

FTI CONSULTING

Moderator: Richard Menzies-Gow – Head of IR / Gareth Wright – Deputy Finance Director
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3:30 a m. ET

Operator: Ladies and gentlemen, thank you for standing by and welcome to Informa's Four Month IMS. At this time all participant lines are in a listen only mode. There will be a presentation followed by a question and answer session. If you would to ask a question, you will need to press star and one on your telephone keypad, and wait for your name to be announced.

I must also advise you that the conference is being recorded today, on Thursday the 15th of May, 2014. And I would now like to hand the conference over to your first speaker for today, Richard Menzies-Gow. Please go ahead, sir.

Richard Menzies-Gow: Thank you, and good morning, everybody. It's Richard Menzies-Gow, Head of Investor Relations at Informa. I'm here with Gareth Wright, our Deputy Finance Director. Thanks for coming on. I know it's a busy morning. Hopefully you've all had a chance to have a quick look at the IMS.

As you've seen it's a four month IMS this year. That's because we had to coincide it with the publication of the prospectus in relation to the return of our headquarters to the U.K., which should be live tomorrow. So, that's the reason it's four months rather than three months this year.

We're going to move quite quickly because I know you're busy. Gareth is going to say a few words as an introduction. And then we'll jump straight on to Q&A. Over to you, Gareth.

Gareth Wright: Thanks, Richard. Good morning, everyone and thanks for joining the call today. Let's start with the headlines from today's statement. The Group is

trading in line with expectations in the year to date and our full year outlook remains unchanged. The trends we've seen in the early part of this year mirror much of what we saw in 2013, with two of our divisions performing well, Academic Publishing and Global Events; but our Business Intelligence division underperforming.

Our approach to 2014 remains as we outlined in February to focus on trading the businesses and delivering to expectations through the year while using the time to better understand all of our businesses with particular focus on our Business Intelligence operations both in terms of market positioning and core capabilities across products and platforms. At the same time, we're working hard to identify opportunities throughout operational fitness across the Group to simplify business structures and reporting lines, developing Groups core capabilities, and expanding our international presence.

So digging a bit further into Global Events, as I said it's had a good start to the year. We run a number of our larger events in the first four months of the year. And trading for these larger events has been strong. As ever, in Global Events, schedules move around year to year, so it's difficult comparing apples with apples on a quality basis particularly given we have a sizeable Conference business.

In 2014, we have a number of events occurring later in the year than in 2013; which has impacted the growth rate in this period. The phasing effect will unwind through year as those – as those events take place. However, the impact of these scheduling moves in the first four months of 2014 is broadly balanced by the inclusion of our printing exhibition, IPEX, which ran in March.

Hence the 3.5 percent growth we reported in the division is a relatively good proxy for its underlying like for like performance. Some of the markets for smaller conferences remain challenging, in particular Europe remains tough. And not surprisingly, we've also seen some weakness in the Russian market following the recent political unrest in the Ukraine.

Thankfully for us, the Russian market is a relatively small market representing less than one percent of the Group revenue but most of that is in conference activity.

Turning to Academic Publishing, we've had another robust performance from this business, reporting organic growth of 3.2 percent in the first four months of 2014.

As we said in February, the fourth quarter of 2013 was particularly strong following a very high volume of orders from online retailers in the U.S. We anticipated there was an element of phasing within this and that has proved correct, with the strength we saw in December evening out in the early months of 2014.

Taking that into account, we think we've had another solid start to the year and we certainly remain confident in our expectations for the remainder of 2014.

And finally, Business Intelligence; as we noted at the time with the year-end results in February, returning Business Intelligence to growth after two years of year-on-year and revenue decline is a key objective for the Group.

It remained another challenging period for the business with a rate of decline in the first four months of 2014 broadly similar to the fourth quarter of 2013 at 5.6 percent. As you know, some of our key end markets in Financial and Pharma are particularly tough at the moment. And we yet to see any marked and consistent improvement here.

However, we're also working hard to better understand our market positioning and core capabilities in products and platforms across our various operating businesses to ensure we're doing everything we can to drive the Business Intelligence business forward.

So, in summary, we've had a decent start to the year with a similar pattern of trends across our businesses as we saw in 2013. Two divisions performing

well and supporting one doing less well and leaving our full year expectations unchanged. The plan for the year remains as outlined in February.

It's a year of measured change. And we'll continue to trade the business to meet expectations while driving operational fitness across the Group and building our platform for future growth. Richard and I will be happy to take any questions. Thank you.

Operator: Ladies and gentlemen, as a reminder, if you would like a question, you need to press star one on your telephone keypad. If you wish to cancel your request, you can press the hash key. Once again, that's star and one, if you have a question. Your first question comes from the line of Nick Dempsey from Barclays. Please go ahead.

Nick Dempsey: Yes, good morning, guys, I've got two questions. On Business Intelligence, I think it's fair to say you're keeping a pretty tight rein on costs this year in running the business as it is. But can you give us a sense of what the various options for this division could be over the next couple of years based on the work you've done so far. You're talking about sort of reviewing that business clearly at the moment. But just what your options are?

And the second question net debt / EBITDA likely to come down this year. Do you have a pipeline of acquisitions out there? What are you seeing in terms of price expectations from vendors?

Gareth Wright: Taking them in the order that you raised them, Nick. Yes, and I think on the first one as we said in February at the year-end results announcement. Stephen started in the role in January. And he would take his time to get around the businesses.

And he'd take his time to get his head under the bonnet. And really understand the detail behind the businesses. And we're also a people business. So, he's got a lot of people to meet and to really understand our operations.

You know, and in terms of the, the question you've asked. It's a good one. And I appreciate that it's something that you may want more information on.

As we've flagged previously, we're not making any commitments until that process with Stephen is completed.

So, at this stage it's really too early to give any, you know, additional color in that sort of area and in that respect. In terms of net debt / EBITDA, it continues to track in the range of 2-2.5 times that you've seen in recent years.

We haven't had a huge amount of M&A in the year to date. In terms of cash terms, it's less than ten million including earn outs from prior years to give you a feel for that. So, we would expect the net debt to EBITDA ratio certainly in the half year to be in line with what you would be expecting.

Nick Dempsey: And so in terms of pipeline of acquisitions that you might do. I'm just trying to get a sense of what you could do in the rest of the year? I mean, is the pipeline still good out there? I think across each of the businesses really.

Richard Menzies-Gow: The pipeline is still good. We haven't completed much stuff year to date but no particular reason around that. I guess with a new CEO on board, there's probably a bit more focus on quality. And making sure we've got the right structure to integrate post acquisition so on and so forth. But, yes, I think the pipeline is still good. And I don't think pricing has moved massively since we last spoke to you. In Events as, you know, the bigger deals get, the more expensive they get.

I think in Business Information, quality assets go for high multiples. You can see that if you look at stuff that has happened in the market in the last sort of 12 or 18 months. And Academic Publishing is a different sort of space. It tends to be small stuff, you know, that you can fold into your business. There aren't really big assets out there that fly around all of the time. They tend to be small, journal collections or book lists. And, there's, there's a good amount of those sort of still around. So, we'd expect there to be stuff to do. But as it is today, we haven't – we haven't done a whole lot of stuff.

Nick Dempsey: That's (great). I thank you.

Operator: And the next question is from the line of Ruchi Malaya from Bank of America. Please go ahead.

Ruchi Malaya: Hi, and good morning. I had a couple of questions. Firstly, you've kind of given us the four month trends. But I was just wondering if you could within that give us any color on how, sort of that early progress and the 2Q is looking? And so, the April trend versus the 1Q trend, if you're able to look to that particularly in Business Intelligence.

And then, secondly and you talked about the expectations being unchanged. I just wanted to check if you're still looking specifically for earnings growth this year? And within that whether you're sort of mix of expectations has changed.

So, within that whether you're perhaps expecting Events to pick up some of the slack from BI? Or whether BI is weak but in line the way you'd expect it to be at this point in the year? Thanks.

Richard Menzies-Gow: Thanks Ruchi. I mean, I think on, on Q2 in April, I mean, I don't think there was a massive shift from Q1 to April. I think well, we've really just seen a continuation of the trends that we talked about with the full year. You know, and two of the businesses doing well, one less well. Net, net pretty much where we thought.

So, I don't think much has changed in April versus Q1. You know, obviously we're doing all we can to try and improve the run-rate on BI. Markets are unhelpful but we're not sort of waiting for that to change.

We're doing lots of work around understanding the businesses to try and drive it forward. So, you know, we'll see where we get to on that. But I don't think there's been a massive shift in April.

Gareth Wright: And in terms of the expectations, we talked at the February results announcement about expecting a positive outcome for 2014. And we're reconfirming that position today. Obviously, the FX has a big impact on our business. But despite the FX impact we've seen in the year to date, we are reconfirming a positive outcome for 2014.

In terms of the sort of BI specific run-rate, I would just point out that we've never given divisional revenue guidance in that way. We are hoping for an improvement in the run-rate in the rest of the year. And we're certainly doing everything we can to drive the Business Intelligence operation forward.

But we don't expect it to be neutral in terms of revenue growth for the full year. And we don't expect it to get back to neutral. But we do not need a substantial improvement in the run-rate to hit the numbers that are in the market either.

Richard Menzies-Gow: And Ruchi, just coming back to your point on adjusted earnings growth. I mean, I think consensus is sitting at 40.3 / 40.4p, something in that range; which is obviously after the currency impact; that gives you a bit of growth on what we did last year. And I think today we're just reconfirming we're comfortable with that.

Ruchi Malaya: Great, thank you.

Operator: The next question is from the line of William Packer from Exane BNP Paribas. Please go ahead.

William Packer: Hi guys, and thanks for taking a couple of my questions. Firstly into a bit more detail on the performance of Pharma and Financial. It sounds like it's been a mixed performance year to date. Could you talk about which products have deteriorated since the end of last year?

And additionally, if we exclude Informa Global Markets, did the performance of the Financial business improve? And just lastly, in the Conferences business, you mentioned weakness at Europe and Russia. If we exclude them, did we see growth in that business? Thanks.

Gareth Wright: Taking the last one first; I mean, overall, in terms of the Conference business, I think we said Conferences has been flattish in our first four months of the year. It's early in the year. But certainly there is a local weakness in Europe particularly in Germany and the Netherlands, actually with some tough verticals in Germany at the moment.

We've refocused both those businesses in 2014 under new management. And we're looking to drive them forward. Russia, which is a difficult trading environment at the moment with Western businesses a bit wary about trading in Russia while there is potential fallout from the Ukrainian situation. And so, we've seen some events shift out of March and April later in the year and some reduction in volumes.

But both of those respects are not huge in terms of the Conference business. But they do contribute to the conference business being flattish overall. In terms of the Financial products, I mean, to be honest, we're seeing bits trading reasonably well, and other bits trading less well.

It's a mix, really. Things like EPFR, which provides emerging markets funds flow dates to equity markets is trading well. Other areas such as some of the IGM services providing services to banking areas such as credit, we're just not seeing as much of an improvement.

Hopefully, you know, the pick up of in M&A activity in banking will benefit us going forward. But at the moment we're seeing a mixed picture in that space.

Richard Menzies-Gow: Yes, and just on Pharma as well. I mean, I don't think, you know, we've seen this step down deterioration. The trends in the first four months, the run-rate is pretty similar to Q4 last year. You know, if you look in Pharma, things like Citeline continue to do pretty well, or OK. But other areas are still weak. I don't think it feels very different. To us, it just feels like a continuation of those trends that we've seen before rather than a massive shift through the early part of this year.

William Packer: And just to come back on the Conferences business, it sounds like ex the geographies you identified as weak, there was growth. If overall, it was flattish including them.

Richard Menzies-Gow: It is mixed across different places. But yes, that's probably fair a little bit. But I wouldn't get too excited too quickly.

William Packer: And then – and then in terms of the, the performance of Financial and Pharma itself, there was no specific products that underperformed or anything like that? It was just a continuation of previous trends is the message you're giving?

Gareth Wright: Yes, that's right, yes.

William Packer: Thanks.

Operator: As a reminder, if you would like to ask a question, please press star on your telephone keypad. And your next question is from the line of Mark Braley from Deutsche Bank. Please go ahead.

Mark Braley: Yes, good morning, just two from me. First of all, can you remind us what you said at the full year about the BI margin and your ability to defend that in a third year of organic revenue decline?

And then the second one was you referenced the shared services initiative. I wonder, can you just give us a feel for, if you like how much of the BI cost base is actually shared across the BI platform and across the wider platform? It's to be – to be of what I'm getting at is if the output of this sort of strategic process is to think about exiting parts of the BI portfolio, how much dis-synergy would there be in doing that?

Gareth Wright: Thanks Mark, in terms of the margin, you know, I think we've not provided margin guidance on a division by division basis in the past. And certainly of our 30 percent margin overall for the business is good. But it's not uncommon for an information business.

But before we make sort of commitment over the margin going forward, I think we're going to finish the process that we're going through at the moment. And let Stephen really understand the business before making any new commitments in that space. We are reconfirming the full year outlook for 2014 earnings today. And margin is obviously in the mix in terms of that statement. And so, that gives you an indication of where our, our thinking is for 2014. In terms of shared services, the, the Business Intelligence businesses. The Business Intelligence division is a collection of a lot of

individual businesses. So, there is some shared service capability being used across them in terms of back office accounting etc. But in reality there are quite a lot of individual businesses that were brought together over the years to make up the Business Intelligence division. So, there's not a huge amount of consolidated capability in that space at the moment. And that's the sort of thing that operational fitness is really focusing on to look at what we can do to leverage that opportunity more across Business Intelligence going forward.

Mark Braley: OK, and just one follow-up. Can you remind me? I know you don't want to give margin guidance by division. But am I right in thinking that you've got something of a margin headwind in academic because of the FX moves and the kind of revenue to cost mismatch in that business, everything else being equal?

Richard Menzies-Gow: Yes, that's right. I mean, you're right, currency obviously impacts us in terms of translation across the Group. And in Academic, we do have – we're weighted to dollar revenue but we're weighted to sterling costs. So, there is a bit of a mismatch which means you get a bit of a squeeze on the margin when the dollar moves the wrong way for you. Yes.

Mark Braley: OK, great, and thank you very much.

Gareth Wright: OK.

Operator: Your next question comes from the line of Andrea Beneventi from Kepler. Please go ahead.

Andrea Beneventi: Yes, good morning, gentlemen. Two questions, if I may? The first one on Academic Publishing. I remember you had difficult comps last year in Q1 with a couple of points of growth below the full year rate. So, do you expect growth to kind of remain above three percent for the rest of the year, please?

And secondly, to come back to Mark's question on BI, could you please quantify the investment that you're planning to do at BI and for product consolidation in general, please?

Gareth Wright: In terms of the Academic Publishing growth, you know, I think the consensus growth is between three percent and four percent, which seems sensible for the full year. We're always cautious about extrapolating from sort of Q1 or H1 growth rate across the full year. Because there are a lot of book sales that occur in the second half of the year over which we have less visibility at this stage of the year.

So, the 3.2 percent growth that we're reporting today is, is a good result especially when you bring in the effect of the negative drag from Q4 last year. But at this stage, I wouldn't be anticipating that we'll finish sort of near the 2013 number of 5.3 percent based off the run-rate that we've seen far. It's just too early to extrapolate forward like that. And there's not a reason to support an acceleration like that across the rest of the year. So, as I said, the consensus between three percent and four percent looks consistent as far as we can see with the growth we've seen or are reporting today of 3.2 percent.

Richard Menzies-Gow: Business Intelligence in terms of – in terms of investment and so on. I mean, Andrea, it's just too early really to, to talk about that. You know, as Stephen is obviously spending a lot of time in the business across all of the businesses. But as you can imagine particularly, particularly sort of BI to properly get his head under the bonnet of understanding that business.

We've clearly got a bit of a growth issue. Clearly, markets are unhelpful. But, you know, and we're not waiting for that to change. We want to understand how we can drive the business forward. You know, whether that requires some investment, we'll see. But it's just too early to sort of give you details on that.

I think you mentioned Ovum in the TMT space. That's something that did happen in the early part of this year. That's something that had been on the cards for a while. We've had two separate brands focusing on this broadly similar place in the TMT space. And it was just a very logical thing to unite them. Not really from a sort of cost perspective. But really in terms of our proposition to the market. And leveraging our capabilities to produce new products. You know, to be a stronger unified force as we go to our customer base.

So that was something that I think Stephen immediately saw was logical and so accelerated that process. You know there will be a bit of investment behind that to drive new product. But not huge in that area. But I think it is too early to talk about other stuff.

(Andrea Beneventi): Thank you.

Operator: As a reminder, ladies and gentlemen, if you have a question, please press star one. Your next question is from the line of Vighnesh Padiachy from Goldman Sachs. Please go ahead.

Vighnesh Padiachy: Yes, morning, and Hi. I've, I've only got one question. And it's really on the Events business. And I think you said 3.5 percent with a good proxy for underlying performance in the first half.

Can you sort of give us some idea with that, how much that will accelerate in the second half? And what the moving parts are? Clearly, we've got phasing. And we've got the Brazil show. Can you perhaps give us a bit more color on that?

Gareth Wright: Yes, I think in terms of the full year consensus, it stands around 4.5 percent growth, which we think seems sensible at the moment. The large events are trading well as we've reported today. And in terms of the mix, obviously the trading offset that we've seen today, IPEX and the phasing, IPEX is now done and the phasing will reverse over the course of the rest of the year. So, you would expect a little bit of an acceleration from the growth that we've reported today as those results reverse.

We have, as we have talked about, Formobile, the biannual that takes place in the summer in July in Brazil. We don't expect that event to be as large as the 2012 edition. Because of the macroeconomics in Brazil and also because of the World Cup, which sort of disrupts the preparations for the event.

So, it won't be as strong as the 2012 edition. But that will give us a little bit of a benefit across the rest of the year. So, as I say, the acceleration from the

growth that we're reporting today up to the full year consensus of 4.5 percent seems sensible to us.

Vighnesh Padiachy: Brilliant and that's very helpful. If I go back to I think one of the earlier questions. We could see an acceleration in the events business that could offset, you know, the ongoing weakness with BI?

Gareth Wright: Yes, I think overall, we're seeing, you know, a performance similar to what you saw at the end of '13. And so, you got two divisions performing well. And you got one division performing less well. And that's what gives us the comfort over the full year outlook, which we're reconfirming.

Vighnesh Padiachy: Great, very clear, thank you very much.

Operator: Your next question comes from the line of Roddy Davidson from Westhouse. Please go ahead.

Roddy Davidson: Yes, good morning, guys. Just a couple of quick things. I wondered if you could provide just a little bit more detail on the, the timing and the process around the employment of a new CFO? And secondly, obviously, you know, as you've highlighted Stephen is sort of getting to know the businesses, and, and identifying areas of improvement. And clearly he's got a head start in that regard, you know, given his past involvement in the business. But just wondering, is there any intention for him to sort of formally set out his findings and plans for the business at some point? Or will that be sort of more of a kind of soft message? You know, and just what – wondering if at some stage, you know, we'll have a sort of set of plans? You know, more of a sort of update on strategy to work with going forward?

Richard Menzies-Gow: Hi, Roddy, in terms of the CFO role. I mean, the process is ongoing. Clearly, you know, as soon as we've got something to announce, we will do. I think Stephen and the Board have been pretty consistent saying that, the plan is to try and have someone in place by the summer.

You know, we're lucky. You can't see Gareth, so you can't see his blushes. But sparing his blushes, we're lucky we've got a very strong Deputy CFO and team beneath him. So, I think day to day, you know, there's no change. But

clearly need to make that appointment. But, ongoing, and as soon as we've got something to announce, we will certainly do that.

Gareth Wright: Yes, and in terms of, you know, Stephen updating the market on his plans, certainly we have the half year on the 29th of July, which is the next time we officially come to the market. We won't have all of the answers then. But we will certainly have made progress. Stephen will be further progressed with his understanding of the business. And therefore, you can expect an update on our plans at that point. We won't have all of the answers. But we'll certainly be able to give you an update and an insight into our thinking at that point in time.

Roddy Davidson: OK, and thanks.

Operator: Your next question comes from the line of Patrick Wellington from Morgan Stanley. Please go ahead.

Patrick Wellington: Good morning, everybody. And actually Roddy has taken my question. But I want to – can we go back to that? So, as Roddy said, is there a soft announcement on the 29th of July? Or, are we going to get, you know, Informa for the next five years? And is it a definite that we get something on the 29th of July?

Richard Menzies-Gow: We'll see how we go, Patrick. I mean, and you know, clearly that's the next time we talk to you. But clearly, Stephen would have spent a good time in the business at that point. And, you know, I know you're desperate for more info.

And clearly at that point, you know, he's going to give you a bit more insight into his thoughts and, and understanding around the business. And as the year evolves, clearly, clearly we'll do more of that.

Patrick Wellington: So, Richard, so aren't we just mentioning the 29th of July because it's the next day that we speak as opposed to any definite plan that there's, you know, a...?

Richard Menzies-Gow: Yes, that's the next – the next date is we speak on, that is the interim results. Clearly there will be, you know, an element of an update then. Whether there will be anything more formal beyond that, we'll see.

Patrick Wellington: OK, so that's just the next one at which he's going to turn up rather than anything else?

Richard Menzies-Gow: Yes

Gareth Wright: Yes. We are guaranteeing that on the 29th of July, you will get the half year result.

Patrick Wellington: Great, and thanks very much.

Richard Menzies-Gow: Thank you.

Operator: As a final reminder, if anybody would like to ask a question, please press star one on your telephone keypad. There are no further questions waiting, sir. Please continue.

Richard Menzies-Gow: Great, well thanks everyone. And thanks for tuning in. I know it's a busy day. If you've got anymore questions or follow-ups, don't hesitate to drop me a line. I'm around all day. And we'll speak to you soon, and thanks very much.

Operator: That does conclude our call for today. Thank you all for participating. You may now disconnect your (line).

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