Informa plc
Interim Management Statement

Informa plc (“Informa” or the “Group”) is releasing an interim management statement providing an update on the performance and financial position of the Group since the half year ended 30 June 2012 based on the results for the nine months ended 30 September 2012 with comments reflecting trading up until the date of this release.

Highlights

- Full year expectations remain unchanged
- Quality of group earnings continues to improve through pro-active portfolio optimisation
- Highly attractive cash dynamics - on track for 100% full year cash conversion
- Group nine month organic revenue growth of -2%
- Academic Information trading in line, resilient business model
- Profit growth on track at PCI, despite ongoing market weakness and product rationalisation
- Large events growing strongly, smaller conferences and corporate training still muted

Peter Rigby, Chief Executive said:

“We continue to actively manage our portfolio to improve the underlying quality of group earnings, with recent bolt-on acquisitions such as Zephyr bolstering our digital subscription base further and MMPI in Canada expanding our portfolio of large-scale B2B exhibitions. Equally, we have a history of disposing of assets or exiting lower quality revenue streams where the structural growth profile is weak and this remains a key focus, with management continually re-assessing the potential future returns from our asset base.

The quality of our content and brands puts us in a strong position even in what remains a lacklustre macro environment, whilst our bias to subscription revenues affords Informa great visibility and cashflow strength. In combination with an experienced management team, resolutely focused on cost efficiency, this is enabling us to deliver healthy profit growth despite the tough backdrop and we remain confident of meeting our expectations for the full year."

The visibility and resilience of Informa’s cashflow remains very strong and we view this as a key attraction of the business. We are on track to report another year of 100% cash conversion which should leave our leverage ratio well within our target range of 2.0 to 2.5x net debt to EBITDA, even after recent bolt-on activity.

Academic Information: We continued to trade broadly as expected through the Summer months with revenue growth for the division after nine months at +5.5%. Like-for-like revenue growth over the same period was +2.2%, the easing in growth rate since H1 as anticipated, reflecting the tough comparable for the division through H2 after its success in securing a number of significant ‘one-off’ content access deals in 2011.

Looking forward, the Academic subscription season is just underway. While budgets in developed markets remain relatively tight, this is not the case in other geographies where demand for our content continues to grow strongly, underpinning the overall resilience of this business. Our investments in product development and our new online platform, which has been warmly welcomed by our customer base, also continue to reap benefits. As a result, we anticipate Q4 organic growth close to the nine month run-rate, and full-year margins to be broadly similar to 2011.

Professional and Commercial Information: The revenue performance at PCI continues to be impacted by a number of factors, including deliberate management action to exit lower quality revenue streams, but also a tough market backdrop. Renewal cycles for some products, notably in the Pharmaceutical sector, remain longer than they have been historically and new sales difficult to secure. Nine-month organic revenue growth across PCI was -4.7%. As previously indicated, about two-thirds of this
decline reflects pro-active pruning of lower quality revenue streams such as advertising products, one-off reports and consulting. This action has taken a little longer than expected to implement but is now largely complete, leaving a much higher quality, robust portfolio as we head into the 2013 financial year.

Against this backdrop, management continues to manage costs tightly, ensuring any bottom line impact is limited. Consequently, we continue to expect healthy profit growth across PCI in 2012. Q4 trends should also be helped by the early impact of new product launches, notably within Informa Healthcare. We are particularly excited by the development of our Chinese medical product, which will offer exclusive access to valuable local medical records data.

One positive impact of the tough market environment is that price expectations for assets, even high quality digital subscription businesses, have eased. We are well placed, both strategically and financially, to capitalise on this trend through selective bolt-on acquisitions. While these are likely to continue to be relatively small-scale, the pipeline is healthy, as illustrated by the recent successful acquisitions of Primal Pictures and Zephyr Associates.

Events and Training: The Summer period is typically quiet for our Events businesses with few large events scheduled, while delegate sales across smaller conferences are also muted by the holiday period. We have seen no change in this type of seasonality and this year there has also been a particularly high number of events that have moved between quarters, distorting organic growth figures. This includes the Broadband World Forum, Cityscape Global/Saudi Arabia, TOC Middle East and a number of Agra Events. Offsetting some of this effect, we successfully ran our Brazilian biennial show Formobile in July, although the scale of this single show does not fully compensate other movements.

Organic growth across the Events & Training division was -2.6% after nine months. If we adjust for biennials and the other timing differences outlined above, the nine month like-for-like growth rate would have been broadly similar to the H1 organic run rate. With the benefit of a number of key events moving into Q4, we are anticipating positive organic growth across the division through the final quarter of the year.

Within the Events business, small conferences remain tough, particularly in Europe, and we continue to actively manage down volume in areas where demand is limited. By contrast, large events continue to grow healthily, at similar rates to peers and with strong rebookings for 2013. This provides us with confidence that our strategy to cut back on small conferences and redirect our efforts into large-scale events is the right one and we remain very active on this front, both via geo-cloning activity and acquisitions.

Corporate training remains weak, reflecting a broad lack of corporate confidence, particularly in the US, where the Presidential election is further discouraging companies from committing to new projects in the short-term. Earlier this year we successfully disposed of Robbins Gioia, our government training business, reducing our exposure in this area.

The recent strengthening of Sterling against the US Dollar and the Euro is unhelpful to Informa’s reported financials reflecting the high proportion of its earnings that are generated overseas: approximately 46% of group sales are in US Dollars or other currencies that are closely aligned with the US Dollar. A one cent movement on the average full year £:$/ exchange rate impacts group adjusted operating profit by circa £1.4m and EPS by 0.20p. Our exposure to the Euro is lower. A one cent movement on the average £:€ exchange rate for the full year impacts group adjusted operating profit by circa £0.4m and EPS by 0.05p.

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Investors and Analysts
Informa is hosting a conference call for analysts and investors today to discuss the Q3 IMS and trading outlook, commencing at 9.30am. Dial in details: UK 0844 871 9456; International +44 (0) 1452 542 303; US +1 866 389 9778.

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