

EUROMONEY INSTITUTIONAL INVESTOR PLC
INTERIM MANAGEMENT STATEMENT
FOR THE PERIOD TO JULY 15, 2014,
AND ACQUISITION

Euromoney Institutional Investor PLC (“Euromoney”), the international publishing, events and electronic information group, today issues its Interim Management Statement for the period from April 1 to July 15, 2014.

Euromoney is also announcing today the acquisition of the trade and certain assets of the Mining Investment Events Division of Summit Professional Networks. Further details of this transaction are set out below. This IMS has been issued a day earlier than previously advised in order to coincide with the announcement of this acquisition.

Trading

Since reporting its interim results on May 15, 2014, trading has continued in line with the board’s expectations as set out in the interim results announcement. The challenging market conditions highlighted at the time of the interim results have continued, with the pressures on the investment banking sector, particularly fixed income trading, showing no signs of abating. This negative trading backdrop is more than offsetting the benefits from improving conditions for the group’s businesses serving the asset management industry.

Headline revenues for the quarter to June 30, 2014 fell by 6% to £106.6 million, the result largely of adverse currency movements. Sterling has appreciated by more than 10% against the US dollar since the same period last year. Underlying revenues, which exclude the impact of currency movements and acquisitions, were in line with last year.

Underlying subscription revenues increased by 2%, consistent with the rate of growth achieved in the first half. The third quarter is the most important of the year for the event businesses with many of the group’s largest events held during this period. Despite the challenging financial and commodities markets, revenues from the group’s bigger events remained robust and underlying event revenues were unchanged. The deterioration in advertising revenues, down 8% for the quarter, reflects the continued pressure on global financial institutions to cut costs.

The following table shows the revenue growth rates on a headline, constant currency and underlying basis.

	Q3 2014 £m	Q3 2013 £m	Headline change	Change at constant currency	Underlying change at constant currency
Subscriptions	50.4	52.6	(4%)	3%	2%
Advertising	12.3	14.5	(15%)	(8%)	(8%)
Sponsorship	18.6	19.0	(2%)	6%	0%
Delegates	20.9	21.6	(3%)	0%	(1%)
Other	3.4	2.9	21%	27%	24%
Disposals	-	3.4	-	-	-
FX gains/losses on forward currency contracts	1.0	(0.5)	-	-	-
Total revenue	106.6	113.5	(6%)	(1%)	0%
Less: revenue from acquisitions/disposals	(2.0)	(3.4)			
Underlying revenue	104.6	110.1			

Impact of Currency

The group generates approximately two thirds of its revenues and profit before tax in US dollars. As highlighted with the interim results, the recent strength of sterling against the US dollar is having a negative impact on headline revenues and the translation of overseas profits. The average sterling-US dollar rate for the quarter to June 30 was \$1.68 (2013: \$1.53) which reduced headline revenue growth rates for the quarter by approximately five percentage points. The recent US dollar rate in excess of \$1.70 compares with an average of \$1.53 for the final quarter of financial year 2013. Each one cent variation from last year's rate will reduce profits on translation by approximately £0.6m on an annualised basis.

Financial Position

Net debt at June 30 was £13.4 million against £28.6 million at March 31. The group's strong operating cash flows for the quarter were enhanced by the £5.9 million proceeds from the sale of MIS (as announced with the interim results), offset by an interim dividend of £8.9 million, tax payments of £6.7m and other non-operating cash outflows of £4.6 million. Movements in the US dollar exchange rate had no significant effect on net debt levels.

Acquisition

Euromoney is consolidating its leadership position in the global metals and mining sector with the acquisition of the trade and certain assets of the Mining Investment Events Division (“the Acquired Assets”) of US-based Summit Professional Networks (“Summit”).

The principal asset being acquired is the leading investment forum and trade event for African mining, the *Investing in African Mining Indaba* (“Mining Indaba”). Set up 20 years ago, Mining Indaba is an annual professional conference dedicated to the investment in, and development of, mining interests in Africa. It is the world’s largest mining investment forum and Africa’s largest mining event. It takes place every February in Cape Town, South Africa, and attracts over 7000 of the most internationally-diversified and influential professionals in African mining. Senior Vice-President and Managing Director, Jonathan Moore, will join Euromoney and run the business from Euromoney’s New York office.

The cash consideration for the Acquired Assets is £45.3 million, funded from Euromoney’s existing committed borrowing facilities. The acquisition is expected to be earnings enhancing for the financial year to September 30, 2015, the first year the event will be run under Euromoney’s ownership. However, due to the timing of the conference, the acquisition is expected to reduce Euromoney’s adjusted operating profits for the year to September 30, 2014 by approximately £1 million. The Acquired Assets achieved an adjusted EBITDA (before allocation of Summit central costs) of £6.2 million for the year to June 30, 2014, and the gross assets were £1.7 million at June 30, 2014, according to the division’s pro-forma management accounts.

Euromoney already has a strong presence in the commodities markets and with investors, in particular through its *Metal Bulletin* and *Institutional Investor* brands[^]. The acquisition provides Euromoney with an excellent opportunity to expand its position in these markets. The overlap with Euromoney’s existing portfolio of online publishing activities and investment conferences will allow Euromoney to develop and grow Mining Indaba as well as position it to capitalise on an upturn in the \$1.2 trillion global metals and mining sector.

Euromoney has a strong record of delivering revenue synergies from acquisitions. The transaction gives the group access to an extended international customer base of upstream and downstream commodity providers, traders, asset managers, alternative investors and African government ministries. Euromoney will also invest in the event to deliver benefits from its marketing and technology platforms, its expertise in emerging markets, and its international network to accelerate its growth outside Africa.

Outlook

While trading conditions remain challenging, the group's performance continues in line with the board's expectations. No significant improvements in revenue trends are expected until the outlook for the banking, particularly fixed income, currencies and commodities, and the metals and mining sectors improves. Meanwhile the strength of sterling against the US dollar will continue to have a negative impact on headline revenues and the translation of overseas profits in the final quarter.

July and August are the quietest trading months of the year, while September is the most important month for advertising as well as being a period when a significant number of events are held. Forward bookings for the events businesses are encouraging but sales trends for advertising, which last year benefited from an unexpected one-off improvement in the final quarter, remain negative. As usual at this time of the year, revenue visibility for September, which traditionally accounts for at least 20% of the group's full year profit, is limited.

The group intends to maintain its strategy of investing in new products and digital publishing, particularly using the Delphi content platform, to drive organic growth, and to use its strong balance sheet and cash flows to fund further acquisitions.

Next Trading Update

Preliminary results for the year to September 30 will be announced on November 20, 2014. The company intends to issue a pre-close trading update on September 16, 2014, and will be presenting an update on its digital strategy, including the Delphi content management system, at the DMGT Investor Day on September 18.

^ Other Euromoney brands in the sector include *Industrial Minerals*, *Coaltrans* and *IJGlobal*.

Richard Ensor
Chairman
July 15, 2014

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ABOUT THIS INTERIM MANAGEMENT STATEMENT

There have been no material events or transactions in the period other than the information contained in this Interim Management Statement (“IMS”). This IMS is prepared for and addressed only to the group’s shareholders as a whole and to no other person. The group, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this IMS is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. Statements contained in this IMS are based on the knowledge and information available to the group’s directors at the date it was prepared and therefore the facts stated and views expressed may change after that date. By their nature, the statements concerning the risks and uncertainties facing the group in this IMS involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. To the extent that this IMS contains any statement dealing with any time after the date of its preparation such statement is merely predictive and speculative as it relates to events and circumstances which are yet to occur. The group undertakes no obligation to update these forward-looking statements.

NOTE TO EDITORS

Euromoney Institutional Investor PLC (www.euromoneyplc.com) is listed on the London Stock Exchange and is a member of the FTSE 250 share index. It is a leading international business-to-business media group focused primarily on the international finance, metals and commodities sectors. It owns more than 70 brands including *Euromoney*, *Institutional Investor* and *Metal Bulletin*, and is a leading provider of economic and investment research and data under brands including BCA Research, Ned Davis Research, and the emerging market information providers, EMIS and CEIC. It also runs an extensive portfolio of conferences, seminars and training courses for the financial and commodities markets. The group’s main offices are in London, New York, Montreal and Hong Kong and more than a third of its revenues are derived from emerging markets.