms of operating model.

And so, if you start of my right-hand side of the chart, so what was the UBM portfolio, for those of you who followed that, imagine the UBM portfolio absent Life Sciences, and what we have done there is, in the main, as you can tell by that sort of larger line, in the main, the vast majority of what was the UBM portfolio, ends up inside what we're now calling Informa Markets, right, what was GE. So our market-facing exhibitions business. That's the way we think about it, yeah. And I'm going to take you down a notch on that in a second.

So, the vast majority of that portfolio ends up in what we are now taking to market as Informa Markets.

Some of that portfolio has gone into what we call Informa Connect, what was our old conference business, which has gone through a four or five year process of being repurposed to focus itself around end verticals. And there, what we've done, is those brands and businesses that were

much more content heavy and much more about either meetings or connections or communities, so, for example, the CBD conference, for those of you who know that business from the UBM portfolio, has ended up inside Informa Connect. So, a much small portion of the portfolio, but the product set much more naturally fits in that more content curated events business than in the more transaction-led exhibitions business.

We have made a decision to carve out and create a standalone business called, creatively, Informa Tech, which is facing the technology markets. It's largely a North American business. And, in that business, we are putting all of our products and services that provide products and services to the technology markets, whether it be the enterprise markets or the security markets or the gaming markets or the service provider markets. And there we have a range of assets, whether they be high value conferences, curated brands, traditional exhibitions, ticketed exhibitions, research, data or subscription services.

We're putting those together in a business called Informa Tech because want to examine what the capabilities are for us to create unique standalone market-facing businesses which are neutral on the products but very determined by what the end market is demanding, yeah.

So, in a way, it's an experiment, it's a trial. We've done it in tech we think it's a very dynamic market. We think it's a market that, by definition, because of the customers there are perhaps more open to innovation and change than some more traditional markets, and we're doing it because we've got a very nice portfolio set.

And so, some of what was inside the UBM portfolio, particularly the San Francisco-based tech portfolio, which really was very much a separate business inside what was previously called UBM Americas, sits now firmly inside that technology business.

Informa Intelligence is what was Business Intelligence minus the technology assets and, conceivably, minus some other businesses that were previously in BI that we're currently reviewing whether we're going to be a long-term holder of.

And, in the main, what you're going to see us focus on in that business is pharma and healthcare, retail, financial and maritime, because we believe those are areas where we've got good market position, strong brands and we think there is the capability for further growth.

Taylor & Francis, for the purposes of the front end of this combined business, is not affected. Obviously, at the back end, it benefits from the savings and the efficiencies that are created through scale and, therefore, that's a kind of ancillary benefit.

Similarly, on the left-hand side of the chart, we've also used this as an opportunity to make some very minor changes in some of the portfolios. So, as I said, some things that were in Business Intelligence are now in Informa Tech. And there are a couple of smaller brands that were inside Global Exhibitions that we've moved into Informa Connect because they're much more content-led, curated businesses rather than transaction business.

The net consequence of all of that, if you want to run numbers, produces this; it produces five businesses using pro forma numbers for 2018, not '19, '18, it produces an Informa Markets

business at nearly £1.4bn, it produces the Informa Connect business at just over £200m, the Informa Tech business, similar, same-ish size, the Informa Intelligence a little bigger, and the Taylor & Francis business in revenue doesn't change.

For those of you who can do rapid maths, and I know many of you in this audience can, these two sets of numbers don't add up. And the reason why is because you've got to take out the Life Sciences business on a going forward basis, which was about - I'm looking at Richard who's on his email - between £50m and £60m in revenue.

So, that picture is just to try and help people understand, when we talk about the Accelerated Integration Plan, combining the two companies, the AIP, behind the numbers, behind the name, there is an enormous amount of work that has gone on, and is going on, to create, on a going forward basis, five very market-focused businesses with a clear sense of identity and difference in what they do and who they do it for.

So, I'm going to pause there and hand over to Gareth to take you through the detail of the 2018 financial outcome. Thanks, Gareth.

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## *Financial Review*

### **Gareth Wright, Group Finance Director**

Cheers. Thank you, Stephen. Good morning, everyone. Thank you for coming to our 2018 year end results.

The thing I'd say in terms of financials, the headline of what we're reporting today is a set of financial results that demonstrate a further year of year-on-year improvement in the financial performance of the Group against a backdrop of a year that's been a very full and business year for Informa in which we've really achieved a lot.

So, here are the financial highlights for the year.

Reported revenue growth was almost 35%, increasing to £2.4bn, and underlying revenue growth was 3.7%, a further acceleration over the 3.4% growth we reported for 2017.

Interestingly, and possibly slightly confusingly, the underlying revenue growth for the legacy Informa business was 3.7%, the growth for the UBM business in the stub period we owned it is 3.7%, and the overall growth for the Group is 3.7%. So, if you get your head around that, the answer's always 3.7.

Adjusted operating profit increased by 34% to £732m. And this increase in operating profit drove a 7% improvement in adjusted diluted earnings per share to 49.2p.

Free cash flow was strong, increasing over 25% to £503m. And this cash flow is going to bring our leverage back down towards our target range, with leverage at 2.9 times at year end.



And, in response to the earnings growth and the free cash flow generation, the Board is recommending a 7.1% increase in the full year dividend, which is covered 2.25 times by earnings.

So, walking down the income statement below operating profit, the interest charge for the year was £82m, with the year-on-year increase being driven by the increased debt following the combination with UBM.

Our effective rate, interest rate, going into 2018 is about 3.7%, which implies an interest charge in the region of about £100m for IFRS 16, which I'll come back to in a minute.

The effective interest rate of 3.7% is a slightly lower rate year-on-year, reflecting the ENTN bond issuance in the middle of 2018.

The effective tax rate decreased to just under 18% for 2018, primarily reflecting the changes in the US tax law.

And we've previously communicated that the effective tax rate over the medium term for the enlarged group will be 19%, and that's what you should be expecting for 2019 and going forward in terms of the numbers.

So, overall, that adds up to a 7% increase in EPS, which covered the 7.1% increase in the dividend.

Just focusing on the revenue growth, let me walk you through how the 35% increase in reported revenue builds up. The most important thing for us on this chart is the 3.7% growth added through underlying revenue growth, increasing above the 3.4% delivered last year.

Our combination with UBM added 35% year-on-year to the revenue, and to the currency headwind of a weaker US dollar cost us about 3.8% in terms of reported growth.

The impact biennial phasing cost us 0.4% in the reported growth, and those four elements add up to the overall increase of 35% overall.

Now, the subject of biennial phasing, on the top right-hand of this slide, we've sized the effect for you if you're looking to model it.

You remember that biennials weren't key dynamic for Informa, but they were actually a bit more of an important dynamic if you're trying to model the UBM results and this slide here give you a clear steer on how you should be thinking about for a combined group. But, what we would note is that biennials across the enlarged Group are actually a relatively small effect in terms of the overall revenue number.

So, focusing on how the Group results break down the division - Global Exhibitions delivered underlying revenue growth of 6.7%, delivered by a strong performance from the top 30 events which, in GE, in 2018, represented about two thirds of the revenue. And their revenue growth increased operating profit by 6%.

Academic Publishing delivered a constant and consistent underlying revenue performance overall, delivering 2.2% revenue growth. And that growth was split evenly between Books and Journals, which represents an improved performance year-on-year by the Books business.

Business Intelligence continued its trend of improving year-on-year underlying revenue growth, delivering 2.6% growth in 2018. This improvement reflects the benefits of investments in products and platforms for our revenue streams, and the OP increase of 0.9% also reflects the year-on-year cost increase from those investments which partly offset the benefit of the revenue drop through.

Knowledge & Networking delivered a further year of improvement in underlying revenue growth, delivering 2.3% for the full year. And this revenue improvement over the 1% reported in the third quarter IMS represents a strong trading performance in November, which is by far the largest revenue month of the year for K&N.

And, finally, for the period that Informa owned UBM, underlying revenue growth was 3.7%. For the full year, 12 month period, the UBM growth was 2.8%, which was driven by a 4.1% increase in what, in the UBM parlance, would have been called Events revenue.

Okay, now I'm just going to talk through five specific areas I think are directly relevant to the results, and I also think will help add colour and understanding for you in terms of our members, and also help you a bit with modelling the Group going forward.

So, as you remember from previous results, Informa results presentations, free cash flow is a key financial metric for us in the terms of the performance of the Group. We've delivered another strong year of cash flow results, increasing free cash flow by 25.5% to just over £500m. That's a free cash flow yield of 7.6% for 2018.

We turned 91% of our operating profits into operating cash flow, but that result included an adverse phasing effect from the timing of the UBM completion. And, if UBM had been owned for the full year, the full 12 months, the operating cash conversion would have been around 100%.

Of note also, if UBM had been owned for the full year, the free cash flow for the combined group would have been £600m plus for 2018.

So, in terms of the balance sheet, we've done a lot of work on the balance sheet this year, refinancing the UBM acquisition borrowings and also to improving the maturity of the Group's debt.

Leverage was 2.9 times at the end of the year. You'll remember that, through the UBM combination, we look to use the balance sheet effectively and efficiently. And, as a result of that, leverage increased to 3.1 times at completion.

Well, we started to reduce our revenue back down to our target range, which is 2 to 2.5 times, and, by the end of the year, we'd reached 2.9 times leverage.

In terms of our financing, we've got a balanced mix of funding sources and maturities.

Our most recent news is the refinancing and the revolving credit facility which completed in February. That's now in two tranches, maturing in 2022 and 2024. The refinancing was secured on more favourable terms than the existing credit facility, and we brought in two new syndicate members who increased our exposure coverage in the Far East

While covering financing and refinancing, I would also like to note that in 2018 the Group issued its inaugural public bond to refinance the UBM acquisition borrowings. This issuance was oversubscribed in June and has traded well in the markets since issuance.

So, the result, as you can see from the maturity bonds, that we now have no maturities until the fourth quarter of 2020, leaving us with a secure and flexible financing structure for the Group.

We're the Group that delivers an attractive, robust and resilient 30% plus margin.

I want to just take a moment to explain the year-on-year progression in the margin in the underlying Informa business which, principally, relates to two specific dynamics around FX and around investment.

The FX effect principally arises from the weaker US dollar, on the operations in Global Exhibitions and Academic Publishing, and we've also invested in to Group to upgrade out technology platforms and our digital capabilities through the Growth Acceleration Plan, which completed in 2017, and the year-on-year full year effect of the depreciation has had a 0.9% drag on margins for the Group overall.

Going into 2019, with the revenue approaching £3bn and a profit margin consistently above 30%, the full year effect of UBM will be a slightly lower margin than where we finished 2018, but it's going to be more than offset by the benefit of the synergies coming through in the results.

Another area I don't think you will focus on a lot is foreign exchange where the legacy Informa business had an exposure to the US dollar.

In the enlarged Group, this continues to be the case with the US dollar a large portion of our revenues at around about 56% of the combined Group for 2018.

But I wanted to also highlight that, for operating profit, the effect is even more marked with around 70% of the Group's OP generated in dollars or currencies pegged to the dollar because our costs are weighted to sterling.

Now, I suppose you've had an IFRS 16 in every results presentation you've seen this earning season, so here's ours. The key message is that the impact of our reported income statement results is minimal.

OP will increase by about £4m to £6m, the net interest charge will increase by about £11m to £15m, and the net-net effect on earnings is a decrease of somewhere around about 0.5p.

There will be no backward adjustments for IFRS 16 into our 2018 results. This will be a going forward dynamic only. And, to confirm, we will be reporting on the IFRS 16 at the half year results for 2019.

So, coming back onto those focus areas, I just want to talk about the UBM/AIP synergy targets, which are consistent with what we've discussed previously. That's £50m in year benefit in 2019 which we have clear visibility over.

We're targeting £60m on a run-rate basis by the end of 2020, and £75m on a run-rate basis by the end of 2021.

So, if you're looking to model these benefits, what we'd say is around about half of the benefits arise in Informa markets, which is where most of the duplication between the businesses occur, and the remaining half of the benefit is generated in central corporate functions and, therefore, it's passed back to the divisions in the form of lower cost allocations.

When we're talking about the new operating structure, I'd also like to point you towards the appendices that Stephen mentioned where we've provided you with a clear basis for the 2017 and 2018 revenue and OP results on the new basis.

As Stephen said, this is excluding Life Sciences, but also that excludes IFRS 16, so it's actually a '17/'18 set of numbers, but this data should give you a good basis for modelling the Group going forward on a division-by-division basis.

Before I wrap up, I just want to paint a picture of the enlarged group from a cash flow and a capital perspective.

The enlarged business will generate revenue of almost £3bn at an attractive 30% plus margin, generating around about £900m plus of OP.

With strong cash conversion, we turn the OP generated into £600m plus of free cash flow, which gives us optionality at scale.

Currently, a key focus of free cash flow is paid out of our borrowings. We've already reduced leverage to 2.9 times at year end. But we remain committed to consistent investment for growth, allocating in the region of 3% to 4% of revenue each year to capex.

The markets in which we operate are attractive and highly fragmented, allowing a continuing pipeline of opportunities for potential and organic growth across all our divisions to be considered.

And, as you know, we've a clear focus on shareholder returns, growing our dividends consistently over the last couple of years from 2% growth to 4% growth to 6% growth and, this year, 7% growth. This is now an annual commitment of around about £300m, but is readily affordable with our free cash flows.

So, wrapping up, going into 2019, our revenue streams give us great forward visibility, with over 65% of revenue from forward booked exhibition contracts, subscriptions and sponsorship contracts with cash received in advance for all those revenue streams.

As I've said before, we're delivering a solid, resilient 30% plus margin, generated off a revenue base of almost £3bn.

With strong cash conversion, we turn the OP generated into over £600m of free cash flow, which gives us optionality at scale, and we've reduced leverage at the year end to 2.9 times, down from 3.1 times at the completion of the UBM combination.

Consistent investment in our business has resulted in increased underlying revenue performance over the last couple of years, and we think that's a dynamic for us going forward that will continue. And, overall, it will result in a progressive dividend policy, delivering increased returns to our shareholders.

I'm now going to pass you back to Stephen who's going to take you through the remaining couple of slides.

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## *Business Review*

### **Stephen A Carter, Group Chief Executive**

Thanks, Gareth.

Okay, so just to step out of business for a little bit and look at the world that we operate in. We talk about what we call the knowledge and information economy. I'm not going to dwell on this other than to say that there are plenty of people better qualified than I to give you a view on the left-hand side of the chart. Needless to say, there's much going on in the world and much commentary and much news flow, much macro-economic discussion.

Broadly, with the exception of the specific impact of foreign exchange volatility, which Gareth has spoken to, and a little bit of softness in terms of Chinese participation as a result of the moods music at the back end of last year, broadly, our business is relatively steady regardless of most of this.

The great strength of our business is that it doesn't operate in the macro, it operates in the micro, which doesn't mean it's immune, but it does mean that it's much more resilient than I think many people often give it credit or comfort for being.

And that really takes you to the right-hand side of the chart. Our view has been, which is not very revelatory but has driven what we've done, that the world increasingly rewards specialism, and, in specialism comes secure, because specialism gives you expertise and, in expertise, you can deliver value.

Some of that is driven by technology, some of that is driven by connectivity, whether that be digital connectivity or the increasing ease of travel. Some of it is driven by an exponential rise in information demand, and some of it is driven by the fact that you can find out everything, but can you find out what you want to find out?

The net consequence of that is, we have taken the view that, if you build market positions in robust, resilient B2B markets, there's a long-term opportunity for the company, and that's where we choose to spend our time.

This looks across all five of our businesses, and I'm just going to pick out the three that are highlighted in the boxes. I'm sure we'll get into some more of it in the Q&A.

If you take our biggest business now, by size, or today, although I'm struck by how many people now say to me - now that you're a very large events company, what does it mean for the rest of the Group? - And I remind them that, five years ago, this was our smallest business. But, nevertheless, it is now our biggest business. And what are the real strengths of this business?

Well, the main strength is around the specialist B2B brands, and I'm going to take that down a notch in a second.

The international spread of the business - it's a much more diversified business both in reach and location and the depth in those markets. And that gives us a lot of confidence about the future resilience and opportunity if we deliver what we believe our customers want.

Looking to the other side of the slide, what was our biggest business five years ago is still a very significant part, an important part of the Group - the Academic Research and Publishing business. There, that's a business and industry going through much discussed change, particularly as it relates to journal-based research publishing, although there's an attributable of change going on in reference book content consumption as well.

There are definitely library budget constraints in the more developed world but, actually, and there's a material transition going on, as we've seen in the last five years, open access had gone from effectively none of our business to 10% of our business, and that transition is ongoing.

But the fundamentals of that business, the in-market fundamentals, is there an expansion in knowledge? Yes. Is there an expansion in learning? Yes. Is there an expansion in institutions? Yes. Is there an expansion in advanced learning, second degrees, post-graduate degrees? All of those things are true. But the product that we're needing to offer is changing. No doubt about that. And we've taken the market position that the approach to that that maximises your ability to serve your authors and your institutions is to be flexible about how you deliver your products and service. And that flexibility is serving us very well.

In Tech, I've touched on this; here we believe we've got really some very strong customer relationships that cut across products. We think that provides a cross-marketing opportunity, and we believe there's an opportunity, therefore, for us to develop some integrated solutions. And, for that set of reasons, we've set Tech up as a standalone business with a plan to try and double the size of that business over a period of time.

Much else we could talk about, but it gives you a little bit of a sense of how we feel about it.

Just taking it down into industry specialisation by the markets.

These are the key verticals that we've built, or bought positions in, and most of them, not all of them, have a very similar set of characteristics.

Some of them very significant businesses on a standalone basis - our Healthcare and Pharmaceuticals business in that market is the north of £200m in revenue. It's nearly the same size as our Tech business, which we've just talked about.

We have some extremely strong and longstanding brands in those markets, and they operate in multiple geographies, operating and servicing different parts of the value chain in those industries.

What I've done here, or what we've done here, is to try to break down, you know, how should you think about these businesses and why have they got some fundamental resilience as opposed to kind of up and down cycle concerns?

And these are probably; in our now still learning experience, the five features that it helps to be guided by, not to be determined by, but to be guided by.

Fragmentation in the market helps. If there is a significantly large community of buyers and a significantly large community of sellers, the product that is a tradeshow satisfies a clear market and customer need. So, higher levels of fragmentation creates a fertile environment for a scale tradeshow proposition.

If the buyers and sellers in that community are operating in high-end value markets, that also creates very fertile ground for a sustainable product and market proposition. If the market is international, so the buyers and the sellers trade in a relatively open and free way across borders and boundaries, at some point in the supply chain that also creates very a fertile environment for a tradeshow. And, self-evidently, if the end market has got long-term structural growth. So, to pick two, Health and Nutrition, and Healthcare, fundamentally, we all want to live longer, we all want to live healthier, and we all want to eat better. And, for all of those reasons, the structural growth characteristics of those markets are really very attractive.

One that's not so often commented upon, and the older I get the more I believe this, is age is a virtuous thing because longevity in this market doesn't give you the gifted right of permanence, but it gives you a structural position in the industry calendar.

And, as a long as you're not complacent about that, or you don't underinvest in the business, as we've discovered in the fashion industry, then you earn the rights to be the default meeting place for the market. The question is, what do you then do with that? How do you invest, innovate and refresh?

And, if you can align all of those things up in each of these markets, you build a very strong market platform from which you can drive growth and returns.

Talking about fashion, not that it's my job to be a research salesperson, but there's a very detailed and rather fine note from Malcolm, which I'm sure many of you have seen on the fashion industry, and the tradeshows, not just our own, but other players in the market.

We spotted this early on. We went into the UBM transaction knowing that this was an issue. It had been much discussed by the management of UBM.

I think if we had a surprise, and I don't think this is cheap criticism of the previous management, I think we were surprised that the plan to solve for it was, essential, to manage the margin.

Now, I might have made the decisions in the context of the UBM portfolio, but in the context of the Informa portfolio, that's not why we own businesses. We own businesses to grow then. And you can't grow a business by managing its margin and taking costs out. You have to invest in it.

And so we made a very early decision that, if we wanted this to be a sustainable business, you had to invest in it. To invest it we would have to up the level of synergies. So the price of the investment came from the benefit of the combination, which seemed a fair quid pro quo to shareholders. And we put an early estimate that the likely cost of that would be between £10m and £50m, and there's nothing we've learnt since then that convinced us needs to be more.

We've made some significant change in leadership, and we discovered two operating gaps, lowercase gap, in the way in which that business was being run. One was that the dates and the scheduling on a forward basis for the portfolio, at a minimum, had been undermanaged. And, in the events business, this is a statement of the obvious, you don't want to undermanage your dates from the scheduling. That's the first thing you've got to get right. So, we've done a lot of work on looking at the dates and the scheduling of that portfolio.

And the second issue was that in the main show, the Magic show, there was literally a practically, logistical disconnect in the way in which that show was being housed on the ground in Vegas. And that split location in Vegas was creating a higher level of discontent and inefficiency for both attendees and exhibitors.

We've put a lot of work into changing both the dates and scheduling, and, actually, that's one of the hidden benefits of the combination because it's allowed us, as a scale operator, to go and have conversations with the major venue operators to reschedule and rework the dates in a way that makes sense for the end market, and for the venues and the location.

There's work to be done on the brand architecture. There are too many brands. It's too complicated and we need to do that. There had been little work done on integrating the BGA portfolio into the Fashion portfolio, and we will get that done. And the database had been overworked and under-refreshed, and, ultimately, that is the key thing you own as an operator beyond the dates and the brands. And so there's work to be done there, and there's some investment that needs to be done in price.



Then, on a very practical level, this is a fashion tradeshow. I'm not a fashion expert, as is probably obviously, but, nevertheless, you want it to look good, it needs to feel good. This is an experiential product, and you can't do that on the cheap, or you can but, ultimately, your customers will notice it. So there needs to be some investment in the theatre and in the quality of the experience. That is the Fashion GAP programme, and we're making good progress on it.

We've had more questions on Fashion than we've had on Open Access in the last six months, which is saying something, and I'm sure we'll get into it in the Q&A.

The three that I would pick up in this session are - Is this a structure or cyclical problem? - And I think the answer is, yes. It is both a structure and a cyclical issue. We are setting about the structural and operational challenges with pace and focus, and I am confident that, as we go into 2020, we will begin to see the benefits of that.

The cyclical changes, well, we don't control that, but do we believe that it is fundamentally an ex-growth product or service? No, we do not. There is no reason to believe that this product and portfolio cannot adapt to stem the decline.

Do we believe moving the Magic show to one single venue will make a difference? We believe it will make a significant difference, and we'll report back on that after we've had that experience this year.

How long before you can start to see improvements? I would be disappointed if we're standing here next year talking about '19, going into '20, where we don't have some forward visibility on how that business is improving, and I'm sure we'll get into it in a lot more depth in the Capital Markets Day in May.

Beyond Fashion, beyond Tech, below the brand radar of Informa Markets, this march to industry specialisation is increasing how we are running the business, whether it's in Health and Nutrition, in infrastructure, what we call ICRE within Informa Markets, Aviation and Aerospace, and Maritime and Transportation. In each of these markets, we're building off and around the show brands, the event brands, the exhibition brands. And the media properties that we've kept because we believe they either have a value as a marketing proposition, or to drive traffic, or to give us information about what customers want and need, or the data products, we see surrounding the market as a place to build moats and strength and resilience in our business.

Tech we've talked about. What's gone into Tech is at the top of this. It's a mixture of what came out of UBM Tech, K&N TMT and Ovum. So a mixture of different communities. We've put a new leader in that business who ran half of what the Business Intelligence business, so he knows the Ovum business pretty well, and he's had a long career history in the tech industries, both in the networking world and in the enterprise software world.

We'll watch this space on this, but we'll do a deep dive on this at the Capital Markets Day to give people more sense of what we're doing in that business.

In '19 going into '20, as we get even more certainty around the delivery, or the over-delivery of the cost synergies, the question then becomes - So where's the growth? Show us the revenue synergies.

And that, as we've talked about before, is a series of different steps. Some of those we're beginning to see already, some of those we're doing already, some of those we're definitely using in the development of the portfolio and the digital product, particularly the directory product, and some of it will take a little bit more time to cook for 2020.

We've got a dedicated team we've set up inside Informa Markets led by an ex-UBM executive called John van der Valk, running what we're calling Informa Advance, which is a series of digital service products in order to provide additional service delivery insight information and, hopefully, therefore, for us, revenue and delivery from our portfolio.

The PPM, I'm not going to dwell on. The two businesses that we're in intensive discussion with at the moment are IGM and Agribusiness portfolios. I'm always very conscious that I'm having both an internal and external conversation at these events, and this involves colleagues who work inside and for Informa. And, until we make a decision where we're confident that there is a home for this business that is a good home in every sense of the work, it remains within the Informa portfolio.

But we are clear where we want to invest for further scale, and that is largely, in this market, around Pharma, Healthcare, Retail, Financial and Maritime.

For 2019, this is the theme of 3.7%, just to sort of rack up how that looks from '18 going into '19, to reprise Gareth's point, if you therefore look at what did old Informa, if you want to call it that, do in 2018, or deliver in 2018? We delivered 3.7% underlying growth in that old Informa portfolio.

Coincidentally, and conveniently, 'cos it makes it easier to remember, so did the UBM business in the stub period that we owned that, delivered 3.7%. They have a more back end weighted portfolio by volume of revenue.

Therefore, in 2018, new Informa, with that stub period, delivered 3.7%, but the full year of UBM was nearer 2.8%, and that was largely a function of the Fashion decline and the underperformance in Life Sciences, which, therefore, if you wanted to look at a pro forma comp, it would be around 3.4%.

And, what we've laid out here is what we are setting as our ambitions for each of the divisions on a pro-division basis, with an ambition of taking the combined Group in a full year to north of 3.5% growth in 2019.

Hopefully, some of you have got this date in the diary - Friday 10<sup>th</sup> May. It'll be in London this year. We haven't yet determined a location, which we're clearly failing our own dates are important test, and location scheduling is important test, but I'm sure there's a good reason for that. But we'll get the location out to you in short order.

I do hope as many of you as possible will free to join us. There will be a full line-up of the Management Teams from the different businesses. It'll be a first outing in full for Annie Callanan from Taylor & Francis to give a sense of what we're doing in that business. It'll allow us to bring to life the Tech business, and to display our other businesses and, in particular, Informa Markets, in its full glory.

Thank you very much for listening. Slightly longer presentation. We were trying to help bring to life the anatomy of the new company. I hope it was useful, and we'll really welcome some questions.

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### *Questions and Answers*

#### **Will Packer, Exane BNP Parabis**

Hi, three questions please. Firstly, my understanding is the world's largest exhibition venue is opening in Shenzhen in July, you have a business there, you're now the biggest player in China, and I understand you have some wall bound shows there and nearby, could you just talk about how big an opportunity the new venue in Shenzhen is for you?

Secondly, within the new Informa markets, back of the envelope, 20% of revenue is from the old UBM Marketing Services business and about 10% of profits is, this has been a long term challenged asset. Could you just talk about - of those bits going into Global Markets, what's the underlying operating performance, to help us with our modelling?

And then finally, back of the envelope again, it feels like in both Academic and BI, despite another year of improving growth there has been almost negative operating leverage. How should we think about the growth in profitability going forward as you continue to deliver good growth there? Thanks.

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

Okay, why don't I take the last and the first and I'm not sure I entirely understood the second, but I'm going to give you some time to work out an answer.

On the last, I think that's true, I think the BI margin was steady I would say, but I think you're right we would be keen to see that as that business focuses in its new guise as Informa Intelligence, on markets where we believe we've got better brands, better market position, and a long term growth opportunity that you would see that margin stabilise and then overtime grow.

I think in AP, that was mainly and FX effect in the main and combined with the fact that we've invested actually very well, very effectively in our Books platform in particularly, three or four years ago and that's produced some quite significant benefits. So there's a depreciation kicker in that business.

I'm not sure we're driving that business for any more profitability, Will; you know it's a highly profitable business as it is and I think we are trying to keep that balance right between steady revenue growth, and you know, I think acceptable and attractive profitability. And so I wouldn't particularly look for more profit conversion in that business.

I think more broadly in the Group, I think there are opportunities in Informa Markets and opportunities in our central cost structure as a result of scale. So I think net we would like to see some progression on the profit line.

Shenzhen, 100% right, it's a thing to behold, the investments and infrastructure in Shenzhen. And as you know, as well as I do, and possibly better, one of the great strengths of the Chinese market is that it's very, very suited to the tradeshow product. Manufacturing is a key part of that economy and we are in quite significant discussions with Shenzhen about both the portfolio we've got, how we could get more extension and other brands that we might bring to Shenzhen, so yeah that's a good opportunity.

The Marketing Services questions, apologies I didn't quite catch it?

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**Gareth Wright, Group Finance Director**

In terms of the Marketing Services question, I think the percentage of markets that will be Marketing Services going forward is a bit lower than perhaps you've estimated. I wonder if the fact that a lot of the Life Sciences portfolio was Marketing Services and that has now come out, perhaps reduces that number in terms of the overall impact.

But in terms of the going forward view of our operation there, which is 4.5% plus underlying growth, that accommodates all the dynamic around the remaining Marketing Services in that number. And obviously if you take fashion out of there on the back of an envelope that gets you back to closer to 6% growth from Informa Markets, closer to where the GE business was historically.

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**Will Packer, Exane BNP Parabis**

And just to clarify one comment you made around BI, can the underlying margins of BI improve in FY'19?

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

As you know I'm very reluctant to give specific margin guidance, but I'm very happy to be overruled by the Finance Director.

*Laughter*

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**Gareth Wright, Group Finance Director**

We have a longer term ambition for our profit growth to become closer to our revenue growth. That is absolutely where we want to be as we come out of the Growth Acceleration Plan investment period. But beyond that and just specifics, as you know we never go into specific year on year future guidance on margins.

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**Will Packer, Exane BNP Parabis**

Thanks.

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**Iain Whittaker, Liberum Capital**

Thanks, again three questions. First of all just in terms of Academic, when RELEX had their results day they were very helpful in providing a breakdown of their customers, the total number of customers, the types, and so on and that sort of was helpful for us not getting panicked if there were a couple of contracts that were in dispute. I just wondered if you could give a similar sort of breakdown, just the number of total contracts you have in Academic, split the types of organisation and maybe any other detail that would be quite useful?

The second question is just in terms of the new structure. I mean obviously in terms of the organisation has gone through a lot of change over the past couple of years and now again we've got another change in terms of the divisional structure and how people will be allocated. Could you just give us a feel for how you will make sure that there is no disruption to the business and making sure you handle things, for example if incentive plans are tied into existing organisational structures how you'll manage those?

And the third thing just in terms of market is that if you look in terms of, there is a lot of talk about value added services in markets, for example extra services for optimisation, in terms of attendees, and you seem to have two approaches, you seem to have a RELEX approach, which is to say - we'll include that in the price, so we won't try to drive organic revenue growth through those, you have some other peers who are suggesting that they see it as a good opportunity to get further organic revenue growth within that market. I just wondered where you stand in terms of that debate?

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

Okay, those are very good questions and they take quite a lot of time to answer them properly. So on AP I'm not sure - I mean I can't comment on other people's business, but I'm not sure without being glib I hope that there is enough detail that we could give that would satisfy everybody. I mean I suspect you're talking mainly about the Journal's business, rather than the Books business.

I mean we, I think, have been reasonably open, we publish circa 3,000 journals. We have I don't know, I'm looking at Richard, 14, 15,000 institutional relationships around the world. We work with 65, 70, 75 consortia around the world. We renew them on a probably 40% a year basis, because some of them are one year contracts, some of them are two year contracts, some of them are three year contracts, some of them are longer. It's a very granular business.

I think the difficulty, and easy for me to say, from an outside in, is that the headline conclusion doesn't apply on a granular basis. And I think that's part of the challenge in the policy debate is that people are trying to come up with a single point solutions for a very multi-faceted market.

We had taken a very clear position internally, which we don't spend a lot of time making headlines about externally, which is we'll be flexible, we're flexible on products, we're flexible on pricing, we're flexible on contracts. And that flexibility is because we believe that's what the authors and institutions want. And that seems to be serving us pretty well.

I love your question on business disruption. And if I'm allowed a very, very brief moment of congratulations to the business, I think one of the achievements of the company in the last 12 months is that we've delivered, I think, a really strong, solid performance whilst doing a major transaction and combining it in real time. And that is easy to say in these meetings and presentations on PowerPoint, but as you know well, it's hard to do on the ground in 40 locations around the world, with multiple colleagues, with history and background and culture and human input.

And a large part of that has been around aligning leadership roles, responsibilities, compensation, incentives, targets and spending time with the people in the business to ensure it. Now I'm not holding out that it's perfect for every single person inside the company, far from it, but all I can tell you is across the business we've put a lot of time into this and for many leaders in the company - that has been a part of their year. And I think we see that in our performance and I believe we'll see that again in '19.

Extra services, that's an interesting one, because it depends what you mean by an extra service. I mean an obvious extra service is - you know I don't know, let's take an example, a digital storefront product, or a research analytical product that you tack on as part of a space sale, or a stand sale. But actually you can do extra services on a traditional booth sale, either in quality, or location, or value, or tracking traffic, or doing a quality analysis on traffic.

So extra services comes, I think, in lots of dimensions, and I think one of the great strengths of this business, partly because it's been doing very well for the last few years, not just ours but the industry, is that the opportunity to add more value to the core product, as well as, do other things, still remains. And that is what is driving growth in this business.

It's not a business like other media businesses I've been in or seen where there is a market price for inventory which is set and it's either high, medium, or low. I think there are other things that you can do around the core product, as well as other services, and that's, I think, what gives us real confidence.

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**Iain Whittaker, Liberum Capital**

Sorry could I just as a quick follow up, one of your peers in Academic Wiley, their view on the journals part was essentially if you combine - they think that traditional journals, flat revenues moving forward, open access providing the growth and the totality of journals' growth we should consider probably around 2 to 3% growth. So does that sound a right figure to you?

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

I think that's broadly sensible. I mean there's more growth in open access, than there is in the traditional pay all model. But the volume of the market today is still in subscription and the proportion of research funding that's going to APC funded open access is small today. I mean it's 11, 12, I don't know what it is, 12% of our revenue, but it was zero five years ago. So even if you just do a straight line extrapolation it's going to grow. But I think your number is broadly right.

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**Iain Whittaker, Liberum Capital**

Thank you.

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**Chris Collett, Deutsche Bank**

Just a few questions, one was sticking with Taylor & Francis, I think in 2018 you had a really good performance on e-books, so I'm just wondering is that something we should factor in on a more recurring basis, or were there some one offs there?

The second question, when you think about some of the more vertical specialisations you're moving towards and I think about some of the verticals within Exhibitions, are there any that you think particularly lend themselves to the addition of more content, particularly more subscription and information content?

And then lastly it was just a quick question for Gareth, UBM had some pretty expensive bonds maturing in 2020, I'm just wondering what your plans are for them?

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

Do you want to take the bond question Gareth?

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**Gareth Wright, Group Finance Director**

So you can see that bond maturity on the debt maturity graph that I talked to earlier, it's in Q4 2020, so we've got about 18 months of runway leading up to needing to refinance that. At the moment we're open minded about what we're going to do, but the two obvious options are to

either use our - inaugural public bond issuance we made in '18 as a platform for further public bond issuance. But I think we will also price test the US PP market at the same time to make sure we're getting the cheapest financing that we can secure.

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

E-books, you're right we did, we had a very strong year in e-books and the trend lines seem consistent, although even in my time, even in the last five or six years I've seen it go up and down Chris as a view. So I'm not predicting an end to the physical artefact. But if one were looking at forward trends, I think that will continue.

And I think one of the things that served us very well is that the books platform that we essentially built ourselves, what we call a UBX platform, has made it materially easier for users to be able to find, discover and use our e-book product. And that has really driven volumes.

And so much of this, if you're running an archived based reference business, so much of it is about discoverability and ease of use, but I think you're right on your forward predictions.

Categories, I just bought this slide back up, I mean probably the top three on your question would be healthcare and pharmaceuticals, H&N and beauty and aesthetics, I think those would be the three categories where at scale you would see kind of an obvious market need. And we do a bit of it already.

If I was self-critical I would say we're not doing enough of it because we sort of don't need to. If I was optimistic I would say we're now much more organised around verticals and spending time and management effort looking at what are the ancillary products and services that people want and how do we use the information.

I mean we're sitting here today, and I'm very glad to be here, but if I wasn't there I'd be in Anaheim where we've got our Natural Products Expo, I mean that is a vast gathering of a community in an industry which is changing incredibly, I mean that's like a technology business, the pace and rate with which trends are moving. And there is a real opportunity for us there and we are taking advantage of it to provide customers with analysis, reports, data, forward trends, and we're uniquely positioned to see that and access that information. But those would be the three I would pick out.

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**Patrick Wellington, Morgan Stanley**

Do you want to talk a little bit about rebooking in the Middle East? Because you talk about rebooking in real estate - or in property rather, being quite strong, and in health I think, but you miss out healthcare and pharmaceuticals and we've had a couple of big shows in the Middle East, so do you want to talk about that?



On fashion, I notice you've got that slide up; you generously give them one tick for structural growth, so I'm not sure what the value of those ticks is. But it does kind of raise the question of can we make fashion a growth business, as opposed to just a less bad business?

And then I suppose the third one is the shape of the Group, so we've got the new shape of the Group here, so you've got five divisions, four of which are kind of growing 2 to 3% organic, that's roughly half a percent of sales. And then you have got exhibitions growing slightly slower than it used to at 4.5%. So I'm just kind of thinking about the future growth generation of this business. It's a little bit tricky to ask Exhibitions to grow faster, can we get those businesses growing at 2 to 3% to contribute more highly?

And then just to complete our models, you always talk about doing about a 30% margin, what are the boundaries of your margin ambition? You know is this about 30%, does that get up to 32, 33%, where do we see that going once we're through the UBM process?

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

I'll let Gareth take the last question Patrick, but let me be clear it won't go to 33%.

Good question on the Middle East, we have had some major shows already this year and we had a really very strong performance in both Arab Health and MedLab, which as you'll recall is the breakout show that we took out of - it was the kind of technology subset show that we broke out of Arab Health three years ago, two years ago - two years ago and both those shows performed well and rebooked well.

I think we - you know we're sort of slightly more cautious on Middle East Electricity and on Cityscape. But I don't have any data to share with you. I'm not flagging a problem, but I think we're slightly more cautious on it. And for long time viewers of our Exhibitions business, you know one of the things that I think gives our portfolio much more strength is that even if I look at the business that we call inside Informa Markets Middle East and Africa, because we do run that on a geographical basis, it's much more diversified, we know have a very nice business in Egypt, which is growing extremely well. We have a nice business in Turkey which is growing well. We have a nice business in Bahrain which is doing well. We have a nice business in parts of the United Kingdom and Europe, which as actually spot shows but are solid. So we're much less dependent solely on the Dubai engine, which five or six years ago really was the core of our Exhibitions business.

If I was looking forward into 2020 one of the other things that gives us some confidence is that of course 2020 is the Expo year in Dubai. And so we look into 2020 I think reasonably confident that that will fine. I think the question then is what happens in 2021 in that part of the world.

On fashion, fair cop on the single tick. My only defence, or our defence, would be we talk about fashion, but of course our fashion portfolio is not a generic thing. There's a show and a brand that operations in the women's apparel market, in the footwear market, in the men's market, in the offcut market, and actually some of those brands and shows are doing quite well, are growing.

Sourcing has been a real headache, so in that market you wouldn't even give it a no tick, you'd give it a minus tick. So part of the reason why we put one tick was when we were debating the slightly arbitrary judgements on the tick analysis, our view was that there were some part of the fashion market which are not structurally out of growth, and that does give us some confidence, to your - probably on point question, which is short term we want to stop the decline, do we believe there is a route to getting this business back into growth? We do.

Margins, Gareth.

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**Gareth Wright, Group Finance Director**

So we've reported 31%, as the margin for 2018, including a stub period for UBM. On the £50m of synergies you can go the maths on that and that should improve the margins by around about 1.5% to 2% going forward. But you'll also remember that UBM on a full year basis generally had an operating margin in the high 20s, and so we bring in the full year of UBM in 2019, that will act as a bit of a headwind on the margin. So net-net what you'd expect is the margins come out somewhere between 31 and 32%. So slightly up year on year in terms of the modelling.

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**Patrick Wellington, Morgan Stanley**

I suppose this is a bit of a medium term question, because you've also got the UBM biennial year, I mean I just see Informa as - it's quite a high margin, 30 plus is a high margin, we shouldn't really expect, you know ex synergies from acquisitions, much underlying margin improvement multiyear, I guess is the question?

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**Gareth Wright, Group Finance Director**

Yeah I think we haven't really guided out into the medium term in terms of margin. We've give you the quite specific numbers on the biennials if you want to model that out and have a look at it.

But I think what we're trying to do is we're trying to get a balance between consistent growth through investment in the business and making sure the underlying revenue growth hopefully continues to improve, but certainly stays where it is in terms of the current range. And the margin is around about 31, 32%, as you say very attractive margins and we're comfortable with them at that sort of level.

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**Adam Berlin, UBS**

Three questions for you today. The first question is, could you just clarify what was the organic growth in 2018 in the new Informa Markets business? And then can you summarise for us what are the reasons that could go up in 2019 and what are the reasons that could come down?

The second question is you talk about £120m of assets that you still want to sell. Are the margins in that group of assets above 30 or below 30, so do they have a positive or negative effect on the Group margin as those are disposed of?

And the third question is you talk about around 70 consortia that you negotiate with on the journal side, can you give us some idea in how many of those consortia negotiations you've reached some form of deal where you include the open access and the subscription in these publish and read type deals like Wiley have done publically in Germany, is that just one or two or is that more common? Thanks very much.

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

Okay, let me try and take the second and the third, I might let you answer the first because I don't have the pro forma in my head I'm afraid.

On the £120m, I'm not just picking up on your question Adam, but I did not say there was £120m of revenue that we were going to sell. I said there was £120m of revenue that we were reviewing. And the reason why I draw that distinction is might we end up either retaining some of it? Possible. Might we end up in a joint venture with someone? Possible. Might we end up disposing of it? Possible. So I'm just being precise.

Actually some of those businesses are very nice margins so I wouldn't counsel you to reset the margins on the basis of - if we did end up in a disposal of all of them, would it materially change the margins? It would probably improve the growth rate for our Intelligence business but I don't think it would reset the margin.

You'll forgive me if my answer on your question on the consortia is no, I wouldn't choose to give you any information. I personally, we have always taken the view that we're not a commentator on our contractual negotiations with our customers.

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**Gareth Wright, Group Finance Director**

I was going to answer your final question. I think what we've done is been very clear on the guidance for 2019. So we have given you kind of sense of the revenue numbers for 2018 and our view on the growth for 2019. And that should give you a clear idea of how the model that out.

What we've intentionally done is try to simplify the message because there's a lot of moving parts and it's quite complicated. And so we've not looked to go through a whole load of historic data - on previous growth numbers. But obviously the guidance we've given is absolutely informed by the previous numbers. So I think we've given you a good basis to go ahead and do the modelling on by giving you the 2018 number and the 2019 growth expectation.

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**Katherine Tait, Goldman Sachs**

Morning. First question from me. On open access reaching 10% of your business from zero five years ago, can you talk us through how that, if at all, has impacted the margin profile of that business? And how the sort of economics of open access versus the more traditional subscription journals plays out?

Secondly just on the Informa Technology, you talked about two times, potentially being two times the size, over a medium term period through cross marketing solutions, etc, etc. Can you just flesh that out a bit and help us understand how much of that really is just from cross selling opportunity versus incremental investment that might be needed in the business?

And then finally just on fashion. Could you just give us an update on how the sort of client mix of that business is changing? Are you seeing more and more participation from the online players and how you see that going forwards? Thank you.

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

On OA, I mean look if you look at our Academic business over the last period I think we have seen, what I would say, a very marginal reduction in margin over the period. I don't carry in my head whether that's directly attributable on open access because it's not an apples to apples comparison.

But our experience to date in open access, whether it's a hybrid contractual structure, slightly to go back to your question, or whether it's a standalone, dedicated OA journal is that the market is finding a price for those services. And some of those are spot arrangements and some of those are bundled arrangements and some of those are combined separately with a subscription arrangement and some of those are priced together so it's quite difficult. When we aggregate it up we still believe we're getting the balance right between price and revenue and margin.

And we've invested more in capability, both on the open access side and on the book side and that has been sensible. So we're not ringing an alarm bell on it, is how I would describe it. But we are being, I think, sensibly flexible with individual customers which is why we don't get into a kind of public discussion about contract X or contract Y because they're very different. And they're very different depending upon which part of the world that you're in; they're very different depending on which scholarly community you're dealing with.

And I think often in the open access debate people do under recognise that the percentage of research funding for academic research in humanities and social sciences that comes from public funds is very small, it's very small. So the dynamic of the source of the funding, the author, the institution and the price is quite different than it is in STM, it's quite a different role.

On Tech, I don't know yet. I mean the team are fresh in the driving seat, we've set an ambition over I think a sensible time period that we see it's a growth market, we have some very nice brands and market positions. We have an enormous amount of traffic, both through our shows, through our research products and through our media products in that portfolio and we think that gives us a very nice position.

Might we deploy some targeted acquisition capital in that market to fill out footprint in those parts of the Tech community where we see opportunities? We might over time. But I think in 2019 we want to turn it into a functioning, combined business so that our customers can see a sense of a value.

Fashion, I don't know if we've traded enough to be able to answer it. I mean the temptation if you do what I'm doing for a living at events like this, is to try and provide good news. And we had traded some of the fashion brands under our watch this year and we were, I think it would be fair to say, somewhere between reassured and pleasantly surprised that the attendee level in the February shows was actually pretty strong. We were even more pleasantly surprised that the mix in that attending was equally diverse, but one swallow doesn't make a spring as they say, so give us time.

And then we'll go across to the other side of the house.

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**Natasha Brilliant, Citigroup**

Three questions. Firstly just on the revenue synergies, you gave us a bit more colour on that, but I just wondered if you could maybe quantify the impact or the benefits for this year and next year?

Secondly on your sort of acronym based programmes, we've had the GAP, we've had the AIP and now the PPM. Is that an indication that beyond the sort of £120m of revenues that you're looking at at the moment we should expect to see ongoing sort of portfolio management?

And then finally looking at the five new divisions. Four of them are rebranded with Informa within the title, the last one isn't, should we read anything into that?

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

We were wondering if someone would ask that question, Natasha, so thank you for asking it because it allows me to say, no you shouldn't read anything into it. Rather than in that world we have, one of our strengths I think as a research publisher is that we have strong brands. I'm sure some of you here and others will know our Routledge brand well, the Taylor & Francis brand, the CLC Press brand. And it seemed to us that just imposing the Informa brand on that market for corporate neatness was not necessarily the right answer, so I would read nothing into it.

The Director in charge of acronyms and project names is at the back of the room so I don't know what the sequel to GAP, AIP and PPM is. But all joking aside I think we've become much more disciplined as a company about regular portfolio management in the business.

The PPM we did as a more Group run process because post the acquisition of UBM it seemed an appropriate time. And we were making these decisions, as I was trying to lay out earlier, about how do you combine two companies. There's no point in putting people through an awful lot of

pain if then six months later actually you've got a different view of the future of that business. So part of it was to try and deal with the human consequences so we had a more structured programme. But on an ongoing basis portfolio management I think is a key part of the discipline.

The revenue synergies for 2019 are in the growth numbers that we've put out. Putting a specific number on it, you'll forgive me if I don't.

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**Nick Dempsey, Barclays Capital**

Two questions left. I'm surprised Patrick didn't ask this question. There's a 0.4 point impact from phasing between reported and organic growth. Can we think about how that works next year, so are there some Informa Global Exhibition biennial drags in there which you count inside that which will unwind in 2019? Are there things that fell out of December into January that will help you? So how can we think about that number when we're modelling for 2019?

And second question. In terms of cash restructuring you've got £74m of acquisition and integration costs in cash in 2018. There's often some timing differences between cash and P&L, how can we think about that kind of number in 2019 and 2020?

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**Gareth Wright, Group Finance Director**

So on the phasing point on the revenue graph, the way we do the underlying revenue growth number is that we do adjust for biennials to make a proper like for like comparison. And therefore we're bridging across that sheet to get to the reported growth, you need to take into account the fact that 2017 was an up year in terms of biennials.

And therefore to adjust between the underlying growth, reported growth, you need to take out the effect that actually the comp from 2017 is harder in the reported numbers. So that's why there's a -0.4 on that revenue bridge and therefore in 2019 you switch it to go the other way round, it was in 2019 it's an up year and therefore reverse.

In terms of sizing it I think you probably do that off the £75m and £95m revenue numbers that are on the top right hand corner of that revenue chart.

In terms of the cash costs for restructuring and integration costs, there is certainly an ongoing cost of that programme into 2019 and 2020. I think we previously talked about a £100m total cost of that programme and you can see what we've done in 2018, the balance. I think predominantly we've been, I'd say split half and half in 2019/2020 I think in terms of the balance of remaining costs to be expended in that area.

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**Nick Dempsey, Barclays Capital**

So just a quick follow up. So £100m total, there was £74m done, and some of that £74m isn't part of the £100m right - it's some other one offs, right?

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**Gareth Wright, Group Finance Director**

Yeah exactly. Some of that £74m is the transaction costs, probably about half transaction costs and about half integration costs in 2018. So half of that isn't related to the 100.

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**Nick Dempsey, Barclays Capital**

So we've still got 60 if we take half of 74 it's 37 - 100 less that, we've still got 60ish to go?

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**Gareth Wright, Group Finance Director**

Yes that's what you want to think about it in terms of the modelling, we can pick up on the details - in terms of getting it spot on, but that's broadly how you want to think about it in terms of the shape of it over the next couple of years.

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**Matthew Walker, Credit Suisse**

Thanks, two questions. The first one, again, is on free cash flow. Just to clarify so that free cash flow number is including ordinary restructuring costs so £30m or so, but it's not including acquisition integration costs? So I guess my question is you said it was roughly £600m for a full year in 2018, that included a negative working capital swing of £50m. Also you should have some natural growth in free cash flow, you know roughly in line with operating profit growth so really that sounds pretty conservative. What are you baking into your £600m plus free cash flow guidance for 2019? Because in theory you should be getting £50m benefit from working capital plus 5% growth in that number so it sounds a bit conservative?

Second question, which Stephen may like more, is in the private markets exhibition companies are going for extremely high multiples, anywhere between 12 times, 15 times EBITDA. What do you think explains the big difference between public market valuations of companies like yours, exhibition companies in the private markets? Are the private markets over valuing these businesses or is the market under valuing these businesses?

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

Good question, I mean you tell me. We had this discussion at our Board meeting just this week. I think there have been five, maybe six transactions in the private markets, effectively the private markets since we've closed the UBM deal, I think the average multiple is materially higher and there are no synergies to speak of in any of those transactions. So if you do a post synergy comp they are at least two, maybe even three turns higher on average.

I think, what's my own view, I mean here I'm massively editorialising, there's a lot of capital out there, it's looking to be put to work and there aren't many assets of quality. But the fundamental resilience of these businesses is very strong.

I think the public markets still see these businesses as media cycle businesses. I think the private markets see them as resilient, predictable businesses. I think that's the fundamental difference in nuance, that's my own personal view. But some of it I think is to do with a significant supply of capital and a relatively lower supply of assets and if you're a seller that's a beautiful thing.

On your first question which I'll give to Gareth. But I don't think we guided to £600m plus for 2019 did we?

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**Gareth Wright, Group Finance Director**

We talked about £600m plus from the combined Group and I agree with everything you said. The one thing you didn't mention there was the cost of interest. So in working out the combined Group number we took into account a full year of the cost of the acquisition financing to combine the Group. And that therefore is an extra cash outflow that you should then list out into your other numbers. So that's one of the reasons why it's slightly lower than you were expecting.

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**Matthew Walker, Credit Suisse**

So how much would you attribute to that then?

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**Gareth Wright, Group Finance Director**

Broadly the numbers that you can, about £640m payment to the shareholders of UBM. You take that at say 3.7% which I've said is the 2019 interest rate, you can do the maths on that, you get something about £25m I think would be an interest cost. So that sort of thing is what you've got to take into account as well as just the growth.

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

Okay is there a burning final question? I don't want to close it down - but I'm conscious we've taken - there's one more question just there if we may.

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**Analyst, Macquarie**

Two questions please. In Academic Publishing have you had any talks that have ended with any of the institutions, or have you had any contract ended, without naming it of course?



And secondly we spoke a lot about potential disposals and multiples in the Exhibitions segment. What do you think is the right size of Informa; do you feel like you're now at scale? It's a clearly fragmented global landscape the B2B Exhibitions and you have been leading the consolidation, so where do you want to go?

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

Well thank you for those two last questions. I think on the contracts we try not to get into public dispute territory because we don't find it helpful.

Have we taken a position in any of these contractual negotiations where sadly in a metaphorical week, by Tuesday we can't come to terms and therefore we've had to walk away? Yes. More often than not by Thursday we're back talking about and we find that not being public about it makes that a lot easier.

I'm not sure in these transition markets, having theologically public views helps. I don't think it helps the customer and it certainly doesn't help us.

But we are firm about what we will do and what we won't do and that combination of being clear on our own terms is part of what contributes to our commercial performance. But not being inflexible is I think what's helped us avoid major, large scale, contractual walkaways where there is no rehash more later in the week.

On Exhibitions, interesting question, I mean it's a very difficult market to size, to do a total addressable market. But if you try to do one we're maybe 10% of it. So as Richard knows one of the words that I tend to red line whenever I see it written down, is scale. I don't think we're a scale player, I think we have depth and breadth and I think that helps us. I think in some markets Shenzhen, which Will, talked about earlier, or Dubai or Vegas, these are the major centers of these markets. We are now a very material customer for those major centres, that's very helpful.

Do I believe there are other opportunities for us? Yes I do. Do we look at them all? We do, but slightly to Matthew's question I would say, and maybe some people in the room would disagree. I think we've been pretty disciplined about what we've acquired but we've been equally disciplined about what we haven't acquired. And some of that is driven by price, but most of it is driven by, is it a portfolio of brands that has got long term resilience in markets where we can build specialisation.

And that's the key I think for us going forward is how do we infill either geographically or in categories where we can see that being beneficial. If you can't do that, it's just market share and that's not valuable so that's how we think about it.

Can I thank you very much for your attendance. I apologies for the slightly longer slide presentation but it was designed to try and explain the combined company. Thank you very

much for your interest in our company. And we'll see many of you I hope at the Capital Markets Day. Thank you.

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