

WORLD TELEVISION

Informa

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INFORMA

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Key Highlights

Stephen A. Carter, Group Chief Executive

I think we'll get started so good morning everybody. For those of you who are here in the room thank you very much for coming in person and welcome to the Informa Group 2014 Annual Results. And also thank you to those people who have dialled in or who are watching it on the live stream.

I'm joined today by my colleague Gareth Wright, the Group Finance Director, who will be presenting alongside me and also on the stage Richard Menzies-Gow who won't be presenting but who will be taking all the difficult questions in the open session.

For those of you who were with us 12 months ago we were very much as a company in what I would call a taking stock, it was a change in the - not just the management but actually the leadership of the company after a significant period of time. And certainly at the time that I was presenting what were really historical results we were doing that with some sense of work to be done. So we were taking stock is how I would describe it. And we will give a little bit of a sense of how that year has played out, you will have read the release and indeed many of you were at the investor day that we ran at the end of last year.

We very much approached 2014 through the lens of measured change, we did that very consciously and that was because we firmly believe and certainly the mandate from the board was that the company needed change. Not because all was bad but because the markets that we operate in, the knowledge and information markets, were themselves facing some significant change and this was an opportunity to refresh the company.

But measured change because not all was wrong, this was a business that had some fundamental strengths and not least one of its great strengths was its culture, its sense of purpose, its sense of passion for entrepreneurial innovation and commercial success. And we wanted to get that balance right between change and refresh and doing it in a measured fashion.

We also importantly had our shareholders very firmly in our minds eye from the beginning which was that change programmes, particularly in people based businesses, can be very damaging short term to shareholder value. And what we were trying to avoid was a situation where shareholders had to wait two to three years before they could see acceptable returns. And so we stepped into that programme with a very clear view that at a minimum the dividend was an important part of the investment proposition from Informa and indeed the cash features of the business would remain a priority if not become more of a priority. And Gareth will talk to that in a second.

I would say as we look back on the last year I would self describe the company as work with progress, that's how I would describe where we are. It's been a very busy year and much change within the company and I will talk about some that. In headlines these are the headlines of the results. We saw our revenue at the organic level grow just a nudge but not insignificant given the level of surgery that we undertook in our Business Intelligence business to try and clean out the venue line in that business.

We maintained our profit position pretty much on a constant level to the previous year. And we managed to do what we said we set out to do which was to deliver an increase in earnings at the adjusted level and indeed I think it's fair to observe that last year the negative effect of currency tail winds would have given us a stronger performance at the earnings line if currency had gone with us. But sometimes it doesn't and maybe this year it might.

We said in November that it was our intention as part of the Growth Acceleration Plan to ensure that shareholders would see not just an underpinning, but a minimum level of increase in the dividend over the period of the investment programme. And so we confirm today the dividend per share increased to a full year pay-out at 19.3p.

A very strong performance on free cash flow and indeed on deferred income and I'll let Gareth talk to that in some detail. I think it would be fair to say, sparing Gareth's blushes, that one of the many strengths that he's brought to the position of Group Finance Director is that he was very much the architect of the financial operating model in the centre and now he's had the chance to let that begin to bite across the rest of the Group. But I'll let him expand on that.

We were very clear at the beginning of the year that we would continue to be an acquisitive company but we would do that perhaps in a slightly more targeted way, targeted in the sense of geography and verticals. We were explicit that we wished to take the company in more depth into the United States of America and we have done that. We were explicit that we wish to build more of a platform in our Exhibitions business and we have done that and will continue to do that.

And at the same time we wanted to just put a little bit more security into the balance sheet both on the refinancing, we increased the quantum of our revolver facility, we slightly reduced the price so we took advantage of the markets. And at the same time we did a small placing which puts us in a position to go into 2015 with some ability to take advantage of opportunities when we see them.

So that's the summary of where last year took us and where it leaves us as we go into 2015. Those were the things that we said we would try and do last year and if I was being entirely candid when we stood up here a year ago I was not quite as certain as I am now, but that's the benefit of hindsight, that what we set out to do we would be able to do.

And an enormous amount of that is a testament to the fundamental inherent strength of Informa which is we have an outstanding group of people distributed around the business in our businesses. Our job is to give that business some leadership, some purpose and a plan and that's why I would describe it as work with progress.

If I just step out of our own business a little bit and look at the markets, what were some of the highlights of 2014 for us. Well, one of the things we're seeing generally and I'm sure for those of you who follow other businesses like ours you will see this as well, is that discoverability particularly in knowledge markets is a main driver of growth. The level of inquisition and enquiry for the relevant piece of information or the connected

piece of information or the relevant piece of data that allows either an academic or a teacher or a business or an individual or a seller or a buyer or indeed an individual to advance their particular position or knowledge is in growth.

As indeed self-evidently is digital working and digital work flow and work flow integration and that's very relevant to what we're doing on the investment side in Business Information.

We are fortunate, not entirely by accident, that our markets that we are in in the main are broadly robust. The US market where we have expanded our presence, I'll come on and talk a bit about this in more depth later, feels strong and looks like it has a reasonable forward trajectory.

The UK market feels strong, although interestingly the UK even though we've re-domiciled the business back here, is just over 10% of our revenues now. So Informa is becoming and will continue to become an increasingly international business in revenue and profit sources. The Middle East and Africa very big markets for us, growth markets and very strong.

And you know I'm old enough to have been in the media business for long enough to know that one of the interesting things is the power of face to face in the digital world that we live in as a media proposition actually has become more valuable rather than less valuable. We're not all sitting at our desk with automated reality glass optical capability engaging in every decision we make.

Actually what we discover and we see it in real time in our Exhibitions and Trade Show business is that the desire for face to face engagement, face to face transactions, face to face understanding is growing double digit and we see that particularly in our more powerful brands in those markets.

On the performance side we did a positive performance in our two strongest businesses, double digit growth in Exhibitions even at the organic level and when you add on the acquisitions really quite a significant year. I caution those people who are very bullish on that market but we had some significant bi-annual and tri-annual benefits in 2014 that we'll not repeat in '15 so that growth level will come off just a nudge. But nevertheless it remains a powerful driver of growth for the growth.

Academic Publishing a very good year in my judgement particularly given the previous year comparables. In Business Intelligence we really have made a lot of change and I'm not going to dwell on this now because I'm conscious that many of you have questions around this and so in my section after Gareth I'm going to give you a little bit more of a reveal on that.

We're focussing our Knowledge and Networking business, our old Training, Learning and Conferencing business on some very specific geographical hubs and key markets and Gareth will talk about the shared services.

On the business side last year was an exciting year on the business side, the first year we've published 5,000 new books in a year so we're powering the quality and depth of

our content offer in that market. We've also now topped the 2000 level on the journal side of the business so we feel on both those side of the Academic business we have real scale and actually a machine that is very adapted to the markets that are growing.

In Business Intelligence, and I'll come back to that, our real focus is on subscription, the management of subscription, value, renewal, pricing and timing and I'll talk a bit more about that in depth. Exhibitions I've touched on and we've made some consolidation changes in our Conference business just to make it a little bit more efficient.

This hopefully by now for those of you who follow the company regularly is becoming somewhat familiar. For those people in the room who are inside the company it's becoming strikingly familiar because we spend a lot of time talking about it, the Growth Acceleration Plan is how we are managing the company. The structure, the operating structure for the business is largely in place although in some areas there are still some further tweaks to make.

The management model is definitely in place, we run the business, 4 clean divisions as opposed to 26 separate operating units, 4 divisional chief executives, 4 management teams and a fifth support division providing cross functional services across the Group.

We've reviewed the portfolio and you see some of the consequences in that in the impairment changes which Gareth will talk about. And we're reviewing the ownership of some of the less core assets which we'll do throughout 2015.

Acquisitions we've been very clear we will continue to do that and in particular in global exhibitions we are both building and buying a global business of scale and we will continue on that path. On investment I think we've laid out very transparently the investment programme over the next three years and where that will fall. And we've also indicated how we will fund that. And in our forward guidance for 2015 there is the absorption of the investment costs for 2015 as part of the gap.

With that I'd like to hand over to Informa's very own Christian Grey to talk about financial discipline and how we're running the business.

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Maintaining Financial Discipline

Gareth Wright, Group Finance Director

Thank you Stephen, good morning everyone, thank you for coming along today. I'm going to start by talking you through the financial results for 2014.

The 2014 results deliver on our promise made this time last year to begin to reposition the Group whilst delivering a solid trading performance in line with expectations. This has been delivered against a backdrop of currency headwinds particularly from the US dollar which represent around half of Group revenues; challenging trading conditions, especially for our Business Intelligence division; and a degree of uncertainty in our business as we've undertaken the strategic review process that we outlined in November.

I'm pleased to report that we've delivered earnings of 40.3 pence and earnings result a touch ahead of consensus. As reported the year on year increase in earnings is half a percentage point, but if you adjust for the currency headwinds the increase is 4.5%.

The full year dividend has increased by 2% to 19.3 pence per share which delivered on the minimum commitment they made at the time of our Investor Day in November. And results in comfortable dividends of earning cover of 2.1 times.

The ability to turn profits into cash is a key strength of the Group. And this has been demonstrated again in 2014 with the Group delivering a 12% increase in free cash flow. The Groups balance sheet is robust, healthy and positioned for growth. The ratio of net debt to EBITDA is 2.2 times at the year end well within the 2.5 times range that we outlined at the Investor Day even after completing a series of targeted acquisitions in 2014.

Moving into the income statement I'll start by talking you through the revenue and adjusted operating profit results by division. We're reporting on a 4 division basis that we introduced you to in 2014, this format is consistent with our going forward operating model and it's consistent with the financial data that we gave you at the time of the Investor Day.

Starting with Academic Publishing the full year organic revenue growth of 3% is consistent with where we were at the time of the Q3 results. But this is a good performance because if you remember this time last year we had very strong results in Q4 2013. So we're pleased to report that the Academic Publishing team has maintained their year on year growth in the face of such comparative.

Business Intelligence has had a tough 2014 by any measure. The full year organic revenue decline is 8.5% which is broadly in line with the decline we reported at the time of the Q3 results. This has clearly been a year of significant change in the business, we now have a clear design in place through the Growth Acceleration Plan to return business intelligence to revenue growth in the future.

Global Exhibitions has delivered an excellent result for 2014. The strong organic revenue growth was assisted by the quadrennial IPEX as well as the biennial ForMóbile in Brazil. But even after stripping out timing differences the year on year percentage revenue growth was double digit. The portfolio has performed really well and particularly driven by a strong performance from the top 20 events that make up its core.

Knowledge and Networking has made a solid start to its growth, its life independent of the Exhibition division. The full year organic revenue decline of 3% is driven by the performance of the businesses in mainland Europe and in Australia. However, the performance of the major hubs in the UK, the US and the Middle East has been more robust and represents a strong core around which the business can be built in the future.

Turning to the income statement as a whole we can see the Group has generated £334m of adjusted OP which is effectively pre-exceptional EBITA. This represents an operating margin of around 29.5% broadly consistent year on year. The academic Publishing

margin shows a small year on year decrease because of the cogent Open Access start-up costs and because the weakening US dollar has had an impact on the margin with the cost mainly being denominated in UK sterling.

The margin pressures in Business Intelligence and Knowledge and Networking reflect the revenue pressures in both of these businesses. And Global Exhibitions has benefited from the strong gross profit margins which are a characteristic of established scaled exhibitions.

Moving down the income statement there are around £240m of other adjusting items that arise from our process of operating, portfolio and investment discipline. So before we get into the detail on these points I'd like to emphasise that only a small element of these 2014 had led to incremental cash flows in 2014.

At an operating level we've invested in the consolidation of our Group management functions back into one location which is now based in the United Kingdom. We've also invested in a process to simplify the Group's operations with a clear four division operating model and four divisional management teams in place, re-structuring existing management teams to achieve that.

At a portfolio level we've completed a review of the Business Intelligence assets. As a result we've decided to reduce the carrying value of certain data monitoring assets acquired in 2007, this includes the consumer assets whose future we are now reviewing, but also includes certain ex data monitor pharma assets as well.

We've also taken the opportunity to review the performance of smaller events activities and closed a number where we do not believe we can enjoy scale advantages going forward. We will still target trading opportunities in these geographies but we'll look to exploit them from our larger operating hubs.

Finally we provided for the loan receivable, from the historic Chinese pharmaceutical data investment. The Group started to advance funding to this investment in 2010 but revenue generation originally intended for 2013 has not been delivered. As a result we've taken the decision to fully provide for the loans advanced to date reflecting uncertainty around the future prospects from this investment. But also reflecting our intention to focus BI management on the delivery of the Growth Acceleration Plan.

As I said at the top of my piece the ability to turn operating profits into cash is a key strength in Informa. The headline cash conversion rate of 97% for 2014 is broadly in line with what we achieved for 2013. However the 2014 results is particularly pleasing because the situation with SWETS that we briefed you on at the time of the Q3 IMS. Now in previous years the group has received around £20m of journal subscriptions through SWETS an aggregator in the academic publishing industry which went into liquidation in the autumn.

So in reality our full year cash conversion in 2014 has been achieved primarily through the receipt of sales for exhibition space relating to 2015. Around £15m of the SWETS income is still outstanding at the year end and we believe will be received in 2015.

Actual free cash flow was just over £230m you can see at the bottom of the slide there, a 12% increase year on year.

One of the reasons our free cash flow improves is because of a £27m reduction in our tax payments in the year. Now if you look back to the 2011 balance sheet you'll see that current tax liabilities from Informa were £141m. In the 2014 balance sheet this liability is £27m, the reduction of over £110m has been achieved through a series of negotiated settlements with a number of tax authorities around the world with the only material cash flow payments amounting to around £25m over the last couple of years. This process has therefore substantially reduced the liability profile of the Group's balance sheets.

Turning to the Growth Acceleration Plan we're exercising real discipline over the investments being considered. I chair the Design Authority which allocates capital and improves the investments in specific projects before those investments commence. And the project teams have to return to the Design Authority on a regular basis as the projects pass through stage gates to demonstrate to the design authority that the projects are achieving the desired intentions that led to their approval.

We're encouraged by the profile of our deferred income at year end. Year on year deferred income increases by 5% on a constant currency basis with Global Exhibitions increasing over 7% after you strip out the benefit of the acquisitions.

Business Intelligence deferred income increases by £1m year on year which is only a 1% decline on a constant currency basis. Now clearly that looks like a positive development compared to recent times but it's also something that I wouldn't get too carried away with at this stage as we have to see how the revenue evolves over 2015.

Finally in headline terms deferred income in Academic Publishing is down around £12m year on year but you need to take into account the £15m of SWETS income that we believe is a timing difference across the year end at the end of 2014.

The strong free cash flow generation of £232m in the year has covered our dividend payment more than twice and still left substantial cash flow for investment.

The year-end financial position is strong with net debt EBITDA at around 2.2 times calculated as per our bank agreement so this is on the basis of average exchange rates for EBITDA and includes on a pro forma basis a full year of EBITDA for acquisitions made during the year. This leaves us within the 2 to 2.5 times range that you had been expecting and gives us headroom on our facilities of almost £450m at year end providing real flexibility as we go into 2015.

Turning to the rest of the balance sheet, net assets at the 31st of December are around £1.2bn. We are focused on improving returns in the business. At the 2014 year end our post-tax return on capital employed stands at about 8.8%, compared to a cost of capital over recent years in the range of 7 to 7.5%.

Driving an improvement in return on capital employed is a key objective of the Growth Acceleration Plan.

At the November Investor day we briefed you on the Growth Acceleration Plan and specifically on the data presented in this slide. We have since completed the budget process for 2015, which has laid out in more detail the investment programme for this year. And in conjunction with the wider review of the project as a whole we can confirm that our expectations remain unchanged with regards to the profile of investments and the profile or returns that we forecast from this programme.

So to summarise the themes that I'm focusing on at a portfolio level it's about being focused and disciplined, we will continue to review the small assets within the portfolios to test that they remain core, and we will continue to drive cash management.

We're increasing our focus on the returns that we deliver through the dividends, with a 2% dividend commitment that we made this year, through targeted acquisitions and through maximising the efficiency of our existing operations. And we're funding the Group to achieve these objectives, we will maintain a balanced approach to funding to provide flexibility and to remain within our stated financial parameters. I'm now going to hand you back to Stephen.

Accelerating Growth

Stephen A. Carter, Group Chief Executive

Thanks Gareth. Maybe to just spend a little bit of time looking forward and hopefully that gives you a pretty clear snapshot on 2014, but looking forward what is the Growth Acceleration Plan focused on trying to achieve. And I'll just talk a little bit about that and then we'll throw it open to questions.

In the first instance this is just the way we think about our company and I think it is relevant for investors to have a sense of how a business is run, because then that's kind of how the products and the profits flow. We are now very clearly operating a divisional structure and for those of you who are long time Informa watchers, that's a non-trivial change in operating model for our company.

We have made some changes in the way in which businesses are operated to increase the scale of our Academic Publishing business because we took our Medical Journals business and put that into Academic Publishing, so it gives us more scale in the journal side, which is the more profitable side of that business. Business Intelligence was a sort of whole series of independent fiefdoms is now a unitary business focused on a key set of verticals and I'll talk about that in some depth. Global Exhibitions, we're building a global platform, we now have placed positions in all the major markets, France, the United States, the United Kingdom, Middle East and Africa, and China. And Knowledge and Networking which really was not so much a neglected business, but a business that had been sort of slightly put to the side lines as we focused on growing our position in Exhibitions. As Gareth said, we've kind of put it on its own two feet in order to refresh that business and we believe there are some growth opportunities there, particularly in training and learning.

On the right hand side of the chart we have the support functions, largely run in the centre. Talent, we're a people business; so the management of our talent is critical. Operational transformation, we're doing a lot of that so that's critical. Strategy and business planning, which includes corporate finance and M&A and how we approach acquisitions, critical because that's a core part of our operating model. How we engage with our investors, how we communicate about our company, how we get people to understand our business better than maybe they have done historically. And what brands do we have that we want to grow and develop - brand expansion and brand development you'll see as a bit of a hallmark of the development of the business I think over the coming years. And then last but by no means least, our General Counsel, who keeps us all, honest, legal, decent and truthful - most of the time.

Just to look at the way the business is changing, what I would call the internationalisation of Informa. And by definition this is something that is going to continue to develop. It is the case that in the knowledge and information economy the United Kingdom benefits from having a large number of companies who are really very good at doing this, we are very good at operating in these markets.

We can have a philosophical debate about why that is, is it a function of language? Maybe. It is a function of time zone? Maybe. Is it a function of the financial markets? Maybe. It is a function of the education system? Maybe. So all of those things are macro trends that help us, but the UK has strong businesses in this market. And we believe that we can be one of those, we believe we can grow our position; but we're very, very conscious about doing international expansion in a measured fashion so that we learn as we go. Because when you are taking your proposition into new international markets you have to adjust and ensure that you can operate in those different places and spaces.

The two that are most noticeable are of course the US where we've seen our revenue there increase by nearly 150, 160 million over the last three or four year period and the Middle East and Africa where we've seen our revenue double. And the net consequence of that is that the proportion of the revenue contributed to the Group from the United Kingdom is coming down, not because the UK is not doing well, we have a good business in the United Kingdom, but over time you're only going to see that number get smaller as the business grows and internationalises.

And then you look at the four businesses and what really are the, if you like the key things that if I was sitting in your shoes I would be looking at to think about where should these businesses be focused in the future? Well, in Academic Publishing to start there. And I'm going to do this at speed with the exception of Global Exhibitions where we invested quite a lot of acquisition capital which I'll dwell on and Business Intelligence, where we're investing a lot of time and investment money which I'll also dwell on.

But in Academic Publishing the headlines are sales internationalisation - English for now is the language of international education, learning and development. That's a huge advantage and we intend to take maximum advantage of that. To do that, as well as the way in which you internationalise your sales and distribution capability, you also have to make maximum use of your platform capability, because that oftentimes a cheaper way of taking your product to market than putting boots on the ground. You

need to have both, but if you can get both of them together then you're in prime position.

Ultimately however you're selling content and so you have to have a content engine that is increasing your backlist and your front list with innovative new discoverable content. If you can do those three things we believe we can drive consistent, predictable at or above market growth in that business. And we particularly believe that combining our journals businesses will give our journals business a little bit of an uptick, mainly on the cost side in 2015, but then beyond that on the growth side. It's just the way we think about our Academic Publishing business.

On Global Exhibitions, we quite rightly took some significant feedback post the placing that we did at the end of last year. And one of the things that we got was that some people got very clearly what we were seeking to do in the exhibitions market, other people felt we were less than clear. So to avoid being less than clear let me try and be very clear.

We are building and buying a global exhibitions business. Historically Informa was a conference business, we intend to be a major global player in the exhibitions market. If you went back four or five years ago we probably had a business with a revenue line of around 60 to 70 million, pro forma for this year we will have a business with a revenue line of 260 million. We intend to continue to grow that, that business is growing at double digit growth rates organically. We expect this year to come off a little bit but we still think it will be in the high single digits. We believe there are markets we can get further scale in by targeted acquisitions, and we intend to continue to deploy our acquisition firepower in that market as we see opportunities.

As we do that we will also simultaneously focus on geo-cloning our businesses and our existing brands and I'll talk a little bit about how we will do that and we see further expansion available to us in those markets. To do that we will identify the verticals where we believe we have strength and where we can grow. And that has been our approach to acquisitions.

Now this is very out of the textbook, but I think it's worth reprising. We have spent time last year in the portfolio review identifying those verticals that we believe are right for us, not all of them are. We have spent time looking at those markets that have a fit for us and the definition of a fit is markets where we can create value, not all of them are. And we've also spent quite a bit of time and it was one of the reasons for separating out our Exhibitions business from this slightly blurred Events group was to make sure people in the market understood we were a player so when assets came to market people came to us to say - are you interested? Because historically that was not always the case. And we have been very disciplined about when we will and will not acquire. We looked at that Avantstar (?) business last year, that was not a fit for us, we looked at the Clarion business last year, that was not a fit for us.

We looked at the Hanley Wood Exhibitions construction business that was a fit for us. We looked at the Virgo ingredients and healthcare business and that was a fit for us. So we are making very deliberative decisions about when those assets are right for us and when they are not. And then of course the question is once you've made those decisions

how do you think acquire, integrate and operate. And there we are trying to improve the way in which we do that operationally.

The Hanley Wood transaction which we did at the end of last year which was to build our position in construction and real estate, which we believe is not at top of the cycle market, we believe particularly in the US that there is trajectory of growth there. If you look at the statistics you will see that this is a market that has got some runway to do to go back to its peak point.

It brought us 17 very significant brands, four of which are in our top 20. It brought us a very strong management team who we believed would stay with the business and grow and that's another key criteria for us, if you're building a business you want to build capability, not just buy teams that then leave. And it also brought us actually some capability in systems technology and innovation. So it gave us strength in a market that we were already strong in.

If you look at the market indicators in construction and real estate, particularly through a US lens, actually they're pretty strong. New housing starts, architectural billings fees and the overall global construction output. We have in the first quarter of this year had two of the 17 shows that have run that came with that portfolio, both of them are up in the high single digits year on year in top line bookings and both of them are actually up on our own budgeted, targeted performance. Our rebooking rates and the forward pacing rates are also up into 2016, so you get very good forward visibility into the following year.

So we feel good about this as a vertical, construction and real estate, it is a market in which we have a significant number of brands in addition to the ones that we acquired alongside Hanley Wood, we have brands that operate strongly in the Middle East, in Africa, in Canada and in the United Kingdom.

In addition we also have strong brands in health and nutrition and that was part of what was behind the Virgo acquisition. And we have built actually in the last three years quite an interesting little portfolio in what we call pop culture and that we have done through a combination of acquisition and geo-cloning.

We now, to give you a little bit of colour for the portfolio, we have about 150 major exhibition brands, actually within that there's really about 100 brands, what I would call a brand. And within that if you look at our top 20 brands, nine of our top 20 were in double digit growth in the last couple of years. So we feel we are building and buying, not just buying, but building and buying a powerful long term business for the Group.

To talk a little bit about Business Intelligence, which is the area where obviously there has been, as Gareth said, if you like the least impressive performance in revenue and profit in 2014. Part of that was because it was time to call time on that business. It had been in decline for four of the previous five years and some of that was to do with end market challenges, some of it to do with in-company performance and operating model.

So we have engaged in pretty significant surgery within that business, we've reviewed the portfolio of those things we wish to keep, we've reassessed the carrying values for

those things that were bought some time ago, we have materially introduced additional management talent to the talent that we already have to bring some fresh leadership in some key areas particularly sales, management and distribution.

We have focused our business around the verticals you see on the slide and short term we are putting quite material focus around two things. In the first instance sales operating subscription management discipline and secondly product technology and new product development, but in that order. In the first instance we're trying to make sure that we look after our customers and we cherish the products and the brands that we've got. And then in the second instance we're looking to build a platform for growth. And that is why we've said it is our intention to return this business to growth by the end of 2016.

This gives you a sense of the journey from 2010 until 2014, you will know these numbers. This business declined at a compound negative annual growth rate of 3%, and about 8.5% last year on the revenue line. And there was a whole set of reasons for that, some to do with the product, some to do with how we approached the market and indeed to do frankly with the way in which the business was operated.

In 2014 we made a lot of change, I won't reprise that. We've set the team an objective of halving the decline rate as we get to the year end in '15. We've restructured in the way we've talked about and we've refocused the sales teams around those four areas. And with an intention of taking the business into 2016 with a platform for growth.

If you look at that business how should you think about the revenue, where does the money come from? This is how we think about it, it comes from those verticals and we are focused on those verticals. It comes in the main in subscription, but it is not entirely a subscription business, about 85% of the revenue is subscription; so that's a superior form of revenue, if you can get your subscription management model right and that's why we are focused on that in the near term, but we still do have a - you know 15 cents on the dollar of revenue that comes from copy sales, sponsorship, advertising and other project consulting. So that is non-trivial and will also be an area where we think over time we could get an upside if you get your platforms and your brands and your customer relationships correct.

And actually we have a pretty good spread, and not surprisingly we have an exposure to the US market, but actually it's only 50% of the revenue. And if you look at the market overall about 75% of the business information market is US based. So actually we index below the market in our exposure to the US revenue and I think that's something that we might want to change over time.

These are the metrics to take you inside the management meeting rooms, these are the metrics that we use to look at how the new management team are running the business. At a headline level we definitely want to secure, if not grow the percentage of revenue from subscriptions for obviously reasons. And within that we're very focused on something we call the annualised contract value, which is the recurring value in the subscription relationship and when that falls in the calendar. And not just how much of our business is subscription, but when it renews what does it renew at, so what's the renewal rate; are you renewing at 100%? Are you renewing at 90%? Are you renewing

at 75%? Currently it's around 75 to 80%, we've be more comfortable if that was around 85 to 90%.

And then of course there is the question, if I did a bit of a straw poll, hands up those of you who are members of clubs, societies, have subscriptions, and of course the key question is when does the pre-expiry contract renewable activity happen. Does it happen the day after your subscription has ended, or does it start three months before it's due to end by which point you've already renewed for another two years because of a keen deal, or a sense as a customer that you're being loved by the client management team sitting on the other side of your subscription? And that's an area where we're currently at around 50 to 55% and we believe we can make some significant progress in improving that, because that makes the sales teams job materially easier and actually changes the nature of the sales teams you need. Because actually what you need is client management rather than just sales renewable and that's a different approach and you need to blend those together.

And then of course on a going forward basis to kick this business back into the growth we believe we can, you obviously want to increase your new business value rate and what your future pipeline is. So that's the way we think about the business and where the revenue falls.

Finally, and not unimportantly, our Knowledge and Networking business, the old conference and training business. And here this will be a journey, we think we can shift this a little bit from what you might call a spot engagement, will I go to that conference, to a more continuous engagement relationship in some communities and some customers.

We have it in some places, we actually have it in pharma, we have it in some aspects of financial services, but we don't have it everywhere all of the time and that's an ambition of that business. We're going to focus on three core geographic hubs for the business, the UK, the US and the Middle East. We are going to prioritise those three verticals that you see on the slide and we believe there is quite an opportunity for us, given the rest of the portfolio we have in the Group, to further develop our training and learning business where we are a very small player right now, I don't mean corporate training, I mean training and learning business on an individual business or by contract. And that I think could be another opportunity for additional growth in '17 and beyond.

So to summarise, for 2014 we set out to just up the pace of what we called 'operational fitness' within the company and the focus and discipline of the management of the various moving parts of the business. We launched the portfolio review under Alex Roth's stewardship, we completed that. That allowed us to launch the Growth Acceleration Plan and we've laid that out, I hope transparently to investors.

We did invest shareholders' money very purposefully and very specifically in some key areas for the reasons I hope are now clear. We have been measured about the change but that doesn't mean we've been inactive or slow. There's much that's been going on in the company, but we've done that in a way that hopefully balances the pace of change with the negative disruptions of change. And we sought to provide shareholders with

some improvement in earnings, a reassurance and an increase in the dividend and also a discipline around cash flow for all the reasons that Gareth summarised.

What are our ambitions for 2015? As I say my description of where the company is right now is work with progress. There's work to do, we've made some progress, but we've got a lot still to do. We are going to be very focused and I think there is now universal clarity across the company about what we're trying to do and why we're trying to do it, we have launched the investment programme under Gareth's stewardship and that is underway in a very targeted and gate staged fashion.

We will continue to do acquisitions, but we will also look at some selective disposals as we rebalance the portfolio. We might up the pace a little bit of change as we judge that the company can deal with that. And we would hope from a shareholder point of view what we would deliver in 2015 is a similar level of predictability on earnings with a little bit of increase, improvement in cash flow and reassurance on the dividend.

Thank you very much for your attention, I know it's a long presentation to listen to. We've be very happy to take as many questions as people have.

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Questions and Answers

Ian Whittaker, Liberum Capital

A couple of questions, just coming back first of all Stephen on your comment - a little bit of an increase in earnings, would that be an underlying increase in earnings - sort of when you adjust for currency because obviously you're benefiting from the dollar strength at the moment?

The second thing is just in terms of how we should think about margin progression for 2015, just given the extra investment on a Group level?

And then third of all perhaps you could talk a little bit about the tax rate moving forwards as well and how we should think about that? Thank you.

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Stephen A. Carter, Group Chief Executive

Do you want to do the tax rate and the margin and I'll come in on the earnings?

.....

Gareth Wright, Chief Finance Officer

Sure. So taking them in reverse order the tax rate as you noted is about a percentage point lower in 2014 than it was in 2013, which benefits both from the reduction of the UK tax rate on UK earnings, on the growth of businesses like the Middle East where we have a lower tax jurisdiction and on some targeted US tax legislation work that we've been able to employ on our manufactured goods in the publishing businesses. So we believe it's a sustainable level of effective tax rate in terms of what we've delivered in 2014, that's sustainable into the future and that would be our starting point for 2015.

In terms of 2015 margin guidance, we've talked the Growth Acceleration Plan costs which come onstream in 2015. You really start to see the benefits from 2016 onwards. So we've talked about a peak margin impact of around 150 to 250 basis points from the costs of the Acceleration programme. The 2015 impact is probably towards the lower end of that scale, with the full effect in '16. And I think we would reiterate that guidance today in terms of what we said in November.

Stephen A. Carter, Group Chief Executive

On your question on earnings, I mean to be honest I tend - I mean I'm not completely oblivious to currency for obvious reasons but I'm the last thing you're going to meet from a foreign exchange trader. So you know we're alive to it but I was talking about the adjusted earnings performance of the company. Obviously individual people will make their own adjustments for currency and at the moment you can make your own prediction for that, but I would hope we would see, and again as we said this time last year, a continued increase in the adjusted earnings of the underlying business and then currency will be what it will be, one way or the other. Hence the phraseology I think in the press release.

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Will Packer, Exane BNP Paribas

Couple of questions from me please. Firstly in terms of your recent renewal cycle of Business Intelligence, when we spoke I think it was in November at the last investor day you talked about a 75% renewal rate. Has that improved in the most recent renewal cycle? Have you seen any benefits from the work your new CEO is doing in that division?

Secondly in terms of the improvement in performance of Business Intelligence over 2015, could you talk about where you see that? Is it within pharma, financial, you know which kind of vertical would be better?

And then lastly maybe we could have an update on the progress of asset disposals there including the consumer and bid for the business which you had previously flagged. Thanks.

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Stephen A. Carter, Group Chief Executive

I think I'll take those. I mean on asset disposals we have really nothing further to say, sorry to be unrevealing but you know we're in process and when we're in a position to disclose we'll disclose.

On the renewals cycle I'm looking at you but out of the side of my eye I'm looking at Richard who is very keen that I get this right. You know we have seen an improvement but you know one swallow doesn't make a spring as they say. It's very early days. In the way in which our business works, and I'm sure you know Will, the December, January period is quite critical for obvious reasons, partly because you're then renewing for a whole period, and so we've put a particular focus on it. It is therefore not necessarily predictive, but straight answer to your question we have seen some

improvement and you know we'll update people at the Q1 as to whether that's a repeatable trend or a one off.

On your sectoral question, actually there is no particular sectoral bias in that, although there does seem to be some stabilising in both pharma and financial services with particular exception of the mortgage market in the US where we have a particular business which has got its own issue.

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Will Packer, Exane BNP Paribas

And in terms of quantifying that improvement?

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Stephen A. Carter, Group Chief Executive

I won't.

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Will Packer, Exane BNP Paribas

Okay thank you.

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Ruchi Malaiya, Bank of America Merrill Lynch

Good morning. A couple of questions on Exhibitions. Could you give us a sense of how much growth is coming from volumes, expanding the existing events as well as geo-cloning them versus pricing? And then more specifically just on China you've obviously got a foothold now in that market, but any comments you might be able to make on how competitive that market is and whether you think to expand there through acquisition or organically?

And then just a question on the funding of the investment projects. Are there any examples you can give us on the types of targets that each project needs to meet in order to get the next stage of funding? Is it that you need to see progress in the number of customers or subscriptions, or is it as simple as getting some positive market feedback on a product through surveys or just any examples there? Thanks.

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Stephen A. Carter, Group Chief Executive

On Exhibitions it's both. I mean absolute volumes are definitely up, attendance levels are up. I'm sure other players in the market would validate that. And you know I think I'm now getting consistent in saying this, for anyone looking at an Exhibitions business you always need to look at it through the lens of it's great until something stops people travelling because inherent in face to face is you've got to be there.

But putting that kind of to one side attendance levels in the main are up, and I think if you unpick that a little there are some fundamental underlying benefits there because

what we are seeing, certainly in our bigger brands, in our bigger businesses, is that the importance of those moment in time major calendar events, either for product launches or for major sales engagements or for major contract announcements, is going up. So they are becoming pivot points in the calendar. And if you can get that right then what that also have the effective meaning is that the universe of people who can drive your attendance level goes up.

So let me give you a live case in point, I was in Dubai for our Arab health conference. Now you'd be forgiven for thinking, because I can assure you before I got involved with Informa I thought that Arab health was a meeting of people who were interested in health in Arabia. But actually it's a very, very broad community now of people who regard that as a calendar meeting point. So there's a whole ecosystem of communities who now regard that as an essential location to attend. And as you broaden the ecosystem by definition the attendees go up, and often times what you find, as you broaden the ecosystem your ability to price changes as well because people have different price expectations and different sponsorship ambitions and different transaction levels depending upon which ecosystem they belong to.

So to make it personal to the audience in the room, if you can bring the financial community in as a member of an ecosystem for a vertical they have a very different view of value than perhaps other communities do. So I think you'll find if you look at the Exhibitions business that both attendees, volumes, the categories of attendees and pricing, they're all changing, and that's I think one of the very interesting things about that as a business.

Geo-cloning we are absolutely focused on and particularly in relation to China. We believe we have two or three major brands that we can take to the Chinese market and we have enough of a platform there. We've centralised our headquarters in China in Shanghai. In fact we've centralised our headquarters in Asia in Shanghai, so we've put the whole of Informa in one location. We've chosen Shanghai because actually that is the centre really of the Exhibitions business. They've got the previous exhibition venue and they've also got the new venue which is I believe the largest in the world. So we think there are opportunities there and we're in discussion with both the teams that run our existing brands and some partners in China about how we might do that.

Gareth do you want to talk about return rates on GAP?

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Gareth Wright, Group Finance Director

Yeah. On the Growth Acceleration Programme as we've talked about previously there is around sort of 30 headline projects that make that up with a whole series of work streams underpinning those projects. What we did at the planning stage was we went through and looked at the outputs from the strategic review, and looked at where we could drive returns and improve the business performance, and that's what came up with the list that we started with in terms of the programme. We challenged that and got an initial understanding of it and that's what we presented at the November investor day.

What we've done subsequent to that is we've gone away and started to plan each of the projects on a case by case basis, and they have to come back to the design authority and present their project plans in a degree of detail. At that point we challenge them on first of all the feasibility of the project, is it deliverable, can we do with it with our resources and our talent and our capabilities? And we reconfirm the costs and the benefits from the project, thereby testing the returns that we thought were attainable and that make up the return figures we've given you previously. If we believe all that works then we move onto the next stage which is the map out the project with stage gates as you go through the progression. And they have to come back at each of those stage gates and reconfirm that the costs are in line with expectations, the benefits are still achievable and that the feasibility is still proceeding as we expected. So it's a quite rigorous process to start and it's not once they've started they go away and we never see them again, they've got to come back and reconfirm that progress is proceeding as they expected.

Vighnesh Padiachy, Goldman Sachs

I've got a couple of questions. Firstly on Events, you know in '14 had the benefit of Ipex and ForMóbil. Can you give us a sense of the organic growth; you know what's the underlying rate of organic growth? And for '15 do those falling out impact the margin, you know were they a higher margin than average in '14? So did the margins dip in '15 for Events on an underlying basis?

My second question on Knowledge & Networking, the margins I thought were slightly disappointing at sort of round about 17%. How should we think about the margins in '15? And do your actions, you know closing the Melbourne and Johannesburg office etc., help with the margins in '15?

Stephen A. Carter, Group Chief Executive

Okay. I'm going to bring Richard in.

Richard Menzies-Gow, Head of Investor Relations

Yeah I mean I think on the first one, on Ipex and ForMóbile I mean I think if you strip them out you still have an underlying low double digit growth in that, so you know pretty good going forward. So I guess when you go into '15 I think Stephen said we'd expect to see the high single digit, you've just got to make sure in the organic number we don't split out the biennials, so you've obviously got the comp against that just to be aware of.

On a margin basis I mean Ipex would be lower margin than the division. You know it was a broadly sort of breakeven type business ...

Stephen A. Carter, Group Chief Executive

Because I was struggling with the description of the benefit of Ipex but there we have it.

Richard Menzies-Gow, Head of Investor Relations

Yeah. We got some revenue but it was broadly breakeven. But ForMóbile would be a good margin exhibition so that definitely would have helped the margin. So you'll get a sort of balance between the two dropping out going into 2015. Gareth do you want to talk about K&N?

Gareth Wright, Group Finance Director

Yeah I think the K&N margin was slightly lower in 2014 as a result of the revenue drop through and the operating gearing. I think the European and Asia Pac regions were particularly responsible for that, Europe being sort of Germany, Netherlands is the main functions of that and in Asia Pac primarily being Australia. I think as we focus on the core of those businesses going forward which are growth businesses, the operating gearing will work back in our favour and you know I think the margin should therefore improve in '15. And there's also things we're doing in terms of the cost base around the growth acceleration programme but they may be more '16 weighted in terms of that business. But I definitely think that business has got good opportunities in its margin going forward.

Steve Lietchi, Investec

Morning. Just Gareth on the 30 or 40 million spend for GAP in the current year, can you just split that roughly or give us any guidance in terms of where that might be skewed from a divisional perspective, and then also on a sort of opex to capex type ratio as well for this year?

Gareth Wright, Group Finance Director

Yeah certainly. I think in terms of the opex capex we've talked about 70/30, 70% capex, 30% opex previously. And having been through the budget process I don't think we're coming out massively different from that so I think we would stick with that sort of guidance for your modelling.

And in terms of the 2015 distribution on it, again I think the overall weighting of the projects across the programme gives you a good indication of how the 2015 spend is weighted. So it's definitely a weighting towards Business Intelligence and products in that space, but the weighting that's in the bar charts in the slides that you were presented this morning gives you a good feel for how the 2015 weighting will play out.

Steve Lietchi, Investec

So just to reiterate what you said there, so it feels to us, or it feels to me, that Business Information is probably where the biggest surgery is required but that's not front end

loaded within your mix. And I get what you're saying about the split you gave us, but there's no particular shift in the current year?

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Gareth Wright, Group Finance Director

Yeah in the current year I think the weighting is about a third Business Intelligence is what you'd expect.

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Steve Lietchi, Investec

Okay thank you. Second question, just in terms of Events where you said you want to grow and you want to be big which is great, lots of people seem to want to do the same thing and it feels like prices are going up in the sector. There seems to be a weight of money, there's cheap money in private equity and in trade, what do you feel about pricing and what does that make you - or is there any guidance you can give us in terms of what's an acceptable multiple or how you're thinking about that please?

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Stephen A. Carter, Group Chief Executive

You're definitely correct; I think there are a number of people who are interested in that market, more on the sponsors side in terms of volume of players. I mean it sounds trite so apologies, but you do just have to be quite disciplined about what your criteria are, both financial and non-financial. We have quite strict criteria. The Board, particularly on acquisitions of the sort of size and scale we've been talking about, are very involved in those. And you know where we make a decision that effectively the return isn't going to come in the first year or two years there have to be very clear long term return benefits that would justify that.

I think in - I can't remember off the top of my head but I think on looking at the 2015 numbers, because the great thing about these businesses is you have quite good forward visibility, we were just over sort of ten times, maybe between ten, ten and a half on average multiples. Absolutely those are - prices are at the higher end of the range, but I mean I would say this but I certainly don't feel we were anything other than disciplined in the way in which we approached those. And in other cases we have walked away if we felt that for us the price was not right and the returns couldn't come. That's the way we think about it and continue to do so.

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Nick Dempsey, Barclays Capital

I've got three left please. So number one you had a pretty heavy restructuring charge below the line in 2014. I know by definition that it's hard to predict that line but any comments on what you expect there in 2015?

Second question, when you talked about halving the decline in BI, just to understand what you mean, do you mean by sort of November, December the year on year run rate

should be roughly minus four? Or do you mean by the end of the year you should be looking out for the next six months or so to be minus four?

And the third question, when you sold corporate training there was a vendor loan and I think the interest stepped up a lot during this year. So can you expect them to pay that back this year?



Stephen A. Carter, Group Chief Executive

Okay, let me maybe take some of those and Gareth come in on some of those. I mean my comments on the restructuring charge are we are - Gareth is pretty disciplined about what qualifies as a restructuring charge. You know we've had a lot of change in the business this year; we're certainly planning Nick that we won't have a new Chief Executive this year so hopefully the level of change and restructuring won't be at the same pace and rate as it was last year.

And also we re-domiciled the company last year which was a bit of a chunk of that and we're planning on being here to stay for a while. So you'll see continued discipline, maybe a little bit less change activity certainly driven by me. Although there'll still be some to be clear.

On your question on BI, I meant the latter, looking out into '16. And on the vendor loan it does step up and certainly our expectation is that you know - we feel comfortable about recovering that loan. But do you want to talk a little bit more depth about the restructuring charges?



Gareth Wright, Group Finance Director

Yeah, we certainly see the restructuring charges as an investment. So we want to see returns from the businesses that present restructuring charges to us, we want to see what the payback is going to be and we challenge them quite hard on why it's a restructuring, what they're getting out of it, how is the business changing and how is it consistent with the business model changes and where we want the business to go overall. So there's quite a lot of rigour put around the application for a restructuring charge which has to be approved by Group, businesses can't approve restructuring charges. So quite a lot of rigour around the investment in that space.

And on the PI loan notes, as Stephen said the interest rate steps up markedly in September from a sort of below market interest rate to a well above market interest rate. And so you suspect at that point in time from their point of view it would make sense to look at repaying it. But there's no obligation for them to repay it at that point in time.



Alex DeGroot, Peel Hunt

Thanks chaps. Just on the outlook for earnings then into FY15, so a number of moving parts but just to be clear it's probably going to be the full year impact of the acquisitions

last year which is going to be the main driver there. So just to recap on what you said Stephen, you said - did you say ten times multiple ish? So on that 370 million of acquisition spend you brought in about 37 million of EBIT for this year?

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Stephen A. Carter, Group Chief Executive

I'll leave you to work that out.

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Alex DeGroot, Peel Hunt

You've then got depreciation going against you; interest going against you and 7% or 8% more shares in issue, so it's going to be flattish isn't it, in terms of earnings?

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Stephen A. Carter, Group Chief Executive

This feels like a modelling question.

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Richard Menzies-Gow, Head of Investor Relations

Well I think you know if you combine where we think we can go on sort of underlying momentum with the impact of the acquisitions then you're right. Obviously on the Hanley Wood the increase in shares broadly offsets the profit benefit you get through that. You know I think certainly we feel with currency I think in the statement we put at sort of 152, 153 that that should imply your 40.3 this year nudges up. I mean from what I'm seeing this morning people are ending up around 41p, those who have done that, and that feels fair given all those things.

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Andrea Beneventi, Kepler Cheuvreux

Thank you, good morning gentlemen. I have two questions, one on Knowledge and Networking. You target organic growth by yearend despite Europe being still very weak and very strong inertia usually in this business. Is there any data point you can share with us to explain how you get to that target?

And secondly if I remember well you sold 200 basis points of transactional forex headwind in 2013 at Academic Publishing. Can it revert in 2015 please?

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Gareth Wright, Group Finance Director

In terms of the FX headwinds the Academic business has round about sort of 40% of its revenue in US dollars, but the cost base is substantially in UK sterling. So that's what we mean by a headwind there, is that as the 2014 revenues have been slightly weaker as reported because of the US dollar weighting compared to 2013, the cost base hasn't changed. So there's a reduction in the margin of a couple of - sort of 20, 30 basis points and that is as I say partially that cost headwind and partially the - probably half and half

cost headwinds and also the open access investment in Cogent where we've invested in staff but the revenues don't start until 2015. So sort of two dynamics there around the FX headwinds.

In terms of the K&N data points, I think the key thing there is the performance of the business as I say in Europe and Australia without which the business would have performed reasonably well in 2014. We've got action plans on those businesses that we're looking to deliver in the year, and we'll be keeping a sort of close watch on the prospect of those businesses. So I don't think it will be straight back into growth in Q1, but as you said on a run rate basis by the end of the year we're confident the actions will get us back into a position of growth overall.

Natasha Brilliant, Citigroup

Just taking you back to Business Intelligence and the consumer businesses. I know you can't comment on the process, but could we get a sense of maybe what the revenue contribution or profit contribution is from those businesses?

And then secondly on the macro, and I know in the press release you said that your budgets were based on sort of no pickup in the macro, I guess if things were to be better Exhibitions would be the sort of bit that's most highly geared, but are there any other bits of the business that you think would benefit from a pickup in the overall macro?

And then finally on the medical journals you talked about some cost savings. I wondered whether we could get a better idea of what they may be?

Stephen A. Carter, Group Chief Executive

Why don't I start, maybe Gareth you can come in on the - I mean look, a benign macro climate helps us generally, you know I think in our business. I mean we don't have a major exposure to Russia for example but we do have a nice Russian business under the Adam Smith brand. You know if that market were to become more open to trading that would help us. We have quite a big energy and gas vertical in the conference business, again that would be - a change in macro circumstances there it would be beneficial. I think the same would apply to pharma and financial services in BI. So I don't think it's just limited to Exhibitions but I think you're correct to say that where you might immediately feel those benefits would be in our Exhibitions business. And you know that's why I think, based upon what we know today, we feel, slightly to go back I think to the gentleman's question from earlier, a high single digit growth in the year hopefully is a target we can aspire to.

You asked a question about the consumer businesses. I don't know if we've actually been public about what that revenue number is, have we?

Gareth Wright, Group Finance Director

I think all we've said that profit wise it's sort of low to mid single digit.

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Stephen A. Carter, Group Chief Executive

On the profit side it's low yeah, I don't think we've been public on the revenue number but on the profit side.

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Gareth Wright, Group Finance Director

And the margin is decent but not at the level of the division, but it's decent.

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Stephen A. Carter, Group Chief Executive

Which is why we're not really being drawn on what we might do because there are options for us there. I mean we're very clear that it's not going to be an area - it's certainly not going to be an area of investment focus under GAP. You know we don't necessarily believe that - but you know it's possible that a disposal might be an option but there are other choices for us. So we're not being coy for the sake of it, we want to retain that flexibility. Gareth?

Yeah medical cost savings. It's mainly around combining teams and production. I don't think we'll put a number on it but we've - we think we can take some benefit there in 2015. But really we didn't do it for the cost savings, although it's sensible to do it, we did it because it gives us a single go - really we did it because it gives us a single go to market on the journal side, and we actually had a relatively small portfolio of medical journals having a discreet conversation with a corporate side of the market. Actually it's a lot easier to be able to bundle those together and then be able to have a full portfolio conversation with both sides of the market, the academic and the corporate side.

And so even though I did refer to a cost benefit in '15, actually the main reason to do it is to give you a platform for growth in '16 and '17.

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Johnathan Barrett, Singer

Good morning. I think I've got three questions. The first one is just going back to your guidance on EPS; I just want to make sure that we understand this clearly. Your guidance is for growth in EPS including the benefits of currency. You're not saying X because otherwise we'd have a much bigger number, that's right yeah? Just to confirm, yes? Okay, thank you.

Just moving onto BI. I guess this is quite a complex question now in that I think you talked about deferred revenue growth being just down 1% in BI if I heard that right, please correct me if I didn't, at the yearend. And that does imply obviously some drastic improvement in the sales rate, I think you slightly cautioned on that but there's a big gap between that and there's 13% sort of decline rate in BI in Q4. You're obviously trying to give us a corridor in terms of getting to half the rate of decline, the annual rate

of decline at yearend going into '16, I wonder if you can try and just sort of square that up with what's dropping out in terms of product closures and what's actually improving in there so that we can understand getting from that sort of minus 13 to minus 4 ish in that period. It looks at the moment like it's obviously coming down quite hard and it points to some sort of sharp inflection, even excluding any product closures. So it looks a little bit confusing from where I'm sitting at the moment but I of course may be missing something.

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Stephen A. Carter, Group Chief Executive

About three questions. Well there was about five in that one but I mean I have a sense you had another one as well.

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Johnathan Barrett, Singer

The other one is much simpler. It's re slide 30, again on BI. You highlighted that you felt you were missing out in the US. Is that because you simply aren't selling enough of your existing products in the US, i.e. you're missing out, or is it because you haven't got the right products for the US market, i.e. it's just a factor of your vertical mix that you're only getting that percentage mix effect from the US?

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Stephen A. Carter, Group Chief Executive

Let me maybe come in a little bit and the Gareth come in a little bit. Just on your first point and I'm - sorry did you want to say something else?

In relation to what are we saying about our earnings ambition for 2015. Currency is a question for people to make their own judgements on. You know we've said what we've said about currency. Our ambition in 2015, much like our ambition in 2015, is to deliver earnings growth in the business. We're not putting a number around that or a quantification around that, but it is to deliver some underlying earnings growth in the business whilst funding for investment for future growth in 2016. So just to be clear on that.

On your last question around - god I'm having an embarrassing senior moment. It's my birthday so I'm allowed to have an embarrassing senior moment on my birthday. What was your last?

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Johnathan Barrett, Singer

US.

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Stephen A. Carter, Group Chief Executive

On your last question on the US, I think there's a combination of reasons there which are you know worth thinking about. The first is just at an absolute level the shape of our portfolio indexes are low to the market. That was really the point I was making at a headline level. That's just the kind of function of where we are. What that might mean is at the point at which you believe the business is in full repair, you would probably be quite alive to opportunities to acquire in the US if you could find brands and businesses that were materially fitting with the verticals you've chosen.

Secondly I do think we have found the end market challenges in pharma and financial services most acute in the US, and as they level out, back to the lady's question about the macro, as they level out you might see some benefit there in the US. That's I think a second point.

And then I think if we were being honest about our own business and it was part of what encouraged us to expand in the US in Exhibitions, I think the truth of the US market today in many markets, is it is a more technologically advanced operating environment in many markets. It's more data led, platform deployment, device usage, workflow integration, you know the US is just a kind of sweet spot for those and therefore our underinvestment in our product is if you like a little bit more visible when you're looking at it against comparators in that market. And so that gives us a benchmark against which to improve to. So I think you've got a kind of combination of reasons there in the US market.

Do you want to come in on the deferred income trajectory?

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Gareth Wright, Group Finance Director

Just a further point on the Business Intelligence improvement. I'm not disputing your maths which I'm sure are correct, but from where I saw it the sort of performance in Q4 wasn't perhaps as negative as I think, if I heard you correctly, as you were saying. So you know performance in Q4 I think was only a touch worse than the 8.5% for the full year, and therefore the sort of improvement to the point that Stephen is outlining isn't perhaps quite as marked a step if you use those numbers as perhaps some of the numbers you were saying. But as I say I can't see your maths so I'm not sure quite how you've gone about that calculation.

In terms of the deferred income, the deferred income is a point in time calculation as I think we've said before, there are both - you know we've taken that in the past as being a position slightly better than the numbers are presented, also a position slightly worse than the numbers that are presented. And I think in terms of this point in time calculation we're a percentage point down year on year. It's a solid start and something we're obviously more pleased about that than we would be if we were 10% down, but in terms of where it leaves us for 2015 I think it's too early to say that this is a complete turn of the corner, it's just a - we're bringing it in on a trajectory as Stephen outlined to be in a good position by the end of 2015 to deliver on our commitment, and by the end of 2016 we'll be in a run rate of growth.

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Matthew Walker, Nomura

First question is does the Springer merger make much difference to the Academic performance?

Second question is on cash tax. When you look at your free cash flow as you mentioned yourself you had quite a big benefit in tax. In fact if it had been at the same level as last year then there wouldn't have been any growth in free cash flow. So was 2013 abnormally high for - was there anything that made 2013 abnormally high and what can we expect for 2015 in terms of cash tax rate?

And then if you could talk about the Exhibitions. You mentioned the high single digit possibility for organic for this year, for 2015. When you think about the biennials or any kind of events coming back, does that mean that we can expect a double digit growth rate in Exhibitions in '16?

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Stephen A. Carter, Group Chief Executive

You don't hang about, you want predictions for '16 already.

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Matthew Walker, Nomura

Or '17 if you have them, I don't mind.

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Stephen A. Carter, Group Chief Executive

Do you want to take the tax question Gareth and I'll come back on ...

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Gareth Wright, Group Finance Director

Yeah. In terms of cash tax, in 2013 we made a one off payment of £15m to the UK authorities in relation to some of those tax settlements that I outlined earlier. So if you take that out of the 2013 number you get quite close to the 2014 number which gives you an indication of where we think we'll be going forward. Also in the press release I'd point you to a little tax rec there that reconciles you from the income statement numbers to the cash flow numbers and shows you how the cash tax tends to be lower than the income statement tax. It is principally because we get a deduction for intangible amortisation in the US of sort of £10m to £15m per annum which we would consider as a structural benefit and therefore something that would continue in the future.

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Stephen A. Carter, Group Chief Executive

On your two other questions, I mean not my place really to comment on what the strategy behind the kind of Springer Macmillan deal is. We've obviously looked at it as it relates to our business. You know the short term answer certainly for the purposes of

2015 is we don't think it has an immediate impact on our business, and you might - looking at it more through a kind of what does it do to the landscape lens if you put it that way, you might see over time some increased competitive pressure on pricing in books, that's possible, you might see a further acceleration in open access because Springer has a powerful open access business as you will know, and proposition. And you might see another scale player increasing the level of competition in tenders and bids for society contracts.

I think our assessment of that, sitting here now, is you've got to have differentiated content on the book side and that's very much our strategy and we are accelerating that strategy. So you need to be competitive on price but you've also got to be differentiated on content, that's very much our approach to the market which is a different approach.

On open access we're building a platform to give us the ability to be able to compete and offer and we feel comfortable with that. And on the society contract side, price of course is relevant, upfront payments, royalty payments, but societies also have other criteria and on the other criteria we actually feel we score rather well. And in the academic market those other criteria are very, very relevant in the decision matrix for customers. So I think it will change the landscape, but certainly as it relates to 2015 we don't think it would change our view of our business. But you know we'll keep an eye on it as it relates to the landscape.

On forecasting for 2016 and beyond, I think the consensus is that in '16 we'd be in sort of mid single digit growth. And I certainly don't feel knowledgeable enough to be able to give you a retake on that. We are of course, as we do well year on year, upping the comps and so I think if we can keep that business growing in the high single digits you know I'd be very comfortable with that.

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Richard Menzies-Gow, Head of Investor Relations

[Inaudible - no mic] revenue, but in '16 if you like it's a - but the next biennial year is a mini biennial year if you like rather than a maxi biennial year. If I was Martin Sorrel that's how I'd describe it but ...

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Stephen A. Carter, Group Chief Executive

That's a big statement.

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Richard Menzies-Gow, Head of Investor Relations

It is.

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Stephen A. Carter, Group Chief Executive

We might end on that.

Simon Baker, Societe Generale

Two questions please, one for Gareth, one for Stephen. Gareth, thank you for the guidance in terms of the 150 to 200 basis points margin impact and it will be towards the lower end this year, higher end next year. Just to sort of be clear on the scenario that that includes, does that include - Stephen mentioned that you might up the pace of the investment depending on whether the business can cope with it this year. Does that include upping the pace, or was it sort of on a as is basis?

And then the second question was more for Stephen really in terms of where we are with the ELTIP review and the extent to which that might evolve from just sort of an EPS focus to something a bit more balanced EPS, ROIC, TSR, organic revenue growth. Where are we with that please? Thank you.

Gareth Wright, Group Finance Director

So if we kick off on the Growth Acceleration Plan, no those margin comments are in relation to the plan as it currently stands as it was budgeted. We're certainly looking at the potential to up the pace if we think we can - we've got the capacity to deliver the programmes faster and we think we can get to the returns faster, then definitely we'll consider that. But making sure that we have the capacity to deliver everything at the pace we're going at is one of the key tests the design authority puts on the programme as a whole so we've got to have the capability to deliver everything at the same time. If we can deliver it faster we will but the guidance that we've given is based on the existing programme of work in 2015.

Stephen A. Carter, Group Chief Executive

On compensation I think a couple of points and maybe two or three points to make on that because I think it's a very relevant question so I'm glad you raised it. As it relates to the executive team, we are shifting the compensation, long term compensation mix, from being singularly focused on total shareholder return to being a mix of total shareholder return, compound EPS and ROCE. So you'll see that balance scorecard, final knockings of that are being kind of confirmed in consultation at the moment. But in essence that's what it will be for the period of the plan so I think that's one point.

The second point is we are also extending that in a reasonably meaningful way into a deeper portion of the management team within the business in order to if you like further connect the broader management team with the performance of the equity.

And then the third point to make is that we actually as part of last year's change plan introduced I think a reasonably meaningful all companywide equity scheme where I think we're now at nearly 20% take up, we were at 4% historically. So you know that's the way we're trying over time to further increase the connection with the performance of the equity, not just at the executive level but through the company.

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If there are no further questions then can I thank people very much for their time and their attention. And for those people who are listening that is the end of the call. Thank you very much.

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END

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