

Euromoney Institutional Investor PLC

2010 Results Presentation

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November 11, 2010

2010 RESULTS PRESENTATION

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

KEY MESSAGES

- ◆ Record results driven by faster than expected revenue recovery
- ◆ H2 revenue growth 16% after 8% fall in H1
- ◆ Operating margin improved from 25% to 30%
- ◆ Further investment in new products and online migration of print businesses
- ◆ Strong operating cash flows reduced debt by £50m since half year; covenant < 1.3 times
- ◆ Dividend reflects policy of 3x cover
- ◆ Positive trading outlook for Q1
- ◆ No visibility beyond Q1, and tougher comparatives from Q2

RECORD PROFITS¹

£m	2008	2009	2010	change
Revenue	332.1	317.6	330.0	+4%
Adjusted PBT ¹	67.3	63.0	86.6	+37%
Statutory PBT ¹	37.4	(17.4)	71.4	n/a
Adjusted EPS ¹	44.4p	40.4p	53.5p	+32%
Dividend	19.25p	14.0p	18.0p	+28%
Net debt	172.0	165.1	128.8	-22%

¹As reconciled in appendix to chairman's statement

ADJUSTED PBT¹

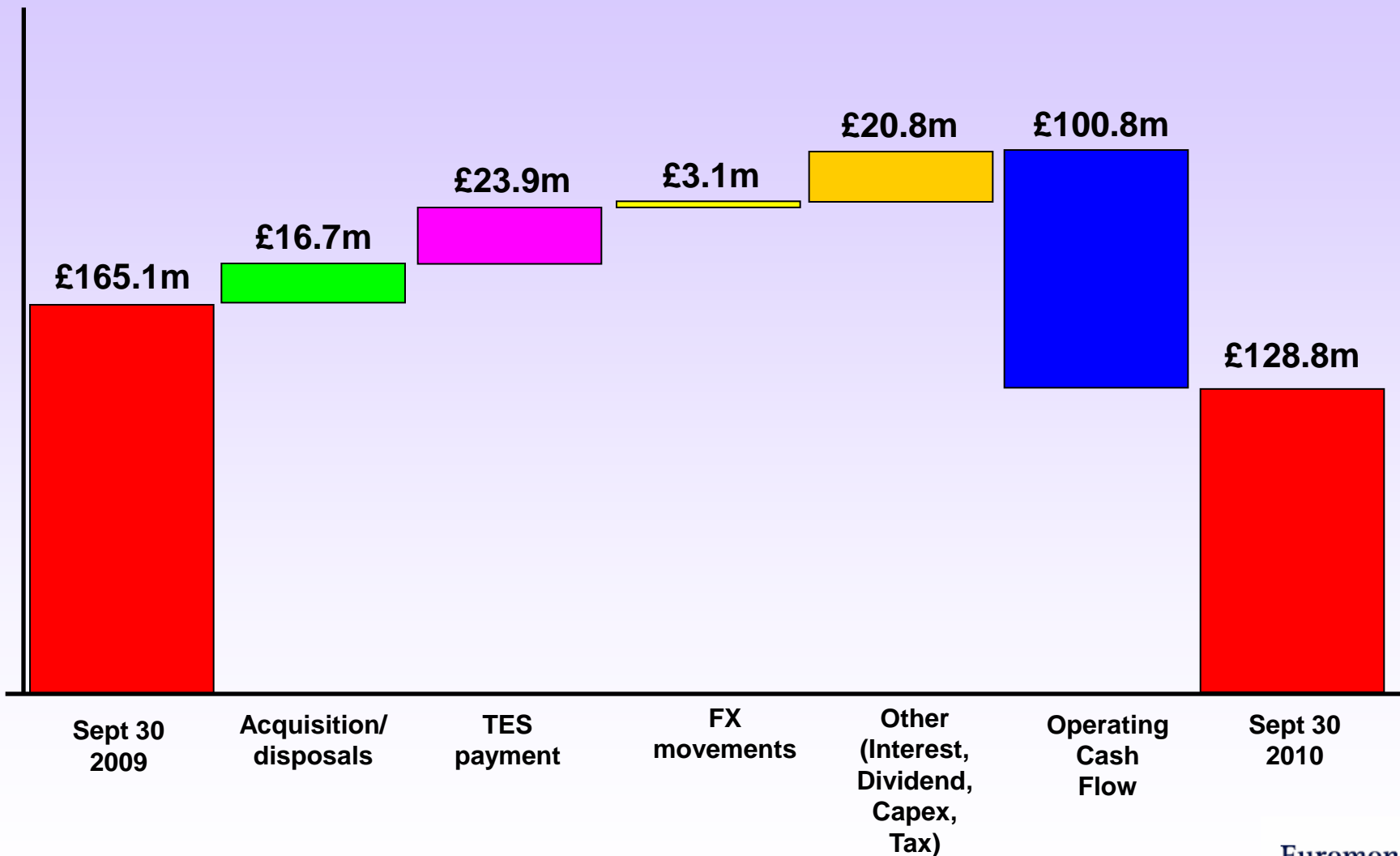
£m	2009	2010
Adjusted PBT	63.0	86.6
Intangible amortisation	(15.9)	(13.7)
Exceptional items (net)	(33.9)	(0.2)
FX loss on TES	(19.9)	-
FX loss on hedging	(7.9)	-
Acq option commitments	(2.8)	(1.3)
Statutory profit/(loss)	(17.4)	71.4

¹See appendix to chairman's statement

FINANCIAL HIGHLIGHTS

- ◆ Net debt reduced to £128.8m, down £50m since Mar 31
- ◆ Net debt:EBITDA <1.3x
- ◆ Cash conversion improved to 101% (2009: 91%)
- ◆ Average cost of funds 5.2% (2009: 6.0%) – saving £4.6m on net finance costs
- ◆ No significant FX impact on revenues / debt
- ◆ Reduction in FX losses £3.9m
- ◆ Total dividend 18.0p (2009: 14.0p) reflecting 3x dividend cover
- ◆ Final dividend 11.75p (2009: 7.75p)
- ◆ Scrip alternative offered again

CASH FLOW / NET DEBT



NET FINANCE COSTS

£m	2009	2010
Interest on debt facility	(12.3)	(9.6)
Tax equalisation income	0.1	-
Other	(1.7)	0.2
Underlying net finance costs	(13.9)	(9.4)
FX loss on TES	(19.9)	-
FX loss on restructured hedging	(7.9)	-
Acquisition option commitments	(2.8)	(1.3)
Statutory net finance costs	(44.5)	(10.7)

See note 4

TAX

£m	2009	2010
Adjusted PBT	63.0	86.6
Statutory tax credit/(charge)	10.4	(12.8)
Add: tax credit on FX on TES	(19.9)	-
Add: release of prior years' provisions	-	(9.4)
Add: other tax adjustments	(7.6)	(1.1)
Underlying tax charge	(17.1)	(23.3)
Underlying tax rate	27%	27%

See note 5

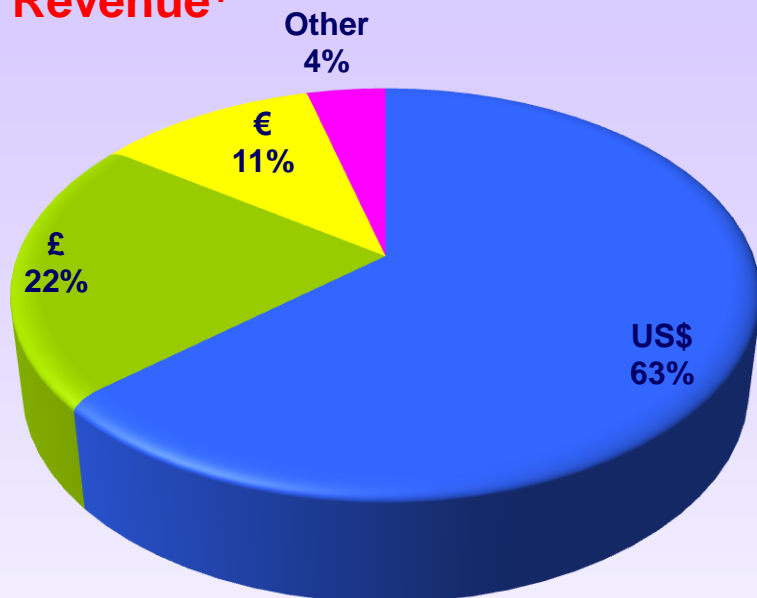
CAP

- ◆ CAP 2010 launched in March 2010
- ◆ Profit target £100m by 2013 (adj PBT before CAP cost)
- ◆ Funded by equal mix of cash/shares – potential dilution 3.5m shares
- ◆ Total cost £30m over period to 2015
- ◆ Early vesting would accelerate CAP expense as follows:

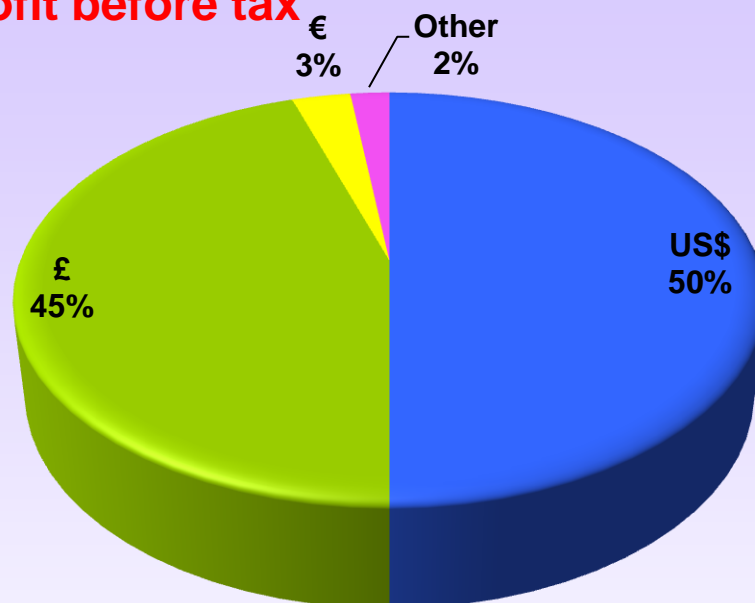
£m	FY10	FY11	FY12	FY13	FY14	FY15
2012 vesting	3.9	9.2	9.2	6.0	1.7	-
2013 vesting	3.9	6.8	6.8	6.8	4.5	1.2

IMPACT OF FX

Revenue¹



Profit before tax



USD	2010	2009
Average rates	1.55	1.58
Closing rates	1.58	1.60

USD	1¢ movement
Revenue (£m)	+/- 1.4
Profit (£m)	+/- 0.5

¹Before effect of FX hedging

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TRADING SUMMARY

£m	2008	2009	2010	change
Revenue	332.1	317.6	330.0	+4%
Adjusted operating profit ¹	81.3	79.4	100.1	+26%
Adjusted PBT ¹	67.3	63.0	86.6	+37%
Operating margin	24.5%	25.0%	30.3%	+5.3%

¹As reconciled in appendix to chairman's statement

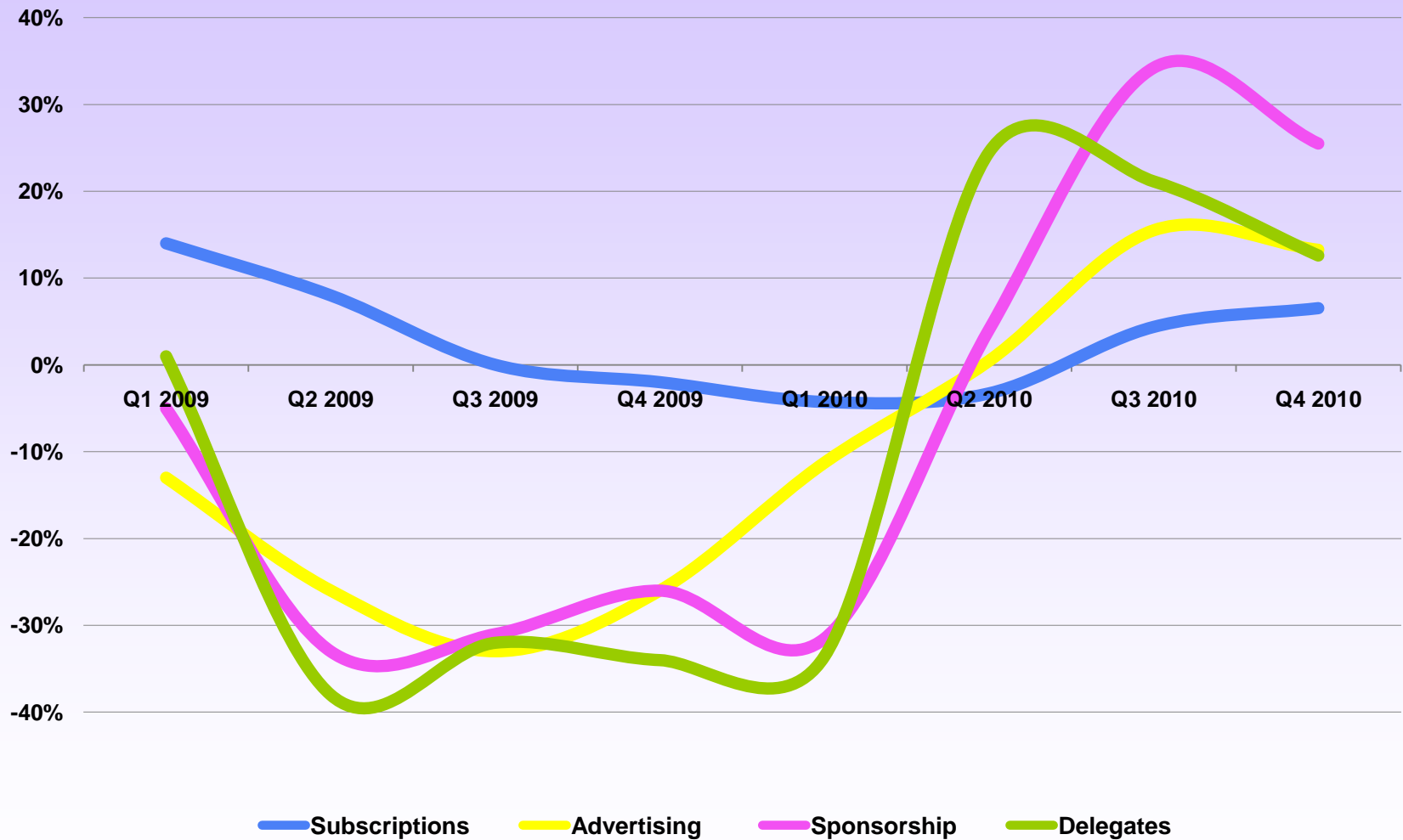
TRADING HIGHLIGHTS

- ◆ Record operating profits driven by:
 - ◆ H2 revenue recovery faster and earlier than expected
 - ◆ Outstanding performance from group's larger conferences
 - ◆ Subscription renewal rates recovered faster than expected to pre-credit crisis levels
 - ◆ Partly offset by increased investment in new businesses, technology and online product migration
 - ◆ H1 benefit of FY09 cost saving and tight margin control
 - ◆ Margin improved from 25% to 30%
- ◆ Strong trading performance reflects:
 - ◆ Recovery of financial markets in general
 - ◆ Strong emerging markets and commodities sectors
 - ◆ Removal of systemic risk in banking sector
 - ◆ Robust financial performance of global financial institutions in FY09 leading to relaxing of budgets since January 2010

REVENUE BY TYPE

£m	2009	2010	change	@ constant fx rates
Subscriptions	152.3	153.7	+1%	+1%
Advertising	54.8	57.6	+5%	+5%
Sponsorship	38.5	41.8	+9%	+8%
Delegates	69.6	71.4	+3%	+2%
Other/closed	10.5	9.7	-8%	-8%
	325.7	334.2	+3%	+2%
FX loss on forward contracts	(8.1)	(4.2)		
Total	317.6	330.0	+4%	+4%

REVENUE GROWTH BY QTR¹



¹ At constant exchange rates

REVENUE CHANGE BY QTR

Y-o-Y % change	FY2009		FY2010			
	H1	H2	Q1	Q2	Q3	Q4
Subscriptions	+35%	+14%	-4%	-9%	+5%	+12%
Advertising	-10%	-23%	-11%	-3%	+15%	+16%
Sponsorship	-8%	-22%	-31%	-	+37%	+29%
Delegates	-11%	-28%	-33%	+23%	+22%	+15%
Other	+7%	-3%	-26%	+3%	-6%	-
Total	+7%	-10%	-17%	-1%	+15%	+15%
Total ¹	+4%	-12%	-17%	+2%	+16%	+16%

¹ After effect of FX hedging

REVENUE CHANGE BY QTR²

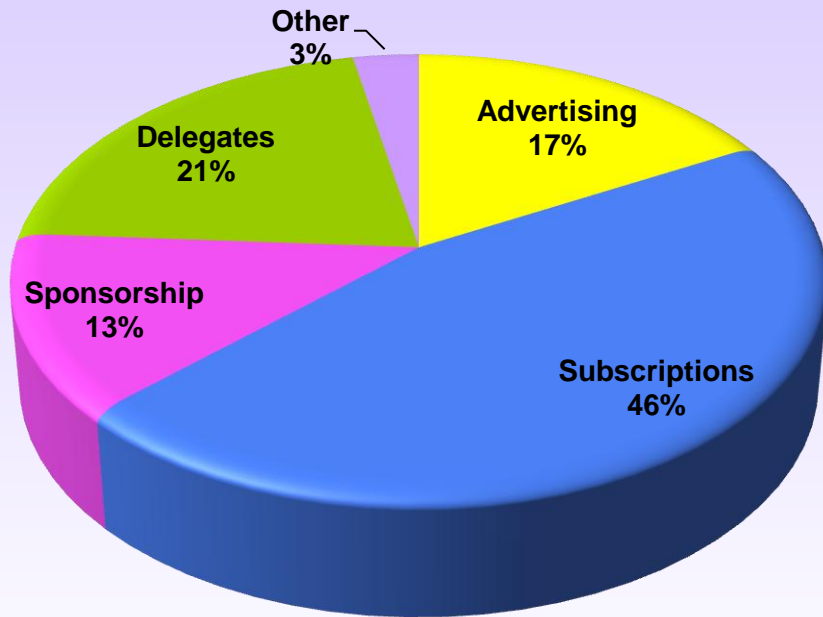
Y-o-Y % change	FY2009		FY2010			
	H1	H2	Q1	Q2	Q3	Q4
Subscriptions	+9%	-2%	-4%	-3%	+4%	+7%
Advertising	-24%	-32%	-11%	+1%	+15%	+13%
Sponsorship	-26%	-33%	-32%	+4%	+34%	+26%
Delegates	-22%	-35%	-34%	+25%	+21%	+13%
Other	-1%	-9%	-25%	+5%	-6%	-3%
Total	-11%	-21%	-17%	+4%	+14%	+10%
Total ¹	-10%	-22%	-17%	+5%	+15%	+12%

² At constant exchange rates

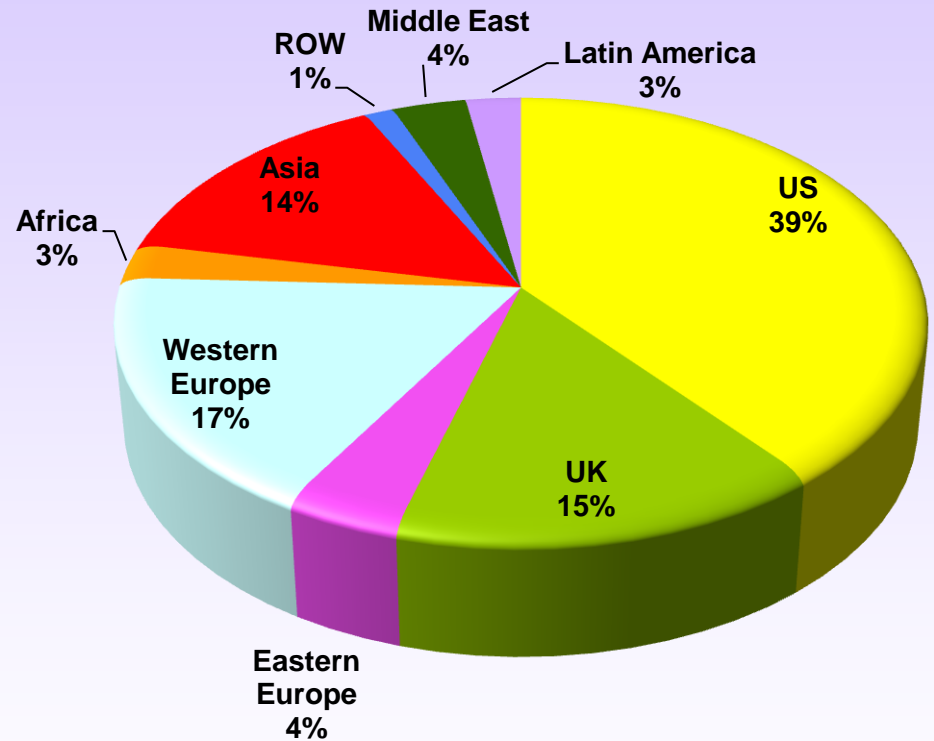
¹ After effect of FX hedging

REVENUE MIX

Revenue by type



Revenue by destination



REVENUE BY DIVISION

£m	2009	2010	Change	@ constant fx rates
Financial Publishing	74.6	76.6	+3%	+3%
Business Publishing	56.3	59.1	+5%	+5%
Training	31.7	29.9	-6%	-6%
Conferences & Seminars	75.5	78.8	+4%	+4%
Databases and Information Services	87.6	89.8	+3%	+2%
	325.7	334.2	+3%	+2%
FX loss on forward contracts	(8.1)	(4.2)		
Total	317.6	330.0	+4%	+4%

OPERATING PROFIT BY DIVISION¹

£m	2009	2010	change
Financial Publishing	20.3	26.2	+29%
Business Publishing	23.4	25.0	+7%
Training	6.3	7.1	+14%
Conferences & Seminars	15.9	23.2	+46%
Databases and Information Services	36.2	37.0	+2%
Corporate/closed businesses	(22.7)	(18.4)	-19%
Total	79.4	100.1	+26%

¹Before effect of FX hedging

OPERATING MARGIN BY DIVISION

	2009	H1 2010	H2 2010	FY 2010
Financial Publishing	27.2%	31.6%	36.4%	34.2%
Business Publishing	41.5%	41.2%	43.1%	42.3%
Training	19.9%	23.4%	24.5%	24.0%
Conferences & Seminars	21.1%	30.4%	28.6%	29.4%
Databases and Information Services	41.4%	42.8%	39.8%	41.2%
Total ¹	25.0%	30.7%	30.0%	30.3%

¹After corporate costs

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GROWTH DRIVEN STRATEGY

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

- ◆ (1) Maintain high margins
- ◆ (2) Drive organic growth:
 - ◆ *Invest in building high quality electronic subscription products*
 - ◆ *Accelerate online product migration*
 - ◆ *Improve product quality through editorial investment*
 - ◆ *Focus on key strength – quality and effectiveness of marketing*
 - ◆ *Quickly roll out successes to new geographies esp emerging markets*
- ◆ (3) Selective acquisitions to accelerate growth strategy and build market share
- ◆ (4) Invest in people / infrastructure to support growth

SUCCESSFUL ONLINE STRATEGY

1. Conversion of paid subscription titles to digital information services
 - Expand online product functionality
 - Launch web-only products eg TP Week, The Cover, UCITS
2. Develop new revenue streams for advertising monthlies eg Euromoney Market Data
3. Accelerate expansion of data businesses
 - Continue to invest in new data sources and technology
 - Key part of acquisition strategy
 - Develop new products from traditional platform eg Air Credit, Gulf Rig Database
4. Continue to explore online events / training models (esp b2b communities)
5. Accelerate moves to online marketing

ONLINE INVESTMENT

- ◆ Investment in new technologies and online migration of print products £3.6m, and expected to increase in 2011
- ◆ Long-term investment projects for
 - ◆ BCA (new products, editorial bench, interactive data) and
 - ◆ CEIC (premium databases, new data sources, industry reports)
 - ◆ Spend £1.5m in 2010, and again in 2011
- ◆ Investment in stand-alone new products (next slide) £1m, again expect to step up in 2011
- ◆ Total investment in 2010 £6m, expected to increase to £8m-£10m in 2011 provided initial launches successful
- ◆ Mostly subscription businesses so 1-2 year lag on investment returns

NEW BUSINESS INITIATIVES

2010 Launches

Euromoney Market Data

iichina.com

HFI live performance data

Latin Finance investor forums

Journal of Index Investing

UCITS information service

2011 Pipeline

Euromoney Sovereign Risk

Air Credit database

Asiamoney Plus

II Network

BCA interactive data

PE Unconventionals

Metal Bulletin online directories

Project Finance deals d/base

Driving revenue growth in 2011 and beyond

ARETE ACQUISITION

Acquisition criteria

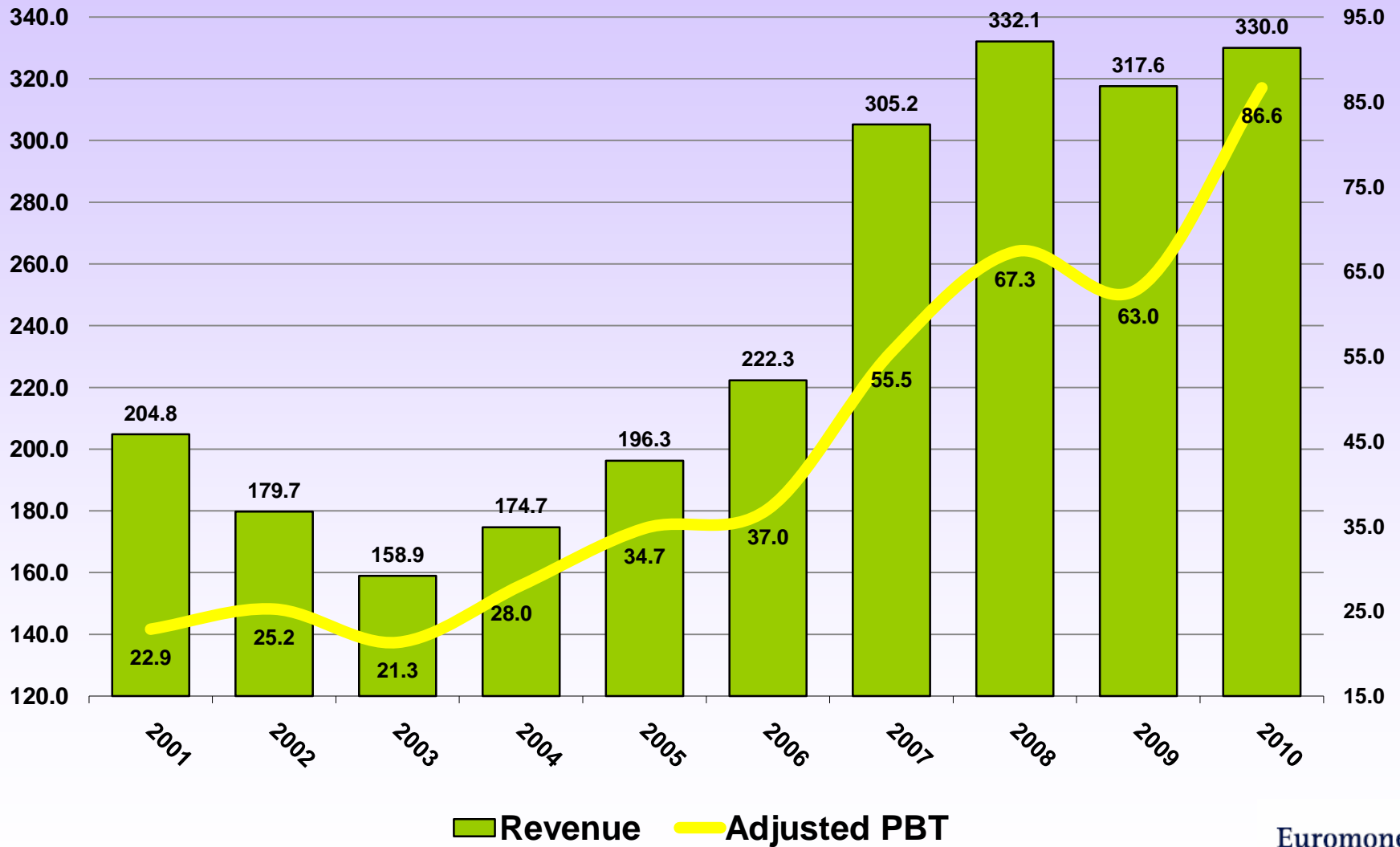
Electronic publishing	✓
Subscriptions	✓
Niche financial sector	✓
Emerging markets	✓
High margin	✓
Global reach	✓
High growth potential	✓

Net acquisition cost
£5.8m (£0.6m deferred)

Revenue £3m

Margin 20%

10 YEAR GROWTH



OUTLOOK

- ◆ Negative: uncertainty remains over global economic outlook, sovereign debt problems in Europe and effectiveness of credit crisis measures
- ◆ Positive: equity and commodity markets strong, interest rates remain low and emerging markets expected to continue to drive global growth
- ◆ Expect strong Q1 reflecting continuing revenue growth
- ◆ Limited visibility for Q2 onwards and tougher comparatives
- ◆ Subscriptions growing at 7% annually (at constant FX) going into FY11
- ◆ FY11 further increase in investment in new products and online publishing likely to reduce margins 1-2% points
- ◆ Current trading in line with board's expectations

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