

Euromoney Institutional Investor PLC

2014 Half Year Results Presentation

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May 15, 2014

2014 HALF YEAR

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

HIGHLIGHTS¹

£m	2012	2013	2014	Change
Revenue	189.4	187.3	195.8	+5%
Adjusted PBT ¹	48.6	52.4	53.4	+2%
<i>Statutory PBT¹</i>	39.8	42.7	42.8	-
Adjusted EPS ¹	29.7p	31.9p	32.0p	-
Dividend	7.00p	7.00p	7.00p	=
Net debt	88.5	38.1	28.6	

¹As reconciled in appendix to chairman's statement

KEY MESSAGES

- ◆ Revenues up 5% to £195.8m, underlying revenues* up 3%
- ◆ Adjusted PBT up 2% to £53.4m – decrease in underlying profit offset by acquisitions and savings on CAP costs
- ◆ Investment banking sector (FICC) is biggest barrier to growth
- ◆ Group operating margin 28% (2013: 30%) reflecting investment in digital strategy
- ◆ Project Delphi launched on time and on budget
- ◆ CAP 2014 approved by shareholders
- ◆ Strength of sterling vs US\$ provides second half headwind
- ◆ Outlook remains challenging, trading in line with board expectations

* Underlying excludes acquisitions and at constant currency

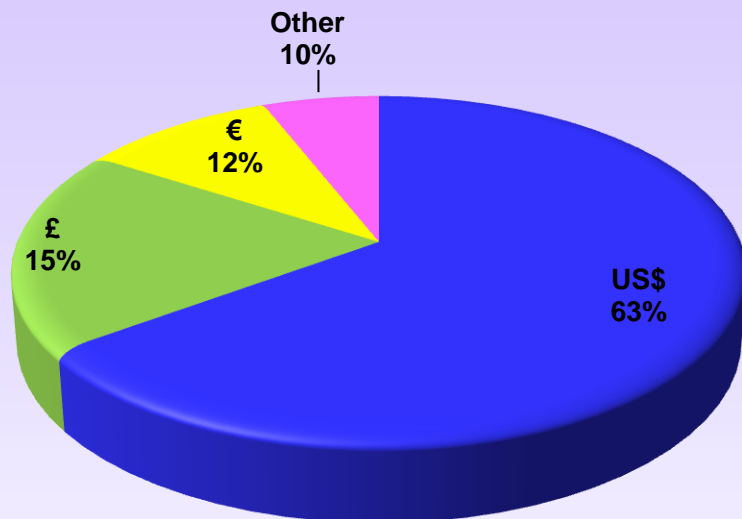
FINANCIAL HIGHLIGHTS

- ◆ Net debt increased by £18.7m to £28.6m since Sept 30 due to acquisition, share buy-back and CAP payments*
- ◆ Cash conversion 82% (2013: 76%) due to timing of CAP payments*
- ◆ Interest on debt facility down £0.9m*
- ◆ FX impact of on profits £1.5m
- ◆ Underlying tax rate increased to 23% due to profit mix offset by UK rate reductions*
- ◆ Unchanged interim dividend of 7p reflects 3x cover and 1/3 interim policy, with EPS adjustment for smoothing of CAP costs

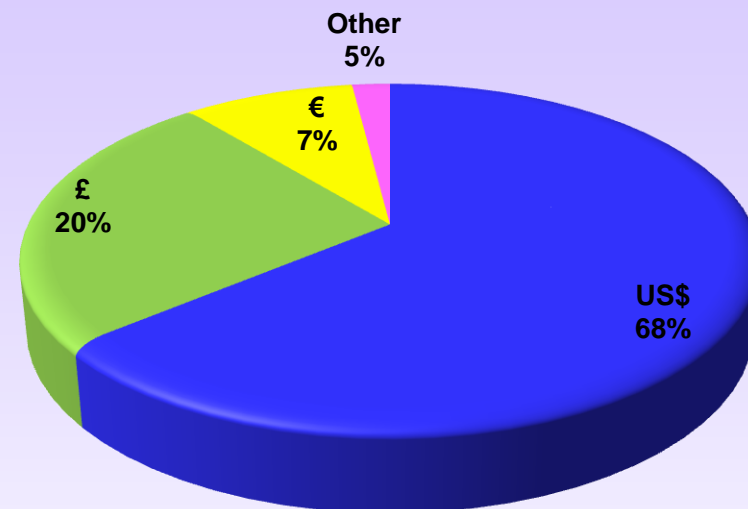
* See appendix for detail

IMPACT OF FX

Revenue ¹



Profit before tax

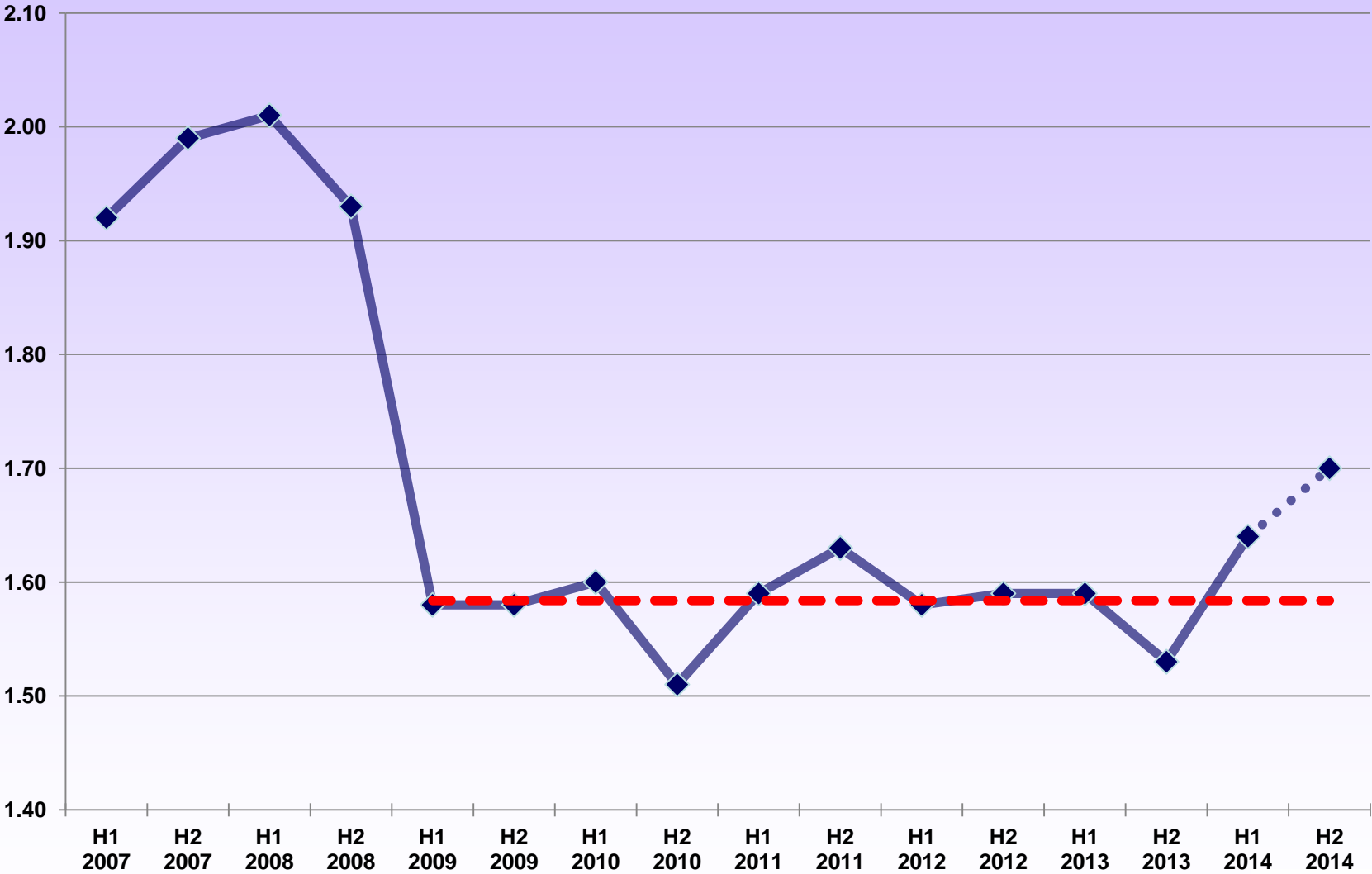


USD	2014	2013
H1 Average rates	1.64	1.59
H2 Average rates	1.70?	1.53
H1 Closing rates	1.67	1.52

USD	1¢ movement
Revenue	+/- £1.3m
Profit before tax	+/- £0.6m

¹Before effect of FX hedging

US\$/GB£ AVERAGE RATES



CAP 2014

- ◆ Grant to be made in H2
- ◆ Profit target £173.6m by 2017 (adj PBT before CAP cost), subject to M&A adjustments
- ◆ Funded by purchase of 3.5m shares and balance in cash - 1.3m shares acquired to date
- ◆ Total cost £41m spread over period to FY20 as follows:

£m	FY14	FY15–17	FY18	FY19	FY20
CAP cost	4.3	8.6	6.5	3.4	1.0

2014 HALF YEAR

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TRADING SUMMARY

£m	2011	2012	2013	Change
Revenue	189.4	187.3	195.8	+5%
Adjusted operating profit ¹	56.7	55.5	54.2	-2%
Adjusted PBT ¹	48.6	52.4	53.4	+2%
Operating margin	29.9%	29.6%	27.7%	-1.9%

¹As reconciled in appendix to chairman's statement

TRADING HIGHLIGHTS

- ◆ Total revenues up 5%, up 7% at constant FX, and underlying revenues* up 3%
- ◆ Global investment banks hurting on DCM/FICC while ECM and wealth/retail more robust. Metals and mining sector also weak
- ◆ In contrast, asset management sector spending more
- ◆ Sponsorship revenues increased from new financial events
- ◆ Delegate growth largely due to timing on events
- ◆ Underlying trends in subscription revenues consistent with H2 2013 at a steady rate of 2%
- ◆ Pressure on bank advertising continued
- ◆ Group operating margin down 2% due to continued investment in digital publishing incl Delphi platform

* Underlying excludes acquisitions and at constant currency

REVENUE BY TYPE

£m	2013	2014	Headline	Constant FX	Underlying
Subscriptions	100.1	102.9	+3%	+6%	+2%
Advertising	22.5	22.0	-2%	-	-2%
Sponsorship	21.0	24.2	+15%	+19%	+10%
Delegates	36.9	39.3	+7%	+8%	+7%
Other	6.2	6.8	+10%	+11%	+10%
FX	0.6	0.6	-	-	-
Total	187.3	195.8	5%	+7%	+3%
Acquisitions	(0.1)	(6.0)			
Underlying	187.2	189.8			

REVENUE CHANGE BY QTR (underlying)¹

Y-o-Y % change	FY2013				HY2014	
	Q1	Q2	Q3	Q4	Q1	Q2
Subscriptions	-2%	+1%	-2%	+4%	+2%	+3%
Advertising	-8%	-10%	-13%	+12%	-3%	-1%
Sponsorship	+10%	-3%	+4%	+4%	-2%	+22%
Delegates	+2%	-21%	-1%	+8%	-	+17%
Other	+38%	+21%	+25%	+24%	+5%	+18%
Total	+1%	-5%	-2%	+7%	+1%	+7%

¹ At constant exchange rates before FX hedging

REVENUE BY DIVISION

£m	2013	2014	Headline	Constant FX	Under-lying
Financial publishing	31.8	36.4	+14%	+16%	+9%
Business publishing	28.9	30.3	+5%	+7%	+7%
Conferences & seminars	47.2	51.6	+9%	+12%	+9%
Training	14.1	13.1	-7%	-4%	-4%
Research & data	64.7	63.8	-1%	+2%	-1%
FX	0.6	0.6	-	-	-
	187.3	195.8	+5%	+7%	+3%
Acquisitions	(0.1)	(6.0)			
Total	187.2	189.8			

OPERATING PROFIT BY DIVISION¹

£m	2013	2014	Change
Financial Publishing	8.6	8.7	+2%
Business Publishing	9.8	8.7	-12%
Conferences & Seminars	14.7	15.5	+6%
Training	2.4	2.4	+1%
Research & Data	26.5	26.1	-2%
Corporate costs	(6.5)	(7.2)	
Total	55.5	54.2	-2%

¹Headline profit before effect of FX hedging and acquisitions

OPERATING MARGIN BY DIVISION

	H1 2013	H2 2013	FY 2013	H1 2014
Financial Publishing	27%	35%	31%	24%
Business Publishing	34%	40%	38%	29%
Conferences & Seminars	31%	27%	29%	30%
Training	17%	19%	18%	18%
Research & Data	41%	42%	42%	41%
Group margin ¹	30%	30%	30%	28%

¹After corporate costs

2014 HALF YEAR

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GROWTH DRIVEN STRATEGY

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*
 - ◆ *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)

M&A UPDATE

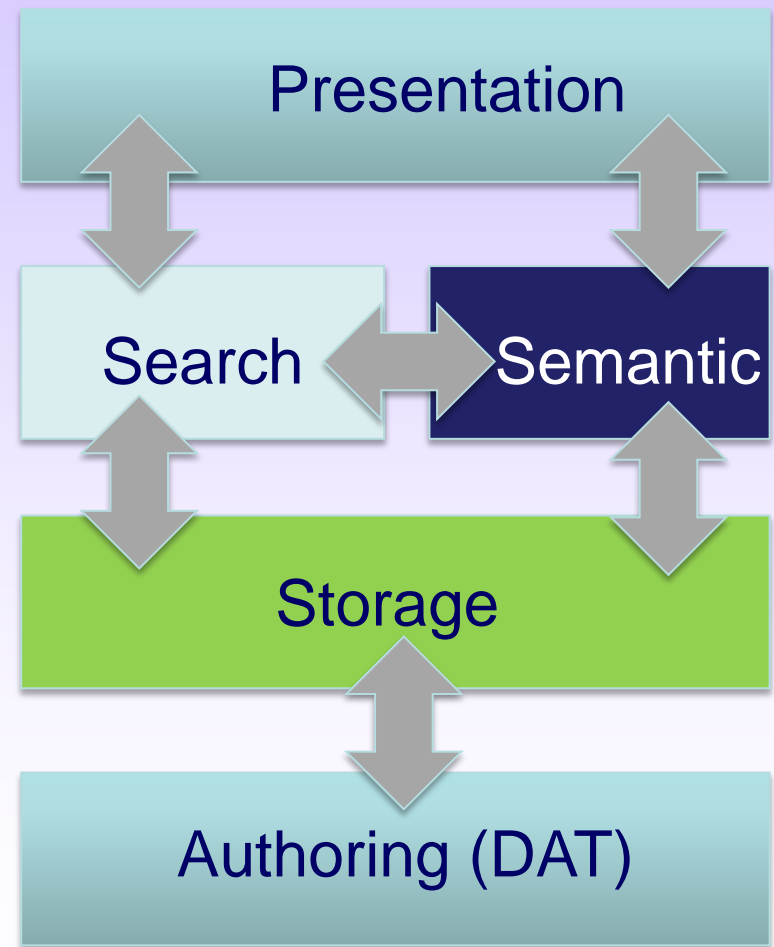
- ◆ Acquisition of *Infrastructure Journal* (£12.5m) and combination with *Project Finance* to create *IJ Global* – cost saving and revenue growth opportunities in FY15
- ◆ Deal activity: high volume of deal appraisal over last six months; good acquisition pipeline including a couple of mid-size transactions
- ◆ Portfolio rationalisation: strategic review of Training division led to decision to sell MIS Training and focus on new training opportunities under Euromoney Training brand
 - ◆ Proceeds £6.6m plus up to £2.4m deferred
 - ◆ Operating contribution foregone c£1m, mostly H2
 - ◆ Exceptional profit on sale of c£7m in H2

PROJECT DELPHI STRATEGY

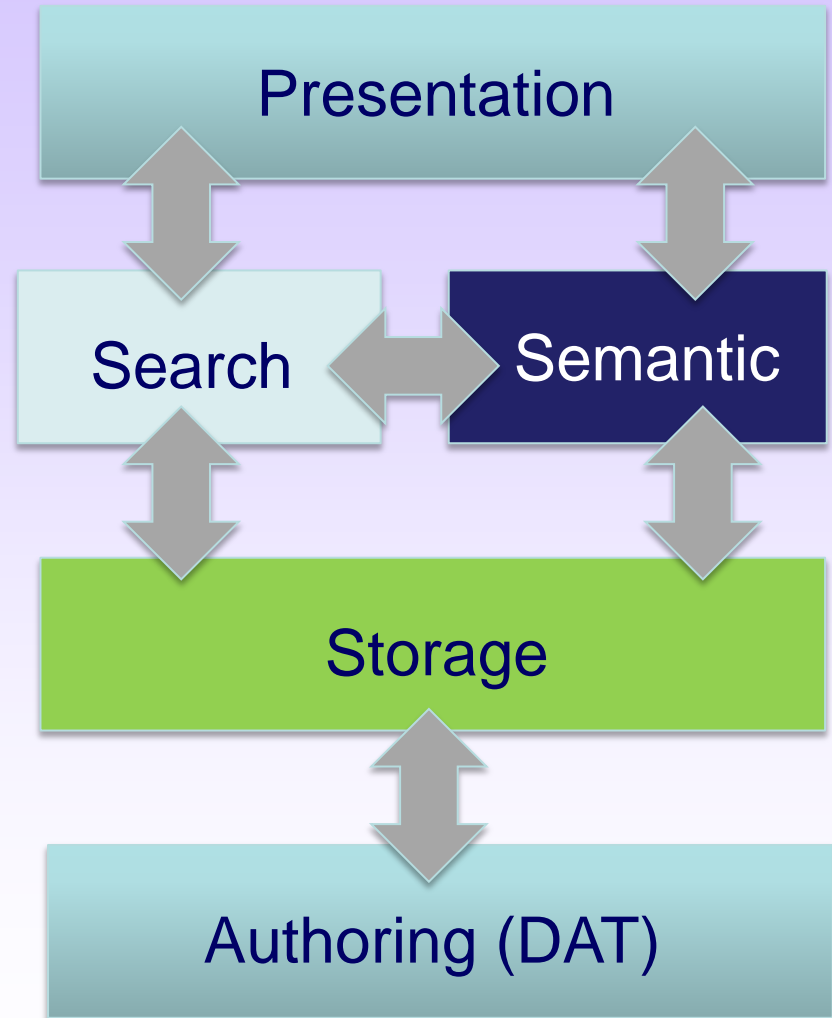
- ◆ Group-wide content platform to:
 1. *Drive digital-first strategy*
 2. *Remove existing product silos*
 3. *Facilitate the repurposing of existing content and data using semantic search and dashboard aggregation*
 4. *Increase speed to market for new products*
 5. *Enhance product value by embedding in customer workflows*
 6. *Generate cost and production efficiencies*
- ◆ Project cost £10.0m of which £9.3m capitalised – annual cost incl depreciation and running costs c£4m
- ◆ BCA and Global Capital first phase of launch
- ◆ DAT roll-out to other key titles during FY14
- ◆ Further launches for II and MB in FY15

DELPHI PLATFORM

- ◆ Journalists and editors use an **intuitive authoring interface** to create content
- ◆ **Greater editorial control** over web presentation through drag & drop GUI
- ◆ Content relationships better defined using **semantic tagging** (intelligent relationships) within a domain ontology (eg asset classes)
- ◆ **Search capabilities** significantly enhanced using semantic tags
- ◆ Improved product **personalisation** incl configurable alerting and dashboards
- ◆ Content easily **distributed to multiple devices** (desktop, tablet, phone) using responsive design



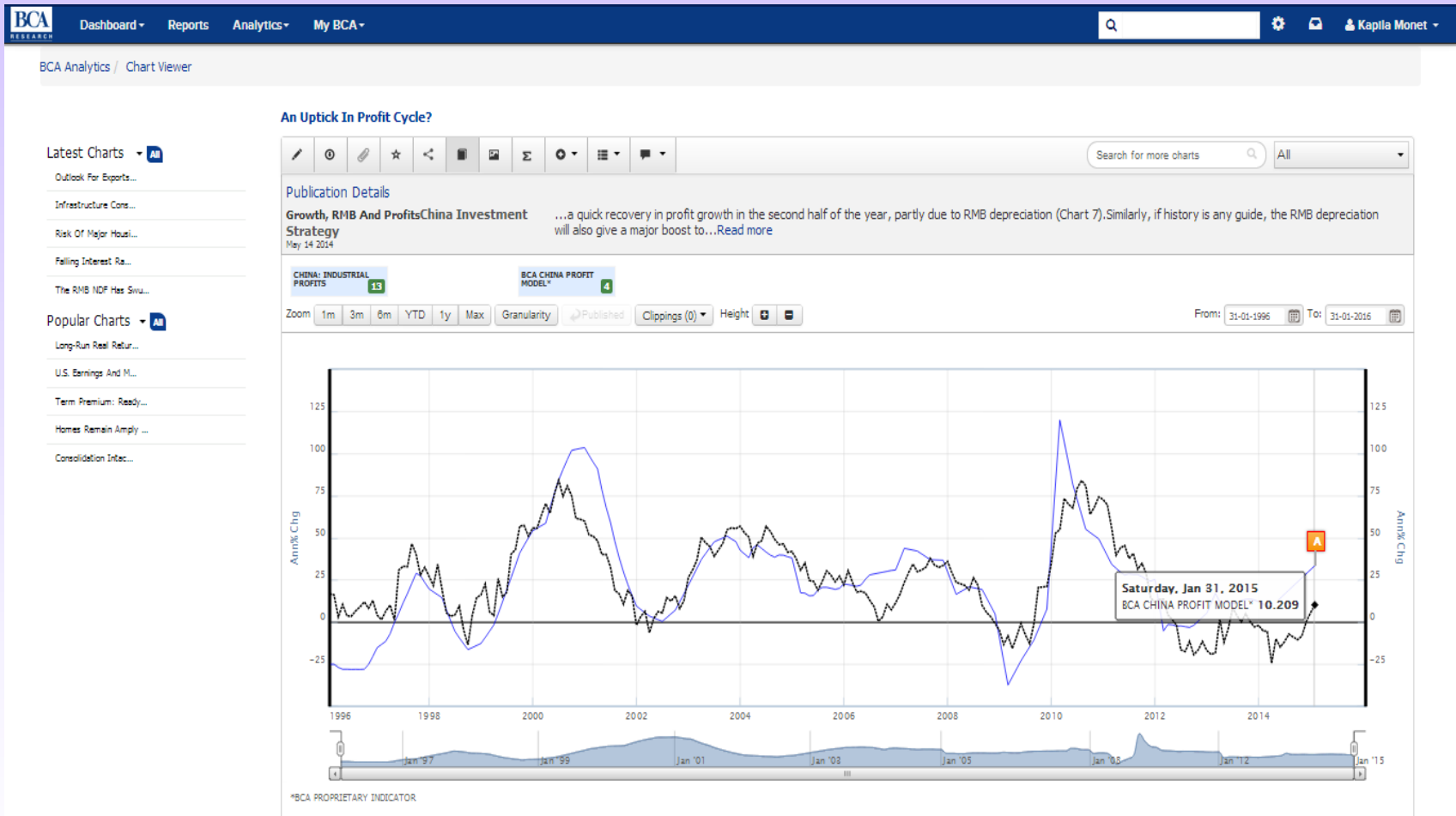
DELPHI TECHNOLOGY



DELPHI: BCA

- ◆ Transformation from basic PDF delivery to powerful, user friendly, digital research tool including:
 - ◆ BCA Analytics (BAN) – sophisticated, searchable, flexible, interactive charts – initial sales ahead of forecast
 - ◆ BCA Dashboard – all customized content in one location:
 - ◆ Live reports as soon as published
 - ◆ Semantic search and intelligent auto-suggest
 - ◆ Personalized views, alerts
 - ◆ Theme insight and impact
 - ◆ Comprehensive database of BCA trade and asset allocation recommendations
 - ◆ Easily embedded into client workflows incl ability to clip annotate and share content
 - ◆ Initial reaction to dashboard positive – upselling opportunities from FY15

DELPHI: BCA – Interactive Charts



DELPHI: BCA – Views Dashboard

BCA RESEARCH Dashboard ▾ Reports Analytics ▾ My BCA ▾ Kapila Monet ▾

My Dashboard ▸ Views

Filter ▾ ▾

Total results: 229

U.S. Fertilizers & Agricultural Chemicals Equities

U.S. Equity Strategy

U.S. Equities
Equity Market

3 YEARS

HOUSE

ACROSS BCA:
Views: **6 ABSOLUTES** **9 RELATIVES**
9 Services

Latest Update: **May 12 2014**
Related Markets/Economies ▾

CONFLICTS

EUR/GBP

Foreign Exchange Strategy

U.S. Government Bonds

HOUSE

Amsterdam Office Real Estate

Global Real Estate Strategy

Chicago Office Real Estate

Global Real Estate Strategy

Hong Kong Banks Equities

China Investment Strategy

Hong Kong Economy

China Investment Strategy

Hong Kong Equities

China Investment Strategy

Tokyo Office Real Estate

Global Real Estate Strategy

U.S. Soft Drinks Equities

U.S. Equity Strategy

Swiss Economy

Global Investment

LEGEND ▾ SUPPORT

DELPHI – GLOBAL CAPITAL

- ◆ The merging of *EuroWeek*, *Asiamoney* and several newsletters onto a single site under a new brand with multiple revenue streams, responsive design for multiple devices, and enhanced search & daily emails
- ◆ New RMB channel incl database launched in weeks rather than months
- ◆ Powerful platform for testing new products quickly(eg co-co bonds)
- ◆ Early signs very promising in terms of overall traffic, new trial registration, trial upgrades and search effectiveness
- ◆ Immediate costs savings on print, technology, marketing and editorial efficiency



OUTLOOK

- ◆ Market conditions remain challenging, particularly in investment banking (FICC) and metals & mining sectors
- ◆ Asset management sector performing well but lag effect on subscription revenues
- ◆ Emerging markets continue to present opportunities for growth
- ◆ FX impact of stronger sterling: £0.6m for each one cent movement in US\$
- ◆ CAP costs of £4.3m in H2
- ◆ Continue to stick to successful strategy:
 - ◆ Manage margins tightly
 - ◆ Maintain investment in digital transition and Delphi
 - ◆ Acquisition integration and synergies
 - ◆ Strong cash flows support more bolt-on acquisitions

Save the date.....

DELPHI

Investor Presentation

September 18, 2014

Euromoney Institutional Investor PLC

Appendix

CASH FLOW / NET DEBT



CASH CONVERSION

	Cash generated from operations	Adjusted operating profit	Cash con- version HY2014	Cash con- version HY2013
Headline cash conversion	44.3	54.2	82%	76%
<i>Add back:</i>				
CAP cash (incl tax)	9.3	-	14%	11%
Profit share	14.0	12.2	6%	16%
Other	0.8	-	1%	-
Underlying cash conversion	68.4	66.4	103%	103%

NET FINANCE COSTS

£m	FY 2013	HY 2013	HY 2014
Interest on debt facility	(2.6)	(1.5)	(0.6)
Interest on tax	(0.7)	-	(0.2)
Other	0.6	0.4	(0.1)
Underlying net finance costs	(2.7)	(1.1)	(0.9)
Acquisition deferred consideration	(4.7)	(0.1)	(0.3)
Acquisition commitments	(3.0)	(2.1)	(0.3)
Statutory net finance costs	(10.4)	(3.3)	(1.5)

See note 5

TAX

£m	FY 2013	HY 2013	HY 2014
Adjusted PBT	116.5	52.4	53.4
Statutory tax charge	(22.2)	(10.2)	(10.6)
Add: other tax adjustments	(3.0)	(1.2)	(1.6)
Underlying tax charge	(25.2)	(11.4)	(12.2)
Underlying tax rate	22%	22%	23%

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

See note 6

REVENUE CHANGE BY QTR (headline)

Y-o-Y % change	FY2013				HY2014	
	Q1	Q2	Q3	Q4	Q1	Q2
Subscriptions	-3%	+3%	+4%	+9%	+5%	+1%
Advertising	-10%	-10%	-9%	+17%	-	-4%
Sponsorship	+8%	-3%	+9%	+17%	+8%	+23%
Delegates	+1%	-21%	+1%	+11%	+1%	+14%
Other	+35%	+21%	+27%	+25%	+4%	+17%
Total	-1%	-4%	+3%	+12%	+4%	+5%

REVENUE CHANGE BY QTR¹ (constant FX)

Y-o-Y % change	FY2013				HY2014	
	Q1	Q2	Q3	Q4	Q1	Q2
Subscriptions	-2%	+3%	+1%	+7%	+6%	+6%
Advertising	-8%	-10%	-11%	+16%	+1%	-
Sponsorship	+10%	-3%	+6%	+16%	+9%	+29%
Delegates	+2%	-21%	-	+9%	+1%	+17%
Other	+38%	+21%	+25%	+24%	+5%	+19%
Total	+1%	-4%	-	+11%	+5%	+10%

¹ At constant exchange rates before FX hedging

DEFERRED REVENUE

£m	Mar-13 to Mar-14		Sept-13 to Mar-14	
	Subs	Other	Subs	Other
Opening balance	103.7	30.2	90.4	26.9
Acquisitions/disposal	2.1	(0.1)	1.0	(2.2)
FX/other	(9.0)	(1.4)	(2.0)	(0.4)
Adjusted opening balance	96.8	28.7	89.4	24.3
Underlying movement	0.8	3.6	8.2	8.0
Closing balance	97.6	32.3	97.6	32.3
Underlying growth %	1%	13%	9%	33%