Euromoney Institutional Investor PLC

2013 Results Presentation

Colin Jones, Finance Director

November 14, 2013

2013 RESULTS PRESENTATION

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

HIGHLIGHTS[1]

£m	2011	2012	2013	Change
Revenue	363.1	394.1	**404.7**	+3%
Adjusted PBT[1]	92.7	106.8	**116.5**	+9%
Statutory PBT[1]	*68.2*	*92.4*	***95.3***	*+3%*
Adjusted EPS[1]	56.1p	65.9p	**71.0p**	+8%
Dividend	18.75p	21.75p	22.75p	+5%
Net debt	119.2	30.8	**9.9**	

[1]As reconciled in appendix to chairman's statement

Euromoney Institutional Investor PLC

KEY MESSAGES

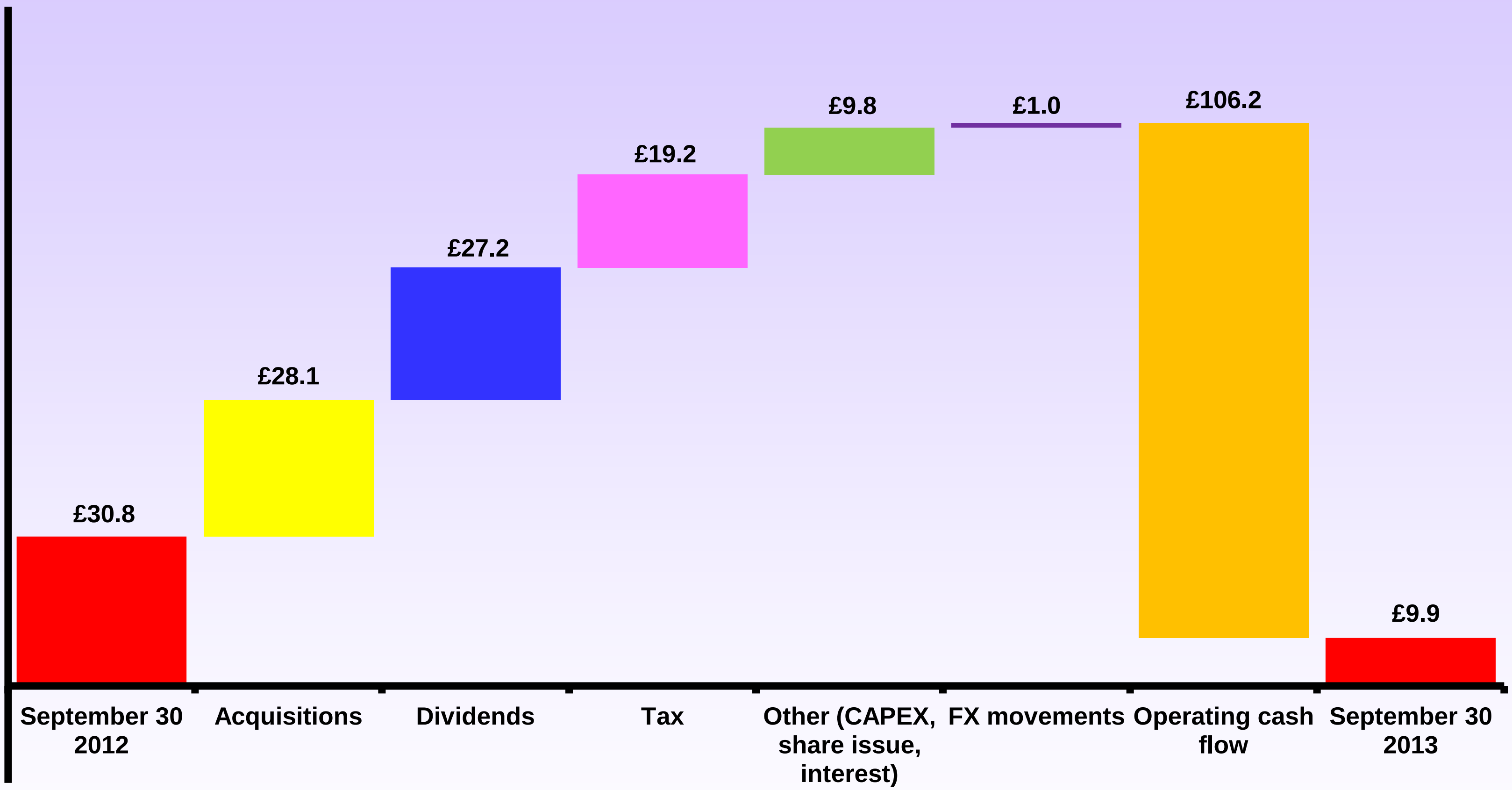
- Revenues up 3% to £404.7m
- Adjusted PBT up 9% to £116.5m, largely due to savings in central costs
- Group operating margin unchanged at 30%
- Continued investment in new products and technology
- Project Delphi content platform set to launch in 2014
- Five acquisitions in past 12 months
- New $160m debt facility in place
- Shareholder approval sought for new CAP
- First quarter trading started in line with board expectations

FINANCIAL HIGHLIGHTS

- Net debt only £9.9m: strong operating cash flows offset by acquisitions, absence of scrip dividend and CAP distribution
- Cash conversion 88% (2012: 103%) due to timing of CAP and incentive payments*
- Adjusted net finance costs down £2.8m due to lower debt*
- Statutory net finance costs up due to strong acquisition performance*
- No significant FX impact on revenues / translation*
- Underlying tax rate unchanged at 22%*
- Final dividend 15.75p (2012: 14.75p)
- Total dividend 22.75p (2012: 21.75p) reflecting 3x cover
- EPS for dividend purposes adjusted for accelerated CAP cost*

* See appendix for detail

CASH FLOW / NET DEBT



Euromoney Institutional Investor PLC

DEBT FACILITY

	Current	New
Facility amount	$300m	$160m
Term	5 years	2.5 years
Debt:EBITDA covenant	4x	3x
LIBOR margin at debt:EBITDA	<2.0 140bp	<1.0 135bp
		1.0-1.5 160bp
		1.5-2.0 185bp
Commitment fee	40% of margin	35% of margin
Arrangement fee	$2.3m (75bp)	$1.2m (75bp)

2013 RESULTS PRESENTATION

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

TRADING SUMMARY

£m	2011	2012	2013	Change
Revenue	363.1	394.1	**404.7**	+3%
Adjusted operating profit[1]	109.0	118.2	**121.1**	+2%
Adjusted PBT[1]	92.7	106.8	**116.5**	+9%
Operating margin	30.0%	30.0%	**29.9%**	*-0.1%*

[1]As reconciled in appendix to chairman's statement

TRADING HIGHLIGHTS

- Total revenues up 3%
- Underlying revenues excl acquisitions up 1%
- Subscriptions return to growth, underlying up 2%
- Subscription revenues maintained at 51%
- Advertising returned to growth in Q4 for first time in two years
- Sponsorship growth from new events and acquisitions
- Delegate growth excluding event timing
- Group operating margin constant at 30%:
  - Headcount tightly controlled
  - Divisional margins down after continued investment in technology and new products (FY13: £12m vs FY12: £10m) and event timing
  - Offset by reductions in central incentive costs

Euromoney Institutional Investor PLC

REVENUE BY TYPE

£m	**2012**	**2013**	Change	@ constant fx rates
Subscriptions	199.7	**206.3**	+3%	+2%
Advertising	58.4	**57.6**	-1%	-2%
Sponsorship	47.6	**51.4**	+8%	+7%
Delegates	80.1	**77.8**	-3%	-3%
Other/closed	9.7	**12.3**	+27%	+27%
	395.5	**405.4**	+3%	+2%
FX loss on forward contracts	(1.4)	**(0.7)**		
Total	394.1	**404.7**	+3%	+2%

REVENUE CHANGE BY QTR [2]

Y-o-Y % change	FY2012 (excl NDR)				FY2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions	+9%	+5%	+5%	+1%	-2%	+3%	+1%	+7%
Advertising	-13%	-5%	-1%	-11%	-8%	-10%	-11%	+16%
Sponsorship	+2%	-1%	-9%	-2%	+10%	-3%	+6%	+16%
Delegates	+10%	+31%	-1%	-10%	+2%	-21%	-	+9%
Other	-13%	+20%	-4%	+14%	+38%	+21%	+25%	+24%
Total	+4%	+8%	-	-4%	+1%	-4%	-	+11%
Total[1]	+3%	+8%	+1%	-2%	+2%	-3%	-	+10%

[1] After effect of FX hedging
[2] At constant exchange rates

REVENUE CHANGE BY QTR (underlying)[2]

Y-o-Y % change	FY2012 (excl NDR)				FY2013 (excl TTI, IP, CIE)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions	+9%	+5%	+5%	+1%	-2%	+1%	-2%	+4%
Advertising	-13%	-5%	-1%	-11%	-8%	-10%	-13%	+12%
Sponsorship	+2%	-1%	-9%	-2%	+10%	-3%	+4%	+4%
Delegates	+10%	+31%	-1%	-10%	+2%	-21%	-1%	+8%
Other	-13%	+20%	-4%	+14%	+38%	+21%	+25%	+24%
Total	+4%	+8%	-	-4%	+1%	-5%	-2%	+7%
Total[1]	+3%	+8%	+1%	-2%	+2%	-4%	-2%	+6%

[1] After effect of FX hedging
[2] At constant exchange rates

REVENUE BY DIVISION

£m	**2012**	**2013**	Change	@ constant fx rates
Financial Publishing	74.4	**75.6**	+2%	+1%
Business Publishing	64.6	**68.9**	+7%	+6%
Conferences & Seminars	95.0	**99.4**	+5%	+4%
Training	31.2	**30.1**	-3%	-5%
Research & Data	130.3	**131.4**	+1%	-
	395.5	**405.4**	+3%	+2%
FX loss on forward contracts	(1.4)	**(0.7)**		
Total	394.1	**404.7**	+3%	+2%

OPERATING PROFIT BY DIVISION[1]

£m	2012	**2013**	Change
Financial Publishing	24.0	**23.8**	-1%
Business Publishing	24.5	**25.8**	+5%
Conferences & Seminars	30.0	**28.9**	-4%
Training	7.0	**5.4**	-23%
Research & Data	55.4	**54.8**	-1%
Corporate costs / closed businesses	(22.7)	**(17.6)**	
Total	118.2	**121.1**	+2%

[1]Before effect of FX hedging

OPERATING MARGIN BY DIVISION

	FY 2012	**H1 2013**	**H2 2013**	**FY 2013**
Financial Publishing	32%	**27%**	**35%**	**31%**
Business Publishing	38%	**34%**	**40%**	**38%**
Conferences & Seminars	31%	**31%**	**27%**	**29%**
Training	22%	**17%**	**19%**	**18%**
Research & Data	43%	**41%**	**42%**	**42%**
Total[1]	30%	**30%**	**30%**	**30%**

[1]After corporate costs

2013 RESULTS PRESENTATION

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

GROWTH DRIVEN STRATEGY

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

- (1) Maintain focus on high margins and tight cost control
- (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*
  - *Roll out successes to new geographies esp emerging markets*
  - ***Drive acquisition synergies through central infrastructure***
- (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 (CAP)

PROJECT DELPHI

- New platform from authoring, storing and delivering all the group's content – ready from Q2
- Improve quality of existing subscription products and increase speed to market of new digital information services
- First application is transformation of BCA to a fully integrated online research service
- Upgrade and re-launch Global Capital Markets group
- Capitalised cost (amortised over four years):

£m	Additions	Cumulative
2012	0.6	0.6
2013	6.1	6.7
2014	2.7	9.4

ACQUISITIONS

TTI VANGUARD — THE ADVANCED TECHNOLOGY CONFERENCE SERIES: US-based private membership for executives who lead technology innovation in global organisations

Centre for Investor Education: Australian provider of investment forums for senior executives of superannuation funds and global asset management firms

THE INSURANCE Insider: Leading information source and events provider for the international insurance / reinsurance markets. Mostly online and subscription-driven

IJ INFRASTRUCTURE JOURNAL: Leading provider of online data, intelligence and events for the global infrastructure sector. Also mostly online and subscription-driven. €50tr global investment by 2025.

Euromoney Indices — The measure of tomorrow: Benchmark and calculation agent business of HSBC: creates and maintains c100 equity/bond indices for HSBC Global Markets division, and over 60 external clients

SYNERGIES / OPPORTUNITIES

TTI VANGUARD — THE ADVANCED TECHNOLOGY CONFERENCE SERIES

Opportunity for Institutional Investor to apply its membership expertise to a new sector and expand internationally

Centre for Investor Education

Extends Institutional Investor's coverage of asset management events to key geographic market

THE INSURANCE Insider

Strong fit with group's reinsurance title, *Reactions:* synergies from marketing and tech platform

IJ INFRASTRUCTURE JOURNAL

Merge with *Project Finance* to create comprehensive online infrastructure information and events provider: significant cost and revenue synergies

Euromoney Indices — The measure of tomorrow

Opportunity to establish a significant footprint in index compilation market using existing customer relationships: low risk, 3 years' costs underwritten by HSBC

ACQUISITION CONSIDERATION

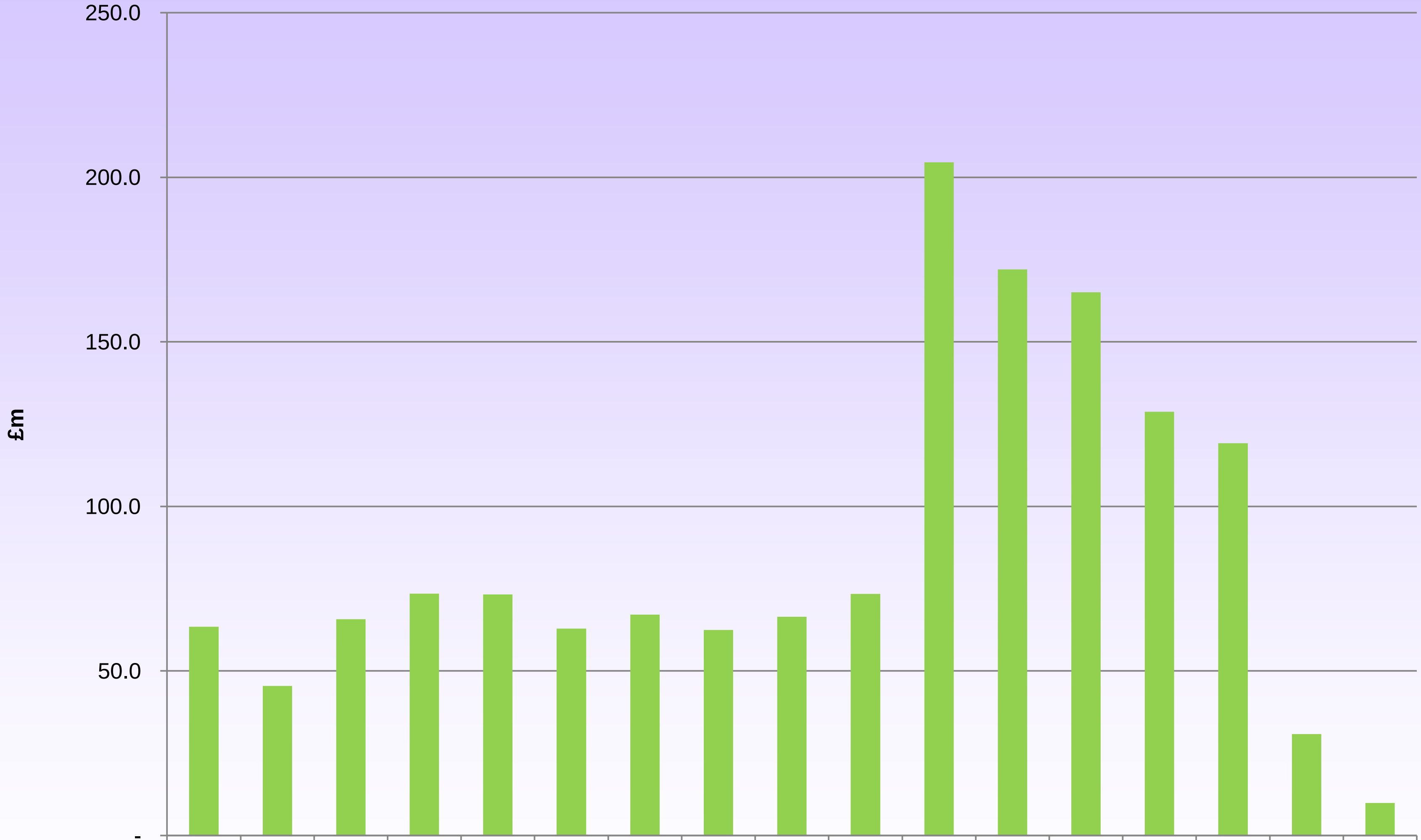
	TTI/ Vanguard	Insider Publishing	CIE	QT	IJ
Effective date of acquisition	Dec 21 2012	Mar 19 2013	Apr 18 2013	Sept 30 2013	Oct 31 2013
Equity/ assets purchased	87% equity	100% equity	75% equity	100% assets	100% assets
Initial payment	£5m	£14.4m	£7.4m	£1	£12.5m
Advance deferred consideration	-	£2.4m	£2.5m	-	-
Undiscounted contingent consideration (incl advance consideration):					
2014	£0.2m	-	£5.2m	-	-
2015	£0.2m	£12.5m	£2.7m	-	-
2016	-	-	£2.4m	-	-

ACQUISITION PERFORMANCE

£m	Revenue 2013	Revenue Annual[1]	Profit 2013	Profit Annual[1]
TTI/Vanguard	2.0	2.7	0.5	0.6
Insider Publishing	3.1	5.3	1.5	2.4
CIE	1.1	3.2	0.6	1.7
Euromoney Indices	-	3.0	-	0.5
Infrastructure Journal	-	3.2	-	0.9
	6.2	17.4	2.6	6.1
Finance costs	-	-	(0.8)	(2.1)
Adjusted PBT	6.2	17.4	1.8	4.0

[1]Annualised to Sept 30 2013

NET DEBT

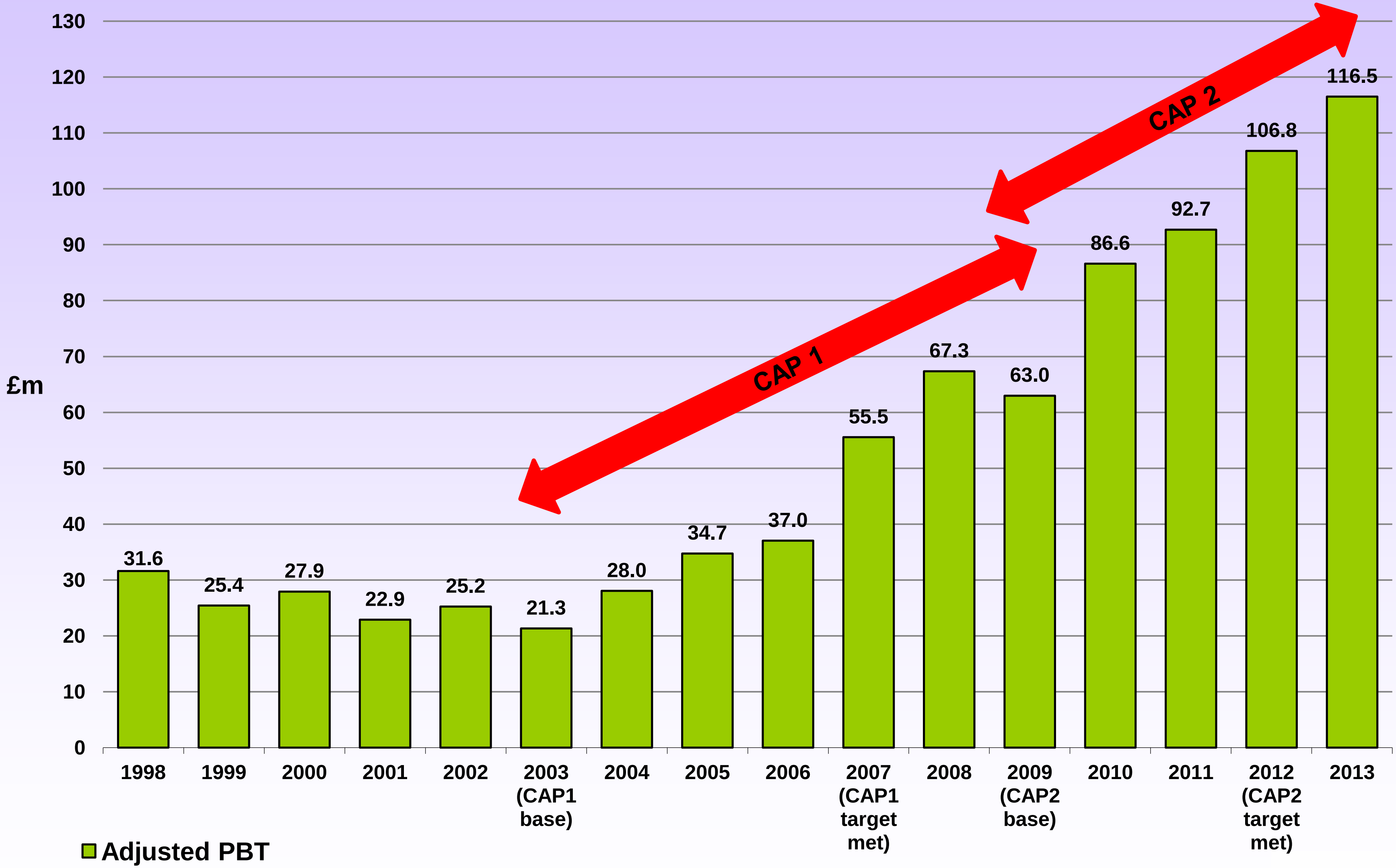


	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Debt (£m)	63.5	45.5	65.7	73.5	73.2	62.8	67.1	62.5	66.4	73.4	204.6	172.0	165.1	128.8	119.2	30.8	9.9

OUTLOOK

- Global banks / asset managers returning to profit...
- ... and economic sentiment broadly positive
- But threat of litigation and significant financial penalties (LIBOR, FX) remains a constraint...
- ... and inevitable lag before spend on marketing, information and training picks up
- Subscription and events outlook positive (just)...
- ... but Q1 suggests advertising pick up in Q4 was temporary
- Increased CAP costs and Delphi amortisation in FY14
- Continue to stick to successful strategy:
  - Manage margins tightly
  - Maintain investment in digital transition
  - Acquisition integration and synergies
  - Strong cash flows support more bolt-on acquisitions

CAP PERFORMANCE



Euromoney Institutional Investor PLC

CAP

	CAP 2010	CAP 2014
Base year	FY2009	FY2013
Target year	FY2012	FY2017
Base profit (before CAP cost)	£63.0m	£118.6m
Target profit (before CAP cost)	£105m	c£173m
P&L cost	£30m	£41m
Reward:		
Shares	3.5m	3.5m
Cash	£15m	£10m
Performance period	3 years	4 years
Vesting tranches	2	3

Euromoney Institutional Investor PLC

2013 Results Presentation

Colin Jones, Finance Director

November 14, 2013

Euromoney Institutional Investor PLC

Appendix

CASH CONVERSION

	Cash generated from operations	Adjusted operating profit	Cash conversion
Headline	**106.2**	**121.1**	**88%**
Add back:			
Profit share and incentives	7.9	-	6%
CAP cash payment (incl tax)	9.5	-	8%
Other	1.3	-	1%
Underlying	**124.9**	**121.1**	**103%**

NET FINANCE COSTS

£m	2012	2013
Interest on debt facility	(4.7)	(2.6)
Interest on tax	(1.0)	(0.7)
Other	0.2	0.6
Underlying net finance costs	**(5.5)**	**(2.7)**
Acquisition deferred consideration	-	(4.7)
Acquisition commitments	1.9	(3.0)
Statutory net finance costs	**(3.6)**	**(10.4)**

See note 4

TAX

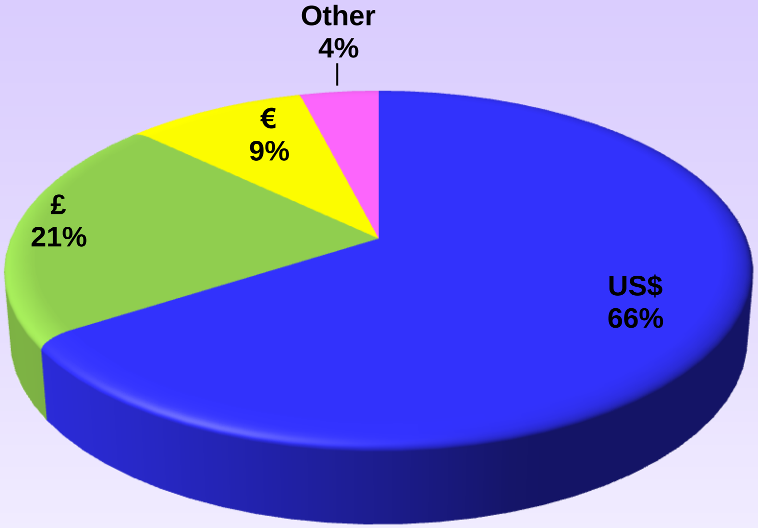
£m	2012	2013
Adjusted PBT	106.8	116.5
Statutory tax charge	**(22.5)**	**(22.2)**
Add: other tax adjustments	(0.8)	(3.0)
Underlying tax charge	**(23.3)**	**(25.2)**
Underlying tax rate	**22%**	**22%**

Underlying tax rate 22-23% for FY14 depending on profit mix

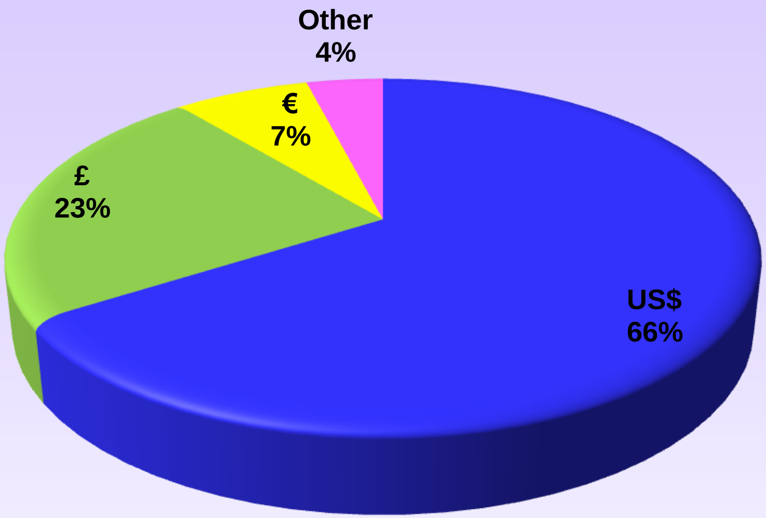
See note 5

IMPACT OF FX

Revenue [1]



Profit before tax [1]



USD	2013	2012
Average rates	1.56	1.58
Closing rates	1.62	1.61

USD	1¢ movement
Revenue	+/- £1.6m
Profit	+/- £0.6m

[1]Before effect of FX hedging

Euromoney Institutional Investor PLC

CAP

- CAP 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
Actual CAP cost	**15.9**	**6.3**	**2.1**	**-**
(Acceleration)/reversal	(6.6)	1.1	4.0	1.5
Underlying CAP cost	**9.3**	**7.4**	**6.2**	**1.5**

- Accelerated CAP cost excluded from FY11 Adjusted PBT to avoid distortion of underlying trading performance – <u>but added back for dividend purposes for FY12 to FY14</u>
- 50% CAP vesting Q2 FY13: 1.75m shares and £7.5m cash
- 50% Q2 FY14

REVENUE CHANGE BY QTR

Y-o-Y % change	FY2012 (excl NDR)				FY2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions	+8%	+6%	+6%	+2%	-3%	+3%	+4%	+9%
Advertising	-13%	-4%	-	-10%	-10%	-10%	-9%	+17%
Sponsorship	+2%	-1%	-7%	-	+8%	-3%	+9%	+17%
Delegates	+10%	+30%	-	-9%	+1%	-21%	+1%	+11%
Other	-13%	+21%	-3%	+14%	+35%	+21%	+27%	+25%
Total	+3%	+8%	+1%	-2%	-1%	-4%	+3%	+12%
Total[1]	+3%	+9%	+3%	-1%	+1%	-3%	+2%	+11%

[1] After effect of FX hedging

Euromoney Institutional Investor PLC

REVENUE CHANGE BY QTR (underlying)

Y-o-Y % change	FY2012 (excl NDR)				FY2013 (excl TTI, IP, CIE)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions	+8%	+6%	+6%	+2%	-3%	+2%	+2%	+6%
Advertising	-13%	-4%	-	-10%	-10%	-10%	-10%	+13%
Sponsorship	+2%	-1%	-7%	-	+8%	-3%	+7%	+6%
Delegates	+10%	+30%	-	-9%	+1%	-21%	+1%	+9%
Other	-13%	+21%	-3%	+14%	+35%	+21%	+27%	+25%
Total	+3%	+8%	+1%	-2%	-1%	-5%	+1%	+9%
Total[1]	+3%	+9%	+3%	-1%	+1%	-4%	-	+7%

[1] After effect of FX hedging

Euromoney Institutional Investor PLC

REVENUE CHANGE BY QTR (headline)

Y-o-Y % change	FY2012				FY2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions	+25%	+20%	+21%	+3%	-3%	+3%	+4%	+9%
Advertising	-13%	-4%	-	-10%	-10%	-10%	-9%	+17%
Sponsorship	+2%	-1%	-7%	-	+8%	-3%	+9%	+17%
Delegates	+10%	+30%	-	-9%	+1%	-21%	+2%	+11%
Other	-13%	+21%	-3%	+14%	+35%	+21%	+27%	+25%
Total	+11%	+15%	+7%	-1%	-1%	-4%	+3%	+12%
Total[1]	+11%	+16%	+9%	-2%	+1%	-3%	+2%	+11%

[1] After effect of FX hedging

Euromoney Institutional Investor PLC

REVENUE CHANGE BY QTR[2]

Y-o-Y % change	FY2012				FY2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Subscriptions	+26%	+19%	+19%	+2%	-2%	+3%	+1%	+7%
Advertising	-13%	-5%	-1%	-11%	-8%	-10%	-11%	+16%
Sponsorship	+2%	-1%	-9%	-2%	+10%	-3%	+6%	+16%
Delegates	+10%	+31%	-1%	-10%	+2%	-21%	-	+9%
Other	-13%	+20%	-4%	+14%	+38%	+21%	+25%	+24%
Total	+12%	+15%	+6%	-3%	+1%	-4%	-	+11%
Total[1]	+11%	+15%	+7%	-2%	+2%	-3%	-	+10%

[1] After effect of FX hedging
[2] At constant exchange rates

Euromoney Institutional Investor PLC

DEFERRED REVENUE

£m	Subs	Other
Opening balance	81.0	24.1
Acquisitions	3.7	2.0
FX	(0.5)	(0.3)
NDR conversion	5.1	-
Underlying movement	1.1	1.1
Closing balance	**90.4**	**26.9**
Underlying change %	1%	4%