

**Informa 10 month trading update call**

**Friday, 09<sup>th</sup> November 2018**

**08:00 am UK**

Operator: Good day, and welcome to the Informa Ten-Month Trading Update Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Richard Menzies-Gow. Please go ahead, sir.

Richard Menzies-Gow: Thanks very much, Penn. Good morning, everyone. It's Richard Menzies-Gow, Director of Investor Relation at Informa. I'm here with Gareth Wright, our Finance Director. We're going to have the same format as we normally do for these trading update calls. So, Gareth is just going to say a few brief words and then we'll jump straight into Q&A. So, Gareth, over to you.

Gareth Wright: Thanks Rich. Good morning, everyone, and thank you for coming on the call. As you've seen from the release that we've put out seven o'clock this morning our headlines for today that Informa is on track to deliver the 2018 full year financial expectations and that we continue to deliver our operational and combination objectives 2018, setting us up well for full year delivery as a combined group in 2019.

As the statement shows, the group underlying growth for the 10-month period to the end of October was 3.9%, which put us well on course to deliver our 3.5% plus growth objective for the full year. As a statement laid out, we continue to make good progress with Accelerated Integration Plan, our plan to combine the Informa and UBM businesses. So, if you take the underlying growth delivery, plus the progress made with Accelerated Integration Plan, we're pleased with how 2018 is progressing. Given the huge amount of work that's going into the AIP, we could have easily have been distracted by that. So, it's good to see that the businesses are performing to plan.

As expected, the growth is a little lower than the half-year growth of 4.3%, mainly due to the seasonally lower growth in Global Exhibitions during the third quarter, and this is consistent with previous years. As a reminder, we are reporting underlying revenue growth, which includes pro forma growth of acquisitions from the day of completion. So, UBM's year-on-year growth is included within the 3.9% growth from the mid-June completion date onwards. Within that results, the 3.9%, the legacy Informa business has grown 4.1% and the UBM business has contributed growth of 3%.

So, turning to the divisions, firstly, in our Academic Publishing businesses, we have continued to trade consistently with growth of 3.8% for the ten months. The dynamics behind this trading was similar to those in the first half with a consistent performance in journals and a year-on-year improvement in books, particularly in e-books. And this follows on from the investments we've made through the Growth Acceleration Plan and continue to work with an aim to improve the gross market effectiveness of the Academic Publishing division.

Then turning to Global Exhibition business, and as we've done in the release, I'm going to talk to the Global Exhibition business separately from the UBM business. Underlying revenue growth was 6.9% for the ten months, which is in line with our expectations for the period as the second half for the year is the seasonally slower growth half for the Informa business with less of our fast-growing major brands. This performance puts us on track to deliver around 6-6.5% growth for the full year. And the overall message for GE, I think, is that it's in good shape. It is a focused strong set of B2B international brands in attractive and growing verticals with opportunities of future growth and the team are also well-positioned to complete their role in the combination with UBM.

Turning to our Knowledge & Networking business, which also continue to make good progress during the last couple of months. Revenue growth ticked up to 1.5% from the 0.5% growth reported at the half year. And this outcome leads us well placed to deliver our growth target in the range of 1% to 2% for the full year, although there is still plenty of trading to deliver in the last

two months of the year, particularly in November. Trading in the three core end markets of global finance, life sciences and TMT continues to perform well, and within those markets, the largest 30 to 40 events are the key growth drivers for the business.

Moving to our data and information services division, Business Intelligence delivered 2.4% underlying growth in the ten months, consistent with its performance in the first half of the year and a slight increase on the 2.2% growth delivered in 2017, which leaves us broadly on track. But the real focus now is that we have the business on consistent year-on-year growth and sort of looking at which verticals we want to focus on. You've seen today in the release that we've announced that we're in discussions around the disposal of the Agrobusiness portfolio and also the IGM business.

And finally, in the UBM legacy, underlying growth has been 3% in the 4.5 months since completion and 2.3% on a pro forma basis for the ten months to October. And within that 2.3% growth, events revenue has been growing 3.4% and the OMS revenue declining 5.5%. We've seen strong performances for a number of the main brands that have traded in this period and the trading in the UBM Fashion brand has been no worse than the assessment we made post completion and then we discussed with you at the half year results in July. As you would have guessed, particularly in UBM, there's been a lot of focus on the Accelerated Integration Plan. And as laid out in some detail in the release, we've made real progress in line with the timetable that we set ourselves at completion.

So, in summary, as I said at the start of this intro, I think the headlines are around track in 2018 to deliver on our trading targets and also to achieve a combination project deadlines that we set ourselves. And that leaves us well placed as we approach 2019 for a full year growth with UBM combined in the portfolio.

So, hope that was a hopeful summary of the key dynamics that we see from the press release. But as Richard said in the opening, we'd be happy to take any questions that you have on it.

Richard Menzies-Gow: Over to you, operator.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star one to ask a question. We will pause for just a moment to allow everyone an opportunity to signal for questions. We will take our first question from William Packer. Your line is open. Please go ahead.

William Packer: Hi there. It's Will Packer from Exane BNP Paribas. Thanks a lot for taking my questions. Three for me, please. Firstly, since we last had an update, the concerns around Chinese-US trade war have become a little bit more acute. Now your performance indicated that it's having no impact, but that's kind of what you'd expect with the phasing of the revenue model. Could you just update us as to how things are on the ground? Are you noticing any impact from deteriorating trade relations within the Chinese business or more widely?

Secondly, could you update us on the specific performance of Fashion in the four-month period, and update us as to how we should think about that going forward, how is the turnaround plan progressing? And then finally, could you please provide a bit of an update on the size of those assets that are up for sale within Business Intelligence and their margins? So, maybe perhaps revenue and margin profile.

Gareth Wright: Okay. Well, we'll take those in reverse order. I mean, I think in terms of the businesses that we are talking about, in terms of disposal process, we're not going to get too specific obviously as we're in discussions around the businesses at the moment. But I think we said that in terms of Ag, the Ag business is around about 10% to 15% of the Business Intelligence portfolio

is what we talked about previously. And I think we've said that the financial business is around about a third of the portfolio, and IGM is one of the larger sort of five or six businesses within that portfolio. So, that hopefully gives you some idea of the size of the assets that we're talking about. But in terms of specifics, I think we'll hold for until we're further through the discussions when we get into the detail on exactly what it means for the going forward business.

In terms of Fashion, I mean, the key thing for fashion is that it has traded in line with the assessment we made in June-July post completion. So, there's no news on the upside, but I think there were certainly concerns that might have been usually downside. And I think we can confirm that is not the case. Well, the largest share of the year traded in August, which was a good opportunity for us to get out on the ground and talk to the customers and people involved in this show, and I think that went well and people got a sense as there's kind of new act in town and that we were looking on making some changes and getting behind the shows.

I think the other thing that we've seen is that the – there's no sort of unitary performance. It's not about the whole business is down 10%, which is if there was a fundamental structural change in the market, you might expect to have a more consistent performance. What we're finding actually is that some shows are better and some shows are worse, and that points to us into the management and the execution of the shows being a really important dynamic for us going forward.

So, overall headline, no change there and continues to track in line with the assessment we made of how it'll go through 2018 and 2019.

And then finally on the China-US trade war, I mean, as you'd have picked up in the release, we're not seeing any change in the dynamics around that in our numbers. But I mean the reality is we're really focused on our business at the moment. We're really focused on delivering our trading and hitting on our revenue numbers for the business, and we're really focused on getting

the Accelerated Integration Plan working smoothly and progressing through those targets. So, that's really what we're focusing on a day-to-day basis rather than whatever the President of United States might be up to.

William Packer: And can I just ask one quick follow-up? Thanks for providing that kind of overview of the size of those businesses that you're looking to sell. Would it be fair to assume that they are growing significantly slower than the overall portfolio? Are they declining? That'd be helpful just to clarify.

Gareth Wright: Yeah, I think we'll probably give more details on this, I think, going forward in due course. They're good businesses and therefore we're not surprised that there's some interest in talking to us about them. But as I say, we'll get probably more detail, the more specific on it maybe at the year end when we got our process. I think the purpose for today is really to update on trading for the 10 months and give you a feel for how the business is progressing with the integration.

William Packer: Thank you.

Operator: Thank you. We will take our next question from Nick Dempsey from Barclays. Your line is open. Please go ahead.

Nick Dempsey: Yeah. Morning, Gareth. Morning, Richard. Three questions please. So, exhibitions into next year, you've given us a comment here what you did last year that you hope to beat the markets in terms of organic growth. I'm guessing that refers to Global Exhibitions. They are old Informa exhibitions, point one. But what do you think the market will grow and does that mean that you're not seeing any weakening of trends on Middle East, which is something that you flagged as a flagged concern in the first half. That's question one.

And then on margins. Clearly you don't give us margins for the 10 months, that's clear. But the market was a bit disappointed with your outcome on margin. At the first half, you pointed some timing issues. I wonder whether you can give us any comments on where full year consensus margins are and whether those are broadly sensible?

And last one, BI growth trending a bit worse that you'd hoped at the start of the year. You slightly revised your guidance versus then. Can you give us a few comments on why the improvement in organic growth has been that little bit slower than you had hoped?

Gareth Wright: Sure. Thanks Nick. I think you got about nine questions in there actually, but well done.

Well, obviously, I'll take it for GE and BI, and then Rich can dig out his consensus numbers while I'm talking.

In terms of GE, yes, you're right. That comment is specifically in relation to the Informa business, and we talk about the UBM business overall. But we think the global exhibition market is kind of growing around 4% to 4.5% at the moment and that's that the backdrop against which we are making our assessments. In the grounds, we've not seen any further weakening in the Middle East. It ran some property shows in the third quarter. That's really been a kind of unchanged dynamic across the year as a whole to-date, so no further worsening, but I won't say it's any better really either.

In terms of Business Intelligence, we think the – we're broadly comfortable with where this business is. It's continuing to evolve. It's going to get back to where it started from in 2014 with 8-9% decline. We're pleased that it's continuing to evolve to get to where it is now with 2-2.4% growth. You're right that the growth hasn't ticked up since the half year. That 2.4% is consistent with the half year number. I think really, it's a combination of probably two factors. One is that as we're looking to grow the business, we're looking to try and win new business and that's possibly

a longer slightly slower process than we'd hoped it would be. So, it's taking a bit of time to come through.

The pipeline is there. The products look good. The feedback is good. But as you close these subscriptions, it takes a while for the revenue to come through in the unwind, and as I say, it's taking a bit longer to actually close the deals than perhaps we had hoped when we set our aspirations for the year.

And then the other side, one-off work around consulting, etc., that was good in the first half, but it was also good in the second half of last year. So, there's a tough comp in that space. So, that's also proving a bit harder to outperform last year's number than we had in the first half. But I'd say, overall, in terms of where the business is going and it's medium to longer-term prospects, we're comfortable and pleased with where it is.

Richard Menzies-Gow: Yeah, on margins, Nick. I mean, obviously, we had lot focused at half year. I don't think anything has changed since then, as we talked about then, there's various sort of factors this year that feed into it in terms of FX, the YPI acquisition last year, depreciation real catch-up on the GAP programme. So, I think those things play too. I think consensus for the full year has marginally down on last year, which is sort of what we talked about at the half year. So, I don't think anything really moved on and changed from the dynamic we've seen.

Nick Dempsey: Great. Thank you.

Richard Menzies-Gow: Thanks.

Operator: Thank you. We will take our next question from Chris Colett from Deutsche Bank. Your line is open. Please go ahead.

Chris Colett: Good morning. Yes, Chris Colett from Deutsche. Thanks for taking questions. One was actually just on the Academic business. It appears that seeing that the renewals in journals appear to be consistent. Just wondering if there's any additional colour that you can provide about what you're seeing in the Academic market on the journal side.

And then, you referred to this earlier. But just wondering if you could give a little bit more detail about within GE. Specifically, when you look at your renewal rates for events taking place in 2019, have you seen any change in those forward bookings?

And also on GE, thinking particularly within the China business, perhaps this relates more to the UBM events. Are there any statistics that you can share with us about the proportion of the visitors or the exhibitors that are domestic or pan-Asian and how many of them are international? Thanks.

Gareth Wright: Thanks Chris. In terms of Academic, yeah, the renewal process has been pretty consistent really over this year. You got negotiations ongoing with customers always as part of your – making sure you're building the relationships with your customers and making sure you're clear on what your customers want on what the concerns are and where their focus areas are. So, there's been no particular change in the negotiation dynamics around journals over the course of the year.

I mean, Open Access is going well. That Dove business that we bought has been helpful both in terms of our operational learnings and our capabilities, and also in terms of our trading performance. So, that's helping the Open Access area. But overall, a very consistent performance from the journal's business in Academic.

In terms of GE, we made a comment in the statement about the future outlook looking into '19. Really at this stage, you're getting good visibility over the Q1 event and a bit of visibility over Q2.

But that's quite early. And really what I'm saying at the moment is there's no change in our view of the outlook for the business based on the bookings we've seen, particularly for Q1. That seems to be going pretty much in track with what we expected.

Richard Menzies-Gow: Yeah, and I think your question on attendees or exhibitors at the big event. I mean, the big shows tend to be regional, whether it's North America or Asia or Europe. So, one of the beauties of the market and that you build strength in regions and then sometimes you can take those brands to other regions. So, the vast majority of attendees and certainly the exhibitors tend to be domestic and regional. You do get international. Obviously, you're sort of pushing for that. It would vary quite a lot by events. So, I'm hesitant to give you sort of split. But the vast majority would be domestic and regional rather than fully international. And I think that gives you some sort of confidence and comfort depending on what Mr Trump decides to do next.

Chris Colett: Great. Thank you.

Gareth Wright: Thanks Chris.

Operator: We will take our next question from Matthew Walker from Credit Suisse. Your line is open. Please go ahead.

Matthew Walker: Thanks. Good morning. I've got a few questions please. The first is on just to be a bit more precise about Fashion. Was it correct that you said it was down about 10% in the first half, and now you're saying it's still down around that level? If you could just clarify that.

Second one is on Academic. Obviously, there's been a lot of noise around cancellations of journals and also Plan S. If you could give us your thoughts, A, on what Plan S could mean and why you haven't experienced any cancellations so far unlike most of your peers.

And then lastly, just on China and Hong Kong. Could you give – for China and Hong Kong, could you give us what those are – China and Hong Kong events, what percentage that is of your group revenue? So, China and Hong Kong events as a potential group revenue or just an absolutely number would be fine. Just the scale of the Greater China exposure.

Gareth Wright: Okay. I'll kick off with the Fashion stuff then. So, what we said about Fashion, I think, in the half-year results process was that Fashion had been down or declined high single-digit in 2017 but that once you to account the launch event those in 2017, actually, it was down around about 10% year-on-year. And I think what we said was that in 2018, we envisaged it being down 10% again, so kind of unchanged in '18.

And what we're seeing both – I mean, we're in the business and we've had to look at the numbers in more detail. And what we've seen in the trading that we've seen is I don't think there's any reason for us to change our view and outlook for the Fashion business. It's trading consistently with what we expected.

In terms of 2019, I think we didn't envisage there being any particular acceleration in '19. Our Fashion Growth Acceleration Plan started with the August event but it was going to take a year or so to really gain momentum, take effect and begin to improve performance. So, as I say, it's still down 10% year-on-year but that's no different where we thought it was going to be and we're comfortable that we're on course and on track with the improvement plan that we've put in place. We changed the management and we're beginning to make some specific changes in the business.

In terms of China and Hong Kong, I think if you look at sort of business on a pro forma basis for a full year, I think we'd say that China and Hong Kong are about 15-20% broadly in the rounds of the combined Informa UBM B2B events portfolio. That is all the scale of it overall comprising of

both events in Hong Kong and then events in Shanghai and regional events in China. So, that gives you a scale for it.

Richard Menzies-Gow: Matthew, on Academic. I mean, listen, I think you renegotiate lots of contracts every year. We tend not to be sort of public about that. You have some that renew well. Others, people won't change it in their portfolios and so on and so forth. So, I think that's just part of the business year-to-year. I think I'd say we're a humanities and social science business, and I think we always try and be flexible with customers in the way we approach contracts and they all want something slightly different in terms of mix and sort of puts and takes. And we've always had an approach to try and be sort of flexible with that.

This market has been sort of evolving and changing, and the customer needs sort of have been moving for a long time and that has sort of continues. We're sort of – we'll keep our approach of to staying flexible in the market. And at the moment, we're not seeing any sort of big shifts and change.

Matthew Walker: Okay, thanks a lot.

Operator: Thank you. We will take our next question from Tom Singlehurst from Citi. Your line is open. Please go ahead.

Tom Singlehurst: Hi there. Tom here from Citigroup. Just I suppose a couple of questions on, I suppose, the old – the former UBM asset. I hear what you said about no major changes trend in Fashion. But it does look like technically there was a small trim to guidance in terms of full year growth outlook. From memory, I think you were saying 3-4% previously and now it's around 3%. So, just wondering what else has changed within the UBM event portfolio that's sort of making you think differently about the organic gross profit for the full year or whether it's non-event driven.

And then the second question is, excluding Fashion, would you expect UBM to match Global Exhibitions in terms of being able to outperform the market in 2019? Thank you.

Gareth Wright: Well, Rich can comment on some of the guidance points. But I think overall our view on the UBM portfolio is that it's trading where we expected it to be. So, I don't think there's been any particular trade to change in our view of how the asset is performing. But as I say, Richard can comment on the specific guidance points.

In terms of UBM's overall growth, again, it's working out as we expected. UBM has got a bit of a – the UBM portfolio, taken as a whole in the rounds, is a bit different to the Global Exhibitions portfolio in terms of the verticals it's in, in terms of the geographies, in terms of the make-up of the product base and the revenue by type splits. And therefore, I don't think there's any expectation that UBM was going to come in and immediately start growing the same way as Global Exhibitions was in the whole.

And I think in part of the UBM business, it is. I mean, it's got some very strong brands. There's some very strong verticals that it's in. So, some areas are growing very well, and we've highlighted some of them there in the release in terms of putting things like CPhI, Furniture China, Black Hat. And there are excellent businesses that are growing just as fast as some of the strongest business in the GE portfolio. But in the rounds in the portfolio as a whole, we didn't expect the UBM portfolio to come and start matching the GE portfolio in terms of growth from day one.

Richard Menzies-Gow: Yeah, I think on guidance, honestly, I don't think anything has changed. I think we're at 1.1% at the half year on a pro forma basis. UBM was at 2.3% now. You'd expect it to be higher at the year end because the last two months seasonally for them, they have other major brands sort of going through. So, plus or minus 3%, I think, on the group and then events sort of

plus or minus 4%. I think that's where the market was at the start of the year when it's sort of broadly trading to that within the mix. Fashion is a bit just dragging and sort of weak and you strip that out, obviously, the portfolio is performing better. So, I think it's basically where we expect it to be.

I think the key thing is internally there's just a lot been going on. I mean, we've really pushed through the AIP to get to a point now where teams really are in place, so they own their budgets going into '19. And that's required a lot of stuff to happen in the last few months. And as Gareth said earlier, it would have been easy to drop the ball on trading when you sort of do that. We haven't seen that. So, I think getting to this point not seeing any performance discount and being where we are on combination, we feel pretty good about that internally.

Tom Singlehurst: Very clear. Thank you.

Gareth Wright: Thanks Tom.

Operator: Once again, if you would like to ask a question, please press star one. We will take our next question from Katherine Tait from Goldman Sachs. Your line is open. Please go ahead.

Katherine Tait: Good morning, everyone. Just a couple of final questions from me. Firstly, on the cross-selling revenue synergies which you mentioned through the AIP coming through from 2019. Can you just give us a bit more colour in terms of specifically how much we should expect to come through, and perhaps a bit of a pace in terms of phasing as well, it'd be really helpful. Secondly, can you help us understand a bit of the growth profile of the Pharma, Retail Banking and Maritime, Business Intelligence assets? Just keen to understand the growth profile of those specific areas. And then finally just on Academic. I know you sort of don't want to talk too much to the sort of Plan-S news that's out there. But any sort of colour you can give us in terms of the

conversations that you're having with your customers and whether or not Plan-S is really impacting those discussions, it'd be really helpful. Thank you.

Gareth Wright: I mean, the key thing I think say about Plan-S is one thing it is not a plan. It's a thought piece about the evolution in the industry, and therefore there's nothing that specific in it and it is a part of the ongoing dialogue really, you're having in the market. So, there's no specific directional guidance or timelines in it. But it is, let's say, just a part of the ongoing dialogue. And that's a dialogue that we've been having in this industry for years and we're not seeing any particular change in that dialogue or the tone of the dialogue, and we're having to – we're just trying to work with it like we've always done.

So, I think it's something that it comes and goes in terms of the profile, in terms of prominence, something about Plan-S comes out as a document or an idea piece and it kind of brings you perhaps more to the surface. But it just kind of evolves over time, and therefore we're not really seeing any particular change in the nature of those conversations. We're engaged with them, as you'd expected, and we're working with our customers to make sure we understand what they need and what they want specifically rather than getting too distracted by the high-level industry pieces in the industry movements overall. So, I think it's very consistent, and I think we're comfortable with where we stand on it.

Richard Menzies-Gow: Katherine, on the BI question. Again, I don't think we'll get too drawn into that. I think the thing, let's say, on those businesses and verticals is that's where we really have strong market positions, big brands. And I think, for us, we just feel there's a real opportunity in terms of long-term growth and scale. And we've come from a position in BI where we were down sort of 8-9% to consistent positive growth and all areas growing to different degrees. I think now we're just making choices about where we've got the best positions and therefore longer term where we think we can build the strongest sort of business. So, you'd expect in those areas us to have strong brands and the best potential for future growth.

Gareth Wright: And then, I think, the last question was around cross-selling. I mean, we just mentioned that in the release to give a bit more of flavour around it. It's something that we are targeting for 2019 to try to start to deliver some specific output in that space. But revenue synergies obviously very difficult sort of quantify and to predict. So, we haven't got any specific numbers that we're releasing to you today in that space, but it is something certainly we hope to be able to demonstrate some progress with in 2019.

Richard Menzies-Gow: Thanks, Katherine.

Katherine Tait: Great. Thanks very much.

Operator: It appears there are no further question at this time. I would like to turn the conference back to the speaker for any additional or closing remarks.

Richard Menzies-Gow: Great. Thank you, operator. Well, appreciate everyone dialling in early on a Friday. Gareth and I are around if you want to have a follow-on chat later. But, thanks, everyone for your time today and we'll see you all soon. Thanks very much.

Gareth Wright: Thank you.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.