

# **Euromoney Institutional Investor PLC**

## **2012 Results Presentation**

**Colin Jones, Finance Director**

November 15, 2012

# 2012 RESULTS PRESENTATION

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- **Financial Review**
- Trading Review
- Strategy/Outlook

# RECORD PROFITS<sup>1</sup>

£m	2010	2011	2012	Change
Revenue	330.0	363.1	<b>394.1</b>	+9%
Adjusted PBT <sup>1</sup>	86.6	92.7	<b>106.8</b>	+15%
<i>Statutory PBT<sup>1</sup></i>	<i>71.4</i>	<i>68.2</i>	<b>92.4</b>	+35%
Adjusted EPS <sup>1</sup>	53.5p	56.1p	<b>65.9p</b>	+17%
Dividend	18.0p	18.75p	<b>21.75p</b>	+16%
Net debt	128.8	119.2	<b>30.8</b>	(88.4)

<sup>1</sup>As reconciled in appendix to chairman's statement

# KEY MESSAGES

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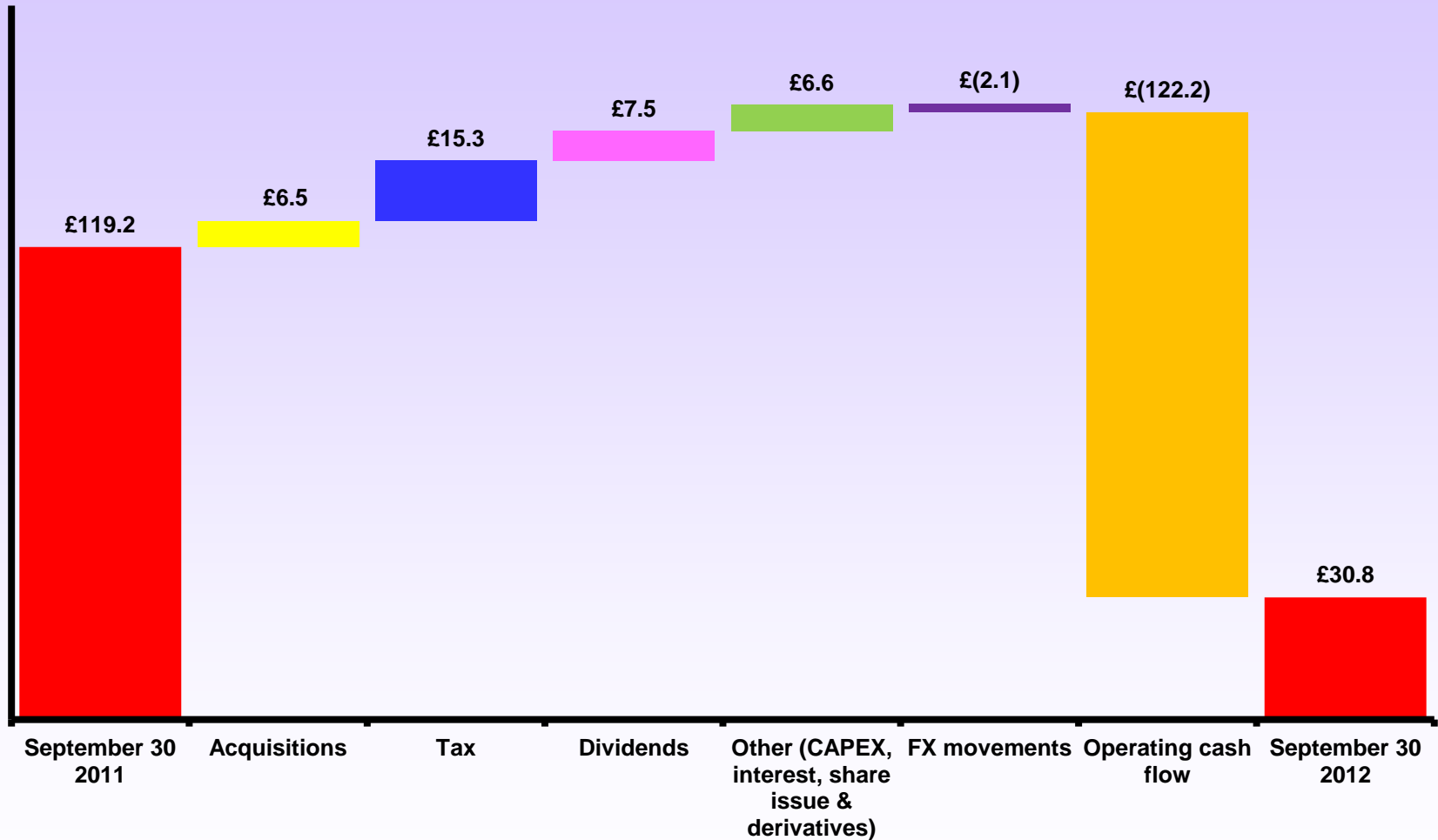
- ◆ Revenues up 9% to £394.1m
- ◆ Underlying revenues up 3% (excluding NDR)
- ◆ Subscription revenues up 17%: now >50% of revenues
- ◆ Adj PBT up 15% to £106.8m, helped by NDR contribution
- ◆ CAP profit target achieved, leading to FY13 vesting
- ◆ Operating margin unchanged at 30%
- ◆ Continued investment in new products and technology
- ◆ Strong operating cash flows reduced debt by £88.4m to £30.8m
- ◆ Final dividend increased by 18% to 14.75p a share
- ◆ Outlook challenging, trading in line with board expectations

# FINANCIAL HIGHLIGHTS

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- ◆ Net debt reduced by £88.4m to £30.8m since Sept 30
- ◆ Cash conversion 103% (2011: 108%)
- ◆ Adjusted net finance costs down £1.6m to £5.6m
- ◆ Average cost of funds 4.8% (2011: 5.7%)
- ◆ EPS benefits from falling tax rate
- ◆ Final dividend 14.75p (2011:12.50p) with no scrip alternative
- ◆ Total dividend 21.75p (2011:18.75p) reflecting 3x cover
- ◆ EPS for dividend purposes adjusted for accelerated CAP cost

# CASH FLOW / NET DEBT



# NET FINANCE COSTS

£m	2011	2012
Interest on debt facility	(7.0)	(4.7)
Interest on tax	(0.3)	(1.0)
Other	0.1	0.1
<b>Underlying net finance costs</b>	<b>(7.2)</b>	<b>(5.6)</b>
Acquisition deferred consideration	(1.8)	-
Acquisition option commitments	(0.6)	2.0
<b>Statutory net finance costs</b>	<b>(9.6)</b>	<b>(3.6)</b>

See note 5

# TAX

£m	2011	2012
Adjusted PBT	92.7	106.8
<b>Statutory tax charge</b>	(22.5)	(22.5)
Add: other tax adjustments	(1.7)	(0.8)
<b>Underlying tax charge</b>	(24.2)	(23.3)
<b>Underlying tax rate</b>	<b>26%</b>	<b>22%</b>

Underlying tax rate 23-24% for FY13 depending on profit mix

See note 6



# CAP

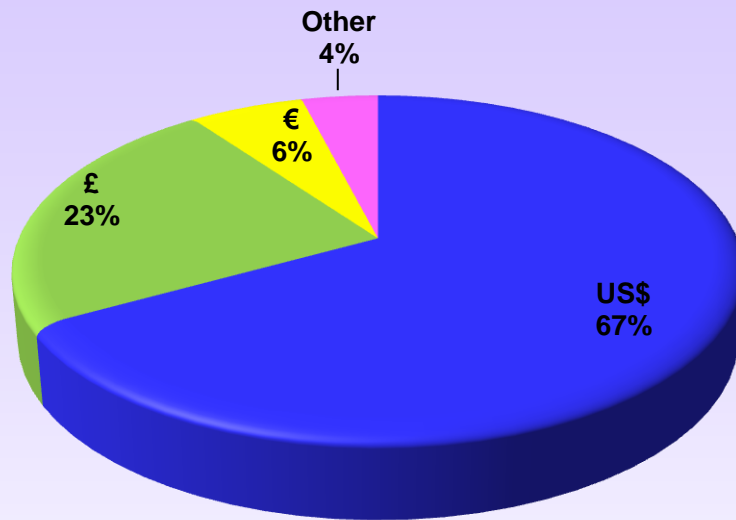
- ◆ Total cost £30m spread over CAP life
- ◆ Profit target achieved 2 years earlier than expected in FY11, leading to £6.6m accelerated CAP cost...
- ◆ ...offset by reduced CAP cost in FY12 to FY14

£m	FY11	FY12	FY13	FY14
CAP 2010	15.9	8.1	2.2	-
CAP 2004	-	(1.8)	-	-
<b>Actual CAP cost</b>	<b>15.9</b>	<b>6.3</b>	<b>2.2</b>	<b>-</b>
(Acceleration)/reversal	(6.6)	1.1	4.0	1.5
<b>Underlying CAP cost</b>	<b>9.3</b>	<b>7.4</b>	<b>6.2</b>	<b>1.5</b>

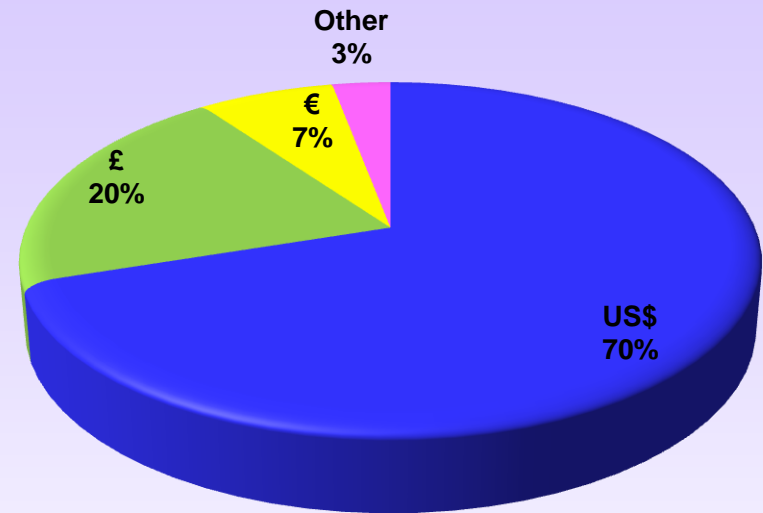
- ◆ Accelerated CAP cost excluded from Adjusted PBT to avoid distortion of underlying trading performance – but added back for dividend purposes
- ◆ Q2 FY13 vesting: 1.75m shares and £7.5m cash

# IMPACT OF FX

## Revenue <sup>1</sup>



## Profit before tax <sup>1</sup>



USD	2012	2011
Average rates	1.58	1.61
Closing rates	1.61	1.58

USD	1¢ movement
Revenue	+/- £1.5m
Profit	+/- £0.5m

<sup>1</sup>Before effect of FX hedging

# 2012 RESULTS PRESENTATION

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- Financial Review
- **Trading Review**
- Strategy/Outlook

# TRADING SUMMARY

£m	2010	2011	2012	change
Revenue	330.0	363.1	<b>394.1</b>	+9%
Adjusted operating profit <sup>1</sup>	100.1	109.0	<b>118.2</b>	+8%
Adjusted PBT <sup>1</sup>	86.6	92.7	<b>106.8</b>	+15%
Operating margin	30.3%	30.0%	<b>30.0%</b>	-

<sup>1</sup>As reconciled in appendix to chairman's statement

# TRADING HIGHLIGHTS

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- ◆ Total revenues up 9%, underlying revenues up 3%
- ◆ H2 underlying revenues broadly same as FY11
- ◆ No significant FX impact
- ◆ Underlying subscription revenues up 5% continuing the good momentum from 2011, largely CEIC and BCA
- ◆ Pressure on advertising and sponsorship continued into H2
- ◆ Profits from Business Publishing same as from Financial Publishing
- ◆ Margin constant at 30%:
  - ◆ Headcount tightly controlled
  - ◆ Investment in technology and new products £10m vs £9m

# REVENUE BY TYPE

£m	2011	2012	change	@ constant fx rates
Subscriptions	171.0	<b>199.7</b>	+17%	+16%
Advertising	62.7	<b>58.4</b>	-7%	-8%
Sponsorship	48.8	<b>47.6</b>	-2%	-4%
Delegates	75.0	<b>80.1</b>	+7%	+6%
Other/closed	9.4	<b>9.7</b>	+3%	+2%
	366.9	<b>395.5</b>	+8%	+7%
FX loss on forward contracts	(3.8)	<b>(1.4)</b>		
Total	363.1	<b>394.1</b>	+9%	+8%

# REVENUE BY TYPE (ex NDR)

£m	2011	2012	change	@ constant fx rates
Subscriptions	166.4	<b>175.4</b>	+5%	+4%
Advertising	62.7	<b>58.4</b>	-7%	-8%
Sponsorship	48.8	<b>47.6</b>	-2%	-4%
Delegates	75.0	<b>80.1</b>	+7%	+6%
Other/closed	9.4	<b>9.7</b>	+2%	+2%
	362.3	<b>371.2</b>	+2%	+1%
FX loss on forward contracts	(3.8)	<b>(1.4)</b>		
Total	358.5	<b>369.8</b>	+3%	+2%

# REVENUE CHANGE BY QTR

Y-o-Y % change	FY2011				FY2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions	+13%	+13%	+3%	+17%	+25%	+20%	+21%	+3%
Advertising	+24%	+6%	+1%	+7%	-13%	-4%	-	-10%
Sponsorship	+37%	+32%	+14%	+7%	+2%	-1%	-7%	-
Delegates	+20%	-11%	+4%	+16%	+10%	+30%	-	-9%
Other	+15%	-37%	-21%	-27%	-13%	+21%	-3%	+14%
Total	+19%	+6%	+4%	+12%	+11%	+15%	+7%	-1%
Total <sup>1</sup>	+21%	+7%	+4%	+11%	+11%	+16%	+9%	-2%

<sup>1</sup> After effect of FX hedging



# REVENUE CHANGE BY QTR (ex NDR)<sup>2</sup>

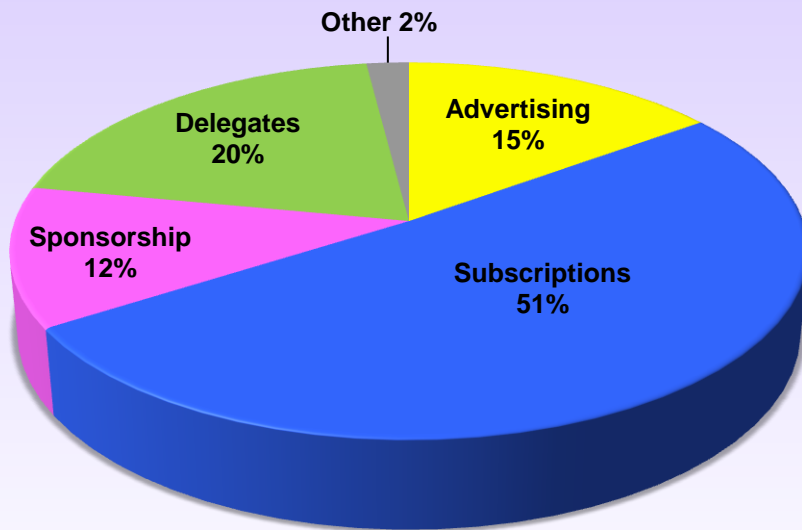
Y-o-Y % change	FY2011				FY2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions	+11%	+14%	+10%	+9%	+9%	+5%	+5%	+1%
Advertising	+21%	+8%	+7%	+10%	-13%	-5%	-1%	-11%
Sponsorship	+34%	+35%	+23%	+12%	+2%	-1%	-9%	-2%
Delegates	+18%	-11%	+8%	+18%	+10%	+31%	-1%	-10%
Other	+11%	-37%	-18%	-26%	-13%	+20%	-4%	+14%
Total	+16%	+7%	+10%	+10%	+4%	+8%	-	-4%
Total <sup>1</sup>	+18%	+8%	+10%	+9%	+3%	+8%	+1%	-2%

<sup>1</sup>After effect of FX hedging

<sup>2</sup>At constant exchange rates

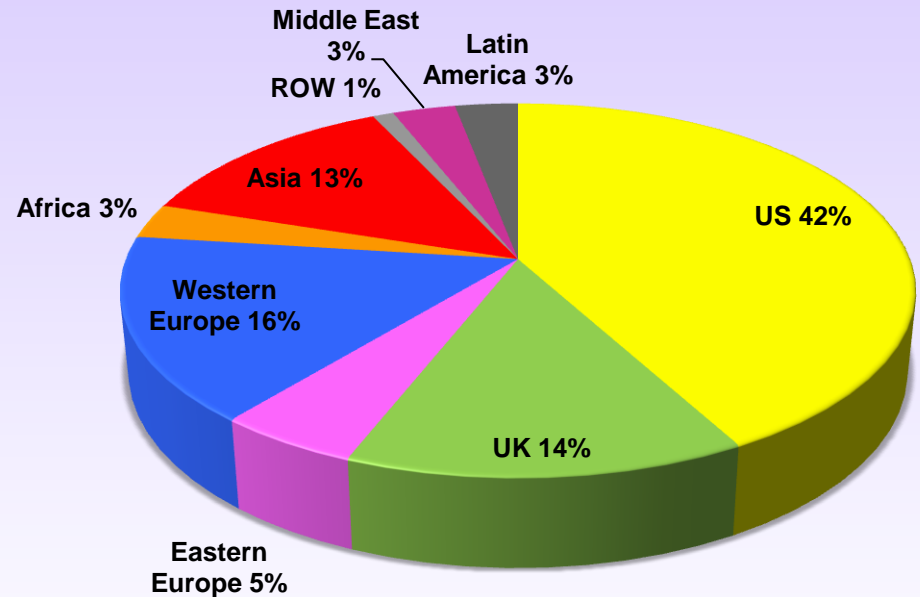
# REVENUE MIX

## Revenue by type



**Subscription revenue >50% for first time**

## Revenue by destination



**Emerging markets account for 28% of direct revenues**

# REVENUE BY DIVISION

£m	2011	2012	Change	@ constant fx rates
Financial Publishing	83.8	<b>77.1</b>	-8%	-9%
Business Publishing	59.5	<b>64.6</b>	+9%	+8%
Training	32.5	<b>31.2</b>	-4%	-5%
Conferences & Seminars	86.2	<b>92.3</b>	+7%	+6%
Research & Data	104.4	<b>130.3</b>	+25%	+24%
Closed Businesses	0.5	-	-100%	-100%
	366.9	<b>395.5</b>	+8%	+7%
FX loss on forward contracts	(3.8)	<b>(1.4)</b>	-63%	-68%
Total	363.1	<b>394.1</b>	+9%	+8%

# REVENUE BY DIVISION (ex NDR)

£m	2011	2012	Change	@ constant fx rates
Financial Publishing	83.8	<b>77.1</b>	-8%	-9%
Business Publishing	59.5	<b>64.6</b>	+9%	+8%
Training	32.5	<b>31.2</b>	-4%	-5%
Conferences & Seminars	86.2	<b>92.3</b>	+7%	+6%
Research & Data	99.8	<b>106.0</b>	+6%	+6%
Closed Businesses	0.5	-	-100%	-100%
	362.3	<b>371.2</b>	+2%	+1%
FX loss on forward contracts	(3.8)	<b>(1.4)</b>	-63%	-68%
<b>Total</b>	<b>358.5</b>	<b>369.8</b>	<b>+3%</b>	<b>+2%</b>

# OPERATING PROFIT BY DIVISION<sup>1</sup>

£m	2011	<b>2012</b>	Change
Financial Publishing	28.2	<b>24.9</b>	-12%
Business Publishing	23.4	<b>24.5</b>	+5%
Training	7.8	<b>7.0</b>	-11%
Conferences & Seminars	26.6	<b>29.0</b>	+9%
Research & Data	42.5	<b>55.4</b>	+30%
Corporate/closed businesses	(19.5)	<b>(22.6)</b>	+16%
<b>Total</b>	<b>109.0</b>	<b>118.2</b>	<b>+8%</b>

<sup>1</sup>Before effect of FX hedging

# OPERATING PROFIT BY DIVISION (ex NDR)<sup>1</sup>

£m	2011	2012	Change
Financial Publishing	28.2	<b>24.9</b>	-12%
Business Publishing	23.4	<b>24.5</b>	+5%
Training	7.8	<b>7.0</b>	-11%
Conferences & Seminars	26.6	<b>29.0</b>	+9%
Research & Data	41.3	<b>46.4</b>	+12%
Corporate/closed businesses	(19.5)	<b>(22.6)</b>	+16%
<b>Total</b>	<b>107.8</b>	<b>109.2</b>	<b>+1%</b>

<sup>1</sup>Before effect of FX hedging

# OPERATING MARGIN BY DIVISION

	FY 2011	H1 2012	H2 2012	FY 2012
Financial Publishing	34%	<b>30%</b>	<b>34%</b>	<b>32%</b>
Business Publishing	39%	<b>34%</b>	<b>41%</b>	<b>38%</b>
Training	24%	<b>20%</b>	<b>25%</b>	<b>22%</b>
Conferences & Seminars	31%	<b>34%</b>	<b>29%</b>	<b>31%</b>
Research & Data	41%	<b>43%</b>	<b>42%</b>	<b>43%</b>
Total <sup>1</sup>	30%	<b>30%</b>	<b>30%</b>	<b>30%</b>

<sup>1</sup>After corporate costs

# 2012 RESULTS PRESENTATION

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- Financial Review
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- **Strategy/Outlook**



# GROWTH DRIVEN STRATEGY

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Strategy designed to build a more focused, more robust and higher quality global information and events business

- ◆ (1) Maintain tight cost control and focus on high margins
- ◆ (2) Drive organic growth:
  - ◆ *Increase share of revenues derived from subscriptions*
  - ◆ *Invest in new online data and research products*
  - ◆ *Invest in technology to accelerate print to online migration*
  - ◆ *Improve product quality through editorial investment*
  - ◆ *Focus on synergies – quality and effectiveness of marketing*
  - ◆ *Roll out successes to new geographies esp emerging markets*
- ◆ (3) Using healthy b/s and strong cash flows for selective acquisitions to accelerate growth and build market share
- ◆ (4) Retain and foster entrepreneurial culture

# GROWTH DRIVERS

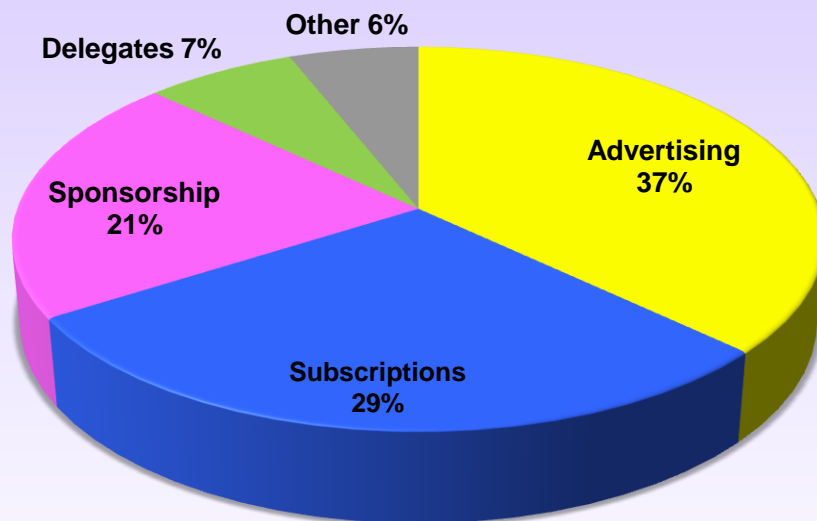
£m	% of Growth	Profit <sup>1</sup>	Revenue
FY 2002		35.2	179.7
Acquisitions	31%	33.0	95.1
Post-acquisition growth	39%	40.8	77.1
Organic growth	30%	31.8	42.2
FY 2012		140.8	394.1
CAGR		15%	8%

<sup>1</sup>Adjusted operating profit excluding corporate costs

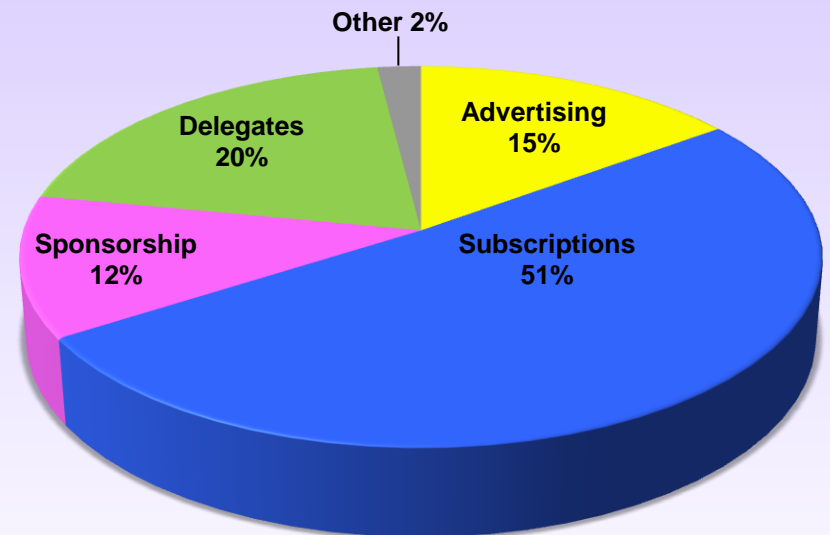
# REVENUE MIX

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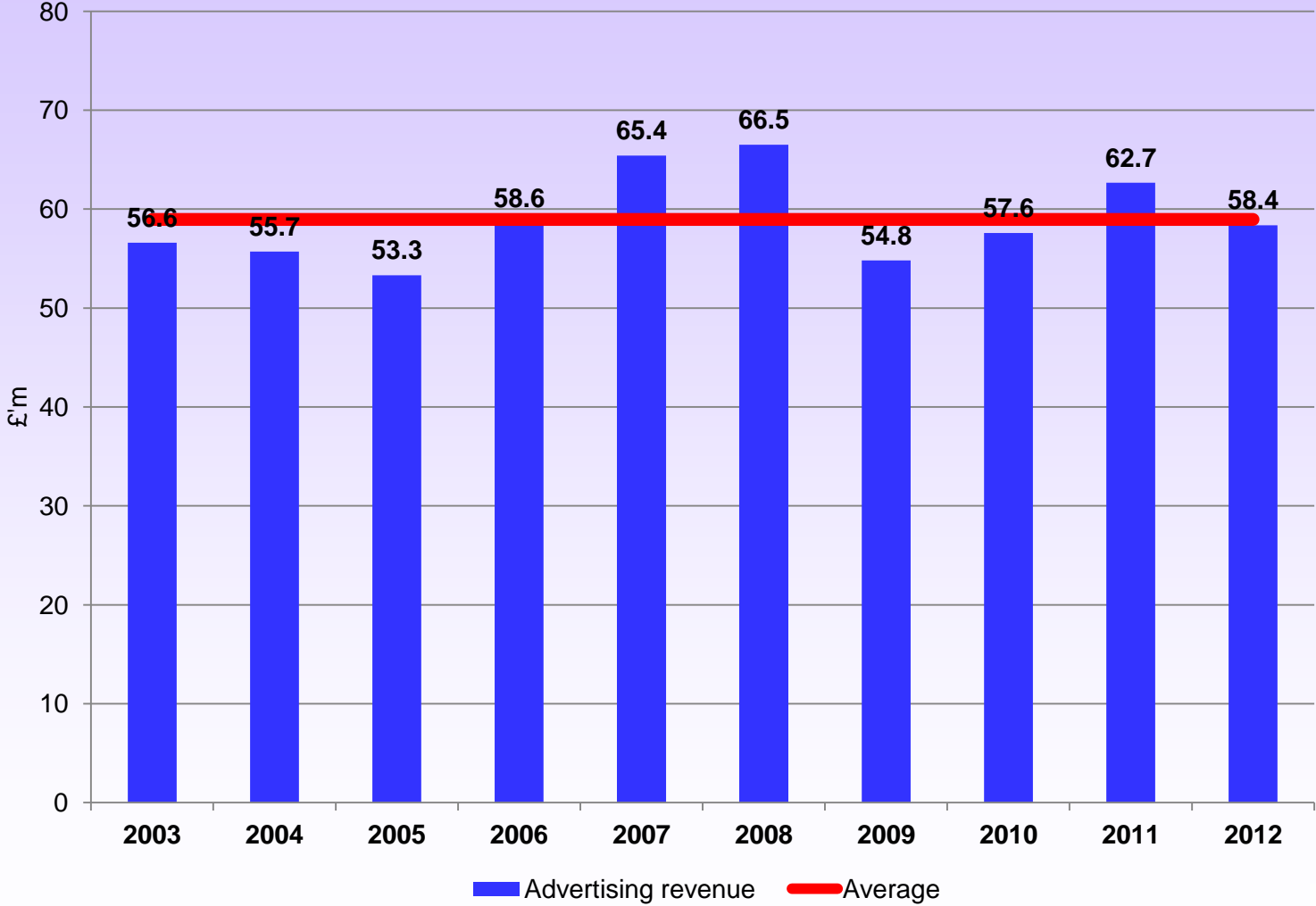
2002



2012



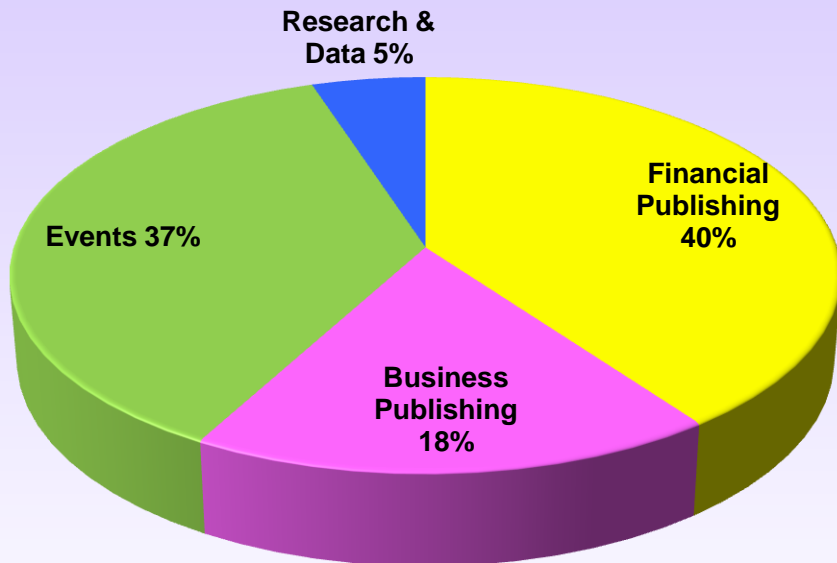
# ADVERTISING REVENUE



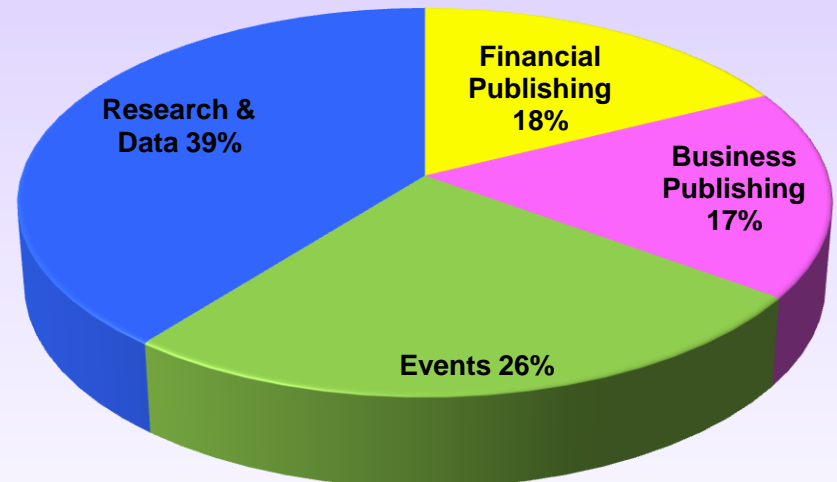
# PROFIT BY DIVISION

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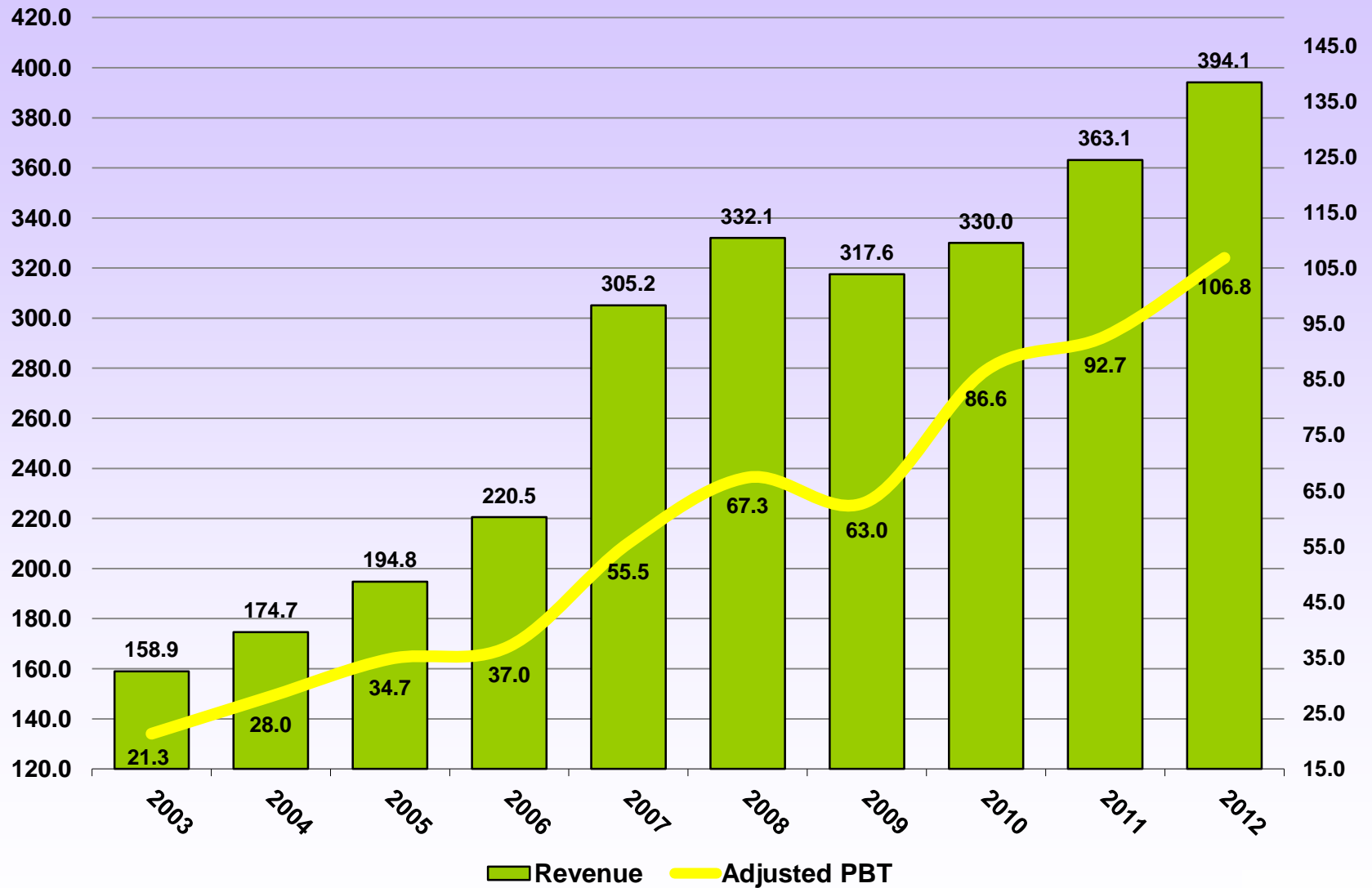
**2002**



**2012**



# EUROMONEY 10 YEAR RECORD



# OUTLOOK

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- ◆ Uncertainty persists over Eurozone, US fiscal cliff, China and Middle East politics
- ◆ Bank profitability remains under threat, exacerbated by increased regulation: cost cutting inevitable
- ◆ FY13 profits helped by reductions in central costs, CAP and net interest
- ◆ Cash flows remain strong, but no scrip dividend and increased outflows for CAP and capex
- ◆ Outlook uncertain - sticking to successful strategy:
  - ◆ Manage margins tightly
  - ◆ Maintain investment in digital transition
  - ◆ Focus on emerging markets

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**Colin Jones, Finance Director**

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