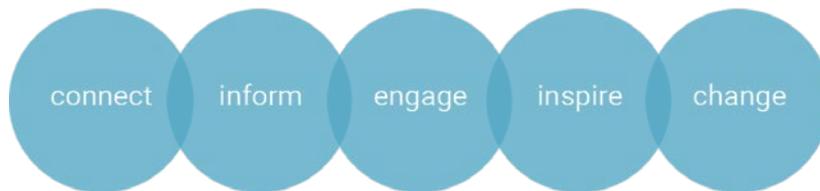


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Informa
Half Year Results Presentation
25th July 2017

INFORMA

Stephen A. Carter, Group Chief Executive

Gareth Wright, Group Finance Director

QUESTIONS FROM

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Operational and Financial Delivery

Stephen A. Carter, Group Chief Executive

Good morning everybody, shall we get started? Thanks very much for coming; I know this is a super busy week so we very much appreciate people coming here in person. Welcome to the Informa Group Half Year Results, I'm joined today for the presentation by Gareth Wright. Welcome to those of you in the room and those of you who are watching it live on the webcast.

This is the normal disclaimer, which I will not read out, but I take it as read.

Hopefully by now most of you have seen the release that we issued this morning and I think our headline on the results would be that we are pleased to see continued delivery across the Group. And we'll get into that and unpick that a bit as we go through the presentation and then I'm sure in the Q&A.

At the headline level you see us delivering revenue growth just shy of 4%, driven significantly by a strong performance in Exhibitions, but actually on my across the Group theme, by steady resilience in Academic Publishing, continuing growth and performance in Business Intelligence and a steadying of the decline in Knowledge & Networking. So across the Group we feel comfortable that the business is ticking in the right direction.

I'm not going to dwell unduly on the reported numbers, which are a step up for a variety of reasons; driven by acquisitions, but again as we'll touch on, acquisitions which we feel broadly positive about in the way in which they're progressing both in terms of integration and operation.

The drop through on profit is slightly lower than the headline growth for a variety of reasons, we've been very open about the fact that we are in investment mode and this year there is a series of compound depreciation impacts in the cost base which means that the drop through to profit is slightly less than the top line growth.

Our earnings are growing well, a combination of acquisitions and FX giving us a benefit, given the weighting towards the US, but giving us a strong double digit growth in earnings.

The free cash flow, which I will not steal Gareth's thunder on, because I've been told by him not to, but nevertheless we're focusing very strongly on the cash generation of the business. It's been a clear target for us over the last few years to drive the business to higher cash performance and the half year position and our confidence in the full year is there.

Balance sheet gearing is as predicted post the YPI acquisition in February and we have announced the third step up in the dividend since the beginning of the Growth Acceleration Plan to just north of 6%. You'll recall that initially we established a minimum of 2%, took it up to 4% and here we're announcing an increase to 6% for the interim dividend.

Our guidance for the full year is that our expectations remain on track for full year performance.

Just to dig down a bit into the individual businesses, our growth in Global Exhibitions, which I'll return to after Gareth takes you through the detailed numbers, is a consequence of a number of things. But primarily it's because we have built and bought a business over the last few years which is focused on large scale brands in growing international markets. And the strength of those B2B market positions is giving us our third year of strong growth.

None of our major shows are operating in venue bound locations, so we have no external cap on our ability to be able to drive growth in attendees or in volume. And actually one of the pleasing statistics in our top 30 shows is that they are all in growth at the top line of attendees as well as that showing through in the revenue line.



Our Academic Research business showing continuing resilience, particularly in subscription journals, but equally no further worrying signs in books, other than those we've already signalled.

BI I've talked about. Knowledge & Networking, we've announced today the sale, or the majority sale of our Euroforum conference business to Handelsblatt, long time watchers of the company will know that back in the day, indeed even in my day when I joined the Board as a non-executive Euroforum was a much bigger part of the Group mix. It has, for a variety of reasons, declined over time which we've talked about on a number of occasions at these meetings and on other occasions.

It's still a very nice, but now a very focused domestic German conference business, we've been in partnership with Handelsblatt for some time. I have got to know the Handelsblatt management, operating management and ownership well and we're very pleased actually with this as an outcome. It's a good ownership move by Handelsblatt, who are a major player in the German market; it's a very good home for our German colleagues.

We will remain a minority shareholder which allows us to keep a placed position in the German market, which is not unhelpful, but it allows Knowledge & Networking to head - by the year end this deal will complete in October, all else being equal, to go into 2018 with a much more focused portfolio. It's taken us some time to get there but we can see what that looks like.

Penton is progressing well, we're ahead of time on the synergies, but more importantly we are ahead of time on operational ownership within the Group. This business is operating as one business. We've more than completed the final allocations of operating responsibility for the franchises and the brands. And most importantly on an internal cultural level, the enthusiasm and the engagement of what were Penton, now Informa employees, as a part of the Group, particularly in the United States is very evident if you're inside the company.

The dividend I have touched upon.

Just to dig down into Penton, we laid out a programmatic approach to the on boarding of Penton. As you will recall we spent quite a considerable period of time in due diligence and in discussion with the previous owners and the management to get comfortable that not only could we acquire this business, but we could integrate it and then operate it. And we have seen significant progress on most of the key integration and operational measures.

Benefits harmonisation, which is the last step for an employee because we will be bringing all Penton employees in line on our healthcare and pension and employment plans in the United States of America. We are on track to complete that this year. And whilst this is an on-cost, a dis-synergy in the jargon, nevertheless the net operating synergy gain to the company, we are comfortable we're on track for that £14m target in 2018.

On the combination, as we step through the integration of Penton we made some slight adjustments on the allocation of the businesses. We took a basic few that breaking up franchises was a bad idea and so Gareth will step through this in a bit more detail to show where the actual franchises have landed in each of our three operating businesses. But in the majority GE is the largest recipient and those exhibition brands are performing extremely well. Then Business Intelligence takes the next sizable chunk of operational responsibility and then there are some very specific businesses, particularly in TMT which will end up in the K&N portfolio.

All in all an effective integration programme and I'd like to put on record my thanks to Patrick Martell and the team who have led that in a very focused way pretty much since the beginning of our engagement in this programme in the autumn of last year.



Where are we going at the end of GAP as we head into 2018? Our ambition was to get the Group to a point whereby we had an underlying growth rate of a base of 3% plus and we had a platform for the Group that would allow us to sustainably drive future growth.

On current course of speed as we go into 2018 this business will be just over 50% bigger than it was when we came into the GAP plan in 2013. And so that ambition to create more scale and capability in the Group is beginning to be visible internally and hopefully externally. And that therefore has put quite a lot of focus internally around capability, functional expertise, operational expertise, systems capability and a platform which will allow the business to continue to identify further additions to the Group, which we can then add, integrate and operate.

On a financial level we have never given specific guidance, but our ambition year on year has been to show a steady increase in revenue, a steady increase in earnings, a particular focus on cash and an underpinning on the dividend which we've stepped up across the period with today's announcement being the latest.

There is obviously a time lag effect between revenue growth and profit drop through which Gareth also will touch on. Part of that, largely a function of the investment profile that we're now operating within the Group.

This just gives you a sense of what the average performance has been over the period both on earnings and on revenue, and the shape of the Group, which we've talked about before, improving the breadth and balance of the Group; four or five years ago we were very dependent upon a powerful resilient strong business, Academic Publishing. That business is actually bigger now than it was then but it's now about a third of the Group. And getting to a point whereby the Group has balance, both by geography, by revenue mix, and by business has also been an underpinning part of the GAP strategy. And this gives you a sense of where that shift is going to take us on by the end of 2017.

I'll now hand over to Gareth to take us through the financials in more detail, Gareth.

Financial Delivery

Gareth Wright, Group Finance Director

Thank you Stephen and good morning everyone. Turning to the results, I'm pleased to say that we continued to make financial progress through the first half of the year, alongside the continued operational progress that Stephen has just outlined.

Our focus in 2017 continues to be further revenue growth delivery. We have delivered another improvement in year on year growth, while maintaining strong margins and cash flow and whilst integrating Penton and the YPI Yacht business.

So I'll start by talking you through the headline financial results for the first six months. We're reporting improved underlying revenue growth of 3.7% ahead of the 2.5% growth we reported this time last year and the 1.6% growth for the full year in 2016. This growth was powered by Global Exhibition now our large division, but supported by an improved performance from the other three divisions when compared to this time last year.

Reported revenue increases by 41%, in addition to the underlying revenue growth, we benefitted from additions to the portfolio, principally Penton and YPI and also the dollar currency benefit resulting from our purposeful expansion into the US market.

Adjusted operating profit increases 1% on an underlying basis, with the drop through to underlying profit reflecting the start of the depreciation of the portfolio of GAP funded products and platforms as they go live.



Reported operating profit increased to 41%, delivering a 12.7% increase in earnings per share after increased charges for tax and interest and the increase in the share capital for Penton.

Free cash flow continues to be a strong feature of the Group and increased by over 50% to almost £114m.

The Group's balance sheet is robust and healthy, with half year leverage of 2.8 times and positioned to return by year within the two to two and a half times leverage range that we've communicated to you previously as our target.

The Board considered both the first half performance and the increase in half year free cash flow before raising the interim dividend by 6.2% to 6.65 pence per share. The minimum dividend growth per the commitment that we made for the Growth Acceleration Plan was 4%, so this 6% growth is an increase in that commitment.

In summary the 2017 half year results demonstrate that we're on course to deliver the headline objectives of the Growth Acceleration Plan, to reposition the Group whilst delivering a progression trading performance.

So at the same time as delivering these financial results we continue to make good progress with the integration of Penton. The integration progress continues to go very smoothly, which I think is a great testament to the internal teams from both Informa and Penton and also the positive attitude and eagerness to be part of Informa from all our Penton colleagues. The main integration process is now complete with management lines changed and we're operating and reporting as a single Group.

When we announced the addition of Penton we laid out our initial assessment of which Informa divisions the Penton businesses would be allocated to. Having completed the discovery process and operated the business for a time we have now finalised that assessment. And the outcome is that the revenue and OP acquired with Penton has been allocated around 60% to Global Exhibitions, around 30% to Business Intelligence and around 10% to Knowledge & Networking.

Finally, when we announced Penton in September we were targeting £14m of synergies by 2018 and we remain on track to deliver this.

In terms of timing we still expect roughly half of the synergies to be achieved this year. In terms of the opportunity it is possible that we could beat the £14m target, but if we do generate additional synergies we're likely to reinvest those into the Penton assets to drive future growth.

In terms of the Growth Acceleration Plan we're in the last year of the programme and so very focused on delivery. And remember that for us the Growth Acceleration Plan refers to the broad strategy for the Group, not just the £90m investment programme.

In GAP we've done a lot to drive the operational fitness across the Group in all areas. We've professionalised and strengthened many functions and activities, whether it be our three year planning and forecasting process, or in our treasury, our communications, or our compliance teams, we're a much stronger business than we were. And this culture of driving operational fitness will not stop with the end of GAP.

As part of GAP you've also seen us do a lot to simplify the way we organise and structure the Group and this has seen us increase business focus in lots of areas. Most recently with today's announcement of the sale of the majority share of the Euroforum K&N business.

Finally, one of the things we've talked about a lot and I give lots of examples of this at the Investor Day is the new products enhance platforms that we're developing through the GAP programme. Many have come online already and are now alive with the customers, but there are many more



coming through in the second half of 2017 and indeed into 2018. And this won't stop. As we've talked about before we're embedding a philosophy of continuous reinvestment for growth in the business, to maintain a level of investment that allows us to sustain higher levels of growth going forward.

This is starting to delivering improving rates of underlying revenue growth, which is flowing through into profit; however, there is also a lag on profit growth due to the depreciation starting in full as products go live and revenue taking time to build up.

So in summary we feel confident about delivering on our GAP ambitions, in terms of building a business with a higher level of sustainable growth in all areas, but more importantly, a stronger, more operationally robust business with the capability and capacity to do more things in the future.

So let's take a closer look at the divisional results in more detail. Global Exhibitions has delivered another excellent performance in the first half of 2017. The 11% underlying revenue growth was underpinned by a strong performance from the top 30 events.

We had particular success with the separation of Arab Health and Medlab, creating a major new top 30 brand in its own right in Medlab. We also saw equally strong performance from the likes of Vitafoods, Agra Show and China Beauty. And Penton's big exhibition brands also performed strongly, with the likes of Natural Products West Engredea doing really well.

Business Intelligence continues to make good progress with its performance. The division delivered another positive period of growth at 1.1% on an underlying basis, with continued positive momentum on subscriptions offsetting the mix effect from Penton assets being integrated into the division.

Academic Publishing had a solid first half, reporting 1.2% underlying growth. This was underpinned by further robust growth in Journals, balanced by continued softness on the Book side of the business.

Knowledge & Networking delivered a small improvement in the run rate of decline to minus 4% in the first half, with steady progress in its core events balanced by the performance of the regions and the mix effect from Penton assets coming into K&N.

On margins, overall adjusted operating margins were broadly unchanged, reflecting a mix of slightly higher revenue growth and favourable FX, offset by the impact of GAP depreciation and the mix from acquisitions.

The drop in the Global Exhibitions margin is just a mix effect off adding in YPI, a low to mid 20s margin business. As a reminder Penton is broadly similar in margin to Informa pre synergies.

For Academic Publishing the increase in the margin reflects currency with the division weighted to US dollars on the revenue side, but sterling on the cost side, and hence there is some transactional benefit to the margin when the US dollar strengthens.

Overall, as we talked about at the Investor Day, for the full year I would expect margins to be broadly unchanged across the Group, with the balance between Penton synergies adding a bit to the margins but the impact of GAP investment broadly offsetting it.

Delivering increased levels of sustainable revenue growth has always been the key objective of the Growth Acceleration Plan and as Stephen showed on his revenue growth chart we're starting to deliver a consistent record of progress in this area. Today we announced 41% growth in reported revenue and this slide analyses out the increase. So we've delivered a 3.7% underlying revenue growth as just outlined. There's a 1.2% headwind on the reported revenue growth from the phasing of events that occurred in H1 2016, but will occur in H2 2017. This phasing is mainly within the year and so should largely unwind in H2. Then there's a 26% benefit from the Group's started M&A



programme, clearly the principal dynamic in there is six months' worth of revenue from Penton. There's a small contribution from YPI, but we acquired the business after it ran its major H1 event in 2017.

And finally there's a 12.8% benefit in the reported revenue from currency, which is principally the strengthening in the US dollar.

Moving to the income statement as a whole, you can see the Group has generated £285m of adjusted OP in the first six months of 2017.

Net interest payable increases for four main reasons, firstly and most obviously the addition of Penton and YPI increases borrowings year on year. Secondly, our cost of debt increased as we refinanced a portion of the Penton acquisition borrowings into long maturity US private placement notes, which were funded in January. Thirdly, there was a quarter point rise in underlying interest rates in the US, where the majority of our debt is held. Finally, our borrowings are almost 90% denominated in US dollars and the strengthening in US dollars therefore increases the reported interest charge.

For full year interest, depending on whether you assume any further interest rate rises - I'd expect the interest charge to be around double the half year figure.

The effective tax rate increases to 21.8% with the main factor being the adoption in the UK of new tax legislation, which reduced the benefit of certain internal financing structures from the start of the year. Now you might remember that we flagged this increase was coming when this legislation was announced, around the time of the 2015 year end results.

For full year ETR, I would use the same rate and given that our US profits are growing faster than the whole I would expect the effective tax rate to tick up slightly in 2018.

So the outcome is almost a 13% increase in earnings year on year, after taking into account the greater number of shares in issue following the Penton equity financing and after a higher minority interest charge reflecting increased profits in China where our strategy is to build an exhibitions presence, whilst working alongside local minority shareholders.

So in summary we've delivered adjusted diluted EPS of 24p, up 12.7% on last year's figure of 21.3p, which is restated to reflect the bonus element of the rights issue.

So driving key cash flow remains a key focus for us and we've had another strong period with a big step up to over £100m of free cash flow in the first half. The increase mainly reflects the increased EBITDA following the addition of Penton.

Capex in the first half was £41m, reflecting ongoing investment through the GAP programme, but also the incremental capex related to acquisitions such as Penton and YPI.

Cash tax is broadly similar year on year in absolute terms. This was despite the increased level of profit because the tax losses we acquired with both Penton and YPI can be used against US profits. This should mean our cash tax rate for the full year is more like 15% compared to our P&L effective tax rate of almost 22%.

Compared to the H1 free cash flow delivery, the second half of the year is our strong period for cash generation as we receive significant amounts of subscription cash, as well as down payments on exhibition space for 2018.

As a result as we stand I'd expect our leverage to finish the year within the target range of 2 to 2.5 times net debt EBITDA.



In conclusion our focus on free cash flow will continue and with a full year of Penton included we'll be targeting free cash flow in excess of £400m for 2017.

So our balance sheet gearing at the half year was 2.8 times net debt to EBITDA, this was as expected as we traditionally have a net cash outflow in the first half of the year as we pay the final dividend which was almost £110m in 2017. Plus we had the YPI acquisition and various earn outs, in total leading to about a £150m outflow for M&A.

The key development in terms of our financing mix in the first half was the refinancing and the majority of the \$675m Penton acquisition facility through the issue of \$500m of US private placement loans. The notes, funded in January, with a much longer maturity than the facility, but obviously at a higher interest rate and this puts our overall average cost of debt around 3.75%.

Finally, a point I always like to make as I think it's often lost in the analysis between companies, but we continue to have a very secure pension position. Our total net liabilities actually came down through the period due to asset returns and the liability now stands at a very manageable £28m, giving us no major restrictions on future M&A or investment from a pension point of view.

This balance sheet flexibility and our belief in the ability to continue to generate significant cash flow, plus our confidence on delivering full year expectations for 2017 led the Board to increase the year on year growth in the dividend. So as you will recall when we launched the Growth Acceleration Plan programme in order to give investors certainly over a minimum level of dividend payout through the GAP period while we invested in the business we provided a minimum commitment to dividend growth. Initially this was set at 2% per annum, then as we gained confidence in the programme and positive benefit from the changes we were making we increased it to 4% per annum. The Board now believes that the improving performance of the Group warrants increasing this to a minimum 6% growth in 2017, the final year of GAP.

So at the half year this has led to an interim dividend of 6.65 pence per share, actually a 6.2% increase year on year and the commitment implies a 20.5p full year dividend announcement in February 2018.

And as summarised on this slide, we've seen a steady increase in the pace of the interim dividend growth through the GAP period, but this has been funded by growth in free cash flow generated, which has broadly doubled through the same time period. We will be targeting a continuation of both trends as we complete the Growth Acceleration Plan.

So to summarise we've had a very solid start to the year, delivering a steady improvement in underlying revenue growth, stable margins as we continue to invest in the Group and continued strong cash generation, all the while effectively integrating Penton and the YPI businesses.

So now as we've seen in previous years there's plenty of trading to deliver in the second half of the year, so there is still a long way to go. We have the benefit of predictable subscription and Exhibition revenue, accounting for around 60% of the Group's turnover, so I'm pretty comfortable in respect of those businesses as we have good visibility into the second half and in many cases into the first half of 2018.

Our margins and cash mean we convert our revenue very efficiently. And as we've seen our balance sheet is secure, with long term financing flexibility in place and minimal pension issues to worry about.

As we've always seen it's a game of two halves, the second half as you know is a smaller trading period for us, so there is less opportunity to catch up if it's needed and our less predictable retail businesses in K&N and Academic Books both have their busiest trading periods in Q4. And as we saw last year this can be volatile later in the year.



In terms of phasing Global Exhibitions operated 17 of its top 30 events in H1 and those in H2 tend to be our lower growth events, so GE will definitely grow at a lower rate through the second six months, just as we saw last year.

But overall, notwithstanding the dynamics I've just highlighted I feel sure about where we are at this point in the year, there's a long way to go, but given where we are we can be confident of delivering another year of good progress. I'm now going to hand you back to Stephen.

Operational and Financial Delivery

Stephen A. Carter, Group Chief Executive

Thanks Gareth. Right, just to dig a little bit deeper into the business and then throw it open to questions.

Charts are dull things sometimes, but I'm rather fond of this chart because it actually brings to life what we've been doing, so bear with me and I'm going to talk about it a bit. We've talked a lot about GAP and for a long time the view was well GAP is you're investing £90m to £100m in the business. And we spent a lot of time saying, no GAP actually is about doing a lot of different things with the Group. We want to simplify the operating model of the business from a fragmentation of assets into a coherent set of operating businesses. We want to drive some operational performance into each of those businesses. We want to quite materially change the portfolio of certainly two of those businesses and to a degree the third. And we want to look at where we have management capability skills to match what we want to and where we want to be.

And by now quite a number of you here today and a number of you watching on the webcast have had a chance to meet and see what we mean when we talk about management capability, get a sense of the depth of talent that we've now got within the Group because of these events you have to suffer Gareth and I presenting, but actually there is a depth of skill and capability within the Informa Group which is driving a lot of the performance that we're seeing.

Then as a practical matter we've switched the business much more to drive around verticals. What markets do we want to serve? Where do we see growth? Which markets have got fragmentation, specialist needs, information growth, high margin, an appetite for innovation? Because in the B2B markets that's where you see long term growth.

How do we put innovation in our business, innovation at a simple level, the way in which you deliver the product, the way in which you engage with your customers, the way in which you manage your database, the way in which you do speed of production, either on a research journal, or a time to commissioning, or a peer group review process, or a B2B product innovation. How do you drive scale in markets, scale in small things - I often say Informa is the god and the gold of small things, we don't want to be macro big, but in our end niche markets we want to drive a market position whereby we are a citizen of the markets that we are serving.

Technology deployment, how do we shift the Group, so that technology has a permanent place in the way in which we operate, both at a support level in global support and at an operating level within the business. And we've talked about our expectation to be around a 3 to 5%, depending upon the shape of the Group, capex investment model in order to drive future growth and that leads you to investment. And that's the framework in which we have been driving the business since the end of 2013.

Looking at each of the individual businesses, this is a common snapshot, you've seen it on a number of different occasions, but I'm going to pick out a couple of things in each business. In Global Exhibitions, here Charlie and the team have built a business which pivots around markets where there is an opportunity to be what Charlie McCurdy would describe as a market maker, to be a place where



buyers and sellers in markets wish to meet, transact and engage for future development of their product and service.

The drivers of growth are participation and value and we are seeing participation rates increase across most of our portfolio. And we are beginning to deploy improvements in yield and value delivery for those customers. And that is something that we'll begin to rollout across the remainder of that portfolio.

The business is significantly weighted to North America, which has been a conscious decision, which doesn't mean that we're blind to the opportunities in other parts of the world. We have a small and performing Chinese business and that's clearly a market where we'd had an eye for future growth. But the balance of the business is one that mirrors where we see the growth trends in the end markets and we feel good about it.

Academic Publishing, this is our most resilient and predictable business, particularly in the circa 60% of the revenue which is driven by subscription renewals and research journals. We're seeing some of the benefits come through in 2017 from our shift at the end of 2015 to a global Books business, you will recall that we unified all of our Books businesses under one management to create a single operate model within Taylor & Francis for our global Books business. And that has allowed us to drive quite a lot of operational efficiency into that business in the way in which we commission, publish, distribute, sell and product new content in that market.

We're beginning the process of investment in capability for further content discovery and as we speak we've got a new leader in that business who has been in the business for a couple of weeks. Some colleagues here got a chance to meet her at the Capital Markets Day and she is very much getting underneath the skin of that business and I'm excited about what energy and engagement Annie is going to bring to Taylor & Francis.

BI, historically our lowest performing business, currently tracking to plan. It has also been the place where initially we housed Penton when it arrived in the Group. The team there have effectively been doing two things simultaneously, which is one growing and nurturing their own business and the second landing, integrating and then handing off Penton into the rest of the Group. And actually real credit to that team for the way in which that has been done.

We're seeing good and pleasing growth coming through in agriculture and in pharma and in transportation where we're seeing some of the newer product launches, post GAP come to market which gives us confidence in the future track of growth in our subscription business within BI. And we now have a new business in that division, Marketing Services, which you'll have seen at the Capital Markets Day, we believe has long term value for us as a contingent source of growth revenue and we would watch this space on that.

K&N, Andy Mullins who runs that business I have often said has had the toughest job in the Group for some time. This was a very distributed, very fragmented business, a franchise operation really by another name. We've gone through a material portfolio refocus, this has been the area of the Group that's seen probably the most surgery and the least investment in acquisition for growth. We now have a very clear view about where the business is focused, the Euroforum decision today allows for a further step in focus for that management team and allows them to look at how our powerful brands inside Life Sciences, TMT and Global Finance can grow and develop internationally.

What are we tracking to for the full year? At the Group level we want to see progressive improvement in underlying growth from our performance in '16. As Gareth has indicated the half year is always ticked slightly ahead because of the weighting in the portfolio, but nevertheless we feel confident and certainly focused on delivering improvement year on year at a level that will give us an entry into '18 at the start point that we would like.



Global Exhibitions, it's a front end weighted business, we only really have about four major brands to trade in the back half of the year and therefore we've got a sense of what that year end position will be, but still it will be high single digit growth for the third year running.

Academic Publishing, underlying growth, strong margins, notwithstanding the currency impact and very good cash generation and an opportunity for new leadership to refresh that business.

BI we've talked about, improving growth and a little bit more scale.

And for Knowledge & Networking, we want to take that decline trend down to flat, taking us into 2018 with an ability to drive for growth.

Where will that take us, if you're looking at it from a financial point of view post GAP and we'll talk more about this as we step into 2018. We'd like to see the Group have a base performance of 3% underlying revenue growth, margins consistently over 30% and an ability to generate enough cash to be able to reward shareholders and reinvest for future growth.

Global Exhibitions, it's becoming a much bigger business than it was when we started on this journey, but nevertheless we would like to see it as a best in class performer at north of 5% growth, with market leading margins, given the mix in that business. We'd like to see Academic Publishing, even with an ability to invest for more growth in services and technology, continue to deliver underlying growth. We'd like to see our Information Service business get above the symbolic 3% growth rate and then begin to see progressively, not immediately, but progressively some return to margin growth. And in K&N if we can get that business into growth it gives us an engine for content which we believe, I certainly have always believed has value for the Group as a whole. So that's the financial framework for 2018 and beyond that we are reaching for.

Operationally what are we seeking to do? We're seeking to get the Group to a position where it has sustainable predictable performance, both on revenue visibility, steady and robust underlying growth, not spectacular but steady and robust, a high proportion of predictable and recurring revenues, which allows us to be able to plan for future investment. A balance sheet which is measured, both within the range and within comfort, very focused on cash generation because that allows us to invest for future growth, make acquisitions which can be accretive and value adding and also reward shareholders at an appropriate dividend level.

We seek more scale, we've never sought size for its own sake, but I'm pleased that the Group will be 50% bigger four years on, because that scale allows us to do more for ourselves and for our customers and for our shareholders. We will progressively invest in more digital and data capability, because we're a B2B information business and if you don't invest in those capabilities you become redundant and irrelevant. And we need to recognise that in B2B markets, much as historically was always the case in B2C, brand and marketing capability is becoming more and more relevant for end customers, customer segmentation, market management and data management and that will be another area where we need to step up our game post GAP.

So a sense of where we might go and more to come, but now I'll throw it open to questions. Thank you very much.

Questions and Answers

Will Packer, Exane BNP Parabis

Hi, three questions if I may. Firstly in terms of the underlying performance of the Penton asset in H1 '17, could we have some kind of update as to the performance of the Exhibitions portfolio and then also the Print and Digital assets?



Secondly, you've decided to change the allocation of Penton within the portfolio with a greater share going to GE, could we have an update of how much of GE will now not be Exhibitions, how much of it is going to be Print and Data products?

And then finally could we have some kind of insight into the performance within Business Intelligence by vertical, are there any particular areas of strength or weakness that you'd highlight there? Thank you.

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Stephen A. Carter, Group Chief Executive

Very concise question Will. Why don't we take that in reverse order then, on BI, actually I think my memory tells me from the half year that four of the five were steadily in growth, and I made this point in my remarks, kind of reassuringly or pleasingly there was a reasonable correlation between new product to market and growth, particularly in Pharma and Transportation and in Agra business actually, but specially in Agra business where we've done quite a lot of work on our product set. So actually the distribution of the performance in what you might call the old BI portfolio has been pretty predictable.

We are absolutely operating as one business, hence the reason why we haven't broken it out. There's no doubt that the Penton assets that are in the BI mix are if you like in revenue terms a slight drag.

To step into your question on the Penton breakout and then I'll get Gareth to take the specific allocation in GE. Essentially Penton is performing pretty much to our predicated plan, I think from memory last year Penton did 375 - and I'm looking at Richard, \$375m of revenue and we're forecasting kind of there or thereabouts, marginally ahead in some, marginally behind in others.

If you look at the half year mix, their revenue was a bit more 50/50 than ours, essentially it was 51%, 52% of their revenue was in the first six months, so that didn't have the same front end weighting issue that we do. And actually the performance is pretty much to plan, the Exhibition businesses are performing extremely strongly, Print is declining, but not at a faster rate, there's no acceleration of the decline and actually even within Print it varies from sector. Digital is in growth, Marketing Services is doing very strongly. So in the round pretty much as we thought.

On GE, I don't know what the specific number is ...

.....

Gareth Wright, Group Finance Director

Yeah, I think what we'd say is, you know if you looked at the top 20 Exhibitions that we ran pre Penton, those were about sort of 60% of revenue and post Penton they're sort of more like say 55% of revenue. So there is definitely a slight dilution effect from the non-Exhibition assets coming in. But it's still materially an Exhibition weighted portfolio.

I think if you looked at the top 30 now, the top 30 would be kind of around about say 70% of revenue overall. We've expected from a top 20 metric to a top 30 reflecting the fact that we have a larger number of larger branded events in there following Penton. So definitely a little bit of extra non-Exhibition revenue in there, but not a massive change in the dynamic.

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Will Packer, Exane BNP Parabis

And just to clarify around Penton, am I right in understanding your comment to mean that Penton underlying growth was broadly flat in H1?



Gareth Wright, Group Finance Director
Yeah.

Will Packer, Exane BNP Parabis
Would that be a fair interpretation?

Stephen A. Carter, Group Chief Executive
That would be a fair interpretation. You're going for a fifth question here Will.

Will Packer, Exane BNP Parabis
And just to come back on the part of the portfolio in BI, which is weaker, would that be the Finance sub sector?

Stephen A. Carter, Group Chief Executive
Some parts of it.

Will Packer, Exane BNP Parabis
Great, thank you.

Stephen A. Carter, Group CEO
And just if I may, a further gloss before we go to Ruchi is one of the observations - I don't know enough and we're not big enough to make this as a generic observation but I give you this as our - this has been a discovery for us and certainly for me, is that in the US media, sorry in our US Exhibition assets the interrelationship in the US between powerhouse exhibition brands and related media is more integrated than is the case in other parts of the world.

So for example we did the Hanley Wood deal, we only bought the exhibition asset but we did a ten year media partnership on the related media assets. When we bought Virgo Publishing which was a natural food products business which you'll recall was the first US acquisition we did, that actually was an integrated exhibition and media business. Penton self-evidently is the same for the reasons that you asked the question. And indeed even with YPI we only bought the exhibition assets but similarly we did a media partnership deal with AIM that owned the related media assets in the market.

So in the US market it would appear that the operating model is that that interrelationship between B2B - targeted B2B media and the way in which you engage with your customers, it seems to be more relevant. And indeed even in some of our historically owned assets such as in sort of Beauty and Health we print publish ourselves, we bespoke publish ourselves relevant brands in order to drive traffic. It's a small point but it - because the thrust of your question is where's the dilution and the point I'm making is actually it's not necessarily dilution, it can actually be very commercially relevant.

Ruchi Malaiya, Bank of America Merrill Lynch



Hi good morning. So if I understood correctly your definition of organic growth now includes Penton pro forma, so just to clarify you're still confident of achieving the 3% run rate by the end of this year even under that new definition with Penton as a slight drag in the organic growth?

And then the second question was on Academic, just to understand how your conversations are going with customers. One of your competitors has been in the press about some difficulties on open access negotiations with German universities. Have you noticed any sort of change in the conversations with your customers?

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Stephen A. Carter, Group CEO

If I understood the first question Ruchi, and Gareth again keep me honest which I think was two questions, yes we are including Penton. We've gone to a kind of common way of reporting both because it didn't seem coherent to report the business with only six months of Penton. So it's pro forma for the previous period. And actually not just for Penton, but also for YPI, so for both. And on a going forward basis it will be.

We haven't given a specific guidance number which I think was your second question. What we've said is our ambition for post GAP is that the Group as a whole is 3% and above. We haven't I don't think specifically said and this year at the end of the year we will do 3%. It's July, you know we've got a lot of trading to do in the back end of the year. I think our half year number we will come off. How much we will come off between now and the yearend we'll see but we feel good about where we are.

On Academic Publishing, very interesting question. Specifically no but more generally there is no doubt that all of the demand measures and participation measures on open access are in growth. Whether you're looking at you know submission rates or geographic sourcing of new articles, academic interest, subject development for the OA portfolio in the same way as the subscription portfolio. But we are not experiencing at this point that that is either directly substitutional or threatening, it's just an increase in participation. How that will change over time I would not seek to be a forecaster but I have no doubt that if we took a three to five year view I think the way in which our open access material that currently sits within our sum of our subscription journals will come to market might change, but I don't think that's a [clicks fingers] in the next six months event, I think that will be progressive over time.

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Gareth Wright, Group Finance Director

That first answer, just to be clear, we are bringing Penton into the growth rates. We're assuming we owned it for the full six months in 2016. Penton is flattish overall so bringing that in in theory is a little bit of a headwind on the legacy numbers, but we're not changing the guidance for the full year so the guidance and the calculations that you have for the full year numbers remain unchanged despite bringing Penton into the growth rate.

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Chris Collett, Deutsche Bank

Good morning. Just a couple of quick questions. One was Annie Callanan now in place for at least must be a couple of weeks, any early thoughts from her on the sorts of changes that we can expect from Academic?

And then second question was just about you commented on the forward bookings in GE. Just interested in what your - the rebook rates from events that took place in the first half of this year, what were you seeing?



And then thirdly just again on the topic of pro forma, most companies buy fast growing companies, acquisitions and then pro forma them, you've done the opposite. What's the reason for that? Is there something around how you're incentivising your management or the signal that you're sending that's made you pro forma it?

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Stephen A. Carter, Group CEO

Great last question, I might let Gareth answer that. On Annie well it's two weeks in and she's still here Chris. No I think it would be previous to start sharing her kind of running commentary. I mean she's literally on a world tour round the business meeting customers and authors and institutions, intermediaries, getting to know the business. You know the early signs are very positive both of her levels of enthusiasm and the energy that she's bringing and the freshness of perspective. And I think that's what we're hopeful for. So I think give us time and we'll come back with a view on that but I think we feel very good about having Annie inside the team.

On forward bookings, strong. I don't know if we're got a specific percentage number but I think as you rightly kind of allude to by dint of your question we have good forward visibility into the first six months of '18 because of the shape of our portfolio. And I think we felt very good coming out of the rebooking season about what our trajectory into 2018 is for that portfolio. It will actually be, to go back to one of Gareth's remarks, it will be the second year of a full MEDLAB event because 2017 was really a trial for us, we were breaking an event out of an existing event and standing it up on its own, and we were very pleased with how that went and we see that as an opportunity to further scale that in '18. And it gives us additional capacity within Arab Health to fill. World of Concrete, there is no sign of any tail off in the US construction market; forward bookings on both ties (?) and concrete were strong. And our natural products in both the US and Europe rebooked at very strong rates so I think we feel very good about that.

Why are we buying assets that aren't growing Gareth?

[Laughter]

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Gareth Wright, Group Finance Director

I think we bought it for its future potential rather than its current performance.

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Stephen A. Carter, Group CEO

Of course the future potential.

.....

Gareth Wright, Group Finance Director

So you know I think the GE growth is you know well above the market averages for Global Exhibitions businesses. It's a touch below ours actually but overall it's well ahead of the market. So that's a very strong business, you know very good verticals with very good brands so we're very pleased to be the owner of that business.

The print business is declining as expected. Actually it declined a touch less than we expected in the first half of this year but it is nonetheless in sort of long term decline. And that really is the dynamic that gets us to a flattish overall level of performance for Penton. But the reason for buying it when we did was we felt that if we waited long enough for the print to decline away where it wasn't a headwind on the overall numbers we'd then be in a position where all sorts of equity, you know, businesses would be interested in coming in and buying the asset. So we thought we'd get in there slightly early, take the asset for a multiple that we thought was appropriate and then manage out the print over time



and we will be left with a growth business going forward in the future. And if we'd have waited we'd have just ended up paying more for the same business. So it made sense to us to acquire it when we did.

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Steve Liechti, Investec

Morning. Just on GE, can you - you gave us the number of 4% growth in space for the top 30, can you just reconcile that 4% to the like for like of 11%? I don't know, you know in terms of out of the top 30 yield against price, anything you can give us there please?

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Stephen A. Carter, Group CEO

This is the trouble, the minute you put another data point out it legitimately provokes two more questions. Gareth do you want to...?

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Gareth Wright, Group Finance Director

So I mean we've always talked about the growth in our top 30 being fuelled by three things. We've got space, we've got yield and we've got ancillary revenue streams. And the dynamic varies exhibition by exhibition depending on what they're trying to push and what they're trying to grow, but as Stephen has alluded to we're in a good position with space in that very few, if any, of our top 30 events are venue bound, helped by some of the expansion of our own venues like the one that NPW Engredea is operating in, they've just opened a new hall. And helped some of the things we've done self-help wise like breaking out MEDLAB from Arab Health.

In terms of price you know if you're operating a strong brand in a growing vertical and you're in that market maker spot you have a lot more power around pricing. We've also looked to do again a lot in terms of self-help around our yield based pricing which we're introducing at shows on a rolling basis over time. So we've trialled in our first couple of shows and we've found that it's really worked in terms of the booking renewals and getting good price increases through in already growing shows.

And then finally ancillary revenue streams are a particular area of interest for Charlie McCurdy, you know really looking to grow the other areas around the business, not just space and yield, which is what really takes you up I think from kind of slightly above average to really good levels of growth, it's kind of the cherry on the top of the cake and that's something they've done a good job of in recent years.

So the combination of three together is what gets you to 11%. It varies in the mix as I say show by show, but overall that's how we get there for the top 30.

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Natasha Brilliant, Citi

First question just on the K&N portfolio. You've sold the German conference business but can you just remind us what else is left to do with some of the other businesses that you were reviewing, and also the textbook business within Academic?

And then second question is just back to books. Are you seeing any changes in the sort of underlying book market, any changes in trends there? And can you just remind us what the weighting is for the Q4 sales in a typical year, what proportion of your sales would you do in Q4 and when are we likely to get some visibility on how those conversations are progressing?

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Stephen A. Carter, Group CEO

I didn't catch the last bit Natasha sorry.

Natasha Brilliant, Citi

Just on the sort of Q4 weighting of sales and when we're likely to get some visibility on how those conversations in Q4 are progressing?

Stephen A. Carter, Group CEO

Okay. On K&N we're pretty much done on the portfolio. I mean the Euroforum deal is both the German and the Swiss business. And Brazil we concluded in the first quarter largely through closing down most of the portfolio. And previously we had already tidied up the businesses in northern Europe and Russia. So of what you might describe as the historical geographic portfolio of domestic conferences we're really left with Australia and Singapore. Singapore is a very particular type of business and then we're left with Australia. We're currently in conversations; we'll see where that goes.

Similarly on Garland we're in a series of conversations and we'll see where they go.

On textbooks we're not seeing any acceleration of the decline that we saw last year, in fact a little bit of a steadying. As I alluded to in my remarks I think some of that is a function of our own what Gareth would describe as self-help through the globalisation of our books business into one business. We previously ran it as three businesses internally and we've just simplified our own operating model. And I think I made that point a couple of years ago that we felt actually there was more we could do notwithstanding that actually our margins are pretty best in class, nevertheless there are things we could do on simplifying production processes, author commissioning, speed to market, volume, and the way in which we engage with intermediaries. And I think that is helping.

I think generally across the market what I pick up from peers, I don't know what you pick up, is that this year has not been as tough in books as the previous year. My own personal view is I don't think you know one swallow doesn't make a summer, so I don't think there's a fundamental trend change but I think the sense of the decline was overstated. But that requires us, slightly to go back to Chris' question, that requires us to take the opportunity afforded by Annie's arrival to look at our business. It's a powerhouse business, it's a great business and we have a strength of content which we can use well in the next year to two years to give us time to look at what we need to do in the future and that's what we need to do. And I think if we get that right that business can stay resilient for the Group.

On the Q4, well the honest answer is you know let's have a chat in January because that business trades to December 31st. So whilst you're enjoying your turkey I'll be counting in the books, that's kind of how it works I would say.

Gareth Wright, Group Finance Director

Yeah it's about 30% so it's not like a 50% SKU but it's about 30% of the revenue for the year. But it's just what gets you to that final growth rate for the full year as Stephen alluded to.

Katherine Tait, Goldman Sachs

Good morning. Just a follow up on K&N. I think previously you've sort of given us the number where you stripped out the domestic conferences business from the organic. Just wonder if you could give us that number versus the minus 4% for the first half?



And then secondly just on BI. Looking into the second half can you talk us through what you see as the main drivers for growth within that? Is it likely to be these new products coming through? Is it likely to be more weighted towards Penton improving for example? Just keen to understand a bit more about the dynamics there.

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Stephen A. Carter, Group CEO

Richard do you want to take the first one, or Gareth?

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Gareth Wright, Group Finance Director

Yeah in terms of K&N you know we think the - well the mix of the revenue performance in K&N is you've got the regional businesses which we talked about at yearend as being about £50m worth of revenue and that was in a slightly higher rate of decline than the divisional business. So ultimately you know exiting things like Germany, Switzerland and Brazil will help us in terms of the growth for that division. It's something that will more come through in 2018 because with our underlying calculation the way it will work is we'll have the growth in there for the period of ownership of 2017 but we will get a small uptick in terms of the revenue performance in '18.

And if you were to look at some of the other areas in K&N, we said the Penton businesses in the mix are probably a slight headwind again on the K&N numbers. They're slightly weighted towards print, they're more sort of community type products so we feel they're right in K&N but they are weighted slightly towards print and that will also be a bit of a headwind on the business. But the core of the business which we talked about at the investor day and we highlighted there, that is in growth at the moment and we just need to continue to manage out the tail and the other areas of the business around it and focus on those three core verticals going forward.

.....

Stephen A. Carter, Group CEO

On your BI question, I mean the back half of the year is an important period for BI because you get into our major subscription renewal period. It actually doesn't conveniently follow the calendar because it really runs through from October through to the end of January. So you know we need to have a very successful subscription renewal period. You know the unhelpful news is until you've had it you don't know, the good news is it will be the third year that that team have run into that and I think we've got better at running into that subscription period with predictability.

Consulting is becoming another variable, generally a positive one actually Katherine. We're seeing more growth in our consulting business. We talked a bit I think at the capital markets day about what Patrick described as contingent revenues and consulting is definitely part of that. That's project based consulting off the back of existing customer relationships. We're investing in that business and we'd hope to see that play through in the second half.

And then you've got the kind of - you know there are some small elements of print, not material, and so the big unknown for us for a full year of trading is marketing services and how big an uptick will that be. So we'll have a clearer read on that at the yearend but those would be the building blocks of it.

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Ian Whittaker, Libermum

Two questions. First of all just coming back to the comments from Gareth before in terms of Penton, this is where you got ahead of the curve so in terms of buying that asset before the print decline sort of washed through. Are there any other sorts of assets that you've identified where there could be a similar situation? Where you might be interested in where sort of the headline numbers don't look great but you think the underlying growth assets in exhibitions are quite attractive in the future?



Second thing and sort of just coming back on books. If you look at several of the publishers seem to have taken a more hostile stance towards some of the book sellers in the US Academic market, Follett's being sued over piracy. [Problem with audio] talking about publishers boycotting the textbook exchange programme. It doesn't seem as though you've been involved in any of those actions. Is there any particular reason why you don't think it's a particular issue or you just don't think it's the right course of action?

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Stephen A. Carter, Group CEO

I mean look on the first one it's a great question and even I knew the answer you would be surprised I mean if I said well here are three. I mean you're always trying to be slightly ahead of the curve on your own view, and then on top of that you've got to do something that's right for you. And so partly to your question but also in all seriousness to that part of Chris' question, part of our acquisition strategy has been we're also seeking to buy capability, we're trying to buy market position if it complements an existing market position. So you know YPI is a good example of that, Hanley Wood was a good example of that, you know Penton particularly in agriculture and in natural products was a good example of that. And then self-evidently you're looking for potential. As you will have observed certainly in the exhibition and events market asset prices are going up so you really have to be pretty disciplined and be able to make sure that the fit for your business is such that you feel confident that you can see future growth. And we're pretty rigorous at looking at opportunities.

In Information Services it's a bit different because it's a much more fragmented market and now that we've got the BI business a little bit more steady with the growth track we'll now start looking at what the opportunities might be there. And I think there there are much more identifiable smaller assets, what I might call competency or capability additions, that you could add to our mix which would give us a little bit more fuel in the tank.

I won't comment on the specific point you made about Follett's. We generally as a rule try not to get involved in public disputes, particularly with customers unless it's a kind of course of last resort.

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Patrick Wellington, Morgan Stanley

Two questions. One is China then, so one of the areas where you clearly want to buy in Exhibitions is China so do you have the capability and the infrastructure there?

And then secondly I'm being a bit slow on phasing I think. So you've got 3.7% organic growth and then you've got a negative item of 1.2 for phasing. So how do I read that, is that really 4.9% organic growth less 1.2%, or is my 3.7% to be considered with 1.2 taken away for true organic growth of 2.5%? How should I look at that? And where is the phasing, is it all in Exhibitions or is there some in K&N?

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Stephen A. Carter, Group CEO

Do you want to take the phasing question Gareth and then I'll come back on China?

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Gareth Wright, Group Finance Director

Yeah so phasing so what we're saying there basically 3.7% underlying growth and that's if you have all the events in the same time period. So that's the kind of correct growth rate for the business, that's the appropriate way to look at it I think. And I think as I understand that's also consistent with how our peers do it. I know in the past on trading calls we spent a bit of time with you sort of talking about phasing as something that's kind of off the table. We think it's just clearer going forward to adjust for



it so you're getting a clear like for like view of the business. So 3.7% growth takes the businesses that or the events that traded or are going to trade in the second half of '17 - sorry takes the events that traded in the first half of '16 and moves them back to the second half of '17 so it's like for like and that's how you should be thinking about it. It's primarily in Exhibitions and as I say a lot of it will reverse in the second half of the year. There's one or two exhibitions that are triennial that won't reverse but I expect overall that 1.2% number to reduce as a dynamic in the full year numbers because as I say it's a first half, second half phasing variance.

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Patrick Wellington, Morgan Stanley

So when you have sorry the 3.7 number and you compare the half year organic growth rates over a number of years are we looking at apples for apples? Did you do this last year as well?

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Gareth Wright, Group Finance Director

No because - you can do the apples for apples because the events are trading in H2 '17, apples for apples the growth would be slightly worse in H1 '17 because of that.

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Patrick Wellington, Morgan Stanley

So sorry the 2.5 in first half 2016 would you therefore broadly take 3.7, knock of 1.2 and end up with 2.5?

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Gareth Wright, Group Finance Director

It would be yeah something like that yeah, but we'd - it depends on how much of it you'd adjust for and where the results would be. But it's a consistent way of doing it going forward. So I think going forward 3.7 is the right way to look at it because we're adjusting for all those things now and we're not going to have that confusion about what's in and what's out.

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Stephen A. Carter, Group CEO

On your China question, as I recall your question was one of capability. Yes I think we do. I mean we are a smaller player in China than some of our other peers, but we have some very nice brands and businesses in China. We have some good partners in China which you need, and we are constantly open to opportunities in that market, again slightly back to the previous conversation where we can see them fitting with our portfolio. Growth rates are good, our Chinese businesses have done well and so we're open in that market to opportunities when we can seize them.

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Patrick Wellington, Morgan Stanley

Sorry is that a single shot thing or are we going to walk in for a 500 million place in one day...?

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Stephen A. Carter, Group CEO

I'm not going to get drawn on a specific but right now there is nothing that we are particularly focused on in China, I'm making a general point rather than a you and I should talk tomorrow morning point.

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Matthew, Credit Suisse

Just a quick question on the structure of Exhibitions. So are you noticing any structural changes in the industry in terms of people starting to use Amazon business as an alternative route for selling their goods? Is that starting to become at all impactful? Have you had any conversations with exhibitors or attendees who might go down that route instead of coming to the exhibitions, or is the face to face still powering on and incredibly vital?

And the second question is really on just the journal renewals. I think there have been some slightly lower inflators for some journal companies. It doesn't feel like that for you so could you kind of give us an indication, I know you don't split it out exactly but could you give us an indication of what the underlying journal business is growing at?

Stephen A. Carter, Group CEO

The journals business is pretty comparable year on year, if anything slightly stronger but then we have our open access business is a little bit bigger than the year before although it's a small portion of the pot. But you know broadly it's comparable and it had good growth last year so we're not seeing that.

On Exhibitions, interesting question. I mean the headline answer is self-evidently no because we're seeing good growth in our pretty broad portfolio now across a lot of industries, and to one of the earlier questions we're seeing good forward booking growth too. So now it's only till the first half of '18 but nevertheless that's a reasonable degree of visibility.

But I think you ask an interesting question about how do you drive more value into the exhibition offering, and that I think goes back to some of what Gareth was saying earlier about how you develop your exhibition brands so that you are delivering more services to your customers rather than the very strong benefit of face to face, but on top of that you know hard data that you can track and analyse, relationships you can nurture over a long period of time, an ability to do things that are bespoke to your business to be able to use major events as launch platforms for new products, to build it into people's management cycles. There are a whole series of things you can do around the face to face product to give you structural protection against alternative routes to market for your B2B customers.

So short answer we're not seeing it as a short term revenue threat, but we're alive to building moats around our brands to make them more defensible in the longer term. It's an interesting question.

Any final questions?

Okay if there are no further questions I will wrap it up. Thank you very much for your time, I know this is a very busy time so I appreciate people carving out time in their diary for us. And Gareth and I will be around for a while if people want to ask us questions offline. Thank you.

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