# EUROMONEY INSTITUTIONAL INVESTOR PLC
# TRADING UPDATE
# FOR THE PERIOD TO JANUARY 28, 2015

Euromoney Institutional Investor PLC ("Euromoney"), the international online information and events group, issues a trading update for the period from October 1, 2014 to January 28, 2015 in advance of its Annual General Meeting to be held at 9.30am on January 29.

## Trading

Since reporting its 2014 results on November 20, 2014, trading has continued largely in line with the board's expectations as set out in the preliminary results announcement. As highlighted in that announcement, the pressures on the investment banking sector, and on banks' fixed income activities in particular, as well as weak commodity prices, have offset the improving performance being experienced by the group's businesses serving the asset management sector. Trading conditions remained challenging in the quarter to December 31, with many banks reporting further weakness in fixed income activities after signs of improvement in the previous quarter, and the sudden downturn in the oil price adding to the pressures on commodity markets. As a result, headline revenues for the quarter to December 31, after adjusting for sold businesses, were unchanged at £94.7 million, while underlying revenues, which also exclude the impact of currency movements, fell by 1%.

The following table shows the revenue growth rates for the first quarter on a headline and constant currency basis.

| | Q1 FY15 £m | Q1 FY14* £m | Headline change | Change at constant currency |
|---|---|---|---|---|
| Subscriptions | 50.5 | 49.2 | 3% | 2% |
| Advertising | 10.4 | 10.9 | (4%) | (5%) |
| Sponsorship | 10.2 | 11.5 | (12%) | (12%) |
| Delegates | 17.8 | 18.1 | (2%) | (1%) |
| Other | 3.5 | 3.6 | (3%) | (4%) |
| FX gains on forward currency contracts | 0.8 | – | – | – |
| Closed/sold businesses | 1.5 | 5.1 | – | – |
| Total revenues | 94.7 | 98.4 | (4%) | (5%) |
| Less: revenue from sold businesses | – | (3.7) | – | – |
| Underlying revenues | 94.7 | 94.7 | – | (1%) |

* FY14 revenues by type restated for businesses subsequently closed/sold

The 2% increase in underlying subscription revenues is consistent with the growth rate achieved throughout FY14 and continues to be driven by the group's businesses serving the asset management sector, particularly Institutional Investor Memberships and BCA Research. The decline in advertising revenues, which are especially bank dependent, is consistent with the long-term structural decline in print advertising experienced over the past three years. In contrast, the decline in event revenues is due to event timing differences, mostly reversing favourable timing differences in the final quarter of FY14. Event revenues excluding timing differences increased by 2%.

Impact of Currency

Currency movements did not materially affect the first quarter's results but the recent strength of the US dollar against sterling is expected to have a more significant impact on trading from the second quarter. While the group hedges its exposure to the US dollar revenues in its UK businesses, it does not hedge the foreign exchange risk on the translation of overseas profits. The group generates more than half its operating profits in US dollars and the translation impact of a one cent movement in the average sterling-US dollar rate is approximately £0.6 million on an annualised basis. The recent sterling-US dollar rate of approximately $1.52 therefore compares favourably with an average rate of $1.67 for the last nine months of FY14.

Financial Position

Net debt at December 31, 2014 was £21.0 million, a decrease of £16.6 million since the year-end. Cash generation remains strong, although the first quarter is traditionally the one with the lowest operating cash flows because of the payment of annual profit shares and other incentives in December. The only other significant cash flows in the period were the receipt of £2.9 million from the Dealogic transaction and payments of £2.4 million in connection with the London office move.

The final dividend of £20.2 million for financial year 2014, if approved by shareholders at the Annual General Meeting, will be paid on February 12 2015.

Full Year Adjusted Profits

As previously indicated in the FY14 results announcement, a number of factors are expected to reduce the group's adjusted operating margin in FY15. These include additional property costs of £2 million following the London office relocation, and a similar amount for the full year impact of the costs of the group's Delphi content platform and investment in other new products. In addition, the Dealogic transaction (see RNS announcement on November 5, 2014 and FY14 results announcement), which completed on December 18, will reduce the group's subscription revenues and adjusted operating profits by nearly £6 million on an annualised basis.

At the adjusted profit before tax level, the full year cost impact of CAP 2014, the group's long-term incentive scheme, will reduce FY15 profits by approximately £4 million compared to FY14, while the net impact of the Dealogic transaction, after equity accounting for the group's share of profits in New Dealogic, will lead to earnings dilution of approximately 2% in this financial year.

These negative factors for FY15's results will only be partially mitigated by the benefit from the recent strength of the US dollar.

## Outlook

Conditions in the banking and commodity markets remain tough and as we enter the most important period of the year for selling, early sales indicators for non-subscription products so far show no signs of any improvement on last year. The outlook for subscription sales and renewal rates, particularly for asset management products, however, is positive.

For the second quarter, the recent acquisition of Mining Indaba should contribute approximately £10 million to revenues. This will be partly offset by unfavourable timing differences from biennial events and the Dealogic transaction. As highlighted above, the adjusted operating margin at the half year will be reduced by the impact of higher property and investments cost as well as the Dealogic transaction.

While trading conditions remain challenging, the group will maintain its strategy of investing in new products and digital publishing, particularly through its Delphi content platform, to drive organic growth, as well as using its strong balance sheet and cash flows to continue to fund further acquisitions.

## AGM/ Next Trading Update

The company is holding its Annual General Meeting at 9.30am on January 29. No further comment on trading will be made at this meeting.

The results for the six months to March 31 will be announced on May 14, 2015.

Richard Ensor
Chairman
January 28, 2015
END

For further information, please contact:

Euromoney Institutional Investor PLC
Richard Ensor, Chairman: +44 20 7779 8845; rensor@euromoneyplc.com
Christopher Fordham, Managing Director: +44 20 7779 8057; cfordham@euromoneyplc.com
Colin Jones, Finance Director: +44 20 7779 8666; cjones@euromoneyplc.com

FTI Consulting
Charles Palmer: +44 20 7269 7180; charles.palmer@fticonsulting.com

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.