WORLD TELEVISION

Informa

Full Year Results
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Stephen A. Carter, Group Chief Executive

Gareth Wright, Group Finance Director

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QUESTIONS FROM

Will Packer, Exane BNP Paribas

Matthew Walker, Nomura

Katherine Tait, Goldman Sachs

Chris Collett, Deutsche Bank

Nick Dempsey, Barclays Capital

Patrick Wellington, Morgan Stanley

Jonathan Barrett, N+1 Singer

Steve Lietchi, Investec

Tom, Citigroup
**Presentation**

**Stephen A. Carter, Group Chief Executive**

Good morning everybody and thank you very much for coming to the Informa annual results presentation for 2015. We’re also being broadcast live on our webcast so I am going to unfortunately stay a little bit podium bound in order that the recording makes sense for those people who are watching it that way or following it that way.

Obviously this is our annual results presentation so the normal Safe Harbour rules apply. But for those of you in the room thank you very much for coming and making the effort. I know this is a busy earnings season and there are plenty of other shows in town so we appreciate people taking the time to come and be with us in person. And to make the trip particularly worthwhile we have provided you with a party bag to take home which is in this rather nice hessian sack here which you can take away. For those of you - I was reading yesterday that at the Oscars this year there is apparently a party bag for those of you who either received an invitation or are thinking of attending with a set of freebies worth $200,000. I can assure you ours aren’t.

Laughter

But nevertheless are hopefully quite interesting. You get a little bit of a selection of our products which we thought we’d try and bring to life a bit. There are a few free subscriptions, trials to some of our intelligence products, discounts to go to some of our easier to get to conferences and major events, an old fashioned physical book on how to run your businesses better, no insult intended, and some free access codes to the digital version. So it gives you a chance to roam around some of what we do in person as well as listening to us talk about it.

We’ve also put in a little helpful note in the front telling you what everything is and a contact name and number in case something goes wrong, so you've got end to end customer service.

But anyway, to get into the results presentation I’m joined by Gareth Wright who most of you know very well, our Group Finance Director. And Gareth and I will tag team through the presentation and then we’ll throw it open to Q&A.

We published the results release at seven o’clock UK time this morning and I think our summary is pretty clearly laid out in that document. And we I think have been pretty consistent in trying to set ourselves the task last year of delivering a combination of progress and performance. And we would highlight the progress in a number of areas, and the performance you can make your own judgements on.

Our portfolio for those of you who have been following the company for a while is really a lot more focused now than it has been for some time. We’ve been through a pretty rigorous portfolio assessment. We’ve disposed of a lot of what are largely small businesses but nevertheless quite time consuming in management time and attention and not particularly profit enhancing. And that’s given us a better platform to go forward with.
We are in investment mode, we’ve been clear about that, and we now have a significant number of investment projects underway across the Group which Gareth will talk about in a bit of detail later.

We really now have an operating model which we’re now very familiar with. We’re in our second full year of operating it. The business now very much works and operates, is run and in the way in which it’s reported, and that makes for alignment with strategy and execution easier to achieve. And you see that I think in the results and you see it in some less obvious areas such as our working capital and cash flow performance where the management controls in the business are just considerably tighter.

Our acquisition strategy has been very focused and we’ve been I think hopefully consistent about that which is largely around the United States of America. I’ll talk a little bit more about that. And trying to improve our post acquisition integration and execution skills.

The business feels pretty robust financially. The balance sheet is healthy and the disciplines we’ve put around working capital and cash management Gareth will return to.

And we are in investment mode for two reasons, one two improve returns over the medium to long term, and secondly to build capabilities for further scale and growth.

These numbers you’ve seen, you know a notch up in organic terms in revenue but good performance on the acquisitions we made. Flow through nicely on the profit. The EPS benefiting from a small equalisation on tax given the weighting of the portfolio towards more US assets. Cash flow growth very strong. And we have taken the decision, or should I say more accurately the Board after quite a detailed and thorough conversation, took the decision to up the minimum dividend commitment for the remainder of the Growth Acceleration Plan from a minimum increase of 2% a year to 4% a year for the next two years. And that gives us I think a good platform to go into 2016.

But for those of you who are looking at market share screens today you don’t need me to tell you that there are some headwinds although I was trying to find a new word to describe what a headwind is today, a body wind. There are a lot of movements in the market and I’m not putting this up to be a sort of random commentator, we’re very consistent I think in making the point that one of the great strengths of Informa is that we are a super specialist business and therefore I personally would draw no general conclusions from the specific circumstances of the specialist markets in which we operate. It actually gives us quite a lot of resilience and strength but it doesn’t make us a market commentator.

The relevance of these points on this slide are they affect our business in a very practical sense. We are an international company so currency fluctuations are material. We have a significant exhibitions and events face to face media business so travel, terrorism and travel health issues are material. Recession or economic challenges in markets in which we operate like Brazil or Russia affect us. And all of those things combined were definitely things that we had to deal with during 2015 like everyone else, and really the point of this is to say that some or all of these continue but I think the reassuring news
is if you are an investor in our company, is that notwithstanding those facts in 2015 and probable challenges in 2016 the business remained pretty resilient.

And there are I think an emerging number of reasons for that and these are some but not all of them. The first, to work from the top of the slide, is the point that we try to make increasingly, is that we are a niche business. I describe it often inside the company and to people who are thinking of joining the business as the god of small things. We operate in very, very narrow, niche markets and many of them are very fragmented markets. In many of those markets we are the number one or two player in what we do. And that provides us with a high degree of value and protection. The margins are strong because of that unique position. We're a portfolio business, we're not a pure play publisher, we're not a pure play data business, we're not a pure play exhibitions business. We are deliberately and purposefully a portfolio and we believe that portfolio gives us strength. We believe in content because ultimately content provides you with information that other people need, either in its purest form or in its interpreted form.

We increasingly at the Group level drive our shared services across the Group to improve the operating performance in each of the four portfolio businesses. We've tried to drive up our predictable revenues and we go into 2016 with probably north of 50% of our revenues either in subscription or advanced booking, forward planned revenues in our Events business. So we give ourselves more revenue predictability than was previously the case.

We are now a very significant, in our terms, US business, about $800m of our revenue is in the US and that has been a very conscious decision to pivot towards that market. But it still makes us a very small player in that market with multiple opportunities for further expansion.

We know we need to become more and more of a digital business. It was one of the things we needed to materially change and that's been a large part of the investment focus for the last couple of years and will continue to be so for the next two to three years.

We see more scale benefits as we get larger in each of our businesses and we think the international reach of our sales and distribution capability makes us very effective as an acquirer of small niche assets which we can then integrate and expand internationally.

And the net of all of that means we're in a position to be able to manage our business effectively to drive both capital growth and consistent dividend growth. And those are fundamental strengths of the business that we seek to manage on a regular basis.

This is a little snapshot of the divisions. The two lead horses of the Group in terms of growth and performance for the last two years have been Global Exhibitions and Academic Publishing. One is a relatively new market for us; the other is a relatively old market for us. We made a very conscious decision to begin to scale in Exhibitions. We are now I think the third largest player in the world in that market and we have ambitions to continue to grow. It is nearly a third of our profit. We have strong positions in five or six key market verticals. We are spread in four or five locations
internationally and we are investing now in procurement, data management, marketing and customer management capabilities to further scale that business. We performed a second year of double digit growth so at the moment as the challenger in that market of size we feel good about where we are.

The biggest business in the Group remains Taylor & Francis Academic Publishing where we remain resilient in a market that’s facing significant challenges in usage, in format, in distribution, in pricing. But some of the things that give us strength remain true. We are an upper level publisher, we are not a textbook publisher, we are not a large scale college publisher, we are not a K-12 publisher. We are a specialist provider of high level content for subject specialists, either teachers or students. We have a business that is weighted towards journals but we have a significant books business, but in our books business the majority of it is in humanities and social sciences, and in humanities and social sciences we are largely the number one or two player in the markets in which we operate.

Last year was a tough market particularly in a particular corner of our business which was in science. And we saw the revenue guidance that we were hoping for which was to hit 2% organic growth in the year. We had a slight miss on that but we go into 2016 confident that we can be there or thereabouts in another year of consistent growth. And the margins and profitability of that business remain really very attractive.

These are our two repairing and recovering businesses, Business Intelligence and Knowledge & Networking. Much discussion about Business Intelligence, long time or mid time followers and holders will remember there was quite a debate about whether we should exit this market and these assets. We took a view that there were some we should exit but many that we thought had long term value but we needed to get it back into growth. And to do that we needed to focus around the markets, to materially change the operating model within our own business so that we had a market facing approach to the five verticals we chose to operate in. And in the first instance we put most of the effort around changing our sales and go to market structure and focusing deeply on subscription value and subscription renewal. And those three changes are really what has driven the improvement in performance.

The first thing I’d like to do is pay testament to the management team who I think have done a really sterling job over the last 18 months to two years. We found ourselves in growth in the fourth quarter of last year which in and of itself is not remarkable given market norms in that market, but it’s remarkable for us because it’s the first time we’ve been in growth in that market in six years. So we now feel comfortable going into 2016 with a target for a full year of growth across that division.

Knowledge & Networking, what people often call Informa’s old conference business which is in part what it is, is really a kind of sleeping giant of future capability in my own view. I’ve often seen it as the engine for what I describe as content and communities. We’ve simplified that business now around three market verticals, life sciences, finance and TMT. We are pruning the portfolio significantly so that it is moving more and more towards larger scale events and protectable, defensible content. And we’ve done a lot of pruning of the remaining long tail of businesses. We’re also making quite a significant
level of investment in people and in technology in the way in which we do marketing and data management in that business.

This is our events and exhibitions portfolio which I put up just to kind of give you a sense of the breadth and range, and you'll all have a variety of reactions which I won't ask you to share with me, when you read these. But the thing that always strikes me, I think I pretty much have attended all bar two or three of these over the last three or four years, but the thing that is most striking about them is that if you’re not in those markets why on earth would you go there? And that actually fundamentally is the great strength of the business, because for the people who are in those individual communities they are must attend events. And the value of face to face must attend events is progressively going up and up and up, and its contribution to the sales, business development and marketing proposition for the increasing number of discreet specialist business to business communities is also going up.

This is 40 of our major brands and events across the portfolio, many of which we have bought or built over the last three to four years, and we are continuing to give ourselves range and breadth. I think in our top 25 events in 2015 we had nearly a million attendees. We have got a range of different styles of events from festivals to highly accredited learning confexes through to major large scale indoor or outdoor business to business trade shows. It really is, if you do what we do for a living, a fantastically exciting set of brands and businesses to grow and develop, and we take a lot of pleasure in the improvement in our reach and our scale.

In our Academic Publishing business similarly this gives you a little bit of a sense of the markets in which we operate in, in books and in journals. And we make the point often that our differentiation is our content, the depth of our content, the range of our content. In our books business we have nearly 115,000 to 120,000 titles. We publish between 6,000 or 7,000 new titles a year. We are in pretty much every one of those categories, bar a couple, the number one or two publisher in those areas.

Similarly in journals we have over 2,200 journals ranking with material impact factors in sectors and categories where we are the must feature journal or publisher for the students or teachers of those academic subjects.

And in BI we are a specialist in Business Intelligence niches. And I’ve picked out a couple here in agribusiness, in pharma, maritime, TMT. And in each and all of those areas what we’re increasingly trying to do is move from a one off advertising copy sale or unpredictable revenue mix to a recurring subscription led and predictable subscription led business model.

We spent a lot of time as we said earlier driving up our percentage of revenue from subscriptions, the value of the annual contract, when we do that renewal what the value of the renewal rate is. Significantly improving the pre-expiry renewal numbers because that’s an easy or easier sales channel. And at the same time driving up our new business pipeline and the absolute value of that pipeline. And each and all of those have been what’s contributed to taking that business from a 9%, 10% annual decline down to a sub below 2% and going into 2016 in growth.
We are an international business. As I said we’re spread now, UK is about 12% of our revenue, we’re now as you know firmly back here in the United Kingdom in headquarters but it’s actually just over 10% of our revenue as a Group. Obviously there are more people here than that but in revenue terms North America and the rest of the world makes us a truly international business.

As I said in my opening remarks if you look at the subscription and the portion of those exhibitor revenues which are predictable, we are now at a point where north of half of our revenue is pretty predictable at the beginning of the year. And if you flick back to - these ones here, if you look at our top 40 events, there there's a range between sort of 30% advanced booking through to best in class where you have 85% advanced booking. So you really are getting to a point where you have a higher level of forward visibility in the revenue.

This programme which we’ve talked about often over the last couple of years, the Growth Acceleration Plan, remains pretty much the template in the way in which we are driving the business. As I said the operating structure is pretty much in place and is the way we both report and run the business. Made a lot of change in management in the divisions and now in the layer below the divisions. The portfolio, we’re pretty happy with the portfolio we’ve now got and now we’re adding to it rather than subtracting in the main. Our acquisition strategy is focused around specific market verticals and in geography are weighting towards North America. Our investment programme is still on track to be no more than the £90m over the period that we’ve outlined. And our balance sheet and our financial and funding position remains reasonably robust.

And with that I’ll now hand over to Gareth to take you through the details of the financial reports. Gareth.

Gareth Wright, Group Finance Director
Thank you Stephen. And thank you to everyone in the room and those watching by the webcast for taking the time to listen to our presentation.

These are 2015 results which continue to deliver on the promise made when Stephen and I first stood in front of you two years ago, to proactively reposition the Group whilst continuing to deliver a robust trading performance.

On that note you've already heard Stephen refer to 2015 as a year of progress and performance. There has certainly been much in the way of progress. The Growth Acceleration Plan remains on schedule with the investment programme tracking on budget towards the delivery of its targeted objectives. We have delivered increased funding flexibility through the US private placement issuance and the one year extension on our revolving credit facility. And we continue to strengthen our controls and the quality of our financial reporting to better enable us to track initiatives in the business and crystallise value.
But that progress has occurred against a backdrop of ongoing good performance. Organic revenue growth improved to 1% in 2015 representing an acceleration on last year, particularly when you strip out Events phasing.

Cash generation continues to be an area of strong performance with over £300m of free cash flow generated in the year. And we’ve increased the minimum dividend commitment from 2% growth to 4% growth, a commitment we are making through to the end of the Growth Acceleration Plan.

And if you could stand back and consider that this progress and performance has been delivered a backdrop of challenging macro trading conditions especially for our Knowledge & Networking division, and a degree of uncertainty in our business as we continue to implement the organisational changes as part of GAP, I think there's plenty to be pleased about in the 2015 results. However we’re adamant that we’ll continue to drive forward into 2016 and into the delivery phase of the Growth Acceleration Plan.

Moving into the financial results I’ll start by talking you through the headlines. We’re reporting organic revenue growth of 1% for the year. As well as a year on year acceleration this is an improvement on the 0.3% growth announced for the year to date in Q3 as we saw improved organic revenue performance in three of the four divisions in Q4.

Total revenue increases by 6.6% as acquisitions in Global Exhibitions and Academic Publishing benefit the reported results. These acquisitions are partially offset by disposals in Knowledge & Networking.

The higher reported revenue results in a 9.5% increase in adjusted operating profit as the extra revenue in Global Exhibitions comes through at a higher margin. I’m pleased to report that we’re delivering earnings of 2.9p, a year on year increase of around 4.5%. This is a touch ahead of consensus because of outperformance in EBITA result, but also because of a better than expected tax rate.

Driving cash flow remains a key theme for us and we have delivered £300m of free cash flow in 2015. That’s a 30% increase year on year and it represents a free cash flow yield of almost 8% at yesterday’s closing share price.

The balance sheet is robust and positioned for growth. The ratio of net debt to EBITDA is 2.2 times at the yearend, well within the 2 to 2.5 times range that we’ve communicated previously.

The full year dividend has been increased by 4% to 20.1p per share. Now longer term Informa watchers will remember that at the start of the Growth Acceleration Plan we made a commitment to a minimum growth of 2% per annum in the dividend for the period 2014 to 2017. The Board has assessed the Group’s position at the end of 2015 and its outlook for the remainder of the Growth Acceleration Plan and the response elected to raise the dividend commitment to a minimum growth of 4% per annum to the end of the plan.
For 2015 with the growth in earnings delivered we have maintained comfortable dividend cover of 2.1 times earnings.

Moving into the income statement I’ll start by talking you through the revenue and adjusted operating profit results by division.

Academic Publishing, the full year organic revenue growth is 1.6%. This is ahead of where we were at the Q3 update representing growth of about 2% in Q4. This performance across the year reflects a slightly softer books market, most noticeably for Informa in the US medical books market. This growth, plus the start of the GAP investments, have been delivered with an operating profit margin maintained at just under 37%.

Business Intelligence has had a good 2015 delivering progress and performance. The full year organic revenue decline was 1.9%, representing a further improvement on the revenue performance since the Q3 update, and a return to organic revenue growth in Q4. If we rewind to this time last year the FY’14 decline was 8.5%, and our target for 2015 was to halve the decline in organic revenue. By the half year this organic decline had improved to 3.5%, and today we’re reporting a full year ‘15 decline of 1.9%. The achievement of this objective of return to growth a year ahead of our original target is the result of two years of significant change in the business and a huge amount of effort from the management teams involved. But we will now press on with delivering the Growth Acceleration Plan to further drive sustainable and profitable growth in Business Intelligence.

The operating profit margins declined year on year as expected, reflecting a combination of revenue drop through, investment in management capability and the launch of GAP initiatives.

Global Exhibitions has delivered another excellent result in 2015. The double digit organic revenue growth was driven by strong performance from the top 20 events which Stephen has already highlighted. Actually the year on year growth was slightly reduced by the absence of the quadrennial Ipex as well as the biennial Formobile in Brazil.

The operating margin has improved year on year as the high profit margin and the Hanley Wood Exhibition business seen acquisition has been maintained under Informa ownership following a smooth and effective integration process.

Knowledge & Networking is reporting a full year organic revenue decline of 4%. The biggest driver of the decline has been weakness in the energy and resource vertical, directly impacting events we operate in that vertical and indirectly impacting activity in regions such as Middle East and Russia. Our target is to return the business to at least a flat organic performance while assuming no improvement in its residual exposure to the energy and resource vertical.

But K&N is also reporting corresponding organic growth in operating profit of 4%, driven by the benefits of the portfolio management programme which has improved the quality of the business, and driven by cost efficiency improvements crystallised within the division as part of the 2015 business restructuring. Together these benefits have
resulted in a year on year increase in the operating profit margin for Knowledge & Networking.

So having explained the division by division organic growth in adjusted operating profit, let’s put it together to explain the actual 9.5% increase in Group reported OP. Organic growth ex GAP is mainly driven by the strong growth in Global Exhibitions. There is a foreign exchange benefit in 2015, principally because of the strengthening in the US dollar. The improvement from acquisitions is principally the full year benefit of the Hanley Wood Exhibition business acquired in December 2014. The GAP investment programme is well underway and has started to be a headwind on reported OP, but we remain convinced by the overall returns the investments will deliver.

And as I mentioned on the previous slide, portfolio management has improved the quality and operating margin in K&N but has resulted in a year on year decrease in OP. So that’s how we’ve delivered almost £366m of adjusted operating profit in 2015.

Turning to the income statement as a whole you can see that the £366m of OP represents an operating profit margin of just over 30%, broadly a one percentage point increase year on year.

Moving down the income statement there are £120m of adjusting items, although I’d highlight that £100m of this is in tangible amortisation. The effective tax rate for 2015 is 17.7%, and the 2014 ETR has been restated to 18.9%. This is lower than the 20% tax rate previously reported for ’14, and which most commentators would have been expecting for 2015. This change follows a review of our reported US cash tax deductions for goodwill amortisation. These deductions increase year on year following the Hanley Wood Exhibitions and Virgo acquisitions in 2014, and to align our adjusted tax charge with our cash tax paid we are recognising the credit in the Group’s effective tax rate, something we have not done previously as the credit was insignificant. This updated approach brings us in the line with the approach adopted by our peers.

At the half year we reported strong free cash flow performance and predicted the improvement would not reverse in the second half of the year. And as you can see from the results we’ve delivered on that prediction. The working capital performance is £39m better year on year, which includes a phasing benefit relating to the Swets bankruptcy at the end of 2014, but there’s also underlying improvement that continues into 2016 reflecting the strength of the BI subscription receipts and the strength of the GE exhibition bookings. In addition tax savings in the US resulted in a year on year reduction in cash tax payable.

If you put all that together our continuing focus on cash flow has increased free cash flow by £70m year on year, allowing us to self fund the extra £19m of capex investment relating to the Growth Acceleration Plan, and deliver free cash flow yield of almost 8% at yesterday’s closing price.

The strong free cash flow generation in the year of £300m has covered our dividend payments more than twice, and still left substantial cash flow to fund our targeted acquisition programme. The yearend financial position is strong with net debt EBITDA at 2.2 times, calculated per our bank agreement, using average exchange rates and
including a full year of EBITDA in respect of acquisitions completed in 2015, leaving us well within the 2 to 2.5 times range that you would have been expecting.

Headroom on our facilities of over £500m at yearend provides real flexibility going into 2015. We have further increased our funding flexibility in the year. Firstly on our revolving credit facility where we extended our five year RCF by one year so that it now matures in 2020. There’s a further one year extension exercisable at our discretion in 2016 which means the RCF will mature in 2021 as shown on the graphic.

Secondly we issued $250m of US private placement notes which mature in 2022 and 2025, and this was achieved at an interest rate favourable to other groups going to market at the same time reflecting the perceived quality of our cash flows. Our overall balance sheet strength is maintained with yearend gearing of 2.2 times.

And finally focusing on other balance sheet commitments, our pension obligations remain immaterial with no cash contributions to be made in 2016.

Turning to the Growth Acceleration Plan the investment programme is well underway. Our financial guidance is unchanged from previous briefings we have provided, specifically we are reconfirming the overall cost of the investment and we are reconfirming the timing and quantum of the returns that will be delivered.

We continue to exercise real discipline over the investments being considered. I’ve previously mentioned the design authority which allocates capital and approves investment in specific projects before they can commence. With well over half the projects now in flight the design authority focus is on testing the projects on a regular basis as they pass through prescribed stage gates to demonstrate that the projects warrant further ongoing investment and will deliver the predicted returns.

There continues to be much interest in what sort of programmes we’ve launched as part of the Growth Acceleration Plan. The actual projects vary and are all specific to the strategic repositioning that each of the individual divisions is undertaking. But if we look to provide some headline categories that are consistent themes these are three.

Product development across all four divisions and this is an area in which we believe the appointment of the CTOs in each divisions particularly add to our capabilities. Customer value propositions, again in all four divisions, seeking to ensure that we get even closer to our customers. And talent and capabilities making sure we have the tools both in our teams and in our infrastructure to deliver the objectives of the Growth Acceleration Plan.

So 2015, a year of progress and performance, and to summarise I’m going to highlight themes that we’re focusing on. Improving returns. I’ve talked previously about driving an improvement in return on capital employed being a key objective of the Growth Acceleration Plan and this is demonstrated by the 40 basis points increase in Group ROCI in 2015 which is now just over 9% compared to a consistent cost of capital of around 7.5%. The improved returns demonstrate real value creation from former shareholders.
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Enhancing visibility by increasing our exposure to sticky subscription and exhibition revenues, and by enhancing our processes and system externally we are giving ourselves greater visibility over our future revenues.

Building capability by adding management capability in the executive management team and by adding technology and digital delivery capability in the four divisions.

Maintaining discipline. We remain focused on delivering the 2014 to 2017 Growth Acceleration Plan. We will continue to improve the efficiency of operations, and as you can see we will continue to drive strong cash generation.

And funding firepower to provide flexibility and to enable a programme of targeted acquisitions.

Looking forward into 2016 I just wanted to flag what you can expect from us in terms of investor communications for the year. We have decided not to release a Q1 update going forward given its proximity to yearend reporting. Instead we will make a short statement on trading at our AGM in May. Then we will have the standard half year results announcement in July.

In the second half of the year we will continue to do our nine month trading update and we intend to host another investor day. Those of you who attended the 2015 investor day in Washington DC will know we had a great turnout, and the format of the 2016 investor day will be very similar to the last year’s but with the content focusing on Knowledge & Networking and on Business Intelligence.

So thank you for listening and I’ll hand the baton back to Stephen.

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Stephen A. Carter, Group Chief Executive

Thanks Gareth. We’re in the closing stages. So I just wanted to talk a little bit about a couple of things to broaden out how we think about the business and then we’ll throw it open to questions. The first really is to talk about the investment in talent. It’s one of those things that is hard to quantify but Informa is a people business, we’re a knowledge and information business, we definitely have processes, we definitely have brands, we have contracts, we have data, we have infrastructure and we’re investing in all of those things.

But ultimately we are a people business whether it’s our authors, our editors, our salespeople, our technology people or indeed the people in our group and global support. Ultimately those are the ones that make the difference. In getting the balance right in the mix of people is an important differentiator. We’ve made some changes in the leadership team, the top 120, 130 people in the Group worldwide. It’s now about 75, 25 so we’ve got a good blend of historical experience and quite a significant shift in new blood which the company was at the time and a stage where it needed, not a complete change but a blending. And my judgement so far in is that that blending has been for the benefit.
We've shifted quite dramatically for us from a very fragmented multiple individual operating units who on a good day kissed and punched, and on a bad day just did one of those things, to an operating model whereby there are four operating divisions and they are very clear about the line of sight and operating tasks and targets for each of those businesses.

We've got a lot of category experience in our business, in all of our categories and in all of our markets, and that's critical because we set our stall to be a specialist, an expert, and when you're engaging with individual communities they can spot a fraud at 100 yards.

An area where we were underinvested and underrepresented was in technology. We both underinvested in cash and capital and we were significantly underinvested in people, and that manifested itself in lots of different ways whether it was in the basic reporting systems plumbing, our enterprise architecture, all the way through to our applications and our product format and product capability. And we're on a journey, we're a long way from finished on that task but we're on a journey. We now have a digital leadership team; we have technology heads in each of the four divisions and in Group, and over the next three to four years that will be a continuing growth of capability for the company.

The Board are joined today by the Chairman Derek Mapp who many of you know. The Board has also seen some significant refresh; certainly the non-executives are a lot better than they were in my day. And we've also added some international experience in the shape of Stephen Davidson and David Flaschen who have both got significant international experience and David is in fact resident and operating in the United States of America.

We also are a significant recruiter of young people although Gareth and I are trying our best to dissuade you of that notion. Last year over 75% of our hirings were people under the age of 35. We started the Informa graduate fellowship scheme. We've got five or six of last year's graduates in the room today to get a sense of what it all adds up to. And so we're trying to bleed in a mix of new talent as well as experience into the Group.

On the products and the portfolio we did a lot of pruning in these two divisions, the divisions I described earlier as kind of in repair, in recovery. Really the headline is to say we're now pretty comfortable with what we've got. The M&A and portfolio management business planning team will now do a very thorough annual process of reviewing our portfolio to see whether or not we are still good owners of our assets on an annual basis. But as we go into 2016 we feel pretty good about the market verticals we're in, the products and brands that we've got and now the task is how do we make them grow rather than how do we either remove, dispose or close.

We've been very focused in Exhibitions and in Academic, in building our strength in verticals, and building our strength in how do you identify, acquire, integrate and operate. And that is a skill set which is very important because we regard acquisition in those verticals as a key part of our growth capability, but to do that obviously from a financial point of view you need to be able to demonstrate returns. But what allows you
to demonstrate those financial returns is to have the operating capability to be able to take a business in, fold it into the business and then move it on. And in both these divisions, in GE and in Academic Publishing, I think we feel we’ve got very effective acquisition integration and operation capability.

North America for us has been a focus, it’s where I spend a lot of my time now. We have been buying quite a lot of businesses in America. In many instances what we’ve been doing there as well as buying brands or positions in market is also bringing talent into the Group in markets where we didn’t know how to operate. We started quite purposefully small and then kind of got a bit bigger so that we got comfortable as we went along. And so far we feel good about the businesses that we’ve added, and reassuringly all of them are tracking ahead of the acquisition cases.

We’re on a journey. We said back in 2013 when we first started looking at this that we thought this would take us to the end of 2017 and there's nothing that we’re reporting today that would change my view on that. I personally would not have predicted that the external markets would have been where they are in ’16 and ’17 and Gareth is not wrong to point out that we’re facing some pretty choppy headwinds, particularly in some categories.

The fundamentals of our business feel good; the operating strength is getting better. Our performance is nudging up but we’ve got quite a journey to go. And if you were to step inside the company, and there’s a few colleagues in the room will hopefully agree with this, we’ve got a lot going on. But I think broadly we feel good about the journey that we’re on and our ability to deliver further growth and improved returns through to 2017.

This is the summary therefore of where we finish 2015. But the truth of the matter is 2016 is already well underway. Our business trades pretty heavily in January actually as you probably know, it’s a busy month for us as well as closing the year. And our task to ourselves, our promise to our shareholders is that in 2016 we want to see that organic revenue growth number go up again, we want to see further growth in earnings. We've already made a forward decision or the Board has made a forward decision to keep us tight, particularly on cash and margins, that the dividend floor will be 4% for the next two years rather than 2% as a minimum increase. We will continue to acquire and expand particularly in Exhibitions and particularly in North America. And of course 2016 is the fullest year of the GAP investment programme, both in capex and opex and its impact therefore on our earnings in the year.

Our theme for ourselves which you'll hear us talk about a lot is that this is a year of delivery, disciplined delivery I hope, and I would hope in 12 months time when we meet to report another year we can demonstrate that we have demonstrated that discipline.

Thank you very much for listening and I’ll throw it open to questions.

Questions and Answers
Stephen A. Carter, Group Chief Executive
This is always the invidious bit because I never like to choose the first person so I’ll just go with the front of the room.

Will Packer, Exane BNP Paribas
Three questions if I may. Firstly in terms of Business Intelligence, strong Q4 performance, could you perhaps talk a little bit about the performance by the vertical, especially in the subscription part of the business where you see the best momentum, are there any areas of weakness?

And I suppose related to that is as a second question some of your peers in financial professional information have had some difficulties. Could you comment on the potential headwind there and how you see that related to your new guidance of growth in 2016 for BI?

And then finally I suppose the tone around academic books was perhaps a little bit different to what we heard in November at the investor day. There's talk of softness, there's cautious language. Could you split out the performance of the books business and perhaps talk a little bit about why it was weak and whether you see them as structural or more kind of temporary trends? Thanks.

Stephen A. Carter, Group Chief Executive
Why don’t I take Academic and then Gareth do you want to come in on BI on the verticals and finance? I mean come in on the Academic as well if you want.

I mean tone is always a difficult thing, isn’t it, and you know we’re not hiding Roger and Jeremy and Ian, you know if they were here they would - there's nothing that we said in November that they would not stand behind. And what are we saying in terms of guidance? We’re saying at a minimum we would want to do again what we’ve done this year, so you’re between 1.5% and 2%. We grew 2% in the fourth quarter, 1.6% in the year organically if you take the growth number. Look at the margins, margin is very robust. You look at the integration of the acquisitions we did, very effective. You look at the overall revenue, adjusted admittedly for acquisitions, it’s growing very nicely. Headline, we have a very nice business.

And we feel good about that business, and we feel good about that business for the reasons that we talked about in November in Washington. We think specialism counts. It’s not a complete moat Will, it doesn’t completely defend you, but it definitely helps you. We feel being an HSS publisher right now is a slightly better place to be. We feel the nature of our authoring product allows us to be a volume content publisher, and that allows us to put quite a good value proposition out to our customers in terms of retention and subscription renewal and new deals.

But, and it’s a but that I’m sure you’ve heard from every publisher, there are a lot of changes and as I said in my opening guidance, you've got usage patterns are changing, distribution methods are changing, consumption patterns are changing. They’re not
changing however at a pace and rate that we don’t believe we can stay alongside and slightly ahead, and that I think really was the core message of Washington which is this is a market at change, we recognise those changes but we think we can stay alongside or ahead of them.

As a very practical matter and we talk about this in the release, one of the things that I think objectively is true, and this was long before I came along but we certainly remain focused on this, we’re a very, very efficient publisher and we intend to continue to be so. We’re making some changes within the company. We are turning our books business into a single global books business. Historically it was divided both by geography and by subject so we’re making really within our business quite significant change there and we’re doing that to kind of keep pace on the efficiency side and we think that will help us on production, on distribution and indeed on content generation and authoring.

So we think we’ve got some things we can do ourselves to deal with the external changes, but do we think 2.5% to 3% is a realistic target if you want to put numbers around it? We think that might just be a target we could fail on so - and if we tried so much to do that we probably wouldn’t be building the business for the long term. And despite the fact we intend the Group to get bigger in Exhibitions and Events and we’re delighted to see BI back into growth, Academic is still a big part of the Group and therefore it requires its own investment. And there we are investing at scale for digital capability as well and that’s probably been the one area where we’ve made the most change in the last couple of years.

Will Packer, Exane BNP Paribas
And if we think about that 2% organic revenue growth how does the book business contribute to that? Is it a drag, is it negative?

Stephen A. Carter, Group Chief Executive
No. I mean STM has been tough but I wouldn’t say books has been a drag. I mean journals is a much more recurring business and it’s a much more predictable business because there are no intermediaries. I mean I don’t know what the numbers are but we probably have - you know if you take sales as a proxy we probably have 50 salespeople in journals and we have probably 150, 200 in books, order of magnitude. So it’s just a much more distributed market, it’s much harder to predict and see your way through to the end of the year. But definitely, let me be really, really clear, we are very proud of our books business and we’re very committed to it and we can see long term commercial opportunities for us.

Do you want to come in on the BI questions?

Gareth Wright, Group Finance Director
Yeah sure. On BI I think you want colour by vertical. I think what we’d say is that or if trading at five verticals as we talked about in the slides, I think some of the areas like
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pharma in particular but also agri and maritime have been good in 2015 and have traded well, and we’re pleased with the progress in those verticals.

I think if we had to single one out that we’d say we’re probably least pleased about I think it would probably be our performance in the TMT vertical where I think looking at the backdrop of the opportunities in that space we feel our performance should be better than we’re currently delivering. We made a few changes there, we have changed the leadership of that vertical or rather Patrick Martell and the BI management team have changed the leadership of that vertical in 2015. We focused them on sort of core products and core offer in their space, and we’re also looking to increase their exposure to the US market which obviously a massive TMT market but actually one in which Informa’s BI TMT practice was a bit underweight really. So we think those targeted improvements will begin to deliver benefits in the TMT vertical in 2016.

The final vertical and to your question around finance, I’d say finance is a bit neutral really at the moment as a vertical for us. It’s a space in which we service niche products and some of them are going well and some of them less so, but I wouldn’t have it in the list of the first three that are flying and I wouldn’t have it alongside TMT, so I’d say kind of neutral overall for us.

Matthew Walker, Nomura
Two questions please. The first is on GAP, £25m invested in ‘15, £50m coming in ’16. Can you split that between the various divisions for us? And is it still 70/30 capex/opex?

Second question was on, boring one really which was on tax. Can you give us some adjusted tax rate guidance for ’16? And also in the statement you talk about some tax changes coming in ’17 in the UK which could impact about £7m of profits, so if we could just get some guidance on adjusted tax rate for ’17 as well in the light of that statement?

Stephen A. Carter, Group Chief Executive
It’s with great pleasure that I hand both of those questions -

Laughter

Matthew Walker, Nomura
I thought I’d give you a break. I was going to ask the books question but ...

Stephen A. Carter, Group Chief Executive
Thanks Matthew, it’s give, give, give I know but over to you Gareth.
Gareth Wright, Group Finance Director

Yeah thanks Matthew.

So taking them in order I think in terms of the Growth Acceleration Plan yeah you’re right those are the numbers that we’ve quoted, so £25m cash investment in ’15, £50m cash investment in 2016. I think our experience so far shows the split is about 25% opex, 75% capex so that’s a slight variation on what we talked about 15, 18 months ago. And that’s what I would expect as a range to continue into 2016, that looks most likely.

We haven’t sort of given guidance by division, I mean I think when you get into that level of granularity of detail you start getting lost in the trees a bit so we’ve just generally given the guidance at a Group level overall. I can assure you that internally we spend quite a lot of time tracking it on a project by project basis, but that is you know quite a lot of detail involved in that and there are quite a few people internally who help us do that, so it’s part of our BAU but not something we’ve talked about externally.

In terms of the tax side yes we’ve announced the change for the tax rate in 2015 in terms of the US tax deductible goodwill amortisation. And that goodwill amortisation continues into the future so we’d expect the ’15 effective tax rate to be the starting point for 2016 in terms of guidance.

In terms of 2017 there are rules that come into effect around international transfer pricing that will ..... some structures that we currently have which previously were acceptable to the UK tax authorities. They’re changing some laws and that will be a bit of a headwind on the tax rate in 2017. But offset by the reduction in the UK CT rate in ’17 I’d expect the ETR effect to be somewhere around 1.5 percentage points in ‘17 as things stand.

Matthew Walker, Nomura

So 1.5% up over ’16?

Gareth Wright, Group Finance Director

Yes correct, over ’16 yes.

Matthew Walker, Nomura

Thanks.

Katherine Tait, Goldman Sachs

Morning. Three questions from me. Firstly just on Business Intelligence, can I ask what proportion of that business is actually still declining versus growing? And secondly which
brands within that have been particularly strong from a retention rate perspective? Just some sort of thoughts around - I know clearly the fantastic improvement on the average renewal rates but if we can get an idea of the spread that will be fantastic.

And then lastly just on Global Exhibitions, any colour you can give around which markets and verticals have been particularly strong or particularly weak over the last quarter and year?

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**Stephen A. Carter, Group Chief Executive**

I’m trying not to be offensive Katherine but I’m going to slightly decline to answer your question a bit because we don’t tend to give product or brand performance for kind of obvious reasons really because quite a lot of people who’d like to know those numbers, most of them not helpful to us.

I mean I’ll give you an answer on Global Exhibitions as best as I can and then maybe Gareth will do the same on BI. Actually in GE I think I would be accurate in saying I don’t think there is a vertical that has been in decline. I’m just ratcheting through them in my head. Life sciences good growth, culture, pop culture very good growth, construction, real estate very good growth, technology good growth, industrials good growth. I mean pretty much if you went through each category. Now within the categories might there be a particular brand or geography that has done particularly well and others that haven’t or sub niches, I mean it depends how far you might go, you know are pools and patios doing less well than surfaces and tiles, I mean how much detail do you want?

Laughter

But at a category level I think our view is that the business to business, face to face trade show in the categories we’re in are strong.

I’d make one last portfolio comment because I think it is relevant to anyone judging the value of our assets is, and it’s certainly the way we think about it, is one of the things we’ve been doing as well as trying to get bigger because being bigger gives you some scale benefits when you’re negotiating with, you know, venue owners and when you’re negotiating with build and when you’re trying to build data platforms, the other thing is it de-risks your portfolio by geography and by vertical because there are undoubtedly some of our verticals that are a little bit more cyclical than others.

So to take the two probably obvious extremes healthcare and life sciences is generally, particularly healthcare, is generally a more robust through the cycle vertical than real estate, I mean it’s kind of obvious. And equally you know we are pleased to see our revenue now spread a bit more evenly around the world by geographic location so that if you hit a bump in a location - so for obvious reasons all of our conference and exhibition activity in Paris and Brussels closed in November and December of last year for all intents and purposes. And so when you have a face to face trade show business, actually that spread in the portfolio both by geography and by vertical is very advantageous and that is one of the hidden benefits of scale.
On BI is there anything you want to add on that?

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**Gareth Wright, Group Finance Director**

Yeah I think on BI what we’d say is the renewal rates are improving. We talked about renewal rates being in the mid 70s if you go back sort of 12, 18 months, and we said it was going to be a key area of target for us. I think we now talk about renewal rates being somewhere in the mid 80s say, so we’re definitely making progress with it but it’s not where we want it to be ultimately. I mean ultimately we’re targeting getting up into the 90s in terms of renewal rates. And one of the key areas of focus has been pre expiry renewal rates, so don’t let the subscription lapse and then try and win it back, make sure you’re out proactively talking to the customer throughout the year and getting them to renew before the product expires.

I think another area if you wanted colour I think something that’s going well in BI renewals is the focus on key customers, key accounts. That’s an area that has been really targeted by the management team and by the sales teams, and they made good progress with during 2015.

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**Chris Collett, Deutsche Bank**

Good morning. I’ve just got two questions. One is on price increases. I wonder if you could just tell us, particularly in BI and in Academic, what sort of realised price increases did you put through last year and what have you put through for 2016?

And then second question was on acquisitions and exhibitions. You’re currently growing well ahead of the market and you’ve said you didn’t want to grow the Exhibition business, but isn’t there a danger that as you grow your portfolio your overall growth rate is just going to sort of normalise at the markets growth rate? And I suppose the second part of that is also then should we expect another sort of platform style acquisition like Hanley Wood this year, and would you be funding that out of cash flow or doing another rights issue to fund it?

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**Stephen A. Carter, Group Chief Executive**

Anything else you’d like to know?

Laughter

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**Chris Collett, Deutsche Bank**

I’ll stop there.
Stephen A. Carter, Group Chief Executive
I’d try to attempt and answer the second one and maybe Gareth can come back in on how we’ve modelled price and how we approach price.

I think you make a fair point on GE. I mean sort of by definition the bigger you get the harder it is to keep pumping out double digit organic growth numbers. At what point the law of large numbers starts to apply I just don’t know. We think we’ve got more growth to go for, both in our existing portfolio and through acquisition. I mean we have by and large been growing, if you kind of look at it over three or four years, we’ve by and large been growing about 50/50, 50% of it we’ve bought, 50% of it we’ve built either through brand extension or geo cloning or better performance or improved pricing or more sophistication in the product and content offer.

But of course the corollary of that is that as you get bigger you have other benefits too. On acquisitions I think all we’ve said and I think we’ve been, I hope anyway, we’ve been pretty transparent and we’ve certainly tried to be very transparent because there seemed to be what I think I could describe as a little bit of hiccup in understanding around Hanley Wood where I certainly thought we’d been clear. We are very open to acquisitions, or more accurately the Board is, if we can demonstrate that they are value adding to the business and offer a level of return.

And we actively look at every asset in the market and we’ve now got pretty good in house capability both on the M&A side which I think we were always pretty strong on, but now we’ve got even deeper capability and we’ve been focusing on improving our post acquisition integration skills. Beyond that I don’t think it would be helpful particularly to comment.

On pricing Gareth do you want to …?

Gareth Wright, Group Finance Director
Yeah on pricing I think one of the things we’ve said about BI pricing is that we were robust on pricing through the years where we were in decline. Pricing wasn’t an area that the division sacrificed to try and recover its revenue position. The revenue challenges were very much in the volumes and so I guess that’s helpful in that it’s not become a culture of price cutting both internally but also with our customers. So we’re not having to therefore discount to recover the revenue numbers in ‘15. There’s no discounting sacrifice to help grow the revenues in 2015.

In actual fact I would have thought that pricing and the management team would say that pricing is probably an opportunity for us going forward in BI as we look to grow that business, and that pricing offers opportunities for us in terms of how we go to market.

In terms of Academic Publishing there's no change really in the pricing policy in 2015 over what we’ve seen in previous years and how we’ve approached it. And that’s very much a policy where you have to justify usage and base your price increases on demand for the content, both volume demand in terms of sales but also in terms of usage and particularly in journals in the academic institutions. And if you’re seeing a change in
dynamic in pricing in the academic markets it’s really around that usage based pricing which I think will increasingly become a feature of that market going forward, but one that I think we’re well tuned into and one that our Growth Acceleration Plan projects are specifically designed to deliver in.

Nick Dempsey, Barclays Capital
I’ve got two questions left please. So just thinking about capex as a percentage of sales, I guess looking at ’16 and ’17 we’re probably talking about 3%, 3.5% on average depending on exactly how that balances out. Where do you expect that to go after that? Is there definitely going to be a step down after that or is that the sort of level going forward?

And the second question, you took £20m of cost below the line in 2015. I think it’s roughly the same number as 2013 and 2014 so should we start pencilling that kind of amount in going forward in the extraordinaries line?

Stephen A. Carter, Group Chief Executive
Good questions. I don’t think - why don’t I try the first one and you try the second this time? I don’t think we’ve given guidance. I’m kind of looking at Richard a bit here, on forward capex.

Richard Menzies-Gow, Director of Investor Relations
Not as a percentage so I guess we’ve given guidance around GAP so the next couple of years ...

Nick Dempsey, Barclays Capital
I was just thinking of the GAP.

Stephen A. Carter, Group Chief Executive
You’re talking about post ‘17 aren’t you really?

Nick Dempsey, Barclays Capital
I’m wondering where it goes post GAP because you’ve given us rough guidance on capex.
The honest answer we haven’t taken a view on that yet, partly I think, I mean stating the obvious, the answer will be determined by what the shape of the business is at that point because not all of our businesses are equally capital demanding. And so if our Business Intelligence business was considerably larger then you would probably by definition end up with a higher percentage of sales, capital investment demand, which is not to say that there isn’t a need to invest - some need to invest in technology and capital in Exhibitions because I actually think that is coming, but relatively these are capital light businesses.

My own view is I don’t see us - I certainly don’t see us going back to kind of 1%, but what the number is I think it would be hard to put a percentage point on it.

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**Gareth Wright, Group Finance Director**

Yeah I think that’s the key thing is that you look at the levels from sort of 2012/13, it won’t go back to those levels. But I think that it should stabilise somewhere between where it is now and where it was then. If you look at our peers you get a view of what they spend, but as Stephen just said, you’ve got to really look at the mix of the business. So some of those peers have big, much larger BI businesses with much larger programme - platform strategies in BI and therefore incur quite a lot of capex in those spaces. So I think looking at the mix of the business is key.

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**Stephen A. Carter, Group Chief Executive**

Below the line?

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**Gareth Wright, Group Finance Director**

In terms of exceptional costs.

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**Stephen A. Carter, Group Chief Executive**

Explain yourself.

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**Gareth Wright, Group Finance Director**

We do challenge everything that goes into exceptional costs. It’s an area of focus certainly for the Group team to challenge all the divisional teams on what’s going into those numbers, what return you’re making on those exceptional costs, why are they exceptional etc. etc. And we look to minimise them. But I’m sure you appreciate that as we’re going through a strategic repositioning through 2014 and 2015 those sort of programmes don’t come without a degree of restructuring costs.
What I will say is if you look at the segmentalisation of those exceptional costs they are weighted towards K&N and BI which are the two divisions where we are doing the most heavy lifting in 2014/15 in terms of changing the shape and nature of those businesses.

Patrick Wellington, Morgan Stanley

Morning. Just going back to Academic, isn’t it just the case that you’re a smaller player than your peers and you’re underperforming the market? I don’t see other market forecasts at around 2%.

Secondly, if you look at slide 13 with your little pie charts of your progress in GAP performance, you appear to be only 25% of the way through your acquisition activity. Is that by value or volume of acquisitions?

And then thirdly can you remind us of the level of print in the Group in 2015 and the rate at which it’s declining?

Stephen A. Carter, Group Chief Executive

Can I just check Patrick, when you say print, are you including books? You’re really talking about our Academic business?

Patrick Wellington, Morgan Stanley

You can exclude books if you like? I mean you can give us the answer you have.

Stephen A. Carter, Group Chief Executive

Okay well I’ll try. Well let’s take them in reverse order. In our books business I think the current percentage is about I’m going to say 70/30 - 75/25 is physical to digital, so in favour of physical. That weights a little bit differently depending on which category you’re in, so if you look at the print to digital migration it’s a bit faster in SDM, it’s a bit slower in HSS, because we’re more weighted to HSS we therefore have a higher portion of physical.

Actually beyond Academic we don’t really have print to be honest. I mean we do, you know at some exhibitions and events we do do branded magazine products, contract publishing, but we don’t break it out as a revenue line and it’s normally part of an integrated sell to a community offer franchise. So if I was looking through that window, if I’m understanding your question, apologies if I’m not, I would say it’s really a question for our books business.

On your point on the Harvey Balls, I’m looking firmly at Richard here. I think he’s sending a visual subtle cue that has been missed on me but not on you as is often the case Patrick. It’s certainly not supposed to be an indicator of volume, value, activity, promise or hint I don’t think, is it Richard?
Richard Menzies-Gow, Director of Investor Relations  
Don’t forget ...

Patrick Wellington, Morgan Stanley  
What is the point of it?  
Laughter

Stephen A. Carter, Group Chief Executive  
That’s a more existential question which I’ll leave you to take offline with Richard.  

On the kind of underperformance point, well I mean ultimately that’s obviously a judgement for every individual and every individual shareholder to make. We feel good about our performance in Academic. In both books and journals in the last two or three years we’ve had a very - I think a strong performance. It’s a very robust business with strong brands and strong market position, good relationships, good margins, good cash flow. The organic number was a little light in the middle point of the year. I think there are some market reasons for that. I think there are a couple of operational reasons for it ourselves which I feel pretty confident we can address, so I kind of take what I take to be a kind of gentle observation.

On the scale point actually that one I would contest actually. On any objective measure we have more than enough scale. And you know it’s allowing us certainly to be a destination acquirer for any small or midsized publishing asset that becomes available. A bit like in GE we now see pretty much all the deal flow that we would want. We don’t act on it all but we when we see assets we like, we did a couple of good sized last year, Maney and Ashgate, we take them. We did a whole range of smaller bolt ons and we continue to do that.

So we don’t feel we have scale issues. The performance, that’s obviously a judgement call.

Jonathan Barrett, N+1 Singer  
Good morning, I’ve got just one question for you. Just on the deferred revenue growth number, obviously it’s a really good number for the end of the year, just could you add some colour on that by giving us the split in three areas if possible? One for Events, and for the second and third elements for the subscriptions in Academic and subscriptions in BI so we can get an idea of what the true like for like constant currency numbers are please?
Gareth Wright, Group Finance Director
To be honest as I said, as a kind of fairly consistent message in the last couple of years, to be honest we don't really look at deferred income balance sheet to balance sheet as a realistic view of what's happening in the business. I've tried to, you know we often get questions on it so we sit back at the ranch and try and analyse it all out and make sense of it, but it's so open to timing differences in terms of receipts and movements that actually I think our outlook statements and how we try and help you understand where we feel the business is going to go is a better indicator of what's going on in the business.

In terms of Academic, the overall feel of the subscription renewal season has been pretty consistent in line with our expectations. We see no surprises. It's a bit better than 2014 yearend because of some of the phasing delays in the '14 yearend subscription renewal process, so '15 looks a bit better but it's kind of in line with our expectations. Exhibitions continue to book well and we're comfortable with our outlook statement around Exhibitions, have another year of good growth in terms of Exhibitions. And BI we've talked about sort of the renewals and the progress we're making with the renewals approach and the renewals tactics in BI and so we're pleased with that. So overall you know I think we're comfortable with what the deferred income position says about our business, but we don't hang too much weight on it as an individual metric.

Patrick Wellington, Morgan Stanley
That's good enough for me, thank you.

Steve Lietchi, Investec
Morning. Just on Academic, just a question on the bulk sales you used to do that used to be a feature quarterly, you seem to have gone quiet on those. Is that a feature or is that potentially why like for like growth has slowed down because bulk sales have disappeared?

Gareth Wright, Group Finance Director
There are still ongoing sales in that nature. As you go through time the sales teams are very good at tracking them down. They tend to be quite slow burn, long term sales negotiations with our teams, but I think why you're seeing us talk about it less is because they're less material. I think when you really saw the advent of eBooks and digital content platforms in the market there were quite a few institutions who did sort of catch up purchases of lots of historic content. And that was a feature of sort of three or four years ago really in the market. You don't see that quite so much in the market now therefore it's not as material a dynamic and therefore it's not something that we're talking about in our numbers.
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Steve Lietchi, Investec
But just to be clear, that’s not an effect on the reason that for the like for like growth has slowed as far as you’re concerned?

Gareth Wright, Group Finance Director
Not in 2015, no.

Steve Lietchi, Investec
Okay. The second question on Academic, in terms of say you’re doing 1.5% to 2% organic growth next year, what does that imply for margin because your margin edged up slightly in the current year, I’m presuming you’ve got more investment stuff going through, there’s normal inflation and things like that. I mean is there going to be margin pressure in Academic at that sort of ongoing growth rate?

Gareth Wright, Group Finance Director
In terms of 2016 we’d say no, that’s our start point for 2016 margins is our exit point from ‘15. I mean ‘14 to ‘15 improves a bit but I mean in the rounds it’s 37% and that’s kind of our start point going into 2016 that we’re looking for from the business.

Steve Lietchi, Investec
Okay thanks. And then finally on Knowledge & Networking or the old fashioned conferences business, my recollection is that’s quite painfully cyclical. Given where we are on macros, who knows where we’re going but are you concerned on that conference business now and can you just remind us sort of - well tell me whether you think it is cyclical or not I guess?

Stephen A. Carter, Group Chief Executive
It’s probably the most cyclical of our businesses; I mean that hasn’t changed although as you look at what we now report as Knowledge & Networking probably a third of that portfolio now is large scale conferences or confexes. I mean we have some businesses in there where you’ve got 8,000 attendees so these are not - you know they’re not spot conferences in the way in which when that business was much bigger - and also I can’t remember off the top of my head, I’m just reaching for it, it’s about 11% of the Group, is that roughly right now Richard? Yeah it’s about 11% of the Group in profit terms. So actually when you kind of break it down our exposure to those cyclical bumps as a Group is much less.

And where did we feel it most last year? We felt it in energy, resources, and commodities. I mean this is you know earnings without the bad stuff, but if that sector hadn’t had the tough year it had had, I suspect K&N would have been in growth and you
could run the numbers through as to how that would have affected the overall Group. And we’ve modelled off that base for 2016.

So net-net I’d be disappointed if we ended up with another year of significant revenue decline, but it is the place where you feel the cycle most.

To go back to your point on Academic, I mean it’s slightly related to Chris’ comment on our GE business, I think we were targeting north of 2% growth in the year. We missed it by what is equivalent to about a day and a day and a half’s trading. In my judgment anyway it’s not fundamental. I wouldn’t over interpret a trend in our business off the back of a day and a half’s trading.

Any other questions?

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Question
Sorry just to come back on the margin in Academic. Obviously you’ve got the transaction benefit this year from dollar to sterling, would you not be expecting a material uplift on margin just as a start point for the year?

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Gareth Wright, Group Finance Director
You’ve got extra Growth Acceleration Plan costs as well though so I think overall in the mix I think we’re saying that we would expect to be broadly flat as a starting point year on year.

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Question
Okay thank you.

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Tom, Citigroup
I had a couple of questions. The first one is just on the visibility in the business. I mean we talked about Knowledge & Networking but within Academic and Exhibitions should we assume that you’ve got at least sort of six to nine months of just straight flat out visibility?

And then linked to that, I mean what are the early signs of some of the headwinds working through, in particular on the Exhibitions side? Will we see that in the pace of bookings or if you can just give us some colour on what we should be looking out for to see whether some of the pressures more broadly are working through to the numbers?

Second question just very simply capex versus depreciation. It looks like the capex overall run rate is running at sort of twice the level of the depreciation going through the P&L. Will those numbers converge in short order or will it just take time to work through?
Stephen A. Carter, Group Chief Executive
Thanks. Do you want to take the second one and I'll take the first one last?

Gareth Wright, Group Finance Director
Yeah. Ultimately yes they will converge. At the moment what you’re seeing is in the second half of the year a higher level of capex principally in relation to the Growth Acceleration Plan, and the majority if not all of those capex programmes haven’t gone live yet and therefore you’re not seeing a depreciation charge in ’15 for those programmes. So what you would definitely see over the course of 2016, 2017 you would see the depreciation increase as a result of that extra investment and the two of them will come together in terms of our figures. But you’re not seeing it yet as I say because the programmes are not live.

Stephen A. Carter, Group Chief Executive
On visibility I mean you’re right, the two businesses where we have most obvious visibility are - well actually sorry the three businesses where we have most visibility now are GE, BI and Academic. But we have more forward visibility in Academic journals than we do obviously in books.

As we stand here today in GE we have seen three of our largest events already, World of Concrete, Arab Health and Bio, and all three of those performed strongly. On advanced bookings and forward bookings through the six months, you know we’re tracking to our plan. Subscription renewals, November, December and January is an important quarter in our data products. It was a strong quarter if you viewed it as a quarter, obviously it straddles two years.

And as Gareth said earlier the journals renewals season is performing to plan so - but that still leaves quite a big chunk of the books business. We have much less visibility and, as was asked earlier, the K&N business where you have much less visibility. But gives you a flavour, I hope that useful.

Unless there are any other burning questions I’d like to say thank you very much for your time and for the questions. Do enjoy the goody bags. I look forward to seeing some of you in a Darth Vader, stormtrooper or Princess Leia costume at a fan expo near you. And if you want any individual questions afterwards Gareth and I will hang around for a bit. Thank you very much.
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