

Euromoney Institutional Investor PLC

FY16 results presentation

24 November 2016

Andrew Rashbass, CEO

Context

- Strategy on track
- Performance in line with the Board's expectations even though trading conditions tougher for some businesses than anticipated
- Benefits from a strong dollar reinvested in the business to accelerate the strategy

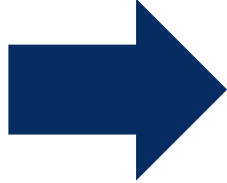
Strategy on track

Strategic journey

B2B Media 1.0



B2B Media 2.0



B2B Media 3.0

Print



Digital



Embedded in workflow/platforms

Stand-alone events



Networking events



Trading events/ memberships

Monologue



Dialogue



Part of the customer industry

Advertising central



Subscriptions



Licensing

Product-centric

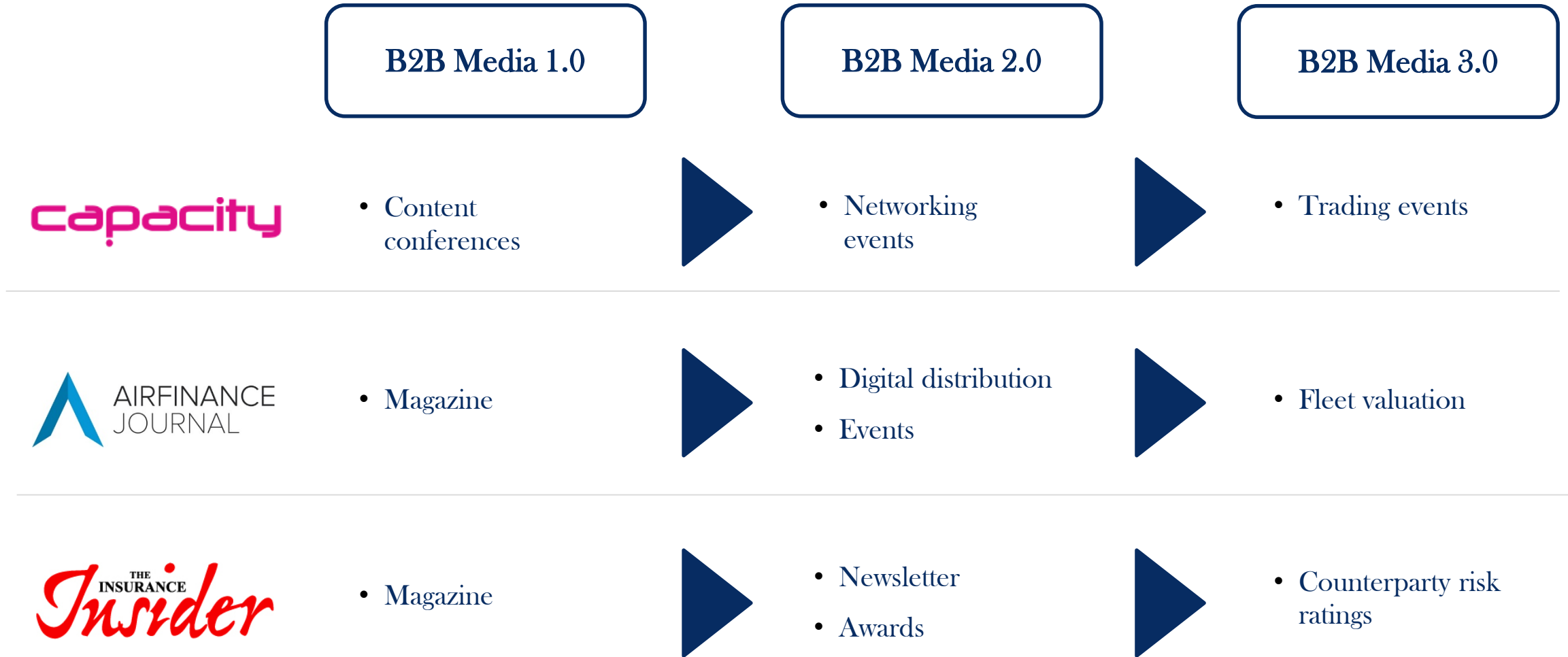


Customer-centric

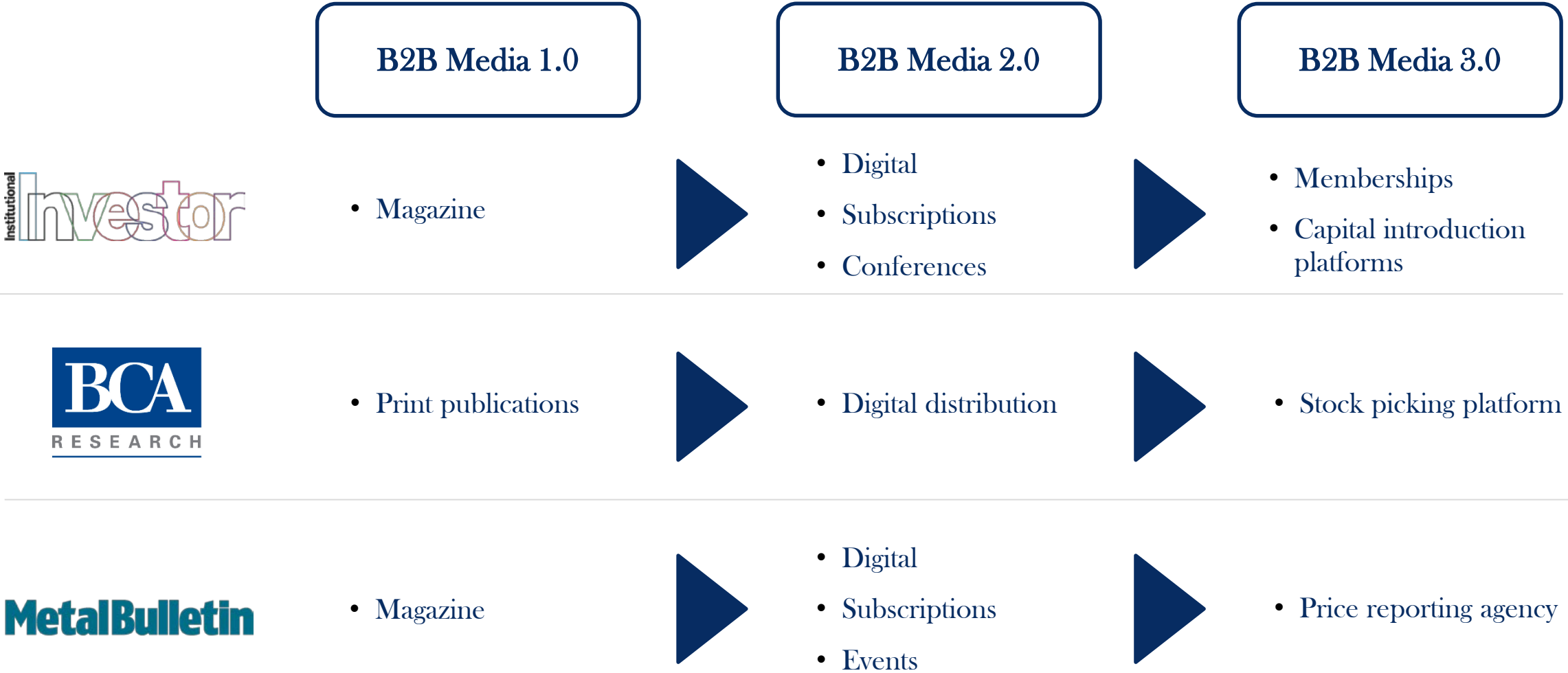


Solution-centric

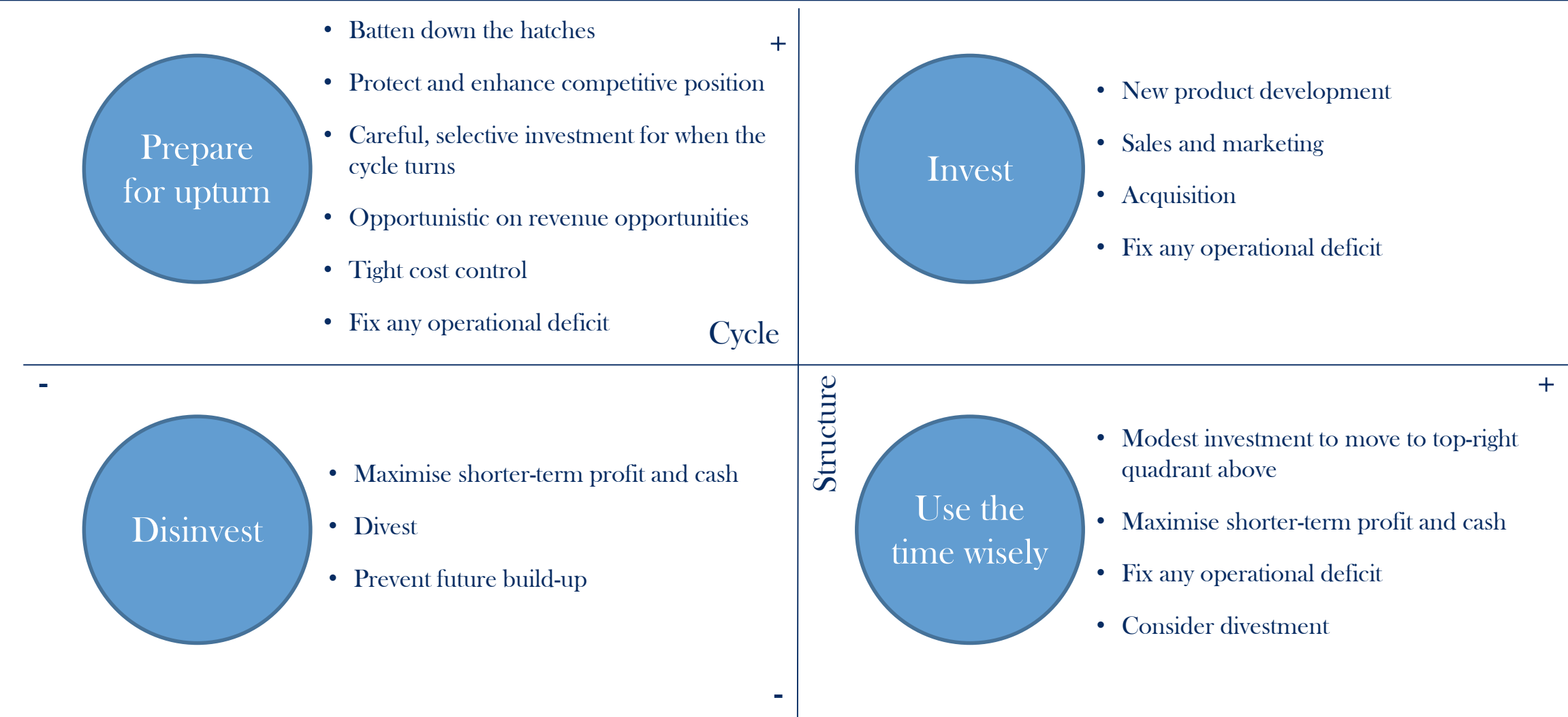
Euromoney is progressing well in its transformation to B2B Media 3.0: examples



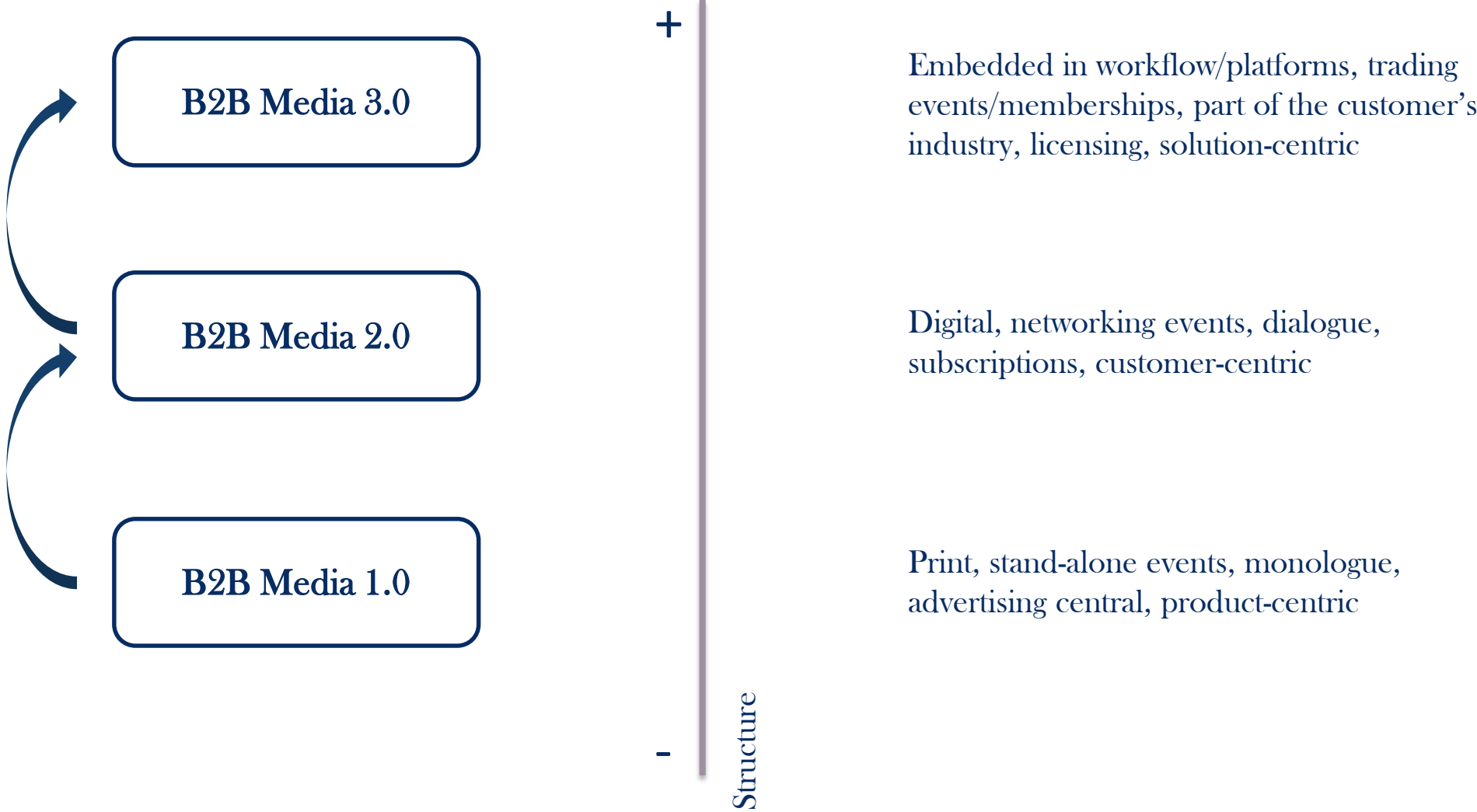
Euromoney is progressing well in its transformation to B2B Media 3.0: examples



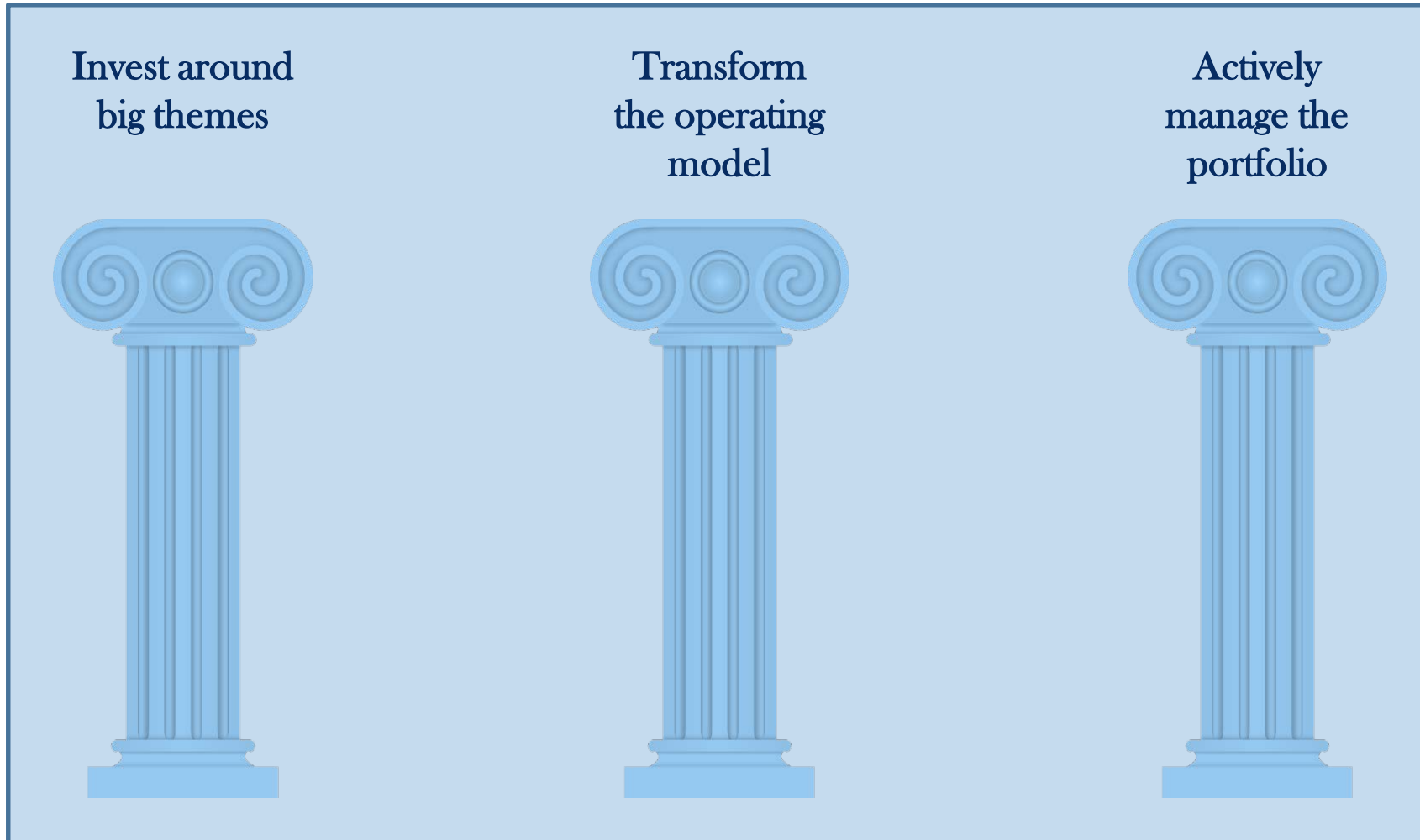
Strategy: how we think about the business: four quadrants



Y-axis of quadrants



Three pillars of strategy



Themes: where we play

Market attributes

Semi-opacity

Inefficiency

Challenged business models

Disruption



Themes

1. • Price discovery (eg metals, air finance) → **MetalBulletin**

2. • Asset management → **Institutional Investor Memberships**

3. • Counter-party risk (eg in insurance) → **THE INSURANCE Insider**

4. • Telecoms → **capacity**

Invest around big themes: examples

- BCA, NDR, IIM/IIN
- New product launches/bolt-on acquisitions (CEIC Flex, II Research All-America Trading Team Survey, AFJ Fleet Database)
- Metal Bulletin PRA strategy
- Telecoms growth strategy
- Thought Leadership/Rival Advocacy
- Acquisitions: MB FastMarkets, Reinsurance Security; pipeline filling with interesting opportunities

Operating model

Customers

- Larger wallet than retail customers
- Relatively price inelastic
- Sophisticated & knowledgeable
 - Understand the value of the service in order to remain competitive or compliant
- Repeat customers
 - Depend on product or service
- Often similar across geographies
 - Information needs not dissimilar

Barriers to entry

- Strong brands
- Long-standing relationships between buyers & sellers
- Network effects
- Developed infrastructure, difficult to replicate

Business model

Scalable & cash generative

Create once,
sell many

Recurring
revenues

Pricing
power

Low
capital
intensity

High operating
leverage

High margin

Strong, sustained earnings and
cash generation

Transform the operating model: examples

- Price optimisation: BCA, NDR, Metal Bulletin, trading events
- Faster product development
- New marketing approach
- Streamlining of divisions/management structure
- Realignment of incentives with strategic objectives
- Global HR and GC appointments
- Investment in China team
- Increased investment in technology leadership and development teams

Actively manage the portfolio: examples

Buy

- Acquisitions of FastMarkets and Reinsurance Security
- Strong acquisition pipeline especially Telecoms
- Balance sheet provides significant acquisition firepower

Sell/restructure

- Sale of Gulf Publishing/Petroleum Economist
- Sale of II Searches
- Restructuring of Euromoney Learning Solutions

Euromoney Institutional Investor PLC

FY16 results presentation

24 November 2016

Colin Jones, Finance Director

Results snapshot¹

£m	FY15	FY16	Change
Revenue	403.4	403.1	0%
Adjusted PBT ¹	107.8	102.5	(5%)
<i>Statutory PBT¹</i>	<i>123.3</i>	<i>43.9</i>	<i>(64%)</i>
Adjusted EPS ¹	70.1p	66.5p	(5%)
Dividend	23.4p	23.4p	=
Net cash	17.7	83.8	+£66.1m

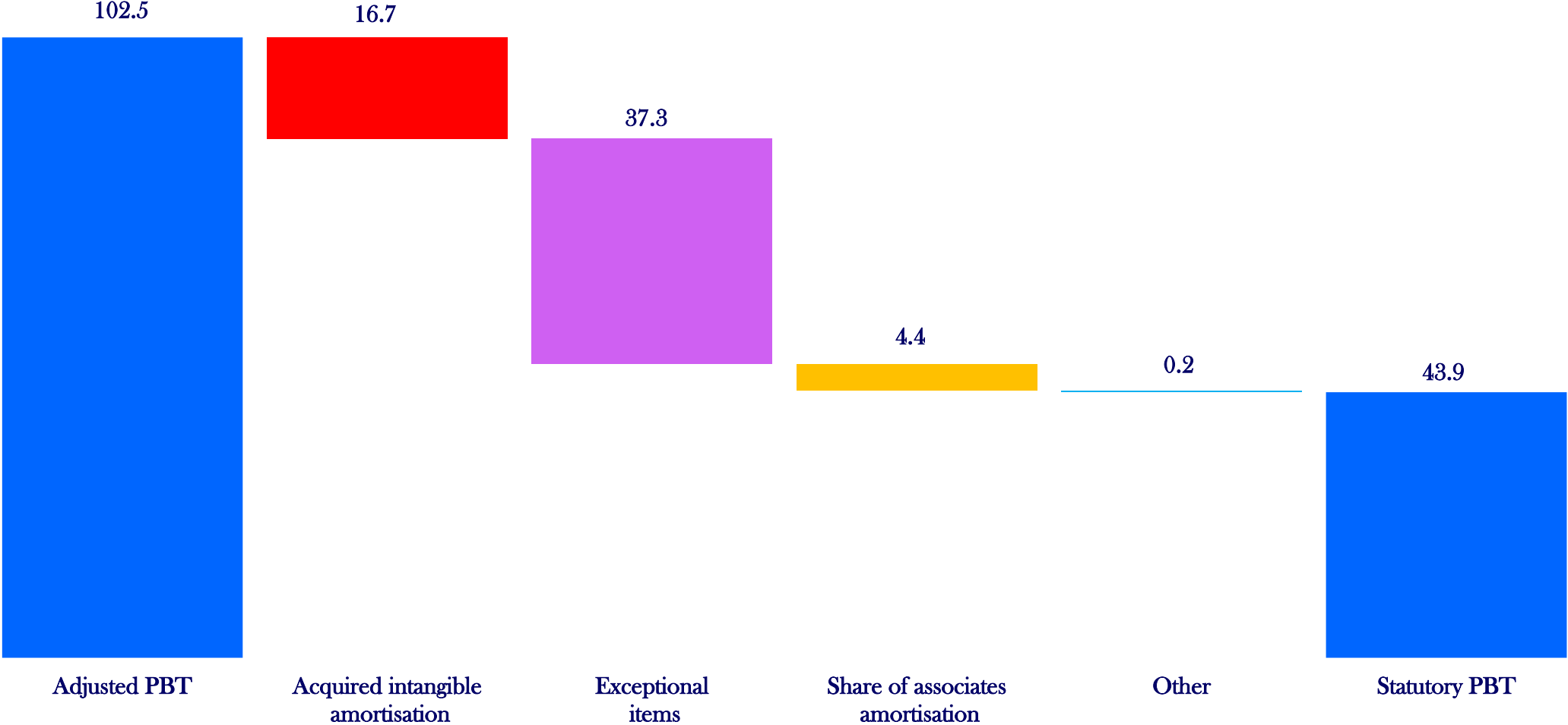
1. As reconciled in appendix to Preliminary Statement

Key messages

- Reported revenue unchanged at £403m, largely due to favourable US\$
- Underlying¹ revenue down 4%, largely due to disinvest quadrant – strategy addressing this
- Operating margin down due to disinvest quadrant, as well as investment
- Strategy already driving improvement in subscription revenue growth rate
- Favourable US\$ has allowed accelerated investment in strategy
- Strong operating cash flows and balance sheet firepower
- Dividend maintained despite earnings decline

1. Excludes acquisitions/disposals, timing differences and at constant exchange rates

Statutory profit



Exceptional items

£m	FY15	FY16
Profit on disposal of assets	55.1	7.1
Goodwill and intangibles impairment	(18.5)	(28.7)
Tax provision	-	(7.9)
Restructuring and other	(3.2)	(7.8)
	33.4	(37.3)

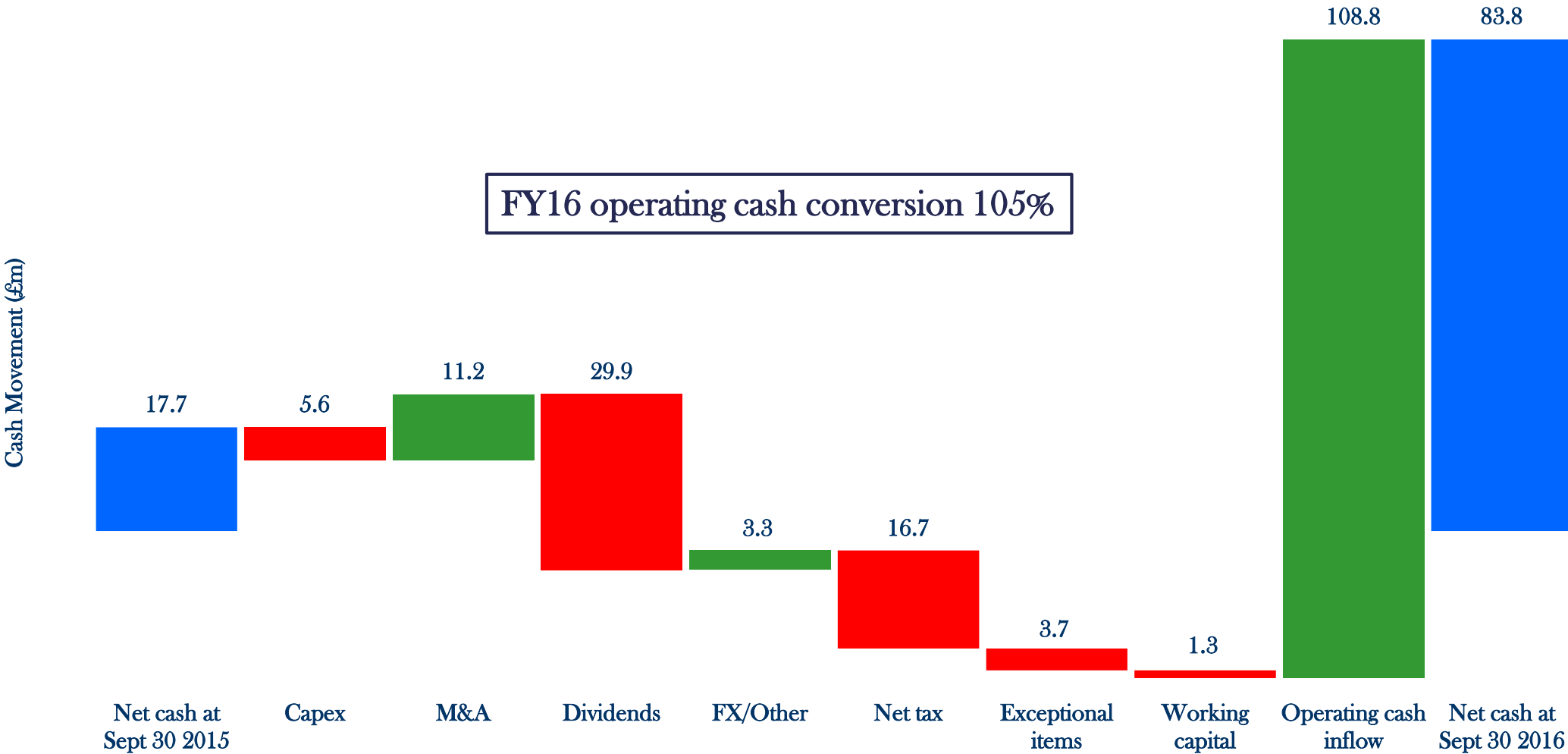
1. See note 3 of the Preliminary Statement for fuller description

Cash flow, balance sheet and key financial measures

- Underlying tax rate 18% consistent with 2015¹
- Underlying deferred subscription revenue up 3%¹
- Balance sheet strength:
 - Net cash £83.8m at September 30
 - Underlying cash conversion 105% (2015: 104%)¹
 - Final (and full-year) dividend maintained (16.4p/23.4p) – actual cover 2.8x

1. See appendix for further details

Strong cash flows in FY16

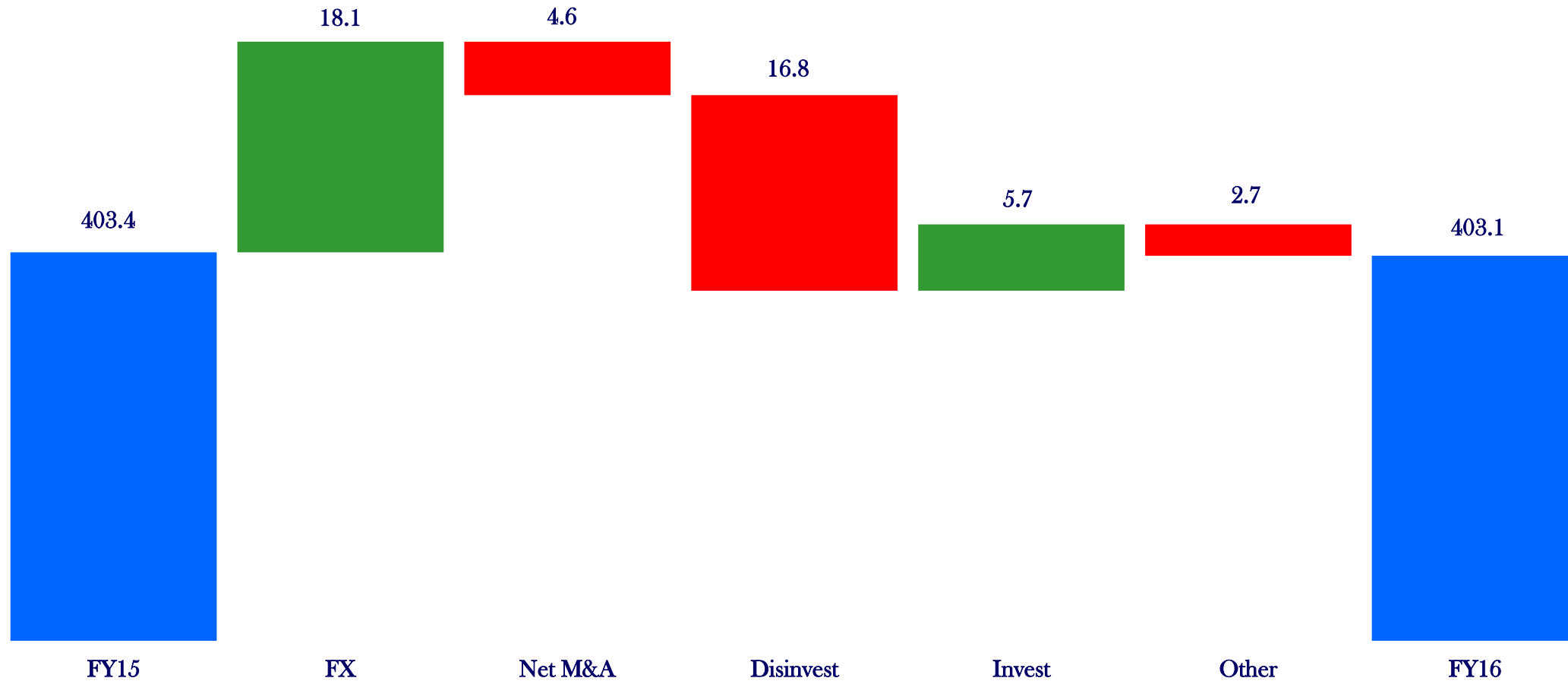


Operating results

£m	FY15	FY16	Change
Revenue	403.4	403.1	0%
Adjusted operating profit ¹	104.2	101.4	(3%)
Adjusted operating margin	25.8%	25.2%	(0.6%)
Adjusted PBT ¹	107.8	102.5	(5%)

1. As reconciled in appendix to Preliminary Statement

FY16 reported revenue: drag from disinvest quadrant offset by favourable FX



Underlying¹ revenue change

Y-o-Y % change	FY15		FY16		FY16
	H1	H2	H1	H2	Full Year
Subscriptions and content	2%	3%	1%	2%	1%
Advertising	(12%)	(9%)	(9%)	(13%)	(11%)
Sponsorship	7%	(6%)	(8%)	1%	(2%)
Delegates	3%	(12%)	(18%)	(10%)	(14%)
<i>[Delegates (excl training)]</i>	<i>[(1%)]</i>	<i>[(10%)]</i>	<i>[(13%)]</i>	<i>[(2%)]</i>	<i>[(8%)]</i>
Total ²	1%	-5%	-6%	-2%	-4%

1. Excludes acquisitions/disposals, timing differences and at constant exchange rates
 2. After closed/sold businesses, FX and other revenues

Reported revenue change

Y-o-Y % change	FY15		FY16		FY16
	H1	H2	H1	H2	Full Year
Subscriptions and content	5%	9%	5%	11%	8%
Advertising	(8%)	(4%)	(3%)	(6%)	(5%)
Sponsorship	11%	(1%)	(3%)	10%	4%
Delegates	8%	(9%)	(5%)	(5%)	(5%)
Total ¹	1%	(2%)	(2%)	2%	0%

1. After closed/sold businesses, FX and other revenues

FY16 revenue matrix by segment/type¹

	Subscriptions/ Content	Advertising	Sponsorship	Delegates	Other	Total
Asset management	132.0 2%	14.3 (7%)	14.3 1%	3.7 6%	0.2 (25%)	164.5 1%
Pricing, data and market intelligence	89.9 2%	15.2 (10%)	11.1 (6%)	17.2 1%	1.4 0%	134.9 (0%)
Banking and finance	10.5 (6%)	9.8 (17%)	29.9 (0%)	22.9 (22%)	1.5 (50%)	74.6 (13%)
Commodity events	N/A	N/A	5.7 (12%)	22.9 (19%)	0.6 (19%)	29.2 (18%)
Total	232.4 1%	39.3 (11%)	61.0 (2%)	66.7 (14%)	3.7 (32%)	403.1 (4%)

- Positive subscription revenue trend – 58% of total revenue...a record
- Asset management and pricing, data and market intelligence return to subscription growth but....
- Both segments held back by weak advertising
- Significant drag from banking and finance (especially training) and commodity events

1. See slide 39 for notes and colour key

Fall in adjusted operating margin due to disinvest quadrant and investment

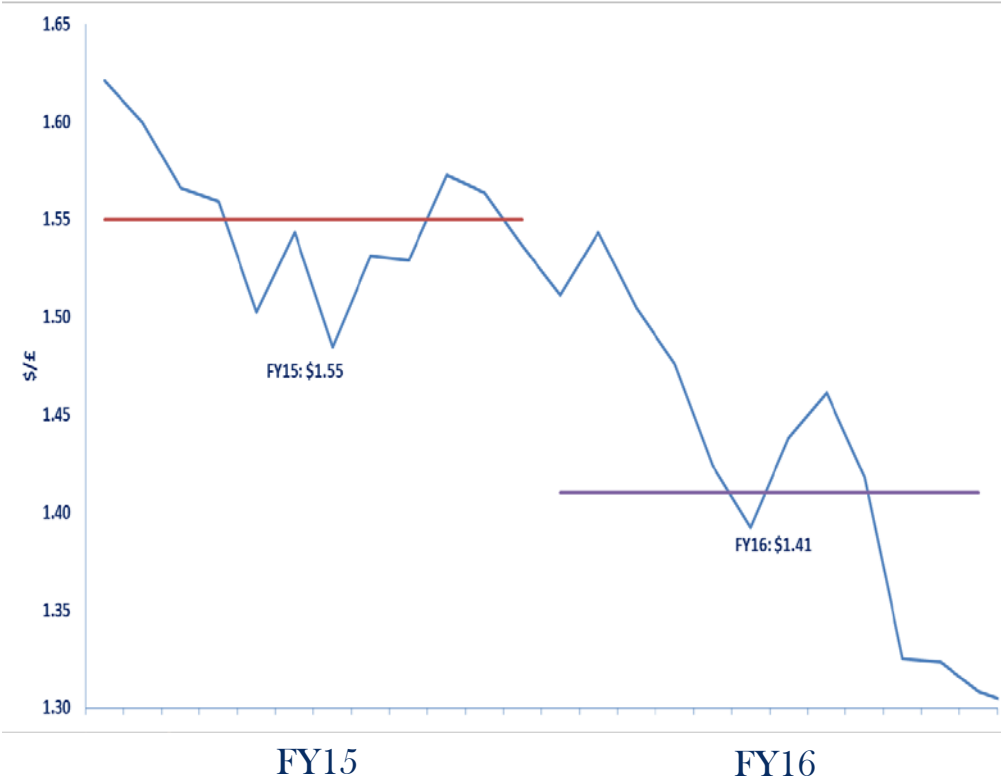
Adjusted operating margin FY15	25.8%
Annualisation of FY15 drivers (Deallogic/property)	(0.3%)
	<hr/>
	25.5%
FY16 drivers:	
Event timing difference	0.3%
Disinvest quadrant	(1.6%)
FX mix effect	1.5%
Investment in strategy	(0.5%)
	<hr/>
Adjusted operating margin FY16	25.2%

FY16 adjusted operating profit: favourable FX allowed accelerated investment in strategy



Impact of favourable FX

GBP/USD rate



- £11.1m year-on-year FX benefit to adjusted PBT:
 - GBP/USD rate fell 14 cents
 - £6.7m FX benefit on translation of overseas profits
 - £1.9m FX gain on balance sheet revaluation (FY15: £2.5m loss) including a one-off £1.4m gain on the Dealogic transaction
- Current GBP/USD rate provides further FY17 upside

Key takeaways

FY16 underlying ¹ revenue growth	
H1	H2
(6%)	(2%)



We are turning the business

FY16 reported revenue growth	
H1	H2
(2%)	2%



We are predominately a US\$ business

Underlying operating cash conversion	
FY15	FY16
104%	105%



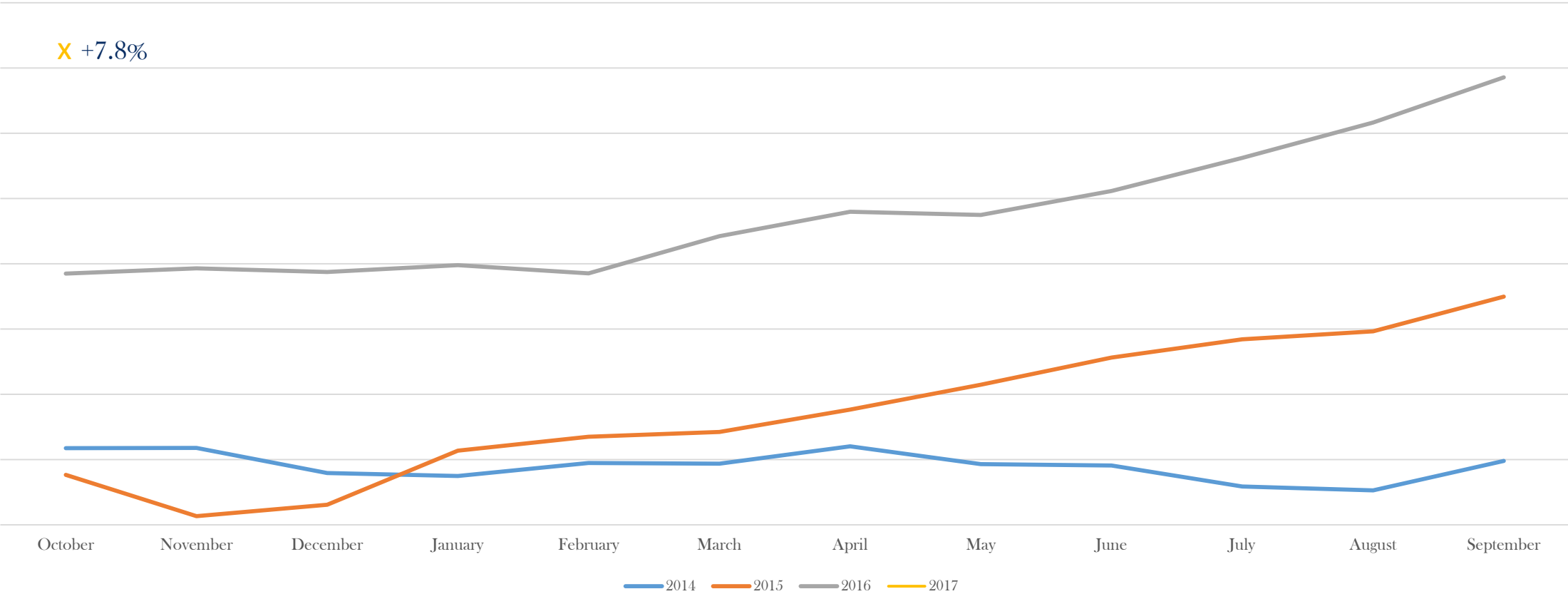
Strong cash flows and favourable FX give us confidence to invest in the future

1. Excludes acquisitions/disposals, timing differences and at constant exchange rates

Outlook & summary

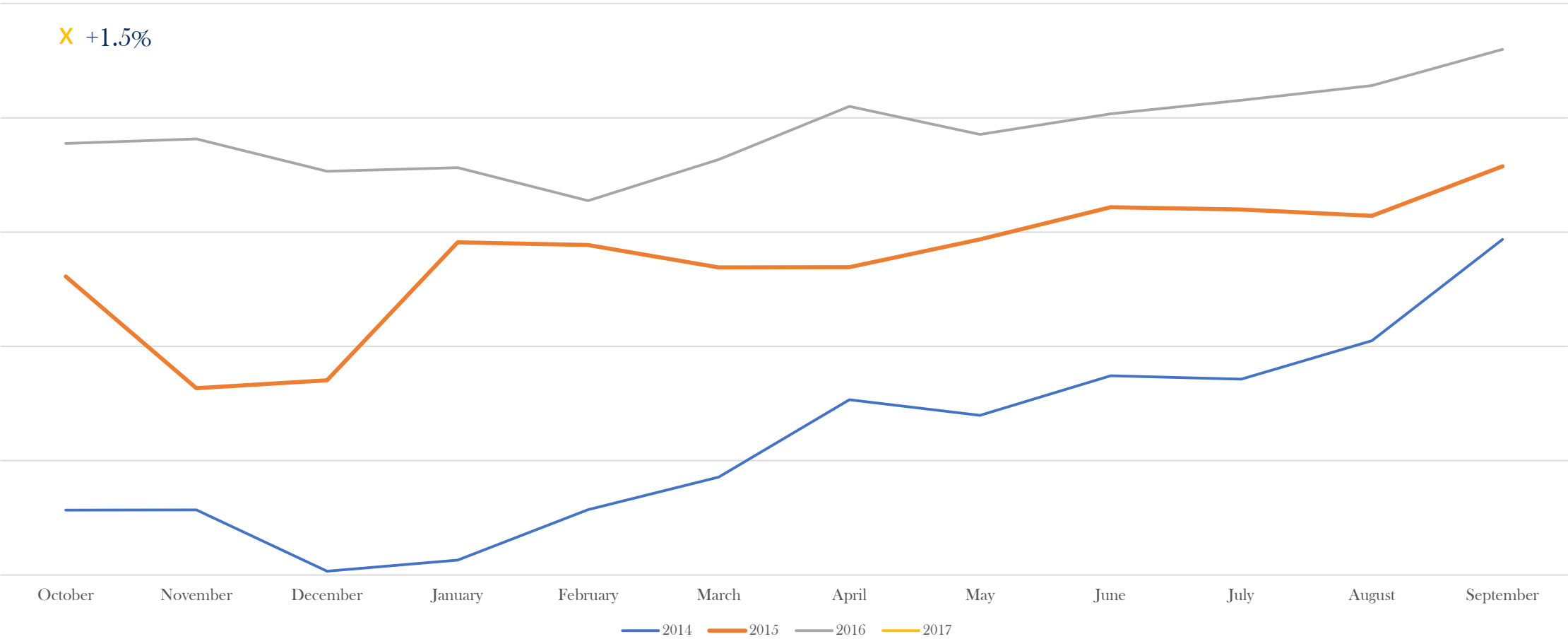
Reported book of business

Subscription book of business at reported GBP/US\$ rate



Benefits from new strategy coming through earlier than anticipated

Underlying subscriptions book of business at constant GBP/US\$ rate



Outlook & summary

- On track with strategy despite trading conditions tougher than expected
- Capital being rigorously allocated:
 - Sale of bottom-left-quadrant businesses: Gulf Publishing, Petroleum Economist, II Searches
 - Restructuring of Euromoney Learning Solutions
 - Targeted investment: acquisitions, pricing projects, faster product development, China, etc
- Using FX benefit to invest in accelerating the strategy
- Markets remain challenging and political uncertainty
- FX remains favourable
- Strong balance sheet and cash flow
- Strategy: FY17 year of transition

Q&A

Euromoney Institutional Investor PLC

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Andrew Rashbass, CEO

Appendix 1:
New segmental reporting

Segment key brands – segments realigned with the strategy

Asset management

Pricing, data and market intelligence

Banking and finance

Commodity events



FY16 revenue matrix by segment/type

	Subscriptions/ Content	Advertising	Sponsorship	Delegates	Other	Total
Asset management	132.0 ^{2%}	14.3 ^(7%)	14.3 ^{1%}	3.7 ^{6%}	0.2 ^(25%)	164.5 ^{1%}
Pricing, data and market intelligence	89.9 ^{2%}	15.2 ^(10%)	11.1 ^(6%)	17.2 ^{1%}	1.4 ^{0%}	134.9 ^(0%)
Banking and finance	10.5 ^(6%)	9.8 ^(17%)	29.9 ^(0%)	22.9 ^(22%)	1.5 ^(50%)	74.6 ^(13%)
Commodity events	N/A	N/A	5.7 ^(12%)	22.9 ^(19%)	0.6 ^(19%)	29.2 ^(18%)
Total	232.4 ^{1%}	39.3 ^(11%)	61.0 ^(2%)	66.7 ^(14%)	3.7 ^(32%)	403.1 ^(4%)

Notes

- The absolute £ totals represent reported figures.
- The percentages represent underlying growth rates, excluding acquisitions/disposals, timing differences and at constant exchange rates.
- Total segment revenue of £403.1m excludes FX on forward contracts (-£5.2m) and sold businesses (+£5.1m).

Key

- Dark green - growth more than 2%
- Light green - growth of 0% to 2%
- Amber - decline of 0% to -1%
- Pink - decline of -1% to -5%
- Dark red - decline more than -5%
- The white cells have not been colour-coded due to their size

FY16 revenue and profit matrix – new segmental reporting

£m	Subscriptions/ Content	Advertising	Sponsorship	Delegates	Other	Total revenue	Adjusted operating profit
Asset management	132.0	14.3	14.3	3.7	0.2	164.5	55.9
Pricing, data and market intelligence	89.9	15.2	11.1	17.3	1.4	134.9	44.3
Banking and finance	10.5	9.8	29.9	22.9	1.5	74.6	10.9
Commodity events	-	-	5.7	22.9	0.6	29.2	8.0
Total segment revenue	232.4	39.3	61.0	66.8	3.7	403.2	119.1
Closed/sold businesses						5.1	0.2
FX hedges						(5.2)	(3.3)
Corporate costs						-	(14.6)
Total revenue/adjusted operating profit						403.1	101.4

FY16 revenue and profit matrix – old segmental reporting

£m	Subscriptions/ Content	Advertising	Sponsorship	Delegates	Other	Total revenue	Adjusted operating profit
Research and data	132.6	0.1	0.5	1.8	0.4	135.4	51.5
Financial publishing	36.4	27.5	5.6	5.0	0.5	75.0	16.6
Business publishing	28.2	11.7	7.7	12.6	1.0	61.2	21.6
Conferences, seminars and training	35.2	-	47.2	47.4	1.8	131.6	29.4
Total segment revenue	232.4	39.3	61.0	66.8	3.7	403.2	119.1
Closed/sold businesses						5.1	0.2
FX hedges						(5.2)	(3.3)
Corporate costs						-	(14.6)
Total revenue/adjusted operating profit						403.1	101.4

FY15 revenue and profit matrix – new segmental reporting

£m	Subscriptions/ Content	Advertising	Sponsorship	Delegates	Other	Total revenue	Adjusted operating profit
Asset management	119.9	14.1	13.2	3.3	0.3	150.8	52.0
Pricing, data and market intelligence	84.5	15.9	11.0	16.2	1.4	129.0	41.2
Banking and finance	10.4	11.2	27.9	28.2	2.8	80.5	17.3
Commodity events	-	-	6.4	22.4	0.8	29.6	8.9
Total segment revenue	214.8	41.2	58.5	70.1	5.3	389.9	119.4
Closed/sold businesses						12.9	4.2
FX hedges						0.6	(1.8)
Corporate costs						-	(17.6)
Total revenue/adjusted operating profit						403.4	104.2

FY15 revenue and profit matrix – old segmental reporting

£m	Subscriptions/ Content	Advertising	Sponsorship	Delegates	Other	Total revenue	Adjusted operating profit
Research and data	123.4	0.1	0.6	1.5	0.3	125.9	46.4
Financial publishing	34.9	28.8	6.1	4.7	1.6	76.1	18.5
Business publishing	27.3	12.3	7.0	10.9	1.1	58.6	21.2
Conferences, seminars and training	29.2	-	44.8	53.0	2.3	129.3	33.3
Total segment revenue	214.8	41.2	58.5	70.1	5.3	389.9	119.4
Closed/sold businesses						12.9	4.2
FX hedges						0.6	(1.8)
Corporate costs						-	(17.6)
Total revenue/adjusted operating profit						403.4	104.2

FY14 revenue and profit matrix – new segmental reporting

£m	Subscriptions/ Content	Advertising	Sponsorship	Delegates	Other	Total revenue	Adjusted operating profit
Asset management	109.1	13.9	13.4	4.0	0.5	140.9	51.8
Pricing, data and market intelligence	81.1	15.7	9.0	14.9	1.2	121.9	39.4
Banking and finance	10.3	14.2	28.5	29.2	4.3	86.5	22.6
Commodity events	-	-	5.1	22.5	0.7	28.3	8.4
Total segment revenue	200.5	43.8	56.0	70.6	6.7	377.6	122.2
Closed/sold businesses						26.1	10.0
FX hedges						2.9	1.4
Corporate costs						-	(13.8)
Total revenue/adjusted operating profit						406.6	119.8

FY14 revenue and profit matrix – old segmental reporting

£m	Subscriptions/ Content	Advertising	Sponsorship	Delegates	Other	Total revenue	Adjusted operating profit
Research and data	118.6	0.1	0.4	1.2	0.5	120.8	46.3
Financial publishing	32.5	31.5	5.8	5.5	3.2	78.5	22.0
Business publishing	26.8	12.2	5.6	9.9	0.8	55.3	19.6
Conferences, seminars and training	22.6	-	44.2	54.0	2.2	123.0	34.3
Total segment revenue	200.5	43.8	56.0	70.6	6.7	377.6	122.2
Closed/sold businesses						26.1	10.0
FX hedges						2.9	1.4
Corporate costs						-	(13.8)
Total revenue/adjusted operating profit						406.6	119.8

Appendix 2:
Supplementary information

Revenue by segment

£m	FY15	FY16	Reported	Underlying ¹
Asset management	150.8	164.5	9%	1%
Pricing, data and market intelligence	129.0	134.9	5%	(0%)
Banking and finance	80.5	74.6	(7%)	(13%)
Commodity events	29.6	29.2	(1%)	(18%)
Closed/sold businesses	12.9	5.1	-	-
FX hedges	0.6	(5.2)	-	-
	403.4	403.1	0%	(4%)

1. Excludes acquisitions/disposals, timing differences and at constant exchange rates

Revenue by type

£m	FY15	FY16	Reported	Underlying ¹
Subscriptions and content	214.8	232.4	8%	1%
Advertising	41.2	39.3	(5%)	(11%)
Sponsorship	58.5	61.0	4%	(2%)
Delegates	70.1	66.8	(5%)	(14%)
Other	5.3	3.7	(29%)	(32%)
Closed/sold businesses	12.9	5.1	-	-
FX hedges	0.6	(5.2)	-	-
Total	403.4	403.1	0%	(4%)

1. Excludes acquisitions/disposals, timing differences and at constant exchange rates

Revenue change by quarter (underlying¹)

Y-o-Y % change	FY15				FY16			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions and content	3%	1%	3%	2%	2%	0%	1%	2%
Advertising	(6%)	(18%)	(8%)	(10%)	(2%)	(16%)	(14%)	(12%)
Sponsorship	1%	9%	(9%)	(3%)	(7%)	(8%)	9%	(7%)
Delegates	1%	5%	(10%)	(14%)	(18%)	(17%)	(9%)	(12%)
Total ²	1%	0%	(4%)	(5%)	(6%)	(6%)	(1%)	(4%)

1. Excludes acquisitions/disposals and at constant exchange rates

2. After closed/sold businesses, FX and other revenues

Revenue change by quarter (reported)

Y-o-Y % change	FY15				FY16			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions and content	3%	7%	11%	7%	5%	6%	5%	17%
Advertising	(4%)	(12%)	(0%)	(7%)	3%	(9%)	(10%)	(3%)
Sponsorship	(12%)	34%	(3%)	2%	(5%)	(2%)	13%	7%
Delegates	(2%)	17%	(9%)	(11%)	(18%)	6%	(6%)	(3%)
Total ¹	(4%)	6%	(1%)	(4%)	(5%)	1%	(1%)	4%

1. After closed/sold businesses, FX and other revenues

Operating profit by segment

£m	FY15	FY16	Reported	Underlying ¹
Asset management	52.0	55.9	8%	(3%)
Pricing, data and market Intelligence	41.2	44.3	8%	(1%)
Banking and finance	17.3	10.9	(37%)	(46%)
Commodity events	9.0	8.0	(10%)	(40%)
Closed/sold businesses	4.2	0.2	-	-
Corporate costs	(17.0)	(17.9)	-	-
Total	106.7	101.4	(5%)	(11%)

1. Excludes acquisitions/disposals, timing differences and at constant exchange rates

Tax¹

£m	FY15	FY16
Adjusted PBT	107.8	102.5
Statutory tax charge	(17.6)	(12.9)
Other tax adjustments	(1.3)	(5.2)
Underlying tax charge	(18.9)	(18.1)
Underlying tax rate	18%	18%

1. See note 5 of Preliminary Statement

Net finance costs¹

£m	FY15	FY16
Interest on debt facility	(1.1)	(1.3)
Interest on cash deposit	-	0.4
Interest on tax	(0.4)	(0.4)
Other	0.2	0.2
Underlying net finance costs	(1.3)	(1.1)
Acquisition deferred consideration	(2.9)	-
Acquisition commitments	4.7	(0.6)
Statutory net finance costs	0.5	(1.7)

1. See note 4 of Preliminary Statement

Cash conversion

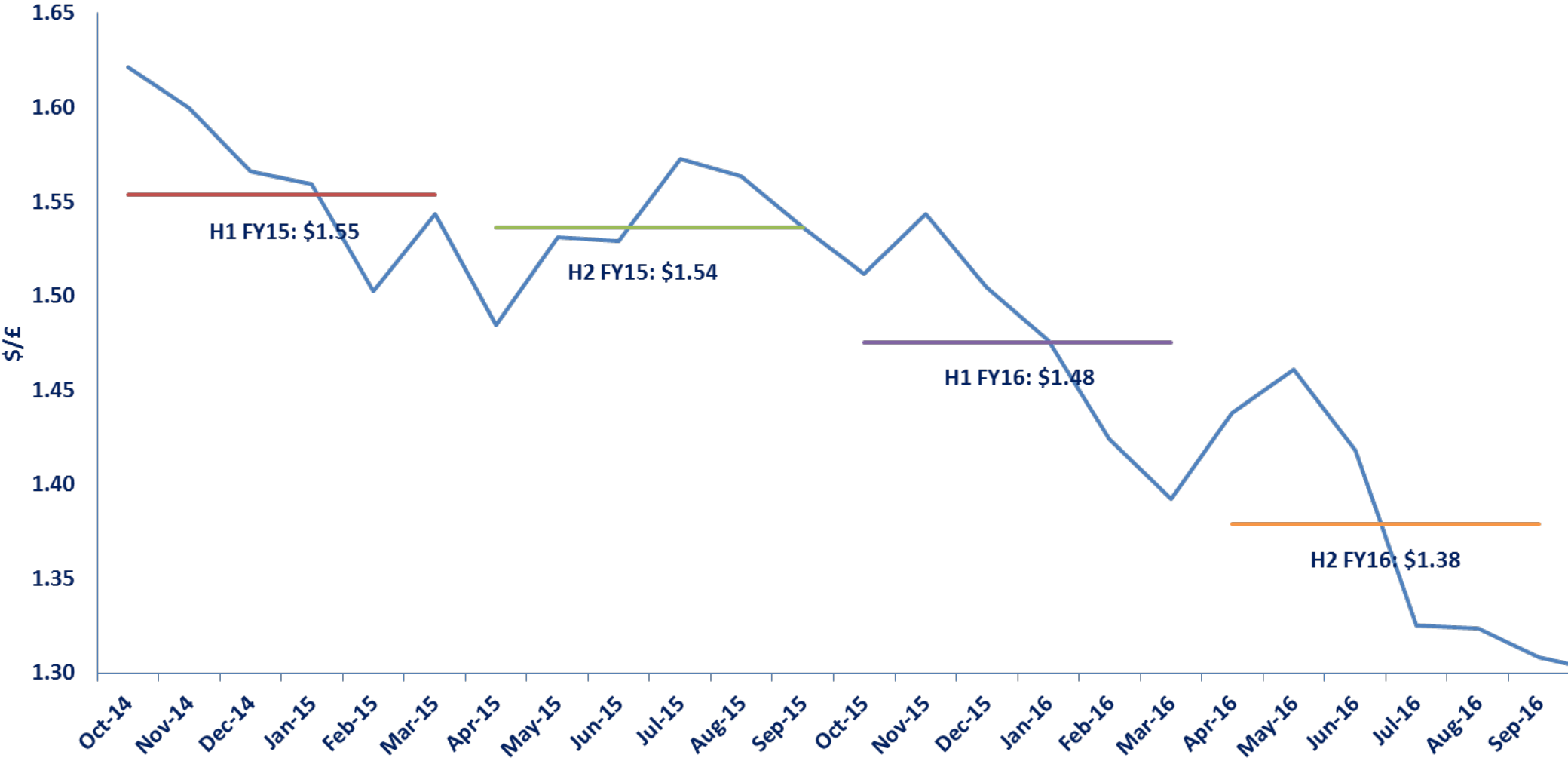
£m	FY15	FY16
Adjusted operating profit	104.2	101.4
Cash generated from operations	109.5	103.8
Exceptional items	3.2	3.7
Timing differences	(4.3)	(1.4)
Underlying cash generated from operations	108.4	106.1
Cash conversion %	105%	102%
Underlying cash conversion %	104%¹	105%

1) FY15 underlying cash conversion restated to include the impact of exceptional items

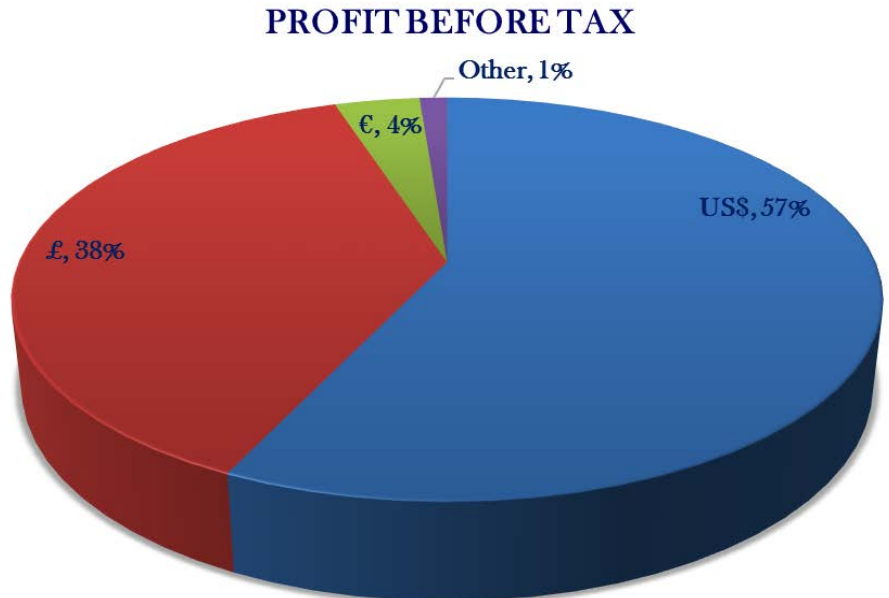
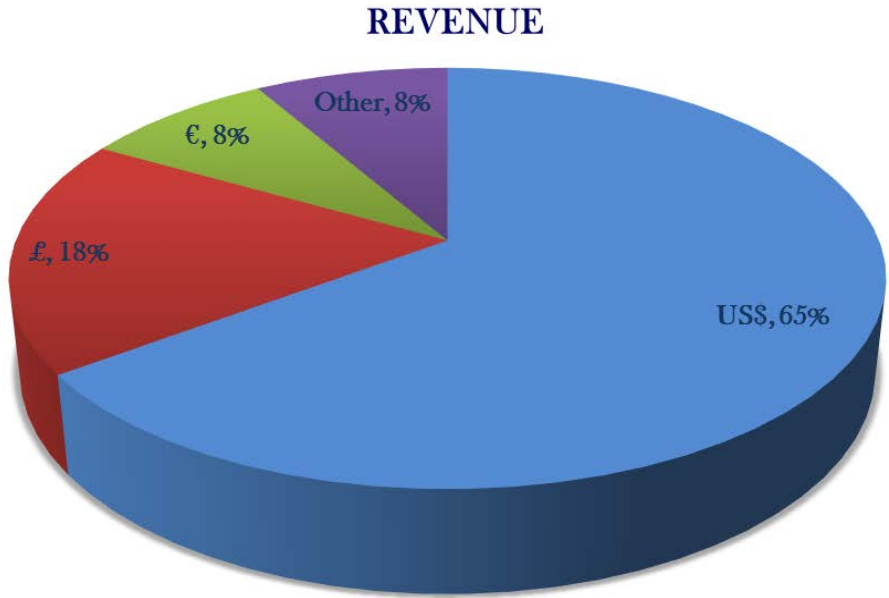
Deferred revenue

£m	FY15		FY16	
	Subs	Other	Subs	Other
Opening balance	82.0	27.8	86.2	25.9
Assets held for sale	-	-	(0.6)	-
Net M&A	-	-	(0.9)	0.7
FX	4.2	0.7	10.1	2.4
Adjusted opening balance	86.2	28.5	94.8	29.0
Underlying movement	-	(2.6)	2.6	(3.6)
Closing balance	86.2	25.9	97.4	25.4
Underlying growth %	-	(9%)	3%	(12%)

GBP/USD rate FY15 and FY16



Impact of FX



GBP/USD	FY16	FY15
Average rate	1.41	1.55
Closing rate	1.30	1.51

GBP/USD	1¢ movement
Revenue	+/- £1.4m
Profit before tax	+/- £0.6m