

# **Euromoney Institutional Investor PLC**

## **2015 Half Year Results Presentation**

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May 14, 2015

# 2015 HALF YEAR

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

# HIGHLIGHTS<sup>1</sup>

£m	2013	2014	2015	Change
Revenue	187.3	195.8	<b>197.7</b>	+1%
Adjusted PBT <sup>1</sup>	52.4	53.4	<b>53.4</b>	=
<i>Statutory PBT<sup>1</sup></i>	<i>42.7</i>	<i>42.8</i>	<b>93.3</b>	+118%
Adjusted EPS <sup>1</sup>	31.9p	32.0p	<b>34.1p</b>	+7%
Dividend	7.00p	7.00p	7.00p	=
Net debt <sup>2</sup>	9.9	37.6	<b>10.6</b>	

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

<sup>2</sup>The comparative figure for net debt is at September 30

# KEY MESSAGES

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- ◆ Revenues up 1% to £197.7m
- ◆ Underlying\* revenues, excluding event timing differences, also up 1%
- ◆ Adjusted PBT unchanged at £53.4m (pre-close £46m)
- ◆ Change in estimated cost of CAP
- ◆ Significant exceptional items / asset sales
- ◆ Net debt only £10.6m
- ◆ Continued progress rolling out Delphi content platform and good pipeline of new products
- ◆ Trading conditions expected to remain challenging in second half

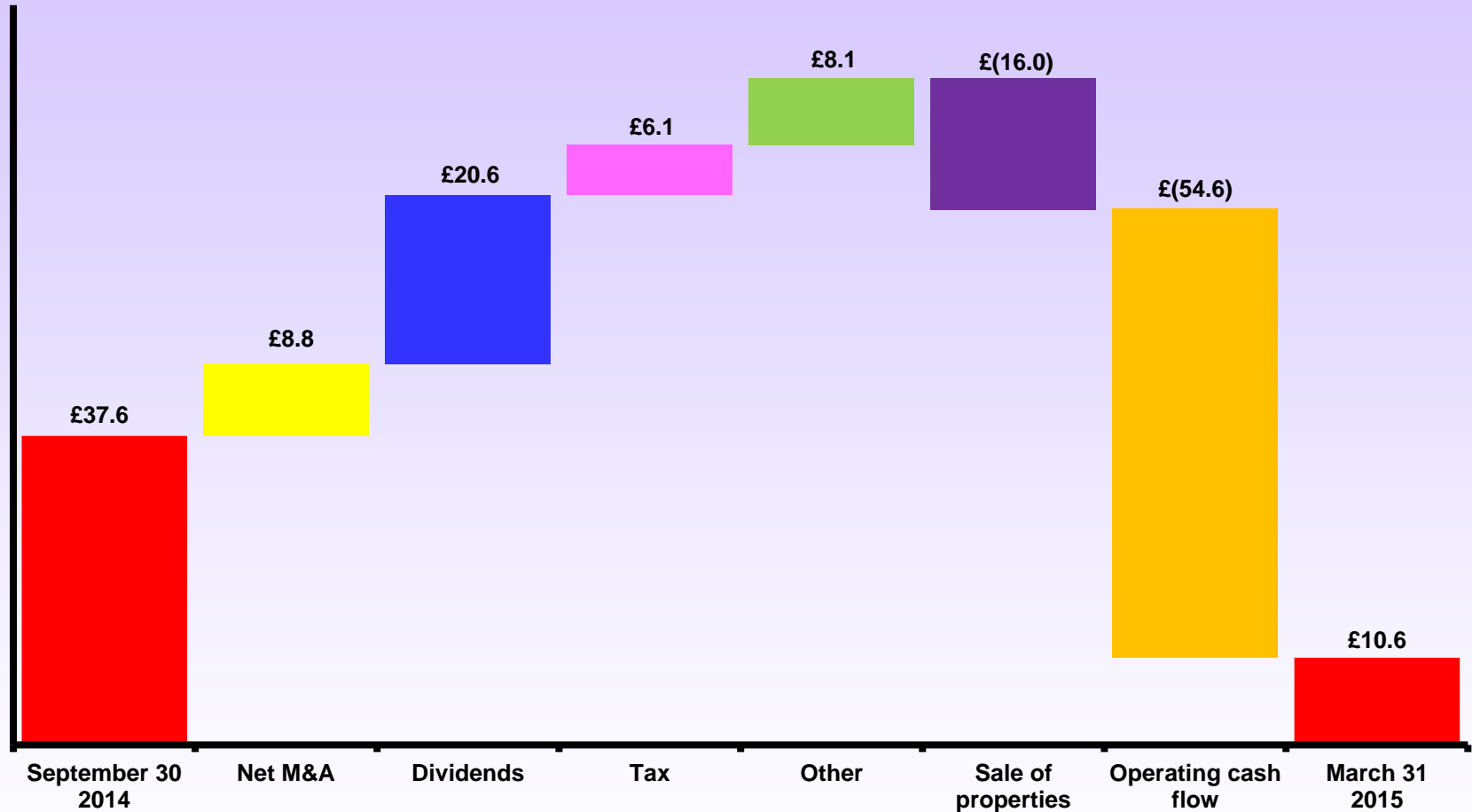
\* Underlying excludes acquisitions and at constant currency

# FINANCIAL HIGHLIGHTS

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- ◆ Net debt decreased by £27m to £10.6m since Sept 30
- ◆ Underlying cash conversion 105% (2014: 103%)
- ◆ Underlying tax rate decreased to 19% for H1 and expected to remain at 19% for full year
- ◆ Unchanged interim dividend of 7p consistent with 3x cover
- ◆ Exceptional items - net gain £45.8m
- ◆ Dealogic
- ◆ CIE
- ◆ Favourable FX

# CASH FLOW / NET DEBT

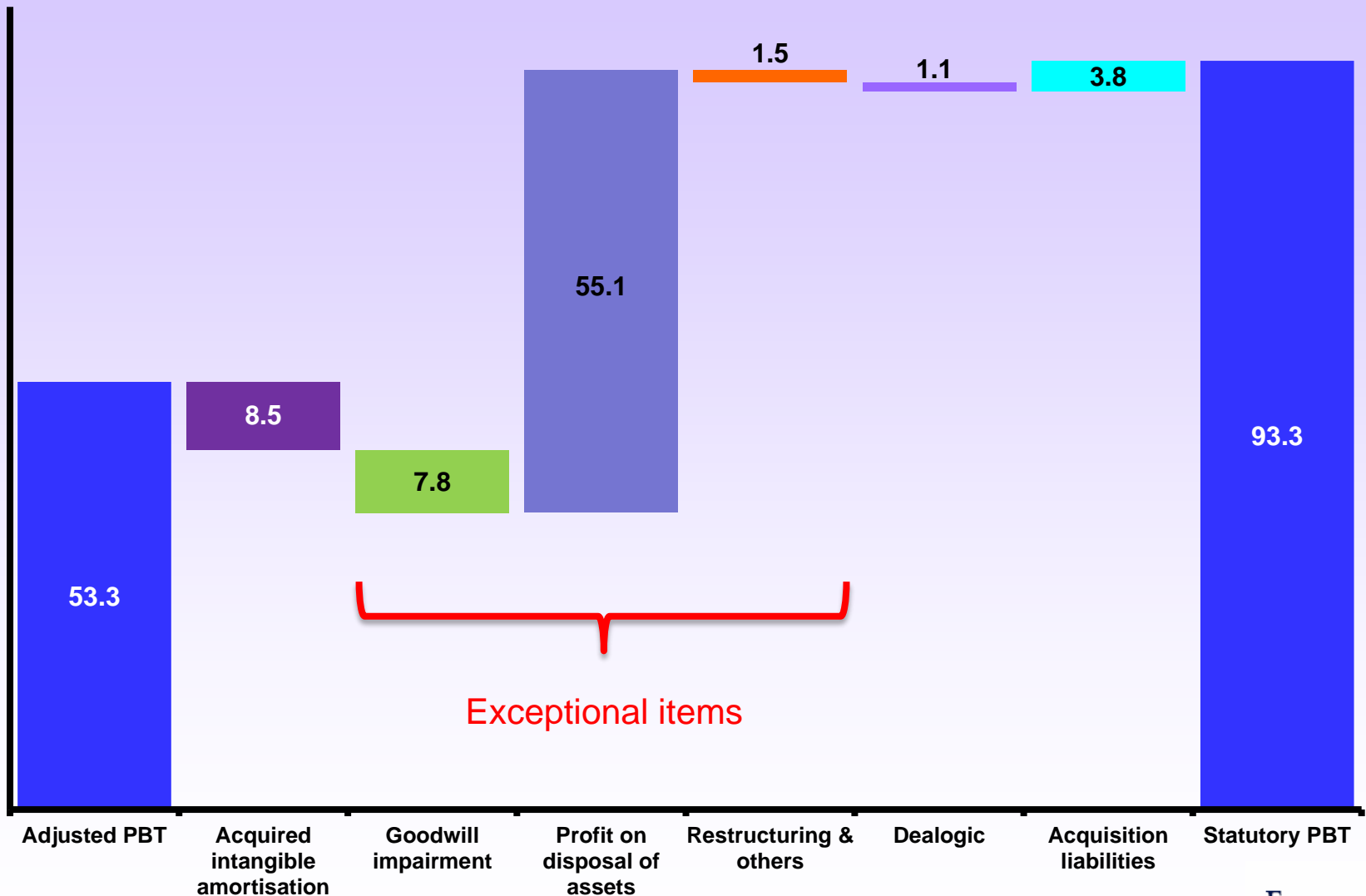


# CAP 2014

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- ♦ CAP launched in 2014 and commenced amortisation on basis of achieving minimum performance target in 2017
- ♦ Achievement of performance target dependent on a number of factors, including:
  - ♦ Health of financial markets;
  - ♦ Success of acquisitions and disposal strategy;
  - ♦ Return on group's digital investment;
  - ♦ Exchange rates;
- ♦ No certainty that the minimum performance target will be achieved (accounting requirement)
- ♦ CAP expense of £2.5m charged in H2 2014 reversed in H1 2015 - no further CAP charge in 2015
- ♦ CAP remains important incentive for delivering acquisition and investment strategy

# STATUTORY PROFIT





# EXCEPTIONAL ITEMS

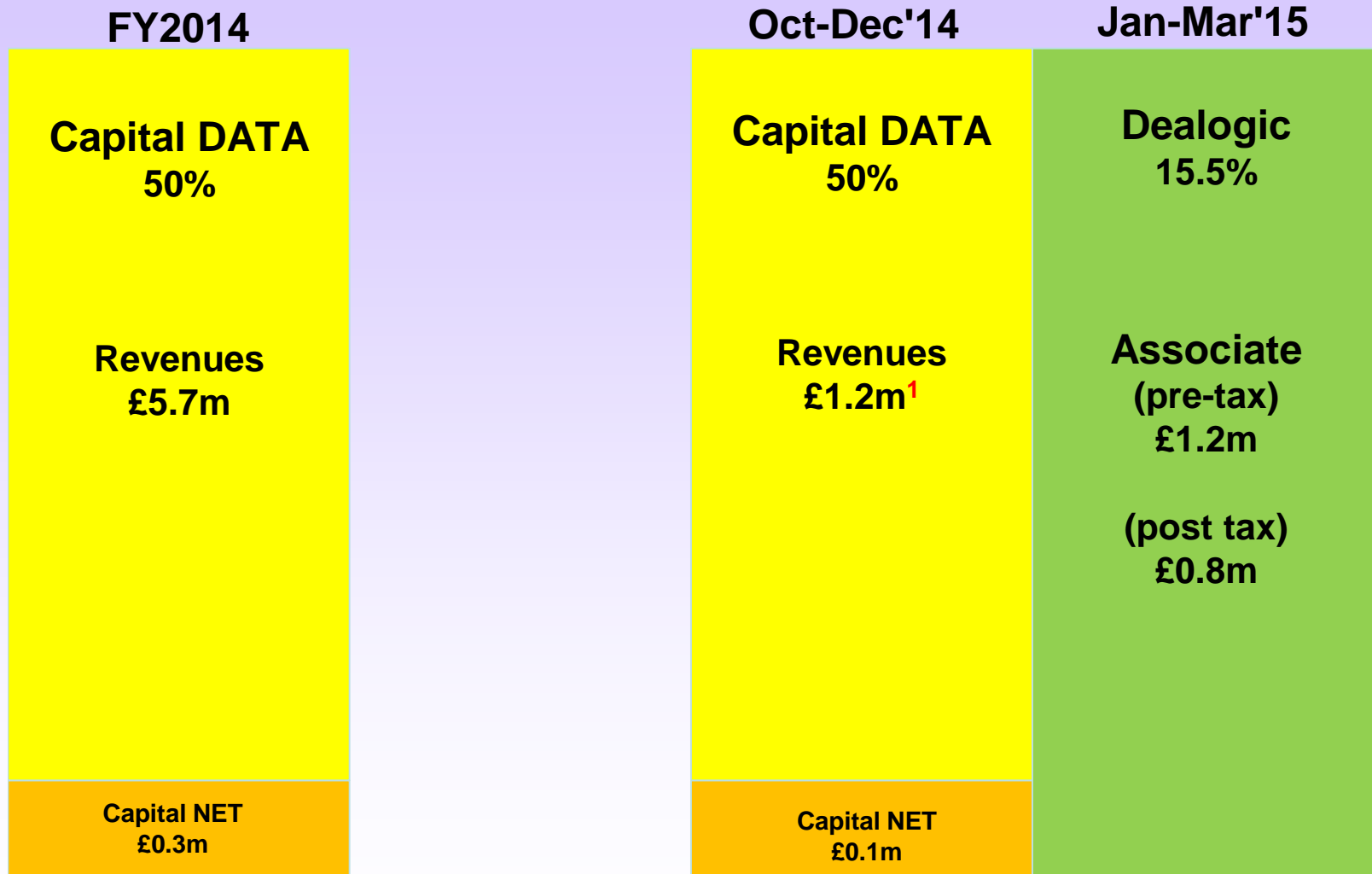
£m	2014	2015
Profit on disposal of Cap DATA & Cap NET	-	48.4
Profit on disposal of business	-	2.4
Profit on disposal of properties	-	4.3
	-	55.1
Goodwill impairment (HFI/CIE)	-	(7.8)
Restructuring and other exceptional costs	(1.3)	(1.5)
	(1.3)	45.8

# CIE

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- ◆ Group acquired 75% interest in CIE in 2013 for £10.2m initial consideration
- ◆ Good strategic fit with II and filled gap in Australian asset management sector
- ◆ Commitment to acquire remaining 25% by early 2016
- ◆ At Sept 2014 £5.2m in acquisition commitments
- ◆ Governance and financial irregularities identified during audit
- ◆ Former owner-managers replaced and Euromoney management accelerated
- ◆ Adjustments made to group's investment in CIE:
  - ◆ Goodwill impairment £3.0m
  - ◆ Preparation of balance sheet as if owned 100% of CIE
  - ◆ Net finance income credit £5.2m

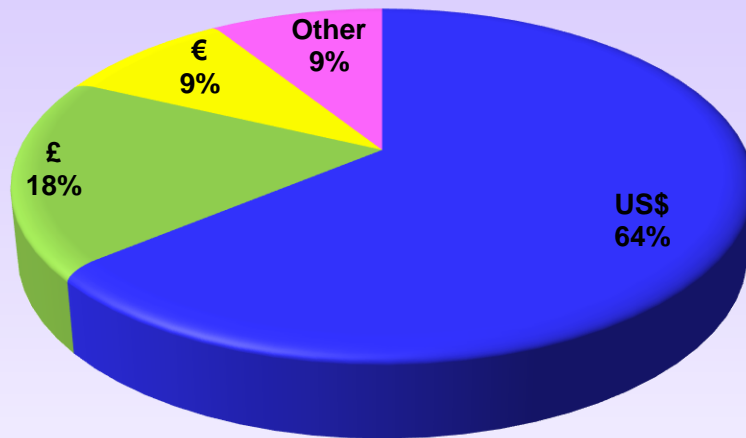
# DEALOGIC



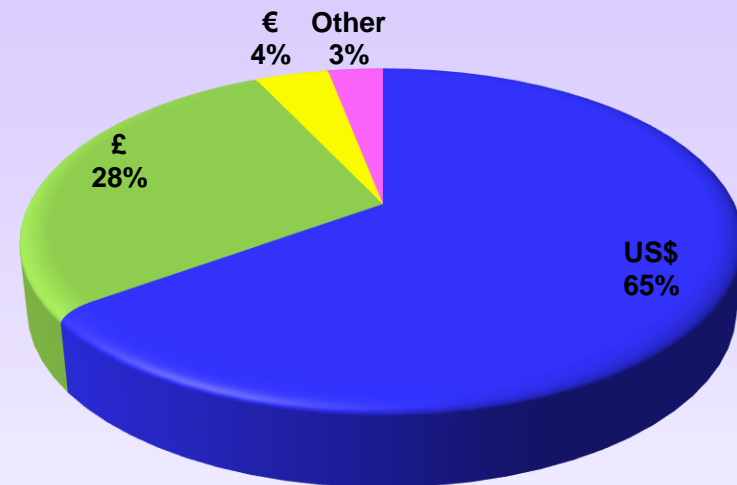
<sup>1</sup>Share of revenue to December 17 2014

# IMPACT OF FX

## Revenue <sup>1</sup>



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



USD	2015	2014
H1 Average rates	1.56	1.64
H2 Average rates	1.55?	1.67
H1 Closing rates	1.48	1.67

USD	1¢ movement
Revenue	+/- £1.4m
Profit before tax	+/- £0.6m

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

# 2015 HALF YEAR

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

# TRADING SUMMARY

£m	2013	2014	2015	Change
Revenue	187.3	195.8	197.7	+1%
Adjusted operating profit <sup>1</sup>	55.5	54.2	50.5	-7%
Adjusted PBT <sup>1</sup>	52.4	53.4	53.4	+0%
Operating margin	29.6%	27.7%	25.5%	-2.2%

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

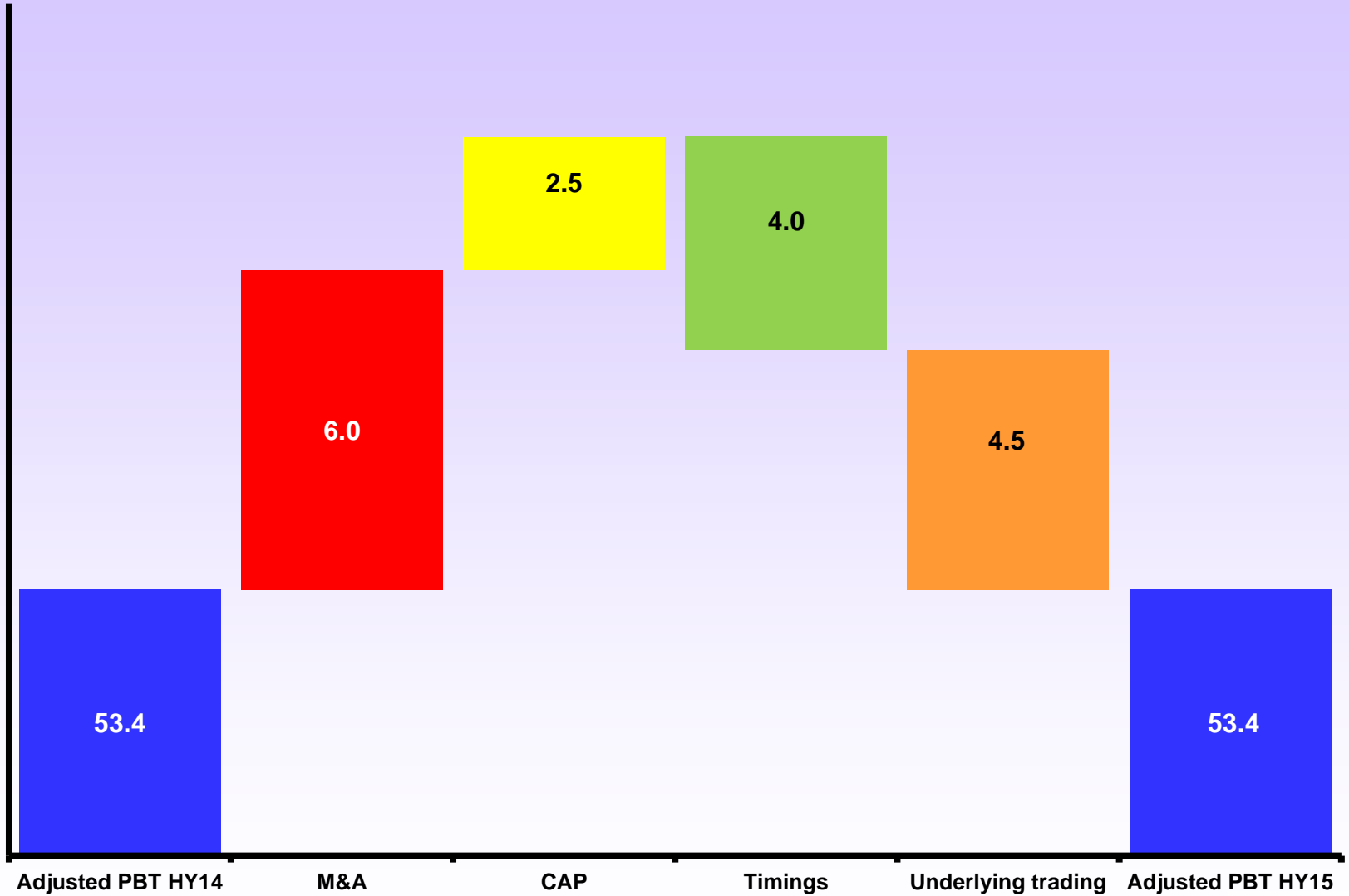
# TRADING HIGHLIGHTS

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- ◆ Total revenues up 1%
- ◆ Underlying revenues\* down 3%, but up 1% excl event timing
- ◆ Investment banking / FICC still under pressure
- ◆ Metals and mining sector remains tough
- ◆ In contrast, asset management sector strong
- ◆ Underlying subscription revenues continued the steady 2014 trend of 2% growth primarily in asset management products
- ◆ Pressure on bank advertising continued
- ◆ Sponsorship growth from wholesale telecoms and asset management events
- ◆ Delegate growth largely due to upturn in training revenues
- ◆ Adjusted operating margin down 2% due to higher property and investment costs and impact of Dealogic transaction

\* Underlying excludes acquisitions/disposals and at constant currency

# ADJUSTED PBT





# REVENUE BY TYPE

£m	2014	2015	Headline	Constant FX	Underlying	Underlying excl. timing
Subscriptions	98.7	<b>103.6</b>	+5%	+2%	+2%	+2%
Advertising	21.5	<b>20.0</b>	-7%	-11%	-11%	-11%
Sponsorship	23.7	<b>26.3</b>	+11%	+7%	-2%	+6%
Delegates	36.2	<b>39.0</b>	+8%	+7%	-12%	+3%
Other	6.5	<b>6.3</b>	-3%	-5%	-6%	-6%
Sold/closed business	8.6	<b>1.5</b>	-	-	-	-
FX	0.6	<b>1.0</b>	-	-	-	-
Total	195.8	<b>197.7</b>	+1%	-2%	-3%	+1%
Acq/disposals	(7.0)	<b>(9.2)</b>	-	-		
Underlying	188.8	<b>188.5</b>	-	-3%		

# REVENUE CHANGE BY QTR (underlying)<sup>1</sup>

Y-o-Y % change	FY2014				HY2015	
	Q1	Q2	Q3	Q4	Q1	Q2
Subscriptions	+2%	+3%	+2%	+2%	+2%	+2%
Advertising	-3%	-1%	-8%	-2%	-6%	-16%
Sponsorship	-2%	+22%	-	+37%	-12%	+8%
Delegates	-	+19%	-1%	+2%	-1%	-24%
Other	+5%	+15%	+24%	+15%	-4%	-10%
Total	+1%	+7%	-	+6%	-1%	-5%

<sup>1</sup> Excludes acquisitions/disposals and at constant exchange rates

# REVENUE CHANGE BY QTR (underlying)<sup>1</sup>

Y-o-Y % change	FY2014				HY2015	
	Q1	Q2	Q3	Q4	Q1	Q2
Subscriptions	+2%	+3%	+2%	+2%	+2%	+2%
Advertising	-3%	-1%	-8%	-2%	-6%	-16%
Sponsorship	-2%	+22%	-	+23%	+1%	+11%
Delegates	-	-11%	-1%	-	+3%	+5%
Other	+5%	+15%	+24%	+14%	-4%	-10%
Total	+1%	+2%	-	+4%	+2%	+1%

<sup>1</sup> Excludes acquisitions/disposals, event timing and at constant exchange rates

# REVENUE BY DIVISION

£m	2014	2015	Headline	Constant FX	Under- lying	Under- lying excl timing
Research & data	60.9	<b>62.0</b>	+2%	-1%	-1%	-1%
Financial publishing	34.2	<b>33.6</b>	-2%	-4%	-4%	-4%
Business publishing	30.3	<b>31.6</b>	+4%	+1%	+1%	+1%
Conferences, seminars & Training	61.2	<b>68.0</b>	+11%	+8%	-7%	+5%
Other/closed	8.6	<b>1.5</b>	-	-	-	-
FX	0.6	<b>1.0</b>	-	-	-	-
	195.8	<b>197.7</b>	+1%	-2%	-3%	+1%
Acq/disposals	(7.0)	<b>(9.2)</b>	-	-		
Total	188.8	<b>188.5</b>	-	-3%		

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

£m	2014	2015	Change
Research & Data	23.3	<b>20.3</b>	-13%
Financial Publishing	8.4	<b>7.9</b>	-6%
Business Publishing	8.7	<b>9.5</b>	+9%
Conferences, Seminars & Training	17.5	<b>19.6</b>	+12%
Sold/closed businesses	3.5	<b>1.3</b>	-
Corporate costs	(7.2)	<b>(8.1)</b>	+13%
<b>Total</b>	<b>54.2</b>	<b>50.5</b>	<b>-7%</b>

<sup>1</sup>Headline profit before effect of FX hedging

# OPERATING MARGIN BY DIVISION

	<b>H1 2014</b>	<b>H2 2014</b>	<b>FY 2014</b>	<b>H1 2015</b>
Research & Data	<b>38%</b>	36%	37%	<b>33%</b>
Financial Publishing	<b>25%</b>	32%	28%	<b>23%</b>
Business Publishing	<b>29%</b>	38%	34%	<b>30%</b>
Conferences, Seminars & Training	<b>29%</b>	26%	28%	<b>29%</b>
Group margin <sup>1</sup>	<b>28%</b>	31%	30%	<b>26%</b>

<sup>1</sup>After corporate costs

# 2015 HALF YEAR

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# GROWTH DRIVEN STRATEGY

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

- ◆ Maintain tight cost control and focus on high margins
- ◆ 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*
- ◆ Using healthy b/s and strong cash flows for selective acquisitions to accelerate growth and build market share
- ◆ Retain and foster entrepreneurial culture



# GROWTH: DELPHI PLATFORM

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- ◆ Project Delphi:
  - ◆ Capital investment £10m
  - ◆ Annual operating cost £4m
  
- ◆ New Delphi products being launched:
  - ◆ BCA Analytics (2014), BCA Edge (May) and 6 new research products (Sept and beyond)
  - ◆ HedgeFund Intelligence (Sept)
  - ◆ Metal Bulletin (Sept)
  - ◆ Regulatory Capital Analytics (Feb)
  - ◆ Capacity Intelligence (May)

# GROWTH: BEYOND DELPHI

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- ◆ Investor and Manager Intelligence Networks (IIN/MIN)
  - ◆ Builds on reputation of Institutional Investor's memberships
  - ◆ Disruptive technology connecting asset owners, asset managers & intermediaries in asset management industry
  - ◆ Revenues from RFI cap intro fees, data services, platform fees
  - ◆ Good progress with regulatory approval in UK for charging basis point fees on mandates placed
- ◆ New Institutional Investor institutes (DC and ME)
- ◆ CEIC China Discovery & ASEAN Premium databases

# OUTLOOK

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- ◆ Pressures on investment banking sector show no sign of easing
- ◆ Conditions expected to continue in H2
- ◆ Asset management sector remains robust especially in US
- ◆ FX impact - £0.6m for each 1 cent movement in US\$
- ◆ Continue to stick to successful strategy:
  - ◆ Manage costs tightly
  - ◆ Maintain investment in digital transition and new Delphi products
  - ◆ Strong cash flows and balance sheet support significant acquisition capacity

# **Euromoney Institutional Investor PLC**

**Appendix**

# CASH CONVERSION

	Cash generated from operations	Adjusted operating profit	Cash con- version HY2015	Cash con- version HY2014
<b>Headline cash conversion</b>	<b>54.6</b>	<b>50.5</b>	<b>108%</b>	<b>82%</b>
<i>Add back:</i>				
CAP cash (incl tax)	-	-	-	14%
Profit share	13.0	12.1	-	6%
Other	-	2.0	(3%)	1%
<b>Underlying cash conversion</b>	<b>67.6</b>	<b>64.6</b>	<b>105%</b>	<b>103%</b>

# NET FINANCE COSTS

£m	FY 2014	HY 2014	HY 2015
Interest on debt facility	(1.3)	(0.6)	(0.7)
Interest on tax	(0.3)	(0.2)	(0.3)
Other	0.1	(0.1)	0.2
<b>Underlying net finance costs</b>	<b>(1.5)</b>	<b>(0.9)</b>	<b>(0.8)</b>
Acquisition deferred consideration	(1.9)	(0.3)	(1.3)
Acquisition commitments	1.3	(0.3)	5.1
<b>Statutory net finance costs</b>	<b>(2.1)</b>	<b>(1.5)</b>	<b>3.0</b>

See note 5

# TAX

£m	FY 2014	HY 2014	HY 2015
Adjusted PBT	116.2	53.4	53.4
<b>Statutory tax charge</b>	<b>(25.6)</b>	<b>(10.6)</b>	<b>(13.3)</b>
Add: other tax adjustments	(0.1)	(1.6)	2.9
<b>Underlying tax charge</b>	<b>(25.7)</b>	<b>(12.2)</b>	<b>(10.4)</b>
<b>Underlying tax rate</b>	<b>22%</b>	<b>23%</b>	<b>19%</b>

Underlying tax rate 19% for FY15 depending on profit mix

See note 6

# REVENUE CHANGE BY QTR (headline)

Y-o-Y % change	FY2014				HY2015	
	Q1	Q2	Q3	Q4	Q1	Q2
Subscriptions	+5%	+1%	-4%	-3%	+3%	+7%
Advertising	-	-4%	-15%	-7%	-4%	-10%
Sponsorship	+8%	+23%	-2%	+29%	-12%	+33%
Delegates	+2%	+14%	-3%	-2%	-1%	+17%
Other	+4%	+17%	+21%	+11%	-3%	-4%
Total	+3%	+5%	-6%	-	-5%	+6%



# REVENUE CHANGE BY QTR<sup>1</sup> (constant FX)

Y-o-Y % change	FY2014				HY2015	
	Q1	Q2	Q3	Q4	Q1	Q2
Subscriptions	+6%	+6%	+3%	+4%	+2%	+2%
Advertising	+1%	-	-8%	-2%	-6%	-16%
Sponsorship	+9%	+29%	+6%	+37%	-12%	+26%
Delegates	+1%	+17%	-	+2%	-1%	+15%
Other	+5%	+19%	+27%	+16%	-4%	-6%
Total	+5%	+10%	-1%	+5%	-5%	+1%

<sup>1</sup> At constant exchange rates before FX hedging

# DEFERRED REVENUE

£m	Mar-14 to Mar-15		Sept-14 to Mar-15	
	Subs	Other	Subs	Other
Opening balance	97.6	32.3	94.4	27.8
FX	7.8	1.2	6.1	1.0
Adjusted opening balance	105.4	33.5	100.5	28.8
Underlying movement	0.7	(0.9)	5.6	3.8
<b>Closing balance</b>	<b>106.1</b>	<b>32.6</b>	<b>106.1</b>	<b>32.6</b>
Underlying growth %	1%	-3%	6%	13%