Informa LEI: 5493006VM2LKUPSEDU20
Press Release
28 February 2018

# Informa PLC

## Results for 12 Months to 31 December 2017

**2017: Growth Acceleration Plan Completed**
**2018: Growth Continuation**

### KEY FINANCIAL AND OPERATING HIGHLIGHTS

- **Higher** Revenue Growth**:** +30.7% to £1,757.6m, including Penton Information Services and YPI (2016: £1,344.8m), +3.4% underlying growth
- **Increased** Adjusted Operating Profit growth**:** +31.3% to £545.5m (2016: £415.6m)
- **Higher** Statutory Operating Profit: £345.3m (2016: £198.6m)
- **Improving** Adjusted Diluted Earnings per Share growth**:** +9.5% to 46.1p (2016: 42.1p)
- **Enhanced** Dividend**:** up 6.0% to 20.45p (2016: 19.30p)
- **Strong** Free Cash Flow growth**:** +31.1% to £400.9m (2016: £305.7m)
- **Robust** Balance Sheet**:** Net debt/EBITDA[1] back within target range at 2.5x (2016: 2.6x)

**London:** Informa (LSE: INF.L), the International Business Intelligence, Exhibitions, Events and Academic Publishing Group, today published its financial results for the 12 months to 31 December 2017, reporting a fourth consecutive year of growth in revenue, adjusted earnings per share, free cash flow and dividends.

**Stephen A. Carter, Group Chief Executive, said:** "2017 was a year of performance and delivery, with all four divisions in growth, the integration of Penton Information Services achieved ahead of plan and our four-year acceleration programme delivered on budget and on schedule."

**He added:** "Our investments over the last four years have helped build operational capability for continued growth and scale in 2018 and beyond."

- **Focus, capability and scale through the *2014-2017 Growth Acceleration Plan ("GAP")*:**
  - ***GAP* delivery:** Operational capability and platforms for growth and scale, with all four divisions in growth following completion of our four-year acceleration programme, including around £80m invested in product innovation and platform enhancements;
  - **Effective integration:** Programme to integrate Penton Information Services delivered ahead of plan; operating and reporting as an integrated business, and on track for at least $18.5m (£14m) net cost synergies and revenue benefits in 2018;
  - **Portfolio focus:** Continued pro-active portfolio management, increasing operational focus through the sale of majority stake in German and Swiss conference business and reducing exposure to the volatile Lower Level textbooks market through sale of Garland; ongoing review of selective non-core parts of the portfolio;
  - **Recommended offer for UBM plc**: Enlarged Group creates a leading B2B Information Services Group. Prospectus and Circular due for publication on 14 March 2018.*
- **Continued operational performance and financial delivery – all four divisions in growth:**
  - **Global Exhibitions:** Strong underlying revenue growth of +7.6% and reported revenue growth of 74.5%, reflecting increased international scale, depth in attractive verticals and strengthened capabilities in data and marketing solutions;
  - **Business Intelligence:** Continued improvement in underlying revenue growth to +2.2% and reported revenue growth of +27.1%, reflecting benefits of investment in products and platforms on subscription renewals, consulting activities and specialist data and marketing solutions;
  - **Academic Publishing:** Improved underlying revenue growth of +2.0% and reported growth of +8.1%, reflecting consistent growth in Journals and improved performance in Books following operational effectiveness programme;
  - **Knowledge & Networking:** Return to positive underlying revenue growth of +0.1%, with reported growth of 22.6%, reflecting increased portfolio focus, strength in branded confexes/events and investment in digital capabilities.

*See Appendix for summary of Offer published on 30 January 2018 / [1] See Financial Review for details on non-statutory measures

# Financial Highlights

| | 2017 £m | 2016 £m | Reported % | Underlying[1] % |
|---|---|---|---|---|
| Revenue | **1,757.6** | 1,344.8 | 30.7 | 3.4 |
| Statutory operating profit | **345.3** | 198.6 | | |
| Adjusted operating profit[2] | **545.5** | 415.6 | 31.3 | 2.3 |
| Adjusted operating margin (%)[2] | **31.0** | 30.9 | | |
| Operating cash flow[2] | **494.8** | 393.8 | | |
| Statutory profit before tax | **268.8** | 178.1 | | |
| Adjusted profit before tax[2] | **486.4** | 376.0 | 29.4 | |
| Statutory profit for the year | **313.7** | 173.4 | | |
| Statutory diluted earnings per share (p) | **37.7** | 23.6 | | |
| Adjusted diluted earnings per share (p)[2] | **46.1** | 42.1 | 9.5 | |
| Dividend per share (p) | **20.45** | 19.30 | | |
| Free cash flow[2] | **400.9** | 305.7 | | |
| Net debt[2] | **1,373.1** | 1,485.4 | | |

[1]In this document we refer to Underlying and Reported figures. Underlying refers to results adjusted for acquisitions/disposals, the phasing of events and the effects of changes in foreign currency. Year-on-year growth from material acquisitions/disposals is included on a pro-forma basis from the first day of ownership. Reported figures exclude all such adjustments.
[2]In this document we also refer to Statutory and Adjusted results, as well as other non-statutory financial measures. Adjusted results are prepared to provide an alternative measure to explain the Group's business performance. Adjusted results exclude adjusting items as set out in Note 4. Operating cash flow, free cash flow, net debt and other non-statutory measures are discussed in the Financial Review.

# Divisional Highlights

| | 2017 £m | 2016 £m | Reported % | Underlying[1] % |
|---|---|---|---|---|
| **GLOBAL EXHIBITIONS** | | | | |
| Revenue | **560.4** | 321.1 | 74.5 | 7.6 |
| Statutory Operating Profit | **126.2** | 29.8 | | |
| Adjusted Operating Profit | **201.4** | 119.5 | 68.5 | 6.5 |
| Adjusted Operating Margin (%) | **35.9** | 37.2 | | |
| **BUSINESS INTELLIGENCE** | | | | |
| Revenue | **384.2** | 302.4 | 27.1 | 2.2 |
| Statutory Operating Profit | **47.8** | 42.3 | | |
| Adjusted Operating Profit | **92.2** | 70.5 | 30.8 | 6.2 |
| Adjusted Operating Margin (%) | **24.0** | 23.3 | | |
| **ACADEMIC PUBLISHING** | | | | |
| Revenue | **530.0** | 490.4 | 8.1 | 2.0 |
| Statutory Operating Profit | **154.1** | 135.0 | | |
| Adjusted Operating Profit | **208.0** | 187.2 | 11.1 | 0.7 |
| Adjusted Operating Margin (%) | **39.2** | 38.2 | | |
| **KNOWLEDGE & NETWORKING** | | | | |
| Revenue | **283.0** | 230.9 | 22.6 | 0.1 |
| Statutory Operating Profit | **17.2** | (8.5) | | |
| Adjusted Operating Profit | **43.9** | 38.4 | 14.3 | -13.3 |
| Adjusted Operating Margin (%) | **15.5** | 16.6 | | |

## ENQUIRIES


**Informa PLC**
Stephen A. Carter, Group Chief Executive +44 (0) 20 7017 5771
Gareth Wright, Group Finance Director +44 (0) 20 7017 7096
Richard Menzies-Gow, Director of Investor Relations +44 (0) 20 3377 3445
**Teneo Strategy**
Tim Burt / Zoe Watt +44 (0) 20 7420 3141


## ANALYSTS AND INVESTORS

There will be a presentation to analysts at 8.30am on 28 February 2018 at the London Stock Exchange, 10 Paternoster Row, London, EC4M 7LS. A simultaneous webcast of the analysts' presentation will be available via the Company's website (www.informa.com).

# Trading Outlook

Over the last four years, through the *2014-2017 Growth Acceleration Plan* (“*GAP*”), Informa has invested to strengthen its operational capabilities, expand internationally, build strength and depth in industry verticals and establish a robust platform for future growth and scale. This has created a group with operational resilience and predictability, well placed to continue delivering improving growth and performance within attractive business-to-business information markets, despite ongoing macro and geo-political uncertainty in some regions of the world.

## 2018 – Growth Continuation… Operating Scale and Specialisation

Following the successful delivery of *GAP* and the effective integration of Penton Information Services, Informa entered 2018 with all four operating Divisions delivering positive underlying revenue growth. The Group will seek to build on this strong foundation in the year ahead, with continued investment in its products and customer platforms, alongside further international expansion. 2018 will be a year of **Growth Continuation**, with a target to improve Group underlying revenue growth to more than +3.5%.

In addition, through our recommended offer for UBM, we will reap the benefits of increased **Operating Scale** and **Industry Specialisation**, creating a leading B2B Information Services Group with the scale and specialist capabilities to capture the long-term growth potential of this expanding market.

### GLOBAL EXHIBITIONS

Following the addition and successful integration of Penton Information Services and Yachting Promotions Inc, our Global Exhibitions business has greater scale and increased balance and breadth across geographies and verticals. This is delivering cost efficiencies in general contracting and marketing, as well as revenue benefits through cross-marketing, international sales and geo-cloning.

This is reflected in strong trading in the early part of 2018, with another encouraging performance by our major Brands, including in **Real Estate & Construction** (*World of Concrete*), **Health & Nutrition** (*Natural Products Expo West*) and **Life Sciences** (*Arab Health*). The combination of continued volume expansion, the progressive rollout of our Customer Value Programme, new launches, and growing secondary revenues through our Market Maker strategy, gives us confidence we can deliver another year of attractive growth, ahead of the wider Exhibitions industry.

### BUSINESS INTELLIGENCE

Demand for specialist B2B data and information providing insight, market intelligence and targeted lead generation remains strong. Our strategy to focus our business around verticals and customers, and invest in strengthening our delivery platforms and developing new products, has led to a consistent improvement in growth and performance.

This improvement continued through the busy subscription renewal period of recent months, with high levels of customer retention and good conversion of our developing sales pipeline. Subscription strength and our deepening relationship with customers is also helping to grow other revenue streams, with continued momentum in Consulting and accelerating growth in specialist Data and Marketing Solutions at Informa Engage. This positions us for continued improvement through 2018 towards our divisional target of more than +3% underlying revenue growth.

### ACADEMIC PUBLISHING

The market for peer reviewed, scholarly research and specialist reference-led academic content remains robust and growing. Our business generates more than half of its revenue from subscriptions with high renewal rates, complementing the wider Group’s high level of predictable revenue and cash generation.

Annie Callanan took over as Chief Executive in June and has quickly set about increasing the focus on international opportunities, emerging business models and technology. This has led to investments in digital capability (Colwiz) and open access capacity (Dove Medical), providing new avenues of growth to support the ongoing consistent performance of its core Journals and Books businesses.

### KNOWLEDGE & NETWORKING

The sale of a majority stake in our German and Swiss conference business, Euroforum, following on from the exit from similar conference activities in the Netherlands, Sweden, Denmark, Brazil and Russia, leaves the **Knowledge & Networking** Division streamlined and focused on branded confexes/events within its three core verticals of Life Sciences, Finance and TMT.

This increased focus contributed to the return to positive revenue growth in 2017 and, combined with the investment in digital capabilities and increasing traction in specialist marketing services, leaves it well placed to continue its positive growth momentum through 2018, even with the drag from the non-renewal of a managed event contract.

# Operational Review

In 2017, the focus was on maintaining steady operational progress and improved financial performance in the final year of the *Growth Acceleration Plan ("GAP")*, whilst effectively integrating US-based Penton Information Services. This has included continued investment in underlying growth initiatives and further targeted expansion.

## GAP DELIVERY ON SCHEDULE AND ON BUDGET

In 2014, Informa launched *GAP* to better position the group to pursue the attractive opportunities in the Knowledge & Information Market.

The headline ambition of GAP was to return all parts of the business to growth whilst simultaneously building the capacity and capabilities for future growth and scale. It was a strategy of pro-active change and investment, built around five key initiatives:

1. Build and buy a scale B2B events business in the **Global Exhibitions** Division
2. Repair and return to growth the **Business Intelligence** Division
3. Simplify, focus and grow the **Knowledge & Networking** Division
4. Build scale and management capability in the US market
5. Invest to build the platforms and capabilities for future scale and growth

*GAP* has driven a significant amount of change at Informa, resulting in a simplified group structure, greater focus on end markets and customers, and improved levels of operational fitness. It has also led to significant investment in technology, building robust platforms for the delivery of future growth and scale. This has been matched by significant external investment through the targeted addition of businesses, helping Informa to expand internationally, strengthen its position in key industry verticals and broaden its range of B2B capabilities.

*GAP* was successfully completed in 2017, with all five initiatives achieved along with the over-arching ambition to deliver higher levels of growth:

- All four Divisions delivered positive underlying revenue growth in 2017, with the group underlying growth rate of +3.4% compared to a base of organic revenue growth of +0.7% in 2014.
- In **Global Exhibitions**, revenue has grown from £160.2m in 2013 pre-GAP, to £560.4m in 2017 through a combination of market-leading underlying growth and a programme of targeted acquisitions, including:
    - **Health & Nutrition** (*Virgo, Penton*)
    - **Construction & Real Estate** (*Hanley Wood, WWETT*)
    - **Beauty & Aesthetics** (*China Beauty, FACE*)
    - **Life Sciences** (*FIME, EHI*)
    - **Agriculture** (*Penton, Agrishow*)
    - **International Yachting** (*YPI*)
    - **Pop Culture** (*Dallas Comicon, Orlando Megacon*)
- In **Business Intelligence**, following a leadership change and reorganisation of the business to focus on customer end markets, alongside significant investment in new product and platform development, the business has reversed its revenue profile from an organic revenue decline as low as -8.5% in 2014 to underlying revenue growth of +2.2% in 2017.
- In **Knowledge & Networking**, led by a strengthened management team, the business has been streamlined and simplified to focus on its core industry verticals of Life Sciences, Finance and TMT, where it has strong established Brands, deep market knowledge and a portfolio of attractive and growing confexes/events. In 2017, it returned to positive growth for the first time since *GAP* was launched.
- In **Academic Publishing**, the focus has been on consistent performance and cash generation through the *GAP* period, providing predictability and support to the wider Group while investing in technology and new growth opportunities.

- In the key US market, which accounts for around half of the global B2B events industry and around half of the B2B intelligence industry, Informa has expanded rapidly, building strong market positions with highly experienced management teams. Revenue across Informa's businesses in the US exceeded $1bn in 2017, representing more than half of Informa Group revenues.
- Through the *GAP* period, Informa has invested around £80m in a range of individual projects across all four operating divisions as well as centrally in Global Support. These initiatives have been focused on technology to enhance the group's core platforms, ranging from customer management systems, to marketing automation to front-end delivery platforms. This has strengthened the group's core capabilities, supporting the steady improvement in underlying performance across the Group and the delivery of consistent future growth and further scale.
- In addition, we have also been investing in upgrading our group-wide Enterprise Resource Platform ("ERP"), to establish a foundation with the capabilities to provide efficient and effective shared services at scale. Like all large-scale IT deployments, this has been complex to manage, with some implementation challenges. The majority of the Group is now live on the platform, with the migration programme due to complete during 2018.

## INCREASED FOCUS THROUGH PRO-ACTIVE PORTFOLIO MANAGEMENT

One of the disciplines instilled in the Group through *GAP* has been the pro-active management of the Group's portfolio of businesses, regularly testing the logic of owning individual assets and the potential for greater returns elsewhere. This has led to the sale of a number of businesses through the *GAP* period, including our Consumer business in **Business Intelligence** and a number of regional small conference businesses in **Knowledge & Networking**.

In 2017, this pro-active approach included the sale of…

- **…a majority stake in Euroforum**: In July, we announced that leading German media group, Verlagsgruppe Handelsblatt had acquired a majority stake in our German and Swiss domestic conference business, valuing the business at around €15m. This sale completed in November, further increasing the focus of the **Knowledge & Networking** Division on specialist communities within its core end markets of Life Sciences, Finance and TMT.
- **…the Garland textbook business**: Following the half-year announcement that we were in discussions with several parties regarding one of our Lower Level textbook businesses, we completed the sale of Garland in December. This helped to reduce our exposure to this more volatile area of the wider educational market, increasing the focus of the **Academic Publishing** Division on Upper Level scholarly research and reference-led content such as peer-reviewed journals, monographs and specialist professional reference books.

Informa will continue to be pro-active and disciplined in its approach to the portfolio. Specifically, with *GAP* concluding and with Penton now integrated into the wider Group, we are undertaking a thorough review of selective non-core elements of the portfolio to determine the best way to generate optimal returns.

## EFFECTIVE INTEGRATION OF PENTON INFORMATION SERVICES

As part of *GAP*, the Group has been pursuing a targeted and disciplined acquisition strategy to strengthen core operational capabilities, build further international scale and add greater depth in key industry verticals.

This began with the addition of **Virgo Publishing** in 2014, our first US-based exhibition business, which strengthened our position in **Health & Nutrition** through its *Supplyside* Brands. These complemented our European-based Vitafoods Brands, building international reach in the attractive and growing nutritious food ingredients market.

This was followed by the addition of **Hanley Wood Exhibitions** in December 2014, adding 17 US-based exhibitions in **Real Estate & Construction**, including *World of Concrete*, complementing our existing brands in this vertical in Canada and Dubai, including *Construct* and *Cityscape*. Equally important, it brought an experienced US-based management team with the capacity and capability to build our presence in this key sector.

The largest single addition to the portfolio through the *GAP* period was **Penton Information Services**, acquired for £1.2bn in November 2016. It significantly strengthened Informa's Global Exhibitions and Business Intelligence Divisions, extending its US presence and market position in key verticals such as *Health & Nutrition, Agriculture & Food, TMT, Infrastructure* and *Transportation*.

**Penton Information Services** also broadened Informa's portfolio of B2B capabilities through its expertise in B2B marketing and data solutions, digital communities and specialist community content. This range of additional B2B services reflected Penton's highly commercial approach to customers, focused on maximising revenue by selling a full range of information services products tailored to each specific industry vertical.

The Penton approach reflects a market trend towards **Operating Scale** and **Industry Specialisation**, as customers increasingly look for partners with specialist knowledge and relationships who can deliver a range of services providing intelligence, data, networks, community and connections within their industry globally. Informa has maintained this approach with the Penton businesses since acquisition, keeping its historical franchises intact and continuing to sell across multiple services.

A key focus for management through 2017 was to ensure the smooth and effective integration of Penton. Patrick Martell, the Chief Executive of the **Business Intelligence** Division, led this process as Integration Officer and Chief Executive of Penton. He worked closely with Charlie McCurdy, Chief Executive of **Global Exhibitions** and Andrew Mullins, Chief Executive of **Knowledge & Networking** to manage the integration of businesses into Informa's divisions and the realisation of scale efficiencies whilst ensuring the delivery of 2017 financial targets.

**Operating synergies and revenue opportunities**

The addition of Penton Information Services added further international scale and depth in key verticals. On a base of 2016 revenue of around \$375m and adjusted operating profit of around \$120m, this created the potential for attractive operating synergies and incremental revenue opportunities.

Our approach to integrating Penton has allowed us to realise these synergies quickly and effectively, with \$15m delivered in 2017 on a gross basis, which is expected to rise to an annualised level of \$22.5m in 2018.

These operating synergies are forecast to be delivered in three main areas, partially offset by investment in Penton colleague benefits, to deliver net operating synergies of \$18.5m in 2018:

- **Corporate overhead reduction**: approximately 15% of the \$22.5m gross savings are expected to come from the reduction of duplicate costs across executive leadership and other corporate and group functions;
- **Management and support restructuring**: approximately 50% of the savings are expected to be generated from a reduction of duplicate management and associated costs, including the rationalisation of overlapping IT systems, processes and associated investment spend;
- **Procurement benefits**: approximately 35% of synergies are expected to come from leveraging the enlarged Group's scale across procurement, commissions, insurance and property;
- **Investment:** approximately \$4m of investment is expected due to the harmonisation of Penton's colleague benefits with the wider Informa Group.

In addition to these cost synergies, a number of revenue initiatives are already underway. Many of these involve cross-marketing initiatives, where combining customer knowledge and relationships provides an opportunity to sell additional products into existing customers. This is most evident in the **Health & Nutrition** vertical to date, where our broader market position across the supply chain post-Penton has enabled us to promote our events to new audiences, leading to particularly strong growth at *Vitafoods Europe* and the doubling of *Vitafoods Asia* in 2017.

We have also used our greater depth in verticals to help develop geo-cloning opportunities and in 2018 this will see us launch *SupplySide China* in Guangzhou, China.

Similarly, our increased scale and broader customer relationships has brought benefits to ancillary revenue, helping to generate more non-event revenue through specialist data and marketing solutions and through digital lead generation products like *Markit Makr*. The latter is being launched in the **Health & Nutrition** vertical in 2018.

Another revenue opportunity where the potential grows with scale is non-category specific sponsorship. As we gather more detailed data on a greater volume of attendees and exhibitors, this becomes valuable to sponsors targeting specific segments of the population, as we can provide unique, high quality exposure. An example of this was a contract with a large financial services group, which bought a sponsorship package across 16 of our US exhibitions (in various categories), with a mix of different promotional channels and activities around the events, to specifically reach a particular profile. As the Group grows and our data capabilities improve further, this has the potential to become a valuable incremental source of revenue.

## CONTINUED STRONG CASH GENERATION AND HIGHER DIVIDENDS

The Group continues to put great emphasis on the conversion of profits into cash and the effective allocation of free cash flow to balance our targeted acquisition strategy with consistent and progressive shareholder returns.

At the start of 2017, we set a target of delivering £400m of free cash flow in the year, up from £305.7m last year. We achieved this, reporting £400.9m, despite the scheduled increase in net capex in the final year of *GAP*. This reflected strong profit delivery and lower cash tax, as we utilised credits that came with Penton.

We continued to invest in targeted additions, joint ventures and earn outs in 2017, with *YPI and Dove Medical* the most significant. This left net debt at year-end at £1,373m, which based on average exchange rates and pro-forma for a full year of profit from acquisitions (in line with our banking covenants), left net debt to EBITDA back within our target range at 2.5 times, some 14 months post the completion of Penton.

Strong cash generation, good progress on the integration of Penton and confidence in the successful completion of *GAP* led the Board to raise the *GAP* commitment to dividend growth from the previous minimum of 4% to 6% in 2017. This resulted in total dividends per share of 20.45p in the year.

# Divisional Trading Review

The Group continued to deliver an improving financial performance during 2017. Reported Group revenue grew +30.7% to £1,757.6m and adjusted operating profit was +31.3% at £545.5m. Underlying revenue growth was +3.4%, higher than the +1.6% organic revenue growth reported in 2016. Strong returns from acquisitions accounted for a further 21% of the reported growth rate, while the benefit of currency, including US Dollar strength on our expanded US revenue base accounted for around 6%.

The commentary below includes statutory and adjusted measures. We believe adjusted operating profit is a useful additional measure in monitoring Divisional trading performance.

## GLOBAL EXHIBITIONS

| | 2017 £m | 2016 £m | Reported % | Underlying % |
|---|---|---|---|---|
| Revenue | **560.4** | 321.1 | 74.5 | 7.6 |
| Statutory Operating Profit | **126.2** | 29.8 | | |
| Adjusted Operating Profit | **201.4** | 119.5 | 68.5 | 6.5 |
| Adjusted Operating Margin (%) | **35.9** | 37.2 | | |

The **Global Exhibitions** Division organises transaction-oriented Exhibitions and trade shows, providing buyers and sellers across different industries and communities with a powerful platform to meet face to face, build relationships and conduct business. Informa has over 200 Exhibitions, serving a number of core verticals, including **Agriculture**, **Beauty**, **Construction & Real Estate** and **Health & Nutrition**.

In 2017, **Global Exhibitions** represented 31.9% of Group Revenues and 36.9% of Adjusted Profit.

Increased scale and greater depth in verticals following the addition of Penton and YPI delivered another strong trading result, with underlying revenue growth of +7.6%. This performance was broad-based across verticals, with particular strength in **Health & Nutrition** (*Natural Products Expo, SupplySide West*), **Real Estate & Construction** (*World of Concrete, TISE West*), **Life Sciences** (*Arab Health, Medlab*) and **International Yachting** (*Monaco Yacht Show, Fort Lauderdale International Boat Show.)*

A highlight was the launch of *Medlab* as an independent exhibition, separate from *Arab Health*, which led to strong aggregate growth while also freeing up space for both events to grow into over coming years. We also strengthened and extended our partnership with the Principality of Monaco, to include all our International Yachting events, including our recently added US-based events.

Divisional operating margins were lower year-on-year due to the mix effect of Penton and YPI combined with the impact of our continued investment in building digital and data capability. In 2017 we started to roll out our *Markit Makr* digital platform in a number of verticals, providing customers with a new channel to promote products and services online and generate highly targeted, qualified sales leads.

## BUSINESS INTELLIGENCE

| | 2017 £m | 2016 £m | Reported % | Underlying % |
|---|---|---|---|---|
| Revenue | **384.2** | 302.4 | 27.1 | 2.2 |
| Statutory Operating Profit / (loss) | **47.8** | 42.3 | | |
| Adjusted Operating Profit | **92.2** | 70.5 | 30.8 | 6.2 |
| Adjusted Operating Margin (%) | **24.0** | 23.3 | | |

The **Business Intelligence** Division provides specialist data, intelligence and insight to businesses, helping them make better decisions, gain competitive advantage and enhance return on investment. Through a range of specialist digital subscription Brands, it provides critical intelligence to niche communities within six core industry verticals: **Pharma**, **Finance**, **Transportation**, **TMT**, **Agribusiness** and **Industry & Infrastructure**. This is supported by a portfolio of B2B media Brands and businesses targeting ancillary revenues in **Consulting** and specialist **Data & Marketing Solutions**.

In 2017, **Business Intelligence** represented 21.9% of Group Revenue and 16.9% of Adjusted Profit.

Our strategy to focus on subscription renewals and strengthening customer relationships, while investing in product development and platform enhancements led to continued steady improvement in trading through 2017, with underlying revenue growth of +2.2%, up from +1.1% organic growth in 2016.

Following significant *GAP* investment, there were numerous product upgrades and new launches through the year, ranging from improved data to new API functionality and full platform launches. This included a new platform for *EPFR Global*, our fund flow and asset allocation data business, the launch of *Ovum Forecaster*, a new product combining forecasts on broadband, cellular and TV services and technologies, and a new platform for *Citeline*, our clinical trials intelligence business, with a new web interface providing full access to data on more than 265,000 trials and 400,000 investigators.

At the same time, we integrated Penton's information businesses, including **Ground Transportation** and **Industry & Infrastructure**. This also included Penton's data and marketing solutions business, which was relaunched as *Informa Engage*, offering specialist B2B services for connecting marketers with B2B decision makers. Alongside the relaunch of our *Consulting* business, this helped to boost our ancillary revenue base, leveraging off the strength of our subscription relationships.

## ACADEMIC PUBLISHING

| | 2017 £m | 2016 £m | Reported % | Underlying % |
|---|---|---|---|---|
| Revenue | **530.0** | 490.4 | 8.1 | 2.0 |
| Statutory Operating Profit | **154.1** | 135.0 | | |
| Adjusted Operating Profit | **208.0** | 187.2 | 11.1 | 0.7 |
| Adjusted Operating Margin (%) | **39.2** | 38.2 | | |

The **Academic Publishing** Division publishes peer-reviewed scholarly research and specialist reference-led academic content. Operating as the Taylor & Francis Group, it is recognised internationally as a leading Upper Level academic publisher through a number of major publishing brands, including *Taylor & Francis*, *Routledge*, *CRC Press* and *Cogent OA*. It has a portfolio of c.140,000 book titles and 2,700 journals available in both print and digital formats, across subject areas within **Humanities and Social Sciences**, and **Science, Technology and Medicine**.

In 2017, **Academic Publishing** represented 30.2% of Group Revenue and 38.1% of Adjusted Profit.

Trading within our scholarly research and reference-led content business remained robust and consistent. In our Journals business, another solid performance reflected steady growth in usage and strong subscription renewals. In our specialist Books business, a number of operational initiatives to improve publication efficiency and customer service helped its performance and combined with a more stable market backdrop, led to positive growth through the period. In December, we sold our lower level textbook business, Garland, further reducing our exposure to this more volatile area of the market.

We continued to invest in new growth opportunities, particularly in digital, data and open access. In May, we invested in Colwiz, a business developing research management software using artificial intelligence technology. In September we announced the addition of Dove Medical, a leading independent open access publisher, strengthening our position in Health Sciences and adding a valuable portfolio of established OA journals, as well as a platform for future expansion in this attractive and growing market.

## KNOWLEDGE AND NETWORKING

| | 2017 £m | 2016 £m | Reported % | Underlying % |
|---|---|---|---|---|
| Revenue | **283.0** | 230.9 | 22.6 | 0.1 |
| Statutory Operating Profit | **17.2** | (8.5) | | |
| Adjusted Operating Profit | **43.9** | 38.4 | 14.3 | -13.3 |
| Adjusted Operating Margin (%) | **15.5** | 16.6 | | |

The **Knowledge & Networking** Division is the Group's Community Content, Connectivity and Data business, incorporating its training, learning, conference, advisory and congress businesses. It organises content-driven events and programmes that provide a platform for communities to meet, network and share knowledge. It runs over 1,000 events each year globally, covering a range of subject areas, but with a particular focus on **Life Sciences**, **TMT** and **Finance**.

In 2017, **Knowledge & Networking** represented 16.1% of Group Revenue and 8.0% of Adjusted Profit.

Increased focus on major branded events and continued investment in digital capability helped to deliver positive underlying revenue growth for the first time since the launch of *GAP*, buoyed by our three core verticals of **Life Sciences**, **Global Finance** and **TMT**. **Life Sciences** was particularly strong, with good growth in our major partnering events such as *Bio-Europe*, while the second year of the *Biotech Boston Festival* also performed well. In **Global Finance**, the highlight was a record year for our private equity confex, *SuperReturn International*, while the *Inside ETF* events also grew strongly. We also made good progress in **TMT**, with strong growth at *AfricaCom* and an encouraging first year running *London Tech Week*, providing a strong platform for further expansion in 2018.

In November, we completed the sale of a majority stake in Euroforum, our German/Swiss conference business, further increasing the focus on our major brands in core verticals.

Divisional operating margins were lower year-on-year, reflecting the relatively low underlying revenue growth combined with a mix of higher cost inflation and increased depreciation from *GAP* investments.

# Financial Review

In 2017, the final year of the *Growth Acceleration Plan*, Informa delivered further operational progress and an improving financial performance, producing a fourth consecutive year of growth in revenue, adjusted earnings per share, free cash flow and dividends.

This performance, and the Group's broader financial position, continues to be underpinned by our robust business model, the attractive markets in which we operate, sound financial discipline, and improving operational momentum from the various *GAP* initiatives implemented over the last four years.

## GROUP FINANCIAL CHARACTERISTICS

In 2017, almost two-thirds of Informa's revenue could be classed as recurring and forward booked in nature, being generated through the sale of subscriptions to data intelligence products and scholarly journals, the sale of stand space at exhibitions and through multi-year sponsorship deals at our major confexes. This creates a good level of visibility and predictability, and a balanced mix of products and geographies across the portfolio.

As an increasingly international Group, currency movements impact our reported revenues and profits. With the majority of our revenues and profits generated in US Dollars or currencies pegged to the US Dollar, there is particular sensitivity to fluctuations in the US Dollar / UK Sterling exchange rate.

Operating internationally also means we make tax contributions in several countries. We continue to recognise the value of taxes to society and our broader stakeholders, and for funding the infrastructure that companies rely on. As a result, we remain committed to paying our taxes in full and on time, in compliance with the laws of countries in which we operate.

The level of Informa's financial obligations to its pension schemes remains limited and manageable relative to the size of the Group. We continue to meet our commitments to these schemes and their members, and our policy is to provide sufficient funding so that any deficits are addressed over a reasonable period and pension obligations to current and future pensioners are fulfilled. We have two UK defined benefit pension schemes plus another two US defined benefit schemes that came with the Penton acquisition, all of which are closed to future accrual.

Outside of Informa, we view the market for knowledge, business-to-business events and information services as an attractive one. The Group's focus on specialist vertical markets that are dynamic and growing provide the potential for continued growth and expansion.

## 2017 HIGHLIGHTS

Throughout the four years of *GAP*, we have focused our financial management and operations on maximising the generation of cash while remaining disciplined in our approach to funding and leverage. This provides stability and the flexibility to reinvest for growth, pursue accretive acquisitions and pay a progressive dividend to Shareholders, while meeting the Group's financing commitments.

Our improving financial performance in 2017 reflects the operational progress achieved under *GAP* and described in the Divisional Review, combined with favourable currency movements and strong returns from acquisitions. Over the year, these included the purchase of US-based international yachting exhibitions group YPI for net cash consideration of £111m, and the acquisition of specialist open access publisher Dove Medical Press for net cash consideration of £43m.

Financial highlights for the year include:

- Underlying revenue growth of +3.4% and reported revenue growth of +30.7%, reflecting the full year effect of the addition of Penton Information Services in November 2016;
- Underlying adjusted operating profit growth of +2.3% and reported growth in adjusted operating profit of +31.3%.
- Adjusted diluted EPS growth of +9.5% and reported EPS growth of +60.2%; and
- Strong operating cash conversion of 91%, and +31% growth in free cash flow to £400.9m.

The combination of strong cash generation and our balanced approach to funding led to a robust balance sheet at year-end, with net debt to EBITDA of 2.5 times, back within our target range of 2.0 to 2.5 times.

## 2018 FOCUS AND POSSIBILITIES

The operational and financial progress made through 2017 and throughout *GAP* has, we believe, laid the foundation for continued growth and scale in the future.

In January 2018, the Board of Informa announced a recommended offer for UBM plc, to create a leading B2B Information Services Group.

As detailed in the announcement of the offer on 30 January, the Enlarged Group will reap the immediate benefits of operating scale, with a target of at least £60m of annual recurring pre-tax cost synergies by the end of 2020. This is expected to result in attractive earnings accretion and a post-tax return on invested capital in excess of Informa's cost of capital within three full financial years of ownership.

The Enlarged Group is expected to generate annual free cash flow of approximately £600m based on pro-forma 2016 figures, with more than two-thirds of its revenue forward booked and predictable in nature.

The Offer for UBM will be funded through a mixture of cash and equity, with the cash element funded through a new acquisition facility. Leverage is expected to be around 3 times net debt to adjusted EBITDA on completion, returning below our target ceiling of 2.5 times net debt to adjusted EBITDA over time, a level the Board believes is broadly consistent with an investment grade profile.

## INCOME STATEMENT

In the final year of the *2014-2017 Growth Acceleration Plan*, we delivered a +30.7% increase in revenue to £1,758m and a +31.3% increase in Adjusted Operating Profit to £546m.

| | **Adjusted results 2017 £m** | **Adjusting items 2017 £m** | **Statutory result 2017 £m** | **Adjusted results 2016[1] £m** | **Adjusting items 2016[1] £m** | **Statutory result 2016[1] £m** |
|---|---|---|---|---|---|---|
| Revenue | **1,757.6** | – | **1,757.6** | 1,344.8 | – | 1,344.8 |
| Operating Profit/(loss) | **545.5** | **(200.2)** | **345.3** | 415.6 | (217.0) | 198.6 |
| Loss on disposal | – | **(17.4)** | **(17.4)** | - | (39.8) | (39.8) |
| Net finance costs | **(59.1)** | – | **(59.1)** | (39.6) | 58.9 | 19.3 |
| Profit/(loss) before tax | **486.4** | **(217.6)** | **268.8** | 376.0 | (197.9) | 178.1 |
| Tax(charge)/credit | **(103.1)** | **148.0** | **44.9** | (67.8) | 63.1 | (4.7) |
| Profit/(loss) for the year | **383.3** | **(69.6)** | **313.7** | 308.2 | (134.8) | 173.4 |
| Adjusted operating margin | **31.0%** | | | 30.9% | | |
| Adjusted diluted EPS | **46.1p** | | | 42.1p | | |

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016

## MEASUREMENT AND ADJUSTMENTS

In addition to the Statutory Results, Adjusted Results are prepared for the Income Statement, including Adjusted Operating Profit and Adjusted Diluted Earnings Per Share. The Board considers these non-GAAP measures as the most appropriate way to measure the Group's performance so it is comparable to the prior year. This is in line with similar adjusted measures used by our peers and facilitates comparisons. The Adjusting Items section provides a reconciliation between statutory operating profit and adjusted operating profit by Division. Adjusting items include recurring and non-recurring items.

Following the combination of Penton with Informa, we have adopted an approach where year-on-year growth from material acquisitions is included in the calculation of underlying growth from the first day of ownership, as if we had owned the business in the corresponding period in the previous year. This measure of Underlying Growth also strips out the impact of any events phasing during the relevant period, the impact of any disposals and the impact of foreign exchange movements.

Underlying Growth in 2017 reconciled to reported growth is as follows:

| | **2017 Underlying growth** | **Phasing and other items** | **Acquisitions and disposals** | **Currency change** | **2017 Reported growth** |
|---|---|---|---|---|---|
| Revenue | **3.4%** | **0.2%** | **21.4%** | **5.7%** | **30.7%** |
| Adjusted operating profit | **2.3%** | **(0.2%)** | **20.8%** | **8.4%** | **31.3%** |

## ADJUSTING ITEMS

The Adjusting Items below have been excluded from Adjusted Results. The total charge against Operating Profit for Adjusting Items was £200.2m in 2017 (2016: £217.0m) with amortisation of acquired intangible assets being the major element in both years.

| | 2017 £m | 2016[2] £m |
|---|---|---|
| Intangible amortisation and impairment: | | |
| Intangible asset amortisation[1] | **157.8** | 116.4 |
| Impairment of goodwill and intangibles | **5.6** | 67.7 |
| Acquisition and integration costs | **24.0** | 33.1 |
| Restructuring and reorganisation costs: | | |
| Redundancy and reorganisation costs | **6.7** | 5.6 |
| Vacant property costs | **6.2** | 1.6 |
| Re-measurement of contingent consideration | **(0.1)** | (7.4) |
| Adjusting items in operating profit | **200.2** | 217.0 |
| Loss on disposal of subsidiaries and operations | **17.4** | 39.8 |
| Investment income | **-** | (58.9) |
| Adjusting items in profit before tax | **217.6** | 197.9 |
| Tax related to adjusting items | **(62.6)** | (63.1) |
| Tax adjusting item for US federal tax reform | **(85.4)** | - |
| Adjusting items in profit for the year | **69.6** | 134.8 |

[1] Intangible asset amortisation is in respect of acquired intangibles and excludes amortisation of software and product development
[2]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016

Our proactive and targeted acquisition programme led to an increase in intangible asset amortisation, reflecting a full year of amortisation of Penton acquired intangibles. Amortisation relates to book lists and journal titles, acquired databases and customer and attendee relationships related to exhibitions and conferences. Intangible asset amortisation arising from software assets and product development is not treated as an Adjusting Item and is included as an ordinary cost within the calculation of Adjusted Operating Profit.

Acquisition and integration costs of £24.0m included costs relating to the integration of Penton Information Services totalling £17.9m.

In 2017 the £17.4m loss on disposal relates primarily to two Business Intelligence businesses, Biotechniques (acquired in 2001, a £19.2m loss) and Lloyd's List Australia (acquired in 1999, a £4.6m loss), as well as the Academic Publishing business, Garland Science US Book List (acquired 2004, a £7.5m loss). These losses were partly offset by the £15.5m profit on disposal of Euroforum, the German and Swiss conference business.

The following table provides a breakdown of Revenue, Operating Profit, Adjusting Items and Adjusted Operating Profit by Division:

| | AP £m | BI £m | GE £m | K&N £m | Total £m |
|---|---|---|---|---|---|
| **Revenue** | **530.0** | **384.2** | **560.4** | **283.0** | **1,757.6** |
| Underlying revenue growth | 2.0% | 2.2% | 7.6% | 0.1% | 3.4% |
| Reported revenue growth | 8.1% | 27.1% | 74.5% | 22.6% | 30.7% |
| **Statutory operating profit** | **154.1** | **47.8** | **126.2** | **17.2** | **345.3** |
| Add back: | | | | | |
| Intangible asset amortisation[1] | **50.1** | **24.0** | **66.7** | **17.0** | **157.8** |
| Impairment of goodwill and intangibles | **2.0** | **3.2** | **0.4** | – | **5.6** |
| Acquisition and integration costs | **1.5** | **10.2** | **6.7** | **5.6** | **24.0** |
| Restructuring and reorganisation costs | **0.3** | **7.0** | **1.2** | **4.4** | **12.9** |
| Subsequent re-measurement of contingent consideration | **-** | **-** | **0.2** | **(0.3)** | **(0.1)** |
| **Adjusted operating profit** | **208.0** | **92.2** | **201.4** | **43.9** | **545.5** |
| Underlying Adjusted operating profit growth | 0.7% | 6.2% | 6.5% | (13.3)% | 2.3% |

[1] Intangible asset amortisation is in respect of acquired intangibles, and excludes amortisation of software and product development

## NET FINANCE COSTS

Adjusted finance costs, consisting principally of interest costs on US private placement loan notes and bank borrowings, increased by £19.5m to £59.1m. This reflects the full-year effect of higher average debt levels following the acquisition of Penton in November 2016 and an increase in US LIBOR rates, plus a stronger average USD exchange rate in 2017 than in 2016.

## TAXATION

**Approach to Tax**

The taxes we pay are part of the economic benefit created for societies in which the business operates, and a fair and effective tax system is in the interests of tax-payers and society at large. The Group supports the adoption of international best practices and governance standards, and aims to comply with tax laws and regulations everywhere we do business. We have open and constructive working relationships with tax authorities worldwide and our approach balances the interests of stakeholders including shareholders, governments, colleagues and the communities in which we operate.

**Tax Contribution**

The Group's Total Tax Contribution ("TTC"), which comprises all material taxes paid out of profits and other material taxes generated by our businesses, was £208.4m in 2017 (2016: £183.2m). The UK element of our TTC was £89.5m (2016: £77.2m). The increase in worldwide TTC was due to an increase in corporation tax payments, particularly in the UK, and higher employment taxes paid out of profits and by colleagues. The increase in UK TTC reflects higher corporation tax payments, including £11.8m of payments related to a gain on a derivative forward contract relating to the acquisition of Penton.

**Tax Expense**

Our effective tax rate (ETR) reflects the blend of tax rates and profits in the Group's various jurisdictions, some with lower corporate tax rates than the UK. In 2017, the adjusted effective tax rate was 21.2% (2016: 18.0%).

The increase relates principally to changes to UK tax legislation, introduced from 1 January 2017, which reduced the tax benefit of certain internal financing structures. This new legislation led to approximately £8m of additional tax to pay for 2017. In addition, the mix effect of more profits being generated in the US following the addition of Penton Information Services and YPI, where the headline tax rate is higher, also pushed up the Group's overall effective tax rate.

**US Tax Reform**

In December 2017, the Tax Cuts and Jobs Act (US federal tax reform) was enacted in the US. In the 2017 financial accounts, this led to an £85.4m tax credit within the adjusting items in the Income Statement, taking the Group tax credit on Statutory Profit Before Tax ("PBT") to 16.7% (2016: Tax charge of 2.6%).

This credit reflects the revaluation of the Group's deferred tax assets (mainly relating to tax losses available in the US) and deferred tax liabilities (mainly relating to Informa's substantial intangible assets in the US) to reflect the future lower Federal tax rate enacted by the new legislation. This led to a net deferred tax credit of £101.1m. The balancing item to the £85.4m tax credit within adjusting items is a £15.7m charge to current and deferred tax, representing tax to be paid in respect of undistributed profits of non-US subsidiaries of our US group ("repatriation tax").

This tax credit has no impact on 2017 cash taxes. The current element of the repatriation tax, estimated at £9.2m, is expected to be paid in eight instalments commencing in 2018.

**Tax Payments**

During 2017, the Group paid £45.3m (2016: £43.3m) of corporation and similar taxes on profits, including £39.0m (2016: £24.2m) of UK Corporation Tax, which includes £11.8m of tax paid on a gain on a forward contract used to hedge the Penton acquisition. US tax payments were significantly reduced in 2017 largely due to the use of losses acquired with Penton in 2016 and tax deductions available from the write-off of loans in 2016. These deductions, as well as further benefits from acquired tax losses, will also reduce cash tax outflows in the US in 2018.

At the end of 2017 the deferred tax asset relating to US tax losses stood at £45.6m (2016: £90.6m), which is expected to be utilised within five years. The recognition of deferred tax assets relating to the acquisitions of Penton and YPI means that cash savings arising from US tax losses do not reduce the Adjusted Tax Rate.

The reconciliation of the adjusted tax charge to cash taxes paid is as follows:

| | 2017 £m | 2016 £m |
|---|---|---|
| Tax charge on Adjusted PBT per Consolidated Income Statement | **103.1** | 67.8 |
| Deferred tax | **(0.5)** | (8.0) |
| Use of US tax losses | **(21.6)** | - |
| Current tax deductions in respect of Adjusting Items | **(39.4)** | (35.5) |
| Taxes paid in relation to earlier years less 2017 (2016) taxes payable in later periods | **5.2** | 18.6 |
| Withholding and other tax payments | **(1.5)** | 0.4 |
| Taxes paid per Consolidated Cash Flow Statement | **45.3** | 43.3 |
| Less: tax relating to Penton acquisition forward contract | **(11.8)** | - |
| Taxes paid per Free Cash Flow | **33.5** | 43.3 |

The tax charge on Adjusted Profits is stated after the benefit of goodwill amortisation for tax purposes in the US and similar amounts elsewhere. There are £27.3m (2016: £19.5m) of current tax deductions which are taken on the amortisation of intangible assets. These are treated as Adjusting Items and are included in the current tax deductions in respect of Adjusting Items noted above. The use of tax losses in 2016 was negligible and was included in deferred taxes.

## RESTATEMENT OF 2016 RESULTS

Results for the year ended 31 December 2016 have been restated, after finalising the provisional amounts recognised in respect of two 2016 acquisitions and the fair value of the assets acquired and liabilities assumed: Penton Information Services, completed on 2 November 2016 and Light Reading LLC, completed on 13 July 2016. This has resulted in the following changes to the 2016 Adjusted Income Statement:

| 2016 Income Statement | Before restatement Adjusted results £m | Restatement £m | Restated Adjusted results £m |
|---|---|---|---|
| Revenue | 1,345.7 | (0.9) | 1,344.8 |
| Adjusted Operating Profit | 416.1 | (0.5) | 415.6 |
| Net finance costs | (39.6) | – | (39.6) |
| Adjusted Profit before tax | 376.5 | (0.5) | 376.0 |
| Tax (charge)/credit | (68.0) | 0.2 | (67.8) |
| Profit/(loss) for the year | 308.5 | (0.3) | 308.2 |
| Adjusted diluted EPS (pence) | 42.1p | | 42.1p |

Business segment results for the year ended 31 December 2016 have been restated to reflect the integration and allocation of Penton business units into the business segments of Business Intelligence, Global Exhibitions and Knowledge & Networking in 2017.

## EARNINGS PER SHARE

Basic and diluted adjusted earnings per share (EPS) calculated on the adjusted statutory profit for the year for equity shareholders of £380.9m (2016: £306.3m), resulted in adjusted Basic EPS of 46.3p (2016: 42.2p restated).

Adjusted diluted EPS of 46.1p was +9.5% ahead of 2016 (2016: 42.1p restated), principally reflecting the increase in adjusted profit before tax, partly offset by the full year effect of the increased average number of shares. This +13.5% increase reflects the full year effect of the rights issue in November 2016, which partly funded the acquisition of the Penton Information Services, with 162.2m of new shares placed with institutional investors and 12.8m of shares issued to the vendors of Penton.

| | 2017 £m | 2016 £m |
|---|---|---|
| Adjusted Profit for the year | **383.3** | 308.2 |
| Non-controlling interests | **(2.4)** | (1.9) |
| Adjusted earnings | **380.9** | 306.3 |
| Weighted average number of shares used in diluted EPS (m) | **826.1** | 727.8 |
| Adjusted Diluted EPS (pence) | **46.1p** | 42.1p |

## DIVIDENDS

£164.0m (2016: £134.5m) dividends were paid in 2017, comprising £162.0m of dividends to external shareholders and £2.0m dividends paid to non-controlling interests.

In its dividend policy the Group aims to achieve a balance between sufficiently rewarding shareholders and retaining the financial strength and flexibility to allow the Group to consistently invest and pursue growth. The Group made a specific commitment through the period of *GAP* to increase the dividend consistently each year, initially at a minimum of 2% per annum, increasing to a minimum of 4% per annum in February 2016, and to at least 6% for 2017 in July 2017.

As outlined in the Operational Review, the Board has proposed a final dividend of 13.80p per share (2016: 13.04p per share). Subject to shareholder approval at the AGM, the final dividend will be paid on 1 June 2018 to ordinary shareholders registered as at the close of business on 20 April 2018. This will result in total dividends for the year of 20.45p per share (2016: 19.30p) representing a 6.0% year-on-year increase. The growth in earnings in 2017 means dividend cover against adjusted earnings was 2.3 times (2016: 2.2 times).

## TRANSLATION IMPACT

The Group's strategy to build its presence in North America has increased its exposure to US Dollar revenues and costs. In 2017 the Group received approximately 65% (2016: 59%) of its revenues and incurred approximately 55% (2016: 48%) of its costs in USD or currencies pegged to USD. Each 1 cent ($0.01) movement in the USD to GBP exchange rate, based on the 31 December 2017 closing rate, has a circa £8.5m (2016: £6.5m) impact on annual revenue and a circa £3.5m (2016: £2.9m) impact on annual adjusted operating profit and a circa 0.3p (2016: 0.3p) impact on full year adjusted diluted EPS.

The following US dollar rates versus GBP were applied during the year:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | **Closing rate** | **Average rate** | **Closing Rate** | **Average rate** |
| USD | **1.35** | **1.29** | 1.23 | 1.36 |

For debt covenant testing purposes and for calculating Informa's leverage, both profit and net debt are translated using the average rate of exchange throughout the relevant year.

## FREE CASH FLOW

Cash flow generation remains one of the Group's priorities, providing the funds and flexibility for future investment. The following table shows the Adjusted Operating Profit and Free Cash Flow reconciled to movements in Net Debt. Free Cash Flow is our key financial measure of cash generation and represents the cash flow generated by the business before cash flows relating to acquisitions and disposals and their related costs, dividends and any new equity issuance or purchases.

| | **2017 £m** | **2016 £m** |
|---|---|---|
| **Adjusted operating profit** | **545.5** | 415.6 |
| Depreciation of property and equipment | **9.2** | 6.5 |
| Software and product development amortisation | **24.8** | 14.2 |
| Share-based payments | **5.4** | 3.9 |
| Loss on disposal of other assets | **-** | 0.1 |
| Adjusted share of joint venture and associate results | **-** | (0.8) |
| **Adjusted EBITDA** | **584.9** | 439.5 |
| Net capital expenditure | **(79.0)** | (52.0) |
| Working capital movement [1] | **(11.1)** | 6.3 |
| **Operating cash flow** | **494.8** | 393.8 |
| Restructuring and reorganisation | **(8.6)** | (9.8) |
| Net interest | **(51.8)** | (35.0) |
| Taxation[2] | **(33.5)** | (43.3) |
| **Free cash flow** | **400.9** | 305.7 |

**1** Working Capital movement above excludes movement on restructuring, reorganisation, acquisition and integration accruals

**2** Tax payment for 2017 excludes £11.8m of tax relating to adjusting item for Penton derivative forward contract gain of £58.9m

Our focus on cash generation led to another year of strong cash conversion in 2017, with Operating Cash Flow of £494.8m equating to 91% of Adjusted Operating Profit (2016: 95%). This is calculated by dividing the Operating Cash Flow (£494.8m) by the Adjusted Operating Profit (£545.5m).

In the final year of GAP, net capital expenditure was £79.0m (2016: £52.0m) which is equivalent to 4.5% of 2017 revenue. In 2018, net capital expenditure is expected to be in the range of 3% to 5% of revenue, as previously communicated.

The working capital outflow of £11.1m in 2017 largely relates to timing differences, partly relating to billings for certain events in the Middle East in Global Exhibitions and partly to subscription journal receipts in Academic Publishing.

Net Interest paid increased by £16.8m principally due to the full-year effect of increased borrowings arising from the addition of Penton.

In 2017, the Group paid £33.5m (2016: £43.3m) of corporation and similar taxes on profits, together with £11.8m of tax related to the gain on the derivative forward contract associated with the Penton acquisition.

The following table reconciles net cash inflow from operating activities, as shown in the Consolidated Cash Flow Statement, to Free Cash Flow:

| | 2017<br>£m | 2016<br>£m |
|---|---|---|
| **Net cash inflow from operating activities** | **433.9** | 336.3 |
| Interest received | **0.2** | 0.6 |
| Purchase of property and equipment | **(14.7)** | (4.6) |
| Proceeds on disposal of property and equipment | **1.0** | 0.6 |
| Purchase of intangible software assets | **(52.2)** | (36.5) |
| Product development cost additions | **(13.1)** | (11.5) |
| Add back: Acquisition and integration costs paid | **34.0** | 20.8 |
| Add back: Tax paid on Penton acquisition-related derivative forward contract | **11.8** | - |
| **Free Cash Flow** | **400.9** | 305.7 |

The following table reconciles net cash inflow from operating activities, as shown in the Consolidated Cash Flow Statement, to Operating Cash Flow shown in the Free Cash Flow table above:

| | 2017<br>£m | 2016<br>£m |
|---|---|---|
| **Net cash inflow from operating activities** | **433.9** | 336.3 |
| Add back: | | |
| - Income tax paid before item below | **33.5** | 43.3 |
| - Income tax paid related to Penton acquisition-related gain on derivative forward contract | **11.8** | - |
| - Interest paid | **52.0** | 35.6 |
| **Cash generated by operations** | **531.2** | 415.2 |
| Add back: | | |
| Acquisition & integration costs paid | **34.0** | 20.8 |
| Restructuring & reorganisation costs paid | **8.6** | 9.8 |
| Capex paid | **(79.0)** | (52.0) |
| **Operating cash flow** | **494.8** | 393.8 |
| Adjusted operating profit | **545.5** | 415.6 |
| **Operating cash conversion** | **90.7%** | 94.8% |

## NET DEBT

We continue to target a ratio of net debt to EBITDA in the range of 2.0 to 2.5 times, with the potential to go up to around 3 times in the short-term for an acquisition. As at 31 December 2017, net debt had decreased year-on-year by £112.3m to £1,373.1m. This included a foreign exchange benefit of £129.1m, primarily associated with the US dollar weakening by 9.7% against GBP Sterling, with a closing rate at 31 December 2017 of 1.35 compared to 1.23 at 31 December 2016.

| | 2017<br>£m | 2016<br>£m |
|---|---|---|
| **Free cash flow** | **400.9** | 305.7 |
| Acquisitions and disposals | **(250.6)** | (1,313.1) |
| Equity Rights Issue net proceeds | - | 701.5 |
| Dividends paid | **(164.0)** | (134.5) |
| Shares acquired | **(0.9)** | (1.0) |
| **Net funds flow** | **(14.6)** | (441.4) |
| Non-cash movements | **(2.2)** | (2.7) |
| Foreign exchange | **129.1** | (146.0) |
| Net debt at 1 January | **(1,485.4)** | (895.3) |
| **Closing net debt** | **(1,373.1)** | (1,485.4) |

The GAP focus on retaining a robust and flexible financing framework led to a number of developments in our funding structure during 2017. On 25 January 2017, the Group issued USD 500m of private placement loan notes, with maturities of six years (USD 55m), eight years (USD 80m) and ten years (USD 365m), at an average interest rate of 3.6%. In March 2017, the Group arranged a new USD 400m Term Loan Facility, with a maturity of up to 12 months, refinancing the Acquisition Facility that was used to fund the Penton acquisition on more favourable terms. The Group also repaid private placement loan notes of USD 102m, Euro 50m and £40m that matured in December 2017. Finally, in November 2017, the Group agreed to issue USD 400m of new private placement loan notes which were issued on 4 January 2018 with maturities of 7 years (USD 200m) and 10 years (USD 200m) at an average interest rate of 4.0%.

These actions have increased the Group's overall debt capacity and extended the average maturity, providing long-term visibility and flexibility on financing. At 31 December 2017, the Group had £1.9bn of committed facilities, (£2.2bn at 31 December 2016) of which £0.6bn was undrawn (2016: £0.7bn).

| | 31 December 2017<br>£m | 31 December 2016<br>£m |
|---|---|---|
| Cash at bank and in hand | **(54.9)** | (49.6) |
| Bank overdraft | **6.7** | 9.4 |
| Loans receivable | **-** | (0.2) |
| Private placement loan notes | **841.0** | 682.2 |
| Private placement fees | **(1.6)** | (1.5) |
| Bank borrowings – Revolving Credit Facility | **287.6** | 300.2 |
| Bank borrowings – Term Loan Facility | **296.3** | - |
| Bank borrowings – Acquisition Facility | **-** | 548.6 |
| Bank loan fees | **(2.0)** | (3.7) |
| **Net debt** | **1,373.1** | 1,485.4 |
| | | |
| Undrawn portion of Revolving credit facility | **567.4** | 599.8 |
| Undrawn Term facilities agreement | **-** | 150.0 |
| **Unutilised committed facilities** | **567.4** | 749.8 |
| **Total committed facilities** | **1,940.5** | 2,235.2 |

The principal financial covenant ratios under the private placement loan notes and Revolving Credit Facility are maximum net debt to EBITDA of 3.5 times and a minimum EBITDA to interest cover of 4.0 times, tested semi-annually. At the 31 December 2017, the ratio of net debt to EBITDA was 2.5 times (31 December 2016: 2.6 times), calculated according to our facility agreements (using average exchange rates and including a full year's trading for acquisitions). The ratio of EBITDA to net interest payable was 9.8 times (at 31 December 2016: 11.0 times).

## PENSIONS

The Group continues to meet all commitments to its pension schemes, which consist of four defined benefit schemes that are closed to future accrual.

At 31 December 2017, the Group had a net pension liability of £17.8m (2016: £27.6m), net of £5.8m of deferred tax. This remains manageable and relatively immaterial compared to the size of our balance sheet. The reduction in the net deficit during 2017 principally reflects the gain on pension assets through the period more than offsetting an increase in pension labilities relating to the reduction in discount rate, with the rate reducing by 20bps year-on-year to 2.4% for UK schemes and by 40bps to 3.3% for US schemes. There were no employer cash contributions paid in 2017 and in 2018, we estimate total payments will be approximately £3.3m.

## CORPORATE DEVELOPMENT

The Group continued to pursue a disciplined and targeted acquisition strategy during 2017, adding several businesses to the portfolio. Total net expenditure on acquisitions and disposals was £250.6m (2016: £1,313.1m).

As part of our disciplined approach, potential acquisition opportunities are assessed on a case-by-case basis against a broad set of financial and strategic criteria. For bolt-on additions, we target a post-tax return on invested capital in excess of the Group's weighted average cost of capital in the first full year of ownership, as well as immediate earnings accretion. For certain strategic acquisitions, the Group will take a longer-term view on these metrics, to allow time for full integration of the acquired business, coupled with additional investment to maximise long-term returns.

The Group also continually reassesses the mix and focus of the Group, scrutinising if it remains the best owner of businesses or whether better returns could be achieved through a sale. In 2017, this led to the sale of the Euroforum conference businesses in Germany and Switzerland, as well as the sale of lower level textbook publisher, Garland.

The largest acquisition during the year was Yachting Promotions, Inc (YPI) which was purchased for £111.1m, net of cash acquired of £0.6m. YPI is the operator of some of the largest international yachting and boat events in the US. We acquired 100% of the issued share capital of YPI on 14 March 2017, and the business has integrated into the Global Exhibitions segment. On 29 December 2017, the Group sold a stake in YPI to the Principality of Monaco, expanding and strengthening its existing partnership on the Monaco Yacht Show.

The other main addition through 2017 was the purchase of 100% of the issued share capital of Dove Medical Press Limited, an open access journals business, on 26 September 2017 for net cash consideration of £43.0m. This business forms part of the Academic Publishing Division.

## NEW ACCOUNTING STANDARDS

For a description of the expected impact from adopting new accounting standards which have been issued but are not yet effective. To briefly review three of these standards:

For IFRS 9 *Financial Instruments,* which is effective for the 2018 financial year, the Group does not expect any material change to the Income Statement or Balance Sheet of the Group.

For IFRS 15 *Revenue from Contracts with Customers,* which is effective for the 2018 financial year, the Group does not expect there to be any material change to the Income Statement or Balance Sheet of the Group, except for a reclassification in the Balance Sheet of approximately £70m of deferred income against trade receivables, for amounts that have been invoiced and where services have not yet been provided and amounts are not yet due.

For IFRS 16 *Leases,* effective for the 2019 financial year, the Group is in the process of assessing the full impact of this new standard.

# Appendix

## OPERATING SCALE AND INDUSTRY SPECIALISATION: RECOMMENDED OFFER FOR UBM

On 30 January, the Boards of Informa PLC and UBM plc confirmed the creation of a leading B2B Information Services Group through the recommended offer for UBM by Informa.

Informa believes that the Enlarged Group will benefit from the trend towards increased **Operating Scale** and **Industry Specialisation** in the global **B2B Information Services** market. It will build on the respective strengths of Informa and UBM to meet growing customer demand for brands and partners with international reach, specialist industry knowledge and an increasingly wide range of **B2B Information Services** that incorporate face-to-face platforms and events, data analytics, targeted marketing services and trusted, reliable intelligence and research.

Informa believes that the immediate benefits of **Operating Scale** will generate significant operating synergies, including at least £60m of annual recurring pre-tax cost savings, with around £50m to be delivered in the 2019 financial year. These synergies arise from scale efficiencies and a reduction of duplicate costs. The realisation of these recurring synergies is expected to lead to one-off cash costs of approximately £80m.

The Enlarged Group will also benefit from recent changes to US tax legislation through The Tax Cuts and Jobs Act of 2017. The Effective Tax Rate for the Enlarged Group is expect to be around 19% in 2018 on a pro-forma basis, and a similar level in 2019 and 2020, with the cash tax rate slightly lower.

Informa expects that the Offer will result in:

- **Attractive earnings accretion…** positive earnings enhancement in the first full financial year following the Effective Date based on Informa's adjusted earnings per share;
- **Positive returns**… a post-tax return on invested capital in excess of Informa's cost of capital within three full financial years of ownership;
- **Predictable revenue**… more than two-thirds of the Enlarged Group's revenue will be forward booked and predictable, being generated from exhibitions, subscriptions and pre-booked sponsorship;
- **Cashflow strength**… approximately £600m of annual free cash flow (on a pro forma basis for 2016); and
- **Revenue growth**…attractive incremental revenue synergy opportunities. (*NB Revenue synergies have not been quantified for reporting purposes under the UK Takeover Code.*)

**Creating a Leading B2B Information Services Group**

The Enlarged Group will be well-placed to build on the success of Informa's *Growth Acceleration Plan* ("***GAP***") and UBM's *Events First* strategy. Based on results to 31 December 2016, the Enlarged Group has pro-forma revenues of around £2.6bn and adjusted operating profit of around £800m.

By establishing the Enlarged Group as a unified business with speed and purpose, Informa expects to be able to gain the benefits of **Operating Scale**, while preparing for the wider benefits of **Industry Specialisation**.

**Benefits of Operating Scale**

- **Revenue growth…** creates a scale growth business within attractive growth markets; near-term revenue opportunities through cross-marketing, internationalisation, comprehensive marketing solutions, digitalisation, sponsorship and customer value initiatives, as well as longer-term potential growth acceleration through increased **Industry Specialisation**;
- **Global reach…**highly complementary geographic fit provides broader based growth and market opportunities with a significant proportion of revenue from faster growth economies, including positions in the major markets of the United States, China, Middle East, ASEAN, South America and India;
- **Quality of earnings…**increased scale and international breadth provides resilience and balance, as well as greater predictability with a high proportion of revenue from forward booked and recurring revenue streams;
- **Cashflow strength…**both businesses benefit from attractive profitability and cash conversion, leading to consistently strong free cash flow. This provides flexibility and funds for progressive shareholder returns, continued investment in growth and maintaining balance sheet strength;

- **B2B events strength…**depth and breadth in major events markets of the United States, China, Middle East, South America and India, and strong vertical positions including *Health & Nutrition, Life Sciences, Pharma & Biotech* and *Technology*;
- **Operational excellence…**world class in-market talent and extensive operating experience focusing on operational fitness and performance across both the Informa and UBM portfolios;
- **Technology innovation…**increased operating and financial scale facilitating greater levels of product and platform innovation; and
- **Operating synergies…**swift and smooth integration to generate at least £60m of annual recurring pre-tax cost savings across the Enlarged Group through scale efficiencies and the removal of cost duplication.

Over time, Informa expects that the creation of the Enlarged Group will enable it to capture the wider benefits of **Industry Specialisation** in B2B Information Services, accelerating the shift to a more customer-led operating model built around the strengths of the Enlarged Group's emerging positions in key industry verticals and a broad set of powerful B2B capabilities.

**Benefits of Industry Specialisation**

- **Industry strength and depth…**international reach and depth in more than 15 targeted industry verticals, providing professional networks and communities with subscription-based products, high quality branded confexes, scale exhibitions, specialist lead generation and content;
- **Customer strength…**deeper, more strategic customer relationships across multiple B2B channels and services;
- **Data and Marketing Solutions…**growth opportunity in specialist B2B Marketing providing targeted lead generation products, including specialist B2B data and insight; and
- **Verticalisation…**gradual shift to customer-led, vertically-oriented operating model, becoming a growth-enabler in key industries.

***The Accelerated Integration Plan* (“*AIP*”)**

It is Informa's ambition to move with pace and purpose to create a unified business by the end of 2018.

This will be achieved through ***The Accelerated Integration Plan*** ("***AIP***"), a detailed programme that follows a similar approach to the integration of Penton Information Services, designed to minimise disruption to customers, maintain operational momentum, and create opportunities for all colleagues from Informa and UBM.

***Guiding Principles***

1. ***Simplicity and Speed – Management and leadership***

   Patrick Martell, the Chief Executive of Informa's **Business Intelligence** Division, will additionally take over from Tim Cobbold as Chief Executive of the UBM operating unit to lead the AIP from the Effective Date through to a target date for the completion of market-facing commercial integration of 31 December 2018. With this approach, Informa will be replicating the process and structure it adopted during the effective integration of Penton Information Services.

   Reporting directly to Stephen A. Carter, Patrick will work closely with Charlie McCurdy, Chief Executive of Informa's **Global Exhibitions** Division, Andrew Mullins, Chief Executive of Informa's **Knowledge & Networking** Division, and Senior Operating Management from UBM to develop the Enlarged Group's operating model and management structure.

2. ***Business First - Minimise disruption***

   It is Informa's view, that at the brand, market and operating level, UBM has strong leadership with well-established customer relationships and deep expertise within its numerous vertical-focused businesses. The *AIP* will seek to minimise any disruption to these brand and event teams, providing strong ongoing support to allow them to focus on continued delivery and growth.

3. ***Leaning into Strength - Operating approach by region***

   In **Asia**, where UBM has a leading business, the combination will be approached in a way that reflects its established position in the region and the strength and experience of its Asian management team. This team will join forces with Informa's brands, leaders and important joint venture partners to drive its continued expansion and growth in the region.

In the **Americas**, where UBM and Informa have highly complementary businesses, the operating structure will reflect the Enlarged Group's depth in industry verticals. Similarly, in **Europe**, operations will be merged and streamlined.

In the **Middle East & Africa**, Informa has an established business with an experienced management team, who will welcome UBM's operations into its existing structure.

4. ***Stability and Continuity - No changes to shared service centres***

   The *AIP* is focused on streamlining the two businesses with minimal disruption. To this end, there are no plans to make any changes to the shared service centre structure of either UBM or Informa. This includes UBM's shared service centres in Kent, Long Island and Hong Kong, as well as Informa's shared service centres in Colchester, Cleveland, Sarasota and Singapore.

5. ***Efficiency First - Maximise the benefits of scale***

   The *AIP* will quickly target potential areas of savings arising from scale efficiencies, including in relation to venues, general contractors, consultancies, travel, IT services, property, insurance, marketing and governance.

6. ***Efficiency First - Duplication of resources***

   There will be some overlap between the two businesses in corporate overhead, and divisional and operating management. The *AIP* is designed to identify the optimal combination of people and resources, providing clarity for colleagues quickly. The approach will be one of minimising duplication and maximising simplicity.

7. ***Focused-Scale - Growth in verticals and specialisation***

   The Enlarged Group will have a range of focused scale positions across more than 15 key industry verticals, some well-developed and others emerging. For example, in *Health & Nutrition* there will be an immediate benefit by combining the strengths of Informa's fully integrated market-facing business, the **Global Health & Nutrition Network**, with those of UBM's successful Food Ingredients team. This will further expand the Enlarged Group's presence in this attractive international vertical.

   The Enlarged Group will have the opportunity to build similar market-focused businesses in a number of other verticals where it will have focused scale and depth of expertise. This includes *Life Sciences, Pharma & Biotech*, and *Technology*.

8. ***Customer First - Revenue opportunities***

   The *AIP* will pursue attractive short and medium-term revenue opportunities through its 6-Step Revenue Growth Plan:

   1. **Cross-Marketing…**Use the combined customer, subscriber and visitor databases and focused-scale in verticals to offer a broader array of B2B products and services to a broader array of domestic and international customers.
   2. **Internationalisation…**Leverage the Enlarged Group's expanded presence and portfolio of brands across international markets to drive sales syndication, geo-cloning and brand extension.
   3. **Comprehensive Data and Marketing Solutions…**Use the increased breadth and depth of the Enlarged Group's vertical portfolios and specialist data and market capabilities to bundle products for customers, providing a comprehensive and effective solution for reaching their customers.
   4. **Digitisation…**Deploy the Enlarged Group's digital platforms and data enrichment capabilities, including Informa's Markit Makr platform, across the expanded events portfolio to deliver targeted lead generation for exhibitors and increase visitor engagement both before and after events.
   5. **Sponsorship…**Leverage the Enlarged Group's proven expertise and capability in developing innovative and bespoke sponsorship opportunities across the expanded events portfolio.
   6. **Customer Value Initiatives…**Apply established customer value programmes across the combined events portfolio.

**Note: This Appendix is an extract from the announcement dated 30 January 2018 by the Boards of Informa PLC and UBM plc with respect to the recommended offer for UBM by Informa. A full copy of the announcement is available at www.informa.com**

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

| | Notes | Adjusted results 2017 £m | Adjusting items 2017 £m | Statutory results 2017 £m | Adjusted results 2016 (restated)[1] £m | Adjusting items 2016 (restated)[1] £m | Statutory results 2016 (restated)[1] £m |
|---|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | | |
| **Revenue** | | **1,757.6** | **-** | **1,757.6** | 1,344.8 | - | 1,344.8 |
| Net operating expenses | | **(1,212.1)** | **(200.2)** | **(1,412.3)** | (930.0) | (217.0) | (1,147.0) |
| **Operating profit/(loss) before joint ventures and associates** | | **545.5** | **(200.2)** | **345.3** | 414.8 | (217.0) | 197.8 |
| Share of results of joint ventures and associates | | **-** | **-** | **-** | 0.8 | - | 0.8 |
| **Operating profit/(loss)** | | **545.5** | **(200.2)** | **345.3** | 415.6 | (217.0) | 198.6 |
| Loss on disposal of subsidiaries and operations | 16 | **-** | **(17.4)** | **(17.4)** | - | (39.8) | (39.8) |
| Investment income | 7 | **0.2** | **-** | **0.2** | 0.6 | 58.9 | 59.5 |
| Finance costs | 8 | **(59.3)** | **-** | **(59.3)** | (40.2) | - | (40.2) |
| **Profit/(loss) before tax** | | **486.4** | **(217.6)** | **268.8** | 376.0 | (197.9) | 178.1 |
| Tax (charge)/credit | 9 | **(103.1)** | **148.0** | **44.9** | (67.8) | 63.1 | (4.7) |
| **Profit/(loss) for the year** | | **383.3** | **(69.6)** | **313.7** | 308.2 | (134.8) | 173.4 |
| | | | | | | | |
| **Attributable to:** | | | | | | | |
| – Equity holders of the Company | | **380.9** | **(69.6)** | **311.3** | 306.3 | (134.8) | 171.5 |
| – Non-controlling interests | | **2.4** | **-** | **2.4** | 1.9 | - | 1.9 |
| | | | | | | | |
| **Earnings per share** | | | | | | | |
| – Basic (p) | 11 | **46.3** | | **37.8** | 42.2 | | 23.6 |
| – Diluted (p) | 11 | **46.1** | | **37.7** | 42.1 | | 23.6 |

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2017<br>£m | 2016<br>(restated)[1]<br>£m |
|---|---|---|
| **Profit for the year** | **313.7** | 173.4 |
| | | |
| **Items that will not be reclassified subsequently to profit or loss:** | | |
| Actuarial gain/(loss) on defined benefit pension schemes | **14.2** | (14.3) |
| Tax relating to items that will not be reclassified to profit or loss | **(4.2)** | 2.0 |
| **Total items that will not be reclassified subsequently to profit or loss** | **10.0** | (12.3) |
| | | |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| Recycling of exchange gains arising on disposal of foreign operations | **(3.7)** | - |
| Exchange (loss)/gain on translation of foreign operations | **(183.5)** | 270.2 |
| Exchange gain/(loss) on net investment hedge debt | **56.7** | (162.2) |
| **Total items that may be reclassified subsequently to profit or loss** | **(130.5)** | 108.0 |
| **Other comprehensive (expense)/income for the year** | **(120.5)** | 95.7 |
| **Total comprehensive income for the year** | **193.2** | 269.1 |
| | | |
| Total comprehensive income attributable to: | | |
| – Equity holders of the Company | **190.8** | 267.4 |
| – Non-controlling interests | **2.4** | 1.7 |

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

| | Share capital £m | Share premium account £m | Translation reserve £m | Other reserves £m | Retained earnings[1] £m | Total[1] £m | Non-controlling interest £m | Total equity[1] £m |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2016** | 0.6 | 204.0 | (34.2) | (1,652.8) | 2,748.4 | 1,266.0 | 2.1 | 1,268.1 |
| Profit for the year | - | - | - | - | 171.5 | 171.5 | 1.9 | 173.4 |
| Exchange gain on translation of foreign operations | - | - | 270.4 | - | - | 270.4 | (0.2) | 270.2 |
| Exchange loss on net investment hedge debt | - | - | (162.2) | - | - | (162.2) | - | (162.2) |
| Actuarial loss on defined benefit pension schemes | - | - | - | - | (14.3) | (14.3) | - | (14.3) |
| Tax relating to components of other comprehensive income | - | - | - | - | 2.0 | 2.0 | - | 2.0 |
| **Total comprehensive income for the year** | - | - | 108.2 | - | 159.2 | 267.4 | 1.7 | 269.1 |
| Dividends to shareholders (Note 10) | - | - | - | - | (131.9) | (131.9) | - | (131.9) |
| Dividends to non-controlling interests | - | - | - | - | - | - | (2.6) | (2.6) |
| Shares issued | 0.2 | 701.3 | - | 82.2 | - | 783.7 | - | 783.7 |
| Share award expense | - | - | - | 3.9 | - | 3.9 | - | 3.9 |
| Own shares purchased | - | - | - | (1.0) | - | (1.0) | - | (1.0) |
| Transfer of vested LTIPs | - | - | - | (1.6) | 1.6 | - | - | - |
| Put Option on acquisition of non-controlling interests (NCI) | - | - | - | (1.5) | - | (1.5) | - | (1.5) |
| **At 1 January 2017** | 0.8 | 905.3 | 74.0 | (1,570.8) | 2,777.3 | 2,186.6 | 1.2 | 2,187.8 |
| Profit for the year | **-** | **-** | **-** | **-** | **311.3** | **311.3** | **2.4** | **313.7** |
| Recycling of exchange gains arising on disposal of foreign operations | **-** | **-** | **(3.7)** | **-** | **-** | **(3.7)** | **-** | **(3.7)** |
| Exchange loss on translation of foreign operations | **-** | **-** | **(183.5)** | **-** | **-** | **(183.5)** | **-** | **(183.5)** |
| Exchange gain on net investment hedge debt | **-** | **-** | **56.7** | **-** | **-** | **56.7** | **-** | **56.7** |
| Actuarial gain on defined benefit pension schemes | **-** | **-** | **-** | **-** | **14.2** | **14.2** | **-** | **14.2** |
| Tax relating to components of other comprehensive income | **-** | **-** | **-** | **-** | **(4.2)** | **(4.2)** | **-** | **(4.2)** |
| **Total comprehensive income for the year** | **-** | **-** | **(130.5)** | **-** | **321.3** | **190.8** | **2.4** | **193.2** |
| Dividends to shareholders (Note 10) | **-** | **-** | **-** | **-** | **(162.2)** | **(162.2)** | **-** | **(162.2)** |
| Dividends to non-controlling interests | **-** | **-** | **-** | **-** | **-** | **-** | **(2.0)** | **(2.0)** |
| Share award expense | **-** | **-** | **-** | **5.4** | **-** | **5.4** | **-** | **5.4** |
| Own shares purchased | **-** | **-** | **-** | **(0.9)** | **-** | **(0.9)** | **-** | **(0.9)** |
| Transfer of vested LTIPs | **-** | **-** | **-** | **(2.1)** | **2.1** | **-** | **-** | **-** |
| NCI arising from purchase of subsidiary | **-** | **-** | **-** | **-** | **-** | **-** | **(1.1)** | **(1.1)** |
| Adjustment to NCI arising from exercise of put option | **-** | **-** | **-** | **0.1** | **-** | **0.1** | **-** | **0.1** |
| NCI adjustment arising from disposal | **-** | **-** | **-** | **(0.4)** | **-** | **(0.4)** | **10.8** | **10.4** |
| **At 31 December 2017** | **0.8** | **905.3** | **(56.5)** | **(1,568.7)** | **2,938.5** | **2,219.4** | **11.3** | **2,230.7** |

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 3).

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

| | Notes | 2017 £m | 2016 (restated)[1] £m |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | | **2,608.2** | 2,699.5 |
| Other intangible assets | | **1,701.4** | 1,802.1 |
| Property and equipment | | **31.8** | 24.1 |
| Investments in joint ventures and associate | | **1.5** | 1.5 |
| Other investments | | **4.6** | 1.6 |
| Deferred tax assets | | **9.0** | 13.0 |
| Other receivables | | **0.1** | 0.5 |
| | | **4,356.6** | 4,542.3 |
| **Current assets** | | | |
| Inventory | | **54.1** | 52.4 |
| Trade and other receivables | | **401.1** | 356.2 |
| Current tax asset | | **25.4** | 31.1 |
| Cash at bank and in hand | | **54.9** | 49.6 |
| | | **535.5** | 489.3 |
| **Total assets** | | **4,892.1** | 5,031.6 |
| **Current liabilities** | | | |
| Borrowings | 14 | **(303.0)** | (174.9) |
| Current tax liabilities | | **(30.5)** | (30.0) |
| Provisions | | **(25.1)** | (34.4) |
| Trade and other payables | | **(297.2)** | (246.5) |
| Deferred income | | **(534.6)** | (563.0) |
| | | **(1,190.4)** | (1,048.8) |
| **Non-current liabilities** | | | |
| Borrowings | 14 | **(1,125.0)** | (1,360.3) |
| Deferred tax liabilities | | **(251.6)** | (349.0) |
| Retirement benefit obligation | | **(23.6)** | (38.0) |
| Provisions | | **(33.0)** | (11.8) |
| Non-current tax liabilities | | **(11.1)** | (8.3) |
| Trade and other payables | | **(26.7)** | (27.6) |
| | | **(1,471.0)** | (1,795.0) |
| **Total liabilities** | | **(2,661.4)** | (2,843.8) |
| **Net assets** | | **2,230.7** | 2,187.8 |
| **Equity** | | | |
| Share capital | 12 | **0.8** | 0.8 |
| Share premium account | | **905.3** | 905.3 |
| Translation reserve | | **(56.5)** | 74.0 |
| Other reserves | | **(1,568.7)** | (1,570.8) |
| Retained earnings | | **2,938.5** | 2,777.3 |
| Equity attributable to equity holders of the parent | | **2,219.4** | 2,186.6 |
| Non-controlling interest | | **11.3** | 1.2 |
| **Total equity** | | **2,230.7** | 2,187.8 |

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 3)

These financial statements were approved by the Board of Directors on 27 February 2018 and were signed on its behalf by:

**STEPHEN A. CARTER CBE**
Group Chief Executive

**GARETH WRIGHT**
Group Finance Director

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2017 £m | 2016 £m |
|---|---|---|
| **Operating activities** | | |
| Cash generated by operations | **531.2** | 415.2 |
| Income taxes paid | **(45.3)** | (43.3) |
| Interest paid | **(52.0)** | (35.6) |
| **Net cash inflow from operating activities** | **433.9** | 336.3 |
| **Investing activities** | | |
| Interest received | **0.2** | 0.6 |
| Purchase of property and equipment | **(14.7)** | (4.6) |
| Proceeds on disposal of property and equipment | **1.0** | 0.6 |
| Purchase of intangible software assets | **(52.2)** | (36.5) |
| Product development costs additions | **(13.1)** | (11.5) |
| Purchase of intangibles related to titles, brands and customer relationships | **(30.7)** | (54.5) |
| Proceeds on disposal of other intangible assets | **5.2** | 1.6 |
| Acquisition of subsidiaries and operations, net of cash acquired | **(193.2)** | (1,294.2) |
| Acquisition of investment | **(0.5)** | - |
| Cash inflow/(outflow) on disposal of subsidiaries and operations | **14.4** | (4.1) |
| **Net cash outflow from investing activities** | **(283.6)** | (1,402.6) |
| **Financing activities** | | |
| Dividends paid to shareholders | **(162.0)** | (131.9) |
| Dividends paid to non-controlling interests | **(2.0)** | (2.6) |
| Proceeds from acquisition-related derivative forward contract | **-** | 58.9 |
| Repayment of loans | **(1,292.1)** | (1,455.9) |
| New loan advances | **1,070.8** | 1,888.9 |
| Repayment of private placement borrowings | **(159.7)** | - |
| New private placement borrowings | **406.4** | - |
| Borrowing fees paid | **(0.7)** | (2.1) |
| Cash inflow on other loans | **0.2** | 0.2 |
| Rights Issue net proceeds | **-** | 701.5 |
| Cash outflow from the purchase of own share capital | **(0.9)** | (1.0) |
| **Net cash (outflow)/inflow from financing activities** | **(140.0)** | 1,056.0 |
| **Net increase/(decrease) in cash and cash equivalents** | **10.3** | (10.3) |
| Effect of foreign exchange rate changes | **(2.3)** | 18.2 |
| Cash and cash equivalents at beginning of the year | **40.2** | 32.3 |
| **Cash and cash equivalents at end of the year** | **48.2** | 40.2 |

# RECONCILIATION OF MOVEMENT IN NET DEBT

FOR THE YEAR ENDED 31 DECEMBER 2017

| | 2017 £m | 2016 £m |
|---|---|---|
| Increase/(decrease) in cash and cash equivalents in the year | **10.3** | (10.3) |
| Cash flows from net drawdown of borrowings | **(24.9)** | (431.1) |
| **Increase in net debt resulting from cash flows** | **(14.6)** | (441.4) |
| Other non-cash movements including foreign exchange | **126.9** | (148.7) |
| **Decrease/(increase) in net debt in the year** | **112.3** | (590.1) |
| Net debt at beginning of the year | **(1,485.4)** | (895.3) |
| **Net debt at end of the year** | **(1,373.1)** | (1,485.4) |

# NOTES TO THE FULL YEAR RESULTS

For the year ended 31 December 2017

## 1 GENERAL INFORMATION

Informa PLC (the “Company”) is a company incorporated in the United Kingdom under the Companies Act 2006 and is listed on the London Stock Exchange. The Company is a public company limited by shares and is registered in England and Wales with registration number 08860726. The address of the registered office is 5 Howick Place, London, SW1P 1WG.

The Consolidated Financial Statements as at 31 December 2017 and for the year then ended comprise those of the Company and its subsidiaries and its interests in joint ventures and associate (together referred to as “the Group”).

These financial statements are presented in pounds sterling ("GBP"), the functional currency of the Parent Company, Informa PLC.

## 2 BASIS OF PREPARATION

The financial information for the year ended 31 December 2017 does not constitute the statutory financial statements for that year, but is derived from those audited financial statements for the year ended 31 December 2017 which are published on www.informa.com. While the financial information in these Full Year Results has been prepared in accordance with International Financial Reporting Standards (IFRS), these results do not in isolation contain sufficient information to comply with IFRS. Those financial statements have not yet been delivered to the Registrar of Companies, but include the auditor’s report which was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Directors have, at the time of approving the Consolidated Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

The accounting policies, significant judgements and key sources of estimation adopted in the preparation of the financial information are consistent with those applied by the Group in its Consolidated Financial Statements for the year ended 31 December 2016 and are disclosed in full in the audited financial statements for the year ended 31 December 2017 which are published on www.informa.com.

## 3 RESTATEMENT

The results for the year ended 31 December 2016 have been restated for the finalisation of provisional amounts recognised in respect of the fair value of assets acquired and liabilities assumed related to the Penton Information Services acquisition that completed on 2 November 2016 and finalisation of fair values related to the Light Reading LLC acquisition that completed on 13 July 2016.

The Penton adjustments to the Consolidated Income Statement for the year ended 31 December 2016 resulted in the following adjustments to adjusted results: a reduction in revenue of £0.9m, a reduction in net operating expenses of £0.4m and a related reduction in the adjusted tax charge of £0.2m. Adjusting items were restated to reflect reduced amortisation of intangible assets of £0.3m and increased tax on adjusting items of £0.1m.

The Penton adjustments to the Consolidated Balance Sheet at 31 December 2016 reflected the balance sheet impact of the above income statement adjustments, together with finalisation of the fair value of the acquisition balance sheet and foreign exchange movements on these adjustments from acquisition date on 2 November 2016 to 31 December 2016. The adjustments include a £25.1m reduction to goodwill, a £47.1m increase in intangibles arising from a £49.9m increase in acquisition intangibles and a £2.8m reduction in other intangibles. There was also a £19.1m increase in the deferred tax liability mainly associated with the increase in the value of acquisition intangibles.

The Light Reading fair value finalisation resulted in the Consolidated Balance Sheet at 31 December 2016 being adjusted for the recognition of an additional £0.2m accounts receivable and a corresponding increase of £0.2m in goodwill.

## BUSINESS SEGMENTS

The Group has identified reportable segments based on financial information used by the Executive Directors in allocating resources and making strategic decisions. We consider the chief operating decision maker to be the two Executive Directors.

The Group's four (2016 restated: four) identified reporting segments under IFRS 8 Operating Segments are as described in the Strategic Report. The results of the operating segments for the year ended 31 December 2016 have been restated to integrate the results of the previously reported Penton segment into the relevant Global Exhibitions, Business Intelligence and Knowledge & Networking segments.

## SEGMENT REVENUE AND RESULTS

The Group's primary internal Income Statement performance measures for Business Segments are revenue and adjusted operating profit. A reconciliation of adjusted operating profit to statutory operating profit and profit before tax is provided below:

**Year ending 31 December 2017**

| | Academic Publishing | Business Intelligence | Global Exhibitions | Knowledge & Networking | Total |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| Revenue | 530.0 | 384.2 | 560.4 | 283.0 | 1,757.6 |
| Adjusted operating profit before joint ventures and associates | 208.0 | 92.2 | 201.4 | 43.9 | 545.5 |
| Share of adjusted results of joint ventures and associates | - | - | - | - | - |
| Adjusted operating profit | 208.0 | 92.2 | 201.4 | 43.9 | 545.5 |
| Intangible asset amortisation | (50.1) | (24.0) | (66.7) | (17.0) | (157.8) |
| Impairment (Note 6) | (2.0) | (3.2) | (0.4) | - | (5.6) |
| Acquisition and integration costs (Note 6) | (1.5) | (10.2) | (6.7) | (5.6) | (24.0) |
| Restructuring and reorganisation costs (Note 6) | (0.3) | (7.0) | (1.2) | (4.4) | (12.9) |
| Subsequent re-measurement of contingent consideration (Note 6) | - | - | (0.2) | 0.3 | 0.1 |
| Operating profit/(loss) | 154.1 | 47.8 | 126.2 | 17.2 | 345.3 |
| Loss on disposal of businesses (Note 16) | | | | | (17.4) |
| Investment income (Note 7) | | | | | 0.2 |
| Finance costs (Note 8) | | | | | (59.3) |
| Profit before tax | | | | | 268.8 |

[1] Excludes acquired intangible product development and software amortisation.

## 4 BUSINESS SEGMENTS (CONTINUED)

**Year ending 31 December 2016 (restated)**[2]

| | Academic Publishing | Business Intelligence | Global Exhibitions | Knowledge & Networking | Total |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| Revenue | 490.4 | 302.4 | 321.1 | 230.9 | 1,344.8 |
| Adjusted operating profit before joint ventures | 187.2 | 70.5 | 118.7 | 38.4 | 414.8 |
| Share of adjusted results of joint ventures | - | - | 0.8 | - | 0.8 |
| Adjusted operating profit | 187.2 | 70.5 | 119.5 | 38.4 | 415.6 |
| Intangible asset amortisation[1] | (48.2) | (19.6) | (38.0) | (10.6) | (116.4) |
| Impairment (Note 6) | - | - | (31.1) | (36.6) | (67.7) |
| Acquisition and integration costs (Note 6) | (0.4) | (6.8) | (22.9) | (3.0) | (33.1) |
| Restructuring and reorganisation costs (Note 6) | (3.6) | (1.8) | (0.1) | (1.7) | (7.2) |
| Subsequent re-measurement of contingent consideration (Note 6) | - | - | 2.4 | 5.0 | 7.4 |
| Operating profit | 135.0 | 42.3 | 29.8 | (8.5) | 198.6 |
| Loss on disposal of businesses (Note 16) | | | | | (39.8) |
| Investment income (Note 7) | | | | | 59.5 |
| Finance costs (Note 8) | | | | | (40.2) |
| Profit before tax | | | | | 178.1 |

[1] Excludes acquired intangible product development and software amortisation.
[2] 2016 results restated to integrate results of the previously reported Penton segment (see note 3).

Adjusted operating result by operating segment is the measure reported to the Executive Directors for the purpose of resource allocation and assessment of segment performance. Finance costs and investment income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash positions of the Group.

### SEGMENT ASSETS

| | 2017 | 2016 (restated)[1] |
|---|---|---|
| | £m | £m |
| Academic Publishing | **1,157.9** | 1,201.2 |
| Business Intelligence | **1,144.5** | 1,204.8 |
| Global Exhibitions | **1,898.7** | 1,912.2 |
| Knowledge & Networking | **558.2** | 578.8 |
| Total segment assets | **4,759.3** | 4,897.0 |
| Unallocated assets | **132.8** | 134.6 |
| Total assets | **4,892.1** | 5,031.6 |

[1] 2016 results restated to integrate results of the previously reported Penton segment (see Note 3)

For the purpose of monitoring segment performance and allocating resources between segments, the Group monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments except for certain centrally-held balances, including some intangible software assets relating to group infrastructure, balances receivable from businesses sold and taxation (current and deferred). Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

## SEGMENT REVENUE BY TYPE

The Group's revenues from its major products and services were as follows:

| | 2017 £m | 2016 (restated)[1] £m |
|---|---|---|
| **Academic Publishing** | | |
| Subscriptions | **279.1** | 243.1 |
| Unit sales | **250.9** | 247.3 |
| Total Academic Publishing | **530.0** | 490.4 |
| **Business Intelligence** | | |
| Subscriptions | **288.4** | 264.3 |
| Unit sales | **27.1** | 22.6 |
| Marketing and Advertising services | **68.7** | 15.5 |
| Total Business Intelligence | **384.2** | 302.4 |
| **Global Exhibitions** | | |
| Exhibitor | **385.9** | 233.9 |
| Attendee | **57.5** | 37.9 |
| Sponsorship | **45.7** | 29.5 |
| Marketing and Advertising services | **71.3** | 19.8 |
| Total Global Exhibitions | **560.4** | 321.1 |
| **Knowledge & Networking** | | |
| Exhibitor | **65.4** | 41.5 |
| Attendee | **125.3** | 114.0 |
| Sponsorship | **60.0** | 63.1 |
| Marketing and Advertising services | **32.3** | 12.3 |
| Total Knowledge & Networking | **283.0** | 230.9 |
| **Total revenue** | **1,757.6** | 1,344.8 |

[1] 2016 results restated to integrate results of the previously reported Penton segment.

## Geographical information

The Group's revenue by location of customer and information about its segment assets by geographical location are detailed below:

| | Revenue | | Segment assets | |
|---|---|---|---|---|
| | 2017 £m | 2016 (restated)[1] £m | 2017 £m | 2016 (restated)[1] £m |
| UK | **153.9** | 145.8 | **1,410.1** | 1,296.9 |
| Continental Europe | **236.7** | 213.5 | **71.4** | 79.0 |
| North America | **939.1** | 623.8 | **3,113.4** | 3,360.1 |
| Rest of the World | **427.9** | 361.7 | **297.2** | 295.6 |
| | **1,757.6** | 1,344.8 | **4,892.1** | 5,031.6 |

[1] 2016 results restated to integrate results of the previously reported Penton segment.

No individual customer contributes more than 10% of the Group's revenue in either 2017 or 2016.

## 5 OPERATING PROFIT

Operating profit has been arrived at after charging/(crediting):

| | Adjusted results 2017 £m | Adjusting items 2017 £m | Statutory results 2017 £m | Adjusted results 2016 (restated)[2] £m | Adjusting items 2016 (restated)[2] £m | Statutory results 2016 (restated)[2] £m |
|---|---|---|---|---|---|---|
| Cost of sales[1] | **537.4** | **-** | **537.4** | 415.3 | - | 415.3 |
| Staff costs (excluding redundancy costs) | **467.8** | **-** | **467.8** | 372.5 | - | 372.5 |
| Amortisation of other intangible assets[2] | **24.8** | **157.8** | **182.6** | 14.2 | 116.4 | 130.6 |
| Impairment – goodwill | **-** | **3.4** | **3.4** | - | 65.8 | 65.8 |
| Impairment – intangibles | **-** | **2.2** | **2.2** | - | 1.9 | 1.9 |
| Depreciation | **9.2** | **-** | **9.2** | 6.5 | - | 6.5 |
| Acquisition and integration-related costs | **-** | **24.0** | **24.0** | - | 33.1 | 33.1 |
| Restructuring and reorganisation costs | **-** | **12.9** | **12.9** | - | 7.2 | 7.2 |
| Subsequent re-measurement of contingent consideration | **-** | **(0.1)** | **(0.1)** | - | (7.4) | (7.4) |
| Operating lease expense | | | | | | |
| – Land and buildings | **26.7** | **-** | **26.7** | 22.9 | - | 22.9 |
| – Other | **1.1** | **-** | **1.1** | 1.0 | - | 1.0 |
| Net foreign exchange loss | **4.9** | **-** | **4.9** | 1.3 | - | 1.3 |
| Auditor's remuneration for audit services | **2.1** | **-** | **2.1** | 1.4 | - | 1.4 |
| Other operating expenses | **138.1** | **-** | **138.1** | 94.9 | - | 94.9 |
| Total net operating expenses before joint ventures and associates | **1,212.1** | **200.2** | **1,412.3** | 930.0 | 217.0 | 1,147.0 |

[1] Cost of sales includes £42.8m (2016: £47.6m) for inventory recognised as an expense including pre-publication amortisation
[2] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 3)

## 6 ADJUSTING ITEMS

The following charges/(credits) are presented as adjusting items:

| | 2017 £m | 2016 (restated)[1] £m |
|---|---|---|
| Intangible amortisation and impairment | | |
| Intangible asset amortisation | **157.8** | 116.4 |
| Impairment – goodwill | **3.4** | 65.8 |
| Impairment – other intangible assets | **2.2** | 1.9 |
| Acquisition and integration costs | **24.0** | 33.1 |
| Restructuring and reorganisation costs | | |
| Redundancy costs | **5.7** | 6.0 |
| Reorganisation costs | **1.0** | (0.4) |
| Vacant property costs | **6.2** | 1.6 |
| Subsequent re-measurement of contingent consideration | **(0.1)** | (7.4) |
| **Adjusting items in operating profit** | **200.2** | 217.0 |
| Loss on disposal of subsidiaries and operations | **17.4** | 39.8 |
| Investment income | **-** | (58.9) |
| **Adjusting items in profit before tax** | **217.6** | 197.9 |
| Tax related to adjusting items | **(62.6)** | (63.1) |
| Tax adjusting item for US federal tax reform | **(85.4)** | - |
| **Adjusting items in profit for the year** | **69.6** | 134.8 |

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 3)

## 6 ADJUSTING ITEMS (CONTINUED)

The principal adjustments made are in respect of:

- Intangible asset amortisation – the amortisation charges in respect of intangible assets acquired through business combinations or the acquisition of trade and assets are excluded from adjusted results as they do not relate to underlying trading;
- Impairment – the Group tests for impairment on an annual basis or more frequently when an indicator exists. Impairment charges are individually disclosed and are excluded from adjusted results as they do not relate to underlying trading;
- Acquisition and integration costs – the costs incurred by the Group in acquiring and integrating share and asset acquisitions. Acquisition costs totalled £4.4m and integration costs totalled £19.6m;
- Restructuring and reorganisation costs – these costs are incurred by the Group in business restructuring and changing the operating model to align with the Group's Growth Acceleration Plan. These include vacant property costs arising from restructuring activities;
- Subsequent re-measurement of contingent consideration is recognised in the year as a charge or credit to the Consolidated Income Statement unless these qualify as measurement period adjustments arising within one year from the acquisition date. They are excluded from adjusted results as they do not relate to underlying trading;
- Loss on disposal of subsidiaries and operations – loss or profit on the disposal of individual businesses; these are excluded from adjusted results as they do not relate to underlying trading;
- Investment income in the prior year of £58.9m related to the gain on a deal contingent forward financial derivative contract associated with the Penton acquisition;
- The tax items relate to the tax effect on the items above and tax adjustments related to rate changes. US federal tax reform relates to the Tax Cuts and Jobs Act enacted in December 2017

## 7 INVESTMENT INCOME

| | 2017<br>£m | 2016<br>£m |
|---|---|---|
| Loans and receivables: | | |
| Interest income on bank deposits | **0.2** | 0.6 |
| Fair value gain on financial instruments through the income statement | **-** | 58.9 |
| | **0.2** | 59.5 |

## 8 FINANCE COSTS

| | 2017<br>£m | 2016<br>£m |
|---|---|---|
| Interest expense on financial liabilities measured at amortised cost | **58.1** | 39.5 |
| Interest cost on pension scheme net liabilities | **1.1** | 0.2 |
| Total interest expense | **59.2** | 39.7 |
| Fair value loss on financial instruments through the income statement | **0.1** | 0.5 |
| | **59.3** | 40.2 |

Included in interest expense above is the amortisation of debt issue costs of £2.2m (2016: £1.5m)

## 9 TAXATION

The tax (credit)/charge comprises:

| | 2017 £m | 2016 (restated)[1] £m |
|---|---|---|
| Current tax: | | |
| UK | **30.7** | 34.1 |
| USA – excluding US federal tax reform | **3.4** | (20.0) |
| USA – charge arising from US federal tax reform | **9.2** | - |
| UAE & Monaco | **0.5** | - |
| China | **3.9** | 2.7 |
| Rest of the World | **3.2** | 7.5 |
| Current year | **50.9** | 24.3 |
| | | |
| Deferred tax: | | |
| Current year | **(0.8)** | (15.4) |
| Credit arising from US federal tax reform | **(94.6)** | - |
| Credit arising from UK corporation tax rate change | **(0.4)** | (4.2) |
| Total tax (credit)/charge on profit on ordinary activities | **(44.9)** | 4.7 |

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 3)

The tax adjusting items within the Consolidated Income Statement relates to the following:

| | Gross 2017 £m | Tax 2017 £m | Gross 2016 restated)[1] £m | Tax 2016 (restated)[1] £m |
|---|---|---|---|---|
| Amortisation of other intangible assets[1] | **(157.8)** | **58.6** | (116.4) | 41.2 |
| Deferred tax (charge)/credit arising from revised treatment of certain non-UK intangible assets | **-** | **(3.1)** | - | 12.1 |
| Benefit of US goodwill amortisation for tax purposes only | **-** | **(12.7)** | - | (10.0) |
| Impairment | **(5.6)** | **-** | (67.7) | - |
| Restructuring and reorganisation costs | **(12.9)** | **3.8** | (7.2) | 1.9 |
| Acquisition and integration related costs | **(24.0)** | **9.3** | (33.1) | 4.5 |
| Subsequent re-measurement of contingent consideration | **0.1** | **-** | 7.4 | (0.6) |
| Loss on disposal of subsidiaries and operations | **(17.4)** | **6.3** | (39.8) | 21.5 |
| Deferred tax credit on intangible assets arising from UK corporation tax rate change | **-** | **0.4** | - | 4.3 |
| Investment income | **-** | **-** | 58.9 | (11.8) |
| Tax on adjusting items | **(217.6)** | **62.6** | (197.9) | 63.1 |
| Tax adjusting item for US federal tax reform | **-** | **85.4** | - | - |
| Total Tax adjusting items | **(217.6)** | **148.0** | (197.9) | 63.1 |

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 3)

The current and deferred tax is calculated on the estimated assessable profit for the year. Taxation is calculated in each jurisdiction based on the prevailing rates of that jurisdiction. US federal tax reform refers to the Tax Cuts and Jobs Act enacted in December 2017.

### 9 TAXATION (CONTINUED)

The total tax charge/(credit) for the year can be reconciled to the accounting profit as follows:

| | 2017 | | 2016 (restated)[1] | |
|---|---|---|---|---|
| | **£m** | **%** | **£m** | **%** |
| Profit before tax | **268.8** | | 178.1 | |
| Tax charge at effective UK statutory rate of 19.25% (2016: 20%) | **51.7** | **19.3** | 35.6 | 20.0 |
| Non-deductible impairments | **1.1** | **0.4** | 16.3 | 9.1 |
| Other non-deductible expenses & similar items | **2.0** | **0.7** | 2.1 | 1.1 |
| Profits taxed at different rates | **(3.5)** | **(1.3)** | (17.5) | (9.8) |
| Adjustments for prior years | **(3.0)** | **(1.1)** | (4.7) | (2.6) |
| Adjustments to deferred tax on intangible assets | **(0.8)** | **(0.3)** | (18.4) | (10.3) |
| Acquisitions and disposals related | **(0.7)** | **(0.3)** | (1.7) | (1.0) |
| Benefits from financing structures | **(1.4)** | **(0.5)** | (9.1) | (5.1) |
| Tax incentives and foreign tax credits | **(4.6)** | **(1.7)** | (4.0) | (2.2) |
| Losses in certain jurisdictions that have not been recognised | **0.1** | **-** | 5.5 | 3.1 |
| Deferred tax credit arising from UK corporation tax rate change | **(0.4)** | **(0.1)** | 0.6 | 0.3 |
| Net tax credit arising from US federal tax reform | **(85.4)** | **(31.8)** | - | - |
| Tax (credit)/charge and effective rate for the year | **(44.9)** | **(16.7)** | 4.7 | 2.6 |

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 3)

In addition to the income tax charge to the Consolidated Income Statement, a tax charge of £4.2m (2016: credit of £2.0m) has been recognised directly in the Consolidated Statement of Comprehensive Income during the year.

### 10 DIVIDENDS

| | 2017 Per share (p) | 2017 £m | 2016 Per share (p) | 2016 £m |
|---|---|---|---|---|
| Amounts recognised as distributions to equity holders in the year: | | | | |
| Final dividend for the year ended 31 December 2015 | - | - | 12.47 | 87.8 |
| Interim dividend for the year ended 31 December 2016 | - | - | 6.26 | 44.1 |
| Final dividend for the year ended 31 December 2016 | **13.04** | **107.4** | - | - |
| Interim dividend for the year ended 31 December 2017 | **6.65** | **54.8** | - | - |
| | **19.69** | **162.2** | 18.73 | 131.9 |
| Proposed final dividend for the year ended 31 December 2017 and actual dividend for the year ended 31 December 2016 | **13.80** | **113.7** | 13.04 | 107.4 |

As at 31 December 2017 £0.2m (2016: £0.1m) of dividends are still to be paid.

## 11 EARNINGS PER SHARE

**Basic**

The basic earnings per share calculation is based on a profit attributable to equity shareholders of the parent of £311.3m (2016: £171.5m profit, restated amount). This profit on ordinary activities after taxation is divided by the weighted average number of shares in issue (less those shares held by the EST and ShareMatch), which is 823,352,304 (2016: 725,629,255).

**Diluted**

The diluted earnings per share calculation is based on the basic earnings per share calculation above except that the weighted average number of shares includes all potentially dilutive options granted by the reporting date as if those options had been exercised on the first day of the accounting period or the date of the grant, if later, giving a weighted average of 826,146,627 (2016: 727,826,695).

The table below sets out the adjustment in respect of dilutive potential ordinary shares:

| | **2017** | 2016 |
|---|---|---|
| Weighted average number of shares used in basic earnings per share | **823,352,304** | 725,629,255 |
| Potentially dilutive ordinary shares | **2,794,323** | 2,197,440 |
| Weighted average number of shares used in diluted earnings per share | **826,146,627** | 727,826,695 |

**Earnings per share**

In addition to basic EPS, adjusted diluted earnings per share calculations have been provided as this is useful additional information on underlying performance. Earnings are based on profits attributable to equity shareholders and adjusted to exclude items that, in the opinion of the Directors, would distort underlying results with the items detailed in Note 6.

| **Earnings per share:** | **Earnings 2017 £m** | **Per share amount 2017 Pence** | **Earnings 2016 (restated)[1] £m** | **Per share amount 2016 Pence** |
|---|---|---|---|---|
| Profit for the year | **313.7** | | 173.4 | |
| Non-controlling interests | **(2.4)** | | (1.9) | |
| **Earnings for the purpose of statutory basic EPS / statutory basic EPS (p)** | **311.3** | **37.8** | 171.5 | 23.6 |
| Effect of dilutive potential ordinary shares | - | **(0.1)** | - | - |
| **Earnings for the purpose of statutory diluted EPS / statutory diluted EPS (p)** | **311.3** | **37.7** | 171.5 | 23.6 |

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 3)

| **Adjusted earnings per share:** | **Earnings 2017 £m** | **Per share amount 2017 Pence** | **Earnings 2016 (restated)[1] £m** | **Per share amount 2016 Pence** |
|---|---|---|---|---|
| **Earnings for the purpose of statutory basic EPS / statutory basic EPS (p)** | **311.3** | **37.8** | 171.5 | 23.6 |
| Adjusting items: | | | | |
| Intangible amortisation and impairment (Note 6) | **163.4** | **19.8** | 184.1 | 25.4 |
| Acquisition and integration costs (Note 6) | **24.0** | **2.9** | 33.1 | 4.6 |
| Redundancy and restructuring costs (Note 6) | **12.9** | **1.6** | 7.2 | 1.0 |
| Subsequent re-measurement of contingent consideration (Note 6) | **(0.1)** | **-** | (7.4) | (1.0) |
| Loss on disposal of subsidiaries and operations (Note 6) | **17.4** | **2.2** | 39.8 | 5.4 |
| Investment income (Note 6) | **-** | **-** | (58.9) | (8.1) |
| Tax related to adjusting items (Note 6) | **(62.6)** | **(7.6)** | (63.1) | (8.7) |
| Tax adjusting items for US federal tax reform (Note 6) | **(85.4)** | **(10.4)** | - | - |
| **Earnings for the purpose of adjusted basic EPS / adjusted basic EPS (p)** | **380.9** | **46.3** | 306.3 | 42.2 |
| Effect of dilutive potential ordinary shares | | **(0.2)** | | (0.1) |
| **Earnings for the purpose of adjusted diluted EPS / adjusted diluted EPS (p)** | **380.9** | **46.1** | 306.3 | 42.1 |

[1]2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for Penton acquisition completed in 2016 (See note 3)

## 12 SHARE CAPITAL

Share capital as at 31 December 2017 amounted to £0.8m (2016: £0.8m).

| | 2017 £m | 2016 £m |
|---|---|---|
| **Issued and fully paid**<br>824,005,051 ordinary shares of 0.1p each<br>(2016: 824,005,051 ordinary shares of 0.1p each) | **0.8** | 0.8 |

| | Number of Shares 2017 | Number of Shares 2016 |
|---|---|---|
| At 1 January | **824,005,051** | 648,941,249 |
| Issue of new shares related to the Rights Issue | **-** | 162,234,656 |
| Issue of new shares related to consideration for the Penton acquisition | **-** | 12,829,146 |
| At 31 December | **824,005,051** | 824,005,051 |

## 13 NOTES TO THE CASH FLOW STATEMENT

| | 2017 £m | 2016 (restated)[1] £m |
|---|---|---|
| Profit before tax | **268.8** | 178.1 |
| Adjustments for: | | |
| Depreciation of property and equipment | **9.2** | 6.5 |
| Amortisation of other intangible assets | **182.6** | 130.6 |
| Impairment – goodwill | **3.4** | 65.8 |
| Impairment – other intangible assets | **2.2** | 1.9 |
| Share-based payments | **5.4** | 3.9 |
| Subsequent re-measurement of contingent consideration | **(0.1)** | (7.4) |
| Loss on disposal of businesses | **17.4** | 39.8 |
| Investment income | **(0.2)** | (59.5) |
| Finance costs | **59.3** | 40.2 |
| Share of adjusted results of joint ventures and associates | **-** | (0.8) |
| Operating cash inflow before movements in working capital | **548.0** | 399.1 |
| (Increase)/decrease in inventories | **(2.2)** | (6.8) |
| Increase in receivables | **(40.5)** | (64.2) |
| Increase in payables | **25.9** | 87.1 |
| Movements in working capital | **(16.8)** | 16.1 |
| Cash generated by operations | **531.2** | 415.2 |

[1] 2016 restated for finalisation of the fair value of assets acquired and liabilities assumed for certain acquisitions completed in 2016 (See note 3)

## 13 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

**Analysis of Net Debt**

| | At 1 January 2017 £m | Non-cash movements £m | Cash flow £m | Exchange difference £m | At 31 December 2017 £m |
|---|---|---|---|---|---|
| Cash at bank and in hand | **49.6** | | **7.8** | **(2.5)** | **54.9** |
| Overdrafts | **(9.4)** | **-** | **2.5** | **0.2** | **(6.7)** |
| Cash and cash equivalents | **40.2** | **-** | **10.3** | **(2.3)** | **48.2** |
| Other loan receivable | **0.2** | **-** | **(0.2)** | **-** | **-** |
| Private placement loan notes due in less than one year | **(165.7)** | **-** | **159.7** | **6.0** | **-** |
| Bank loans due in less than one year | **-** | **-** | **(321.6)** | **25.3** | **(296.3)** |
| Bank loans due in more than one year | **(848.8)** | **-** | **542.9** | **18.3** | **(287.6)** |
| Private placement loan notes due in more than one year | **(516.5)** | **-** | **(406.4)** | **81.9** | **(841.0)** |
| Bank loan fees | **3.7** | **(1.6)** | **-** | **(0.1)** | **2.0** |
| Private placement fees | **1.5** | **(0.6)** | **0.7** | **-** | **1.6** |
| **Net debt** | **(1,485.4)** | **(2.2)** | **(14.6)** | **129.1** | **(1,373.1)** |

Included within the cash outflow of £14.6m (2016: outflow of £441.4m) is £1,292.1m (2016: £1,455.9m) of loan repayments, £1,070.8m (2016: £1,888.9m) of facility loan drawn downs, £159.7m of private placement repayments (2016: none) and £406.4m of private placement draw downs (2016: none).

Net debt consists of cash and cash equivalents and includes bank overdrafts, borrowings and other loan note receivables where these are interest bearing and do not relate to deferred contingent arrangements.

## 14 BORROWINGS

| | | 2017 £m | 2016 £m |
|---|---|---|---|
| **Current** | | | |
| Bank overdraft | | **6.7** | 9.4 |
| Bank borrowings ($400.0m) – due March 2018 | | **296.3** | - |
| Bank borrowings – current | | **303.0** | 9.4 |
| Private placement loan note ($102.0m) | | **-** | 82.9 |
| Private placement loan note (€50.0m) | | **-** | 42.8 |
| Private placement loan note (£40.0m) | | **-** | 40.0 |
| Private placement fees | | **-** | (0.2) |
| Private placement – current | | **-** | 165.5 |
| Total current borrowings | | **303.0** | 174.9 |
| | | | |
| **Non-current** | | | |
| Bank borrowings – revolving credit facility – due October 2020 | | **287.6** | 300.2 |
| Acquisition facility | | **-** | 548.6 |
| Bank debt issue costs | | **(2.0)** | (3.7) |
| Bank borrowings – non-current | | **285.6** | 845.1 |
| Private placement loan note ($385.5m) | – due December 2020 | **285.5** | 313.3 |
| Private placement loan note ($120.0m) | – due October 2022 | **88.9** | 97.5 |
| Private placement loan note ($55.0m) | – due January 2023 | **40.7** | - |
| Private placement loan note ($80.0m) | – due January 2025 | **59.2** | - |
| Private placement loan note ($130.0m) | – due October 2025 | **96.3** | 105.7 |
| Private placement loan note ($365.0m) | – due January 2027 | **270.4** | - |
| Private debt issue costs | | **(1.6)** | (1.3) |
| Private placement – non-current | | **839.4** | 515.2 |
| Total non-current borrowings | | **1,125.0** | 1,360.3 |
| | | **1,428.0** | 1,535.2 |

## 14 BORROWINGS (CONTINUED)

There have been no breaches of covenants under the Group's bank facilities and private placement loan notes during the year. The bank and private placement borrowings are guaranteed by material subsidiaries of the Group. The Group does not have any of its property and equipment and other intangible assets pledged as security over loans.

The Group has issued private placement loan notes amounting to USD 1,135.5m (2016: USD 737.5m), GBP nil (2016: GBP 40.0m) and EUR nil (2016: EUR 50.0m). As at 31 December 2017, the note maturities ranged between three and ten years (2016: one and nine years), with an average duration of 6.1 years (2016: 4.2 years), at a weighted average interest rate of 4.1% (2016: 4.3%).

The Group maintains the following lines of credit:

- £855.0m (2016: £900.0m) revolving credit facility, of which £287.6m (2016: £300.2m) was drawn down at 31 December 2017. Interest is payable at the rate of LIBOR plus a margin based on the ratio of net debt to EBITDA;
- £296.3m (USD 400m) bank term loan facility with a maturity of up to March 2018 and issued by Bank of America Merrill Lynch;
- £134.0m (2016: £51.2m) comprising a number of bilateral bank uncommitted facilities that can be drawn down to meet short-term financing needs. These facilities consist of GBP 81.0m (2016: GBP 16.0m), USD 15.0m (2016: USD 13.0m), EUR 43.0m (2016: EUR 18.0m), AUD 1.0m (2016: AUD 2.0m), and CAD 2.0m (2016: CAD 2.0m), SGD 2.3m (2016: SGD nil) and CNY 50.0m (2016: CNY nil). Interest is payable at the local base rate plus a margin; and
- The Group has three bank guarantee facilities comprising in aggregate up to USD 10.0m (2016: USD 10.0m), EUR 7.0m (2016: EUR 7.0m), and AUD 1.5m (2016: AUD 1.5m).

The effective interest rate for the year ended 31 December 2017 was 3.8% (year ended 31 December 2016: 3.7%).

The Group had total committed undrawn borrowing facilities at 31 December 2017 relating to the undrawn amount of the revolving credit facility of £567.4m (2016: £599.9m). In addition, at 31 December 2017 there was a commitment to issue $400m of private placement loan notes and these were issued on 4 January 2018.

## 15 BUSINESS COMBINATIONS

**Acquisitions**

The provisional amounts recognised in respect of the estimated fair value of identifiable assets and liabilities in respect of acquisitions made in 2017 and payments made in 2017 relating to prior year acquisitions was:

| | YPI £m | Dove £m | Other acquisitions £m | Payments in relation to acquisitions completed in prior years £m | Total £m |
|---|---|---|---|---|---|
| Intangibles | 60.9 | 10.2 | 47.8 | 1.4 | 120.3 |
| Property and equipment | 3.3 | 0.1 | 0.3 | - | 3.7 |
| Inventory | - | - | 0.1 | - | 0.1 |
| Deferred tax assets | - | - | 0.3 | - | 0.3 |
| Trade and other receivables | 2.0 | 4.0 | 3.2 | - | 9.2 |
| Cash and cash equivalents | 0.6 | 5.2 | 5.5 | - | 11.3 |
| Deferred costs | - | (0.1) | 0.9 | - | 0.8 |
| Trade, other payables and provisions | (4.2) | (0.9) | (2.2) | - | (7.3) |
| Deferred income | (3.5) | - | (6.8) | - | (10.3) |
| Current tax liabilities | - | (0.7) | (0.4) | - | (1.1) |
| Deferred tax liabilities | (10.6) | (1.8) | (4.1) | - | (16.5) |
| Identifiable net assets acquired | 48.5 | 16.0 | 44.6 | 1.4 | 110.5 |
| Non-controlling interest | - | - | 1.2 | - | 1.2 |
| Goodwill | 63.2 | 33.8 | 17.6 | - | 114.6 |
| Total consideration | 111.7 | 49.8 | 63.4 | 1.4 | 226.3 |
| | | | | | |
| **Satisfied by:** | | | | | |
| Cash consideration | 111.7 | 48.2 | 33.0 | 0.7 | 193.6 |
| Deferred consideration | - | 1.6 | 1.7 | - | 3.3 |
| Contingent consideration | - | - | 28.7 | 0.7 | 29.4 |
| Total consideration | 111.7 | 49.8 | 63.4 | 1.4 | 226.3 |
| | | | | | |
| **Net cash outflow arising on acquisitions:** | | | | | |
| Cash consideration | 111.7 | 48.2 | 33.0 | 0.7 | 193.6 |
| Deferred and contingent consideration paid | - | - | - | 10.9 | 10.9 |
| Less: net cash acquired | (0.6) | (5.2) | (5.5) | - | (11.3) |
| Net cash outflow arising on acquisitions | 111.1 | 43.0 | 27.5 | 11.6 | 193.2 |

## 15 BUSINESS COMBINATIONS (CONTINUED)

**Business combinations made in 2017**

**Yachting Promotions, Inc.**

On 14 March 2017, the group acquired 100% of the issued share capital of Yachting Promotions, Inc. (YPI) the operator of some of the largest yachting and boat shows in the US. The Company forms part of the Global Exhibitions segment.

Total consideration, including payment for working capital, was £111.7m ($138.8m), of which £111.1m ($138.0m) was paid in cash, net of cash acquired of £0.6m ($0.7m).

The disclosure below provides the fair value of acquired identifiable assets and liabilities assumed of YPI and are provisional pending receipt of final valuations.

| | Book value £m | Fair value adjustments £m | Fair value £m |
|---|---|---|---|
| Intangible assets | - | 60.9 | 60.9 |
| Property and equipment | 3.3 | - | 3.3 |
| Trade and other receivables | 2.0 | - | 2.0 |
| Cash at bank and on hand | 0.6 | - | 0.6 |
| Trade and other payables | (4.2) | - | (4.2) |
| Deferred income | (3.5) | - | (3.5) |
| Deferred tax asset/(liabilities) | 12.3 | (22.9) | (10.6) |
| Identifiable net assets acquired | 10.5 | 38.0 | 48.5 |
| Provisional goodwill | - | 63.2 | 63.2 |
| Total consideration | 10.5 | 101.2 | 111.7 |

The business contributed £4.1m of profit after tax and £31.0m of revenue for the period between the date of acquisition and 31 December 2017. If the acquisition had completed on the first day of the financial period, it would have contributed £5.5m of profit after tax and £39.1m to the revenue of the Group for the year ended 31 December 2017. Acquisition costs (included in adjusting items in the Consolidated Income Statement) amounted to £0.8m.

The goodwill of £63.2m arising from the acquisition relates to the following factors:
- Providing Informa with increased scale in the growing international yachting vertical;
- Complementing the existing Group's ownership of the Monaco Yacht Show; and
- Adding to the Global Exhibitions Division's scale in the US.

On 29 December 2017 the Group sold a 10% share of the YPI business to the government of the Principality of Monaco, see note 16 for further details.

**Dove Medical Press Limited**

On 26 September 2017, the group acquired 100% of the issued share capital of Dove Medical Press Limited (Dove), an open access (OA) journal publisher operating in the UK, US and New Zealand, producing a range of OA journals mainly in Health Sciences with additional content in Science and Technology. The Company forms part of the Academic Publishing segment.

Total consideration, including payment for working capital, was £49.8m, of which £43.0m was paid in cash, net of cash acquired of £5.2m and there was deferred consideration of £1.6m.

The disclosure below provides the fair value of acquired identifiable assets and liabilities assumed of Dove and are provisional pending receipt of final valuations.

| | Book value £m | Fair value adjustments £m | Fair value £m |
|---|---|---|---|
| Intangible assets | 0.1 | 10.1 | 10.2 |
| Property and equipment | 0.1 | - | 0.1 |
| Trade and other receivables | 4.0 | - | 4.0 |
| Cash at bank and on hand | 5.2 | - | 5.2 |
| Deferred costs | (0.1) | - | (0.1) |
| Trade and other payables | (0.9) | - | (0.9) |
| Current tax liabilities | (0.7) | - | (0.7) |
| Deferred tax liabilities | (1.8) | - | (1.8) |
| Identifiable net assets acquired | 5.9 | 10.1 | 16.0 |
| Provisional goodwill | - | 33.8 | 33.8 |
| Total consideration | 5.9 | 43.9 | 49.8 |

The business contributed £0.9m of profit after tax and £2.6m of revenue for the period between the date of acquisition and 31 December 2017. If the acquisition had completed on the first day of the financial period, it would have contributed £2.5m of profit after tax and £9.4m to the revenue of the Group for the year ended 31 December 2017. Acquisition costs (included in adjusting items in the Consolidated Income Statement) amounted to £0.4m.

The goodwill of £33.8m arising from the acquisition relates to the following factors:
- Providing Informa with greater presence in the growing open access market
- Providing sales synergy opportunities by complementing the Group's existing open access operations
- Bringing a strong operational and management team to the Group

**Finalisation of the 2016 acquisition fair value of Penton Information Services**

On 2 November 2016, the Group acquired 100% of the issued share capital of Penton Information Services, a leading independent US-based exhibitions and professional information services business. The provisional amounts recognised in respect of the estimated fair value of the identifiable assets acquired and liabilities assumed were disclosed in the 2016 Annual Report. Finalisation of the provisional amounts as at 31 December 2017 is as follows:

| | Previously reported £m | Fair value adjustments £m | Updated Fair value £m |
|---|---|---|---|
| Intangible assets | 648.2 | 47.0 | 695.2 |
| Property and equipment | 7.9 | - | 7.9 |
| Investments | 0.2 | (0.2) | - |
| Trade and other receivables | 41.2 | - | 41.2 |
| Cash at bank and on hand | 21.4 | - | 21.4 |
| Trade, other payables and provisions | (24.9) | - | (24.9) |
| Deferred income | (59.5) | (0.6) | (60.1) |
| Deferred tax liabilities | (114.7) | (19.1) | (133.8) |
| Retirement benefit obligation | (19.6) | - | (19.6) |
| Identifiable net assets acquired | 500.2 | 27.1 | 527.3 |
| Goodwill | 833.8 | (25.4) | 808.4 |
| **Total consideration** | 1,334.0 | 1.7 | 1,335.7 |

The finalised fair value adjustment amounts relate principally to revisions to the assets lives of acquired intangible assets and related deferred tax adjustments and a £1.7m increase to consideration for the finalisation of working capital. Consideration for the acquisition includes deferred consideration that is payable in October 2018 for anticipated future tax benefits. The estimated fair value is £16.7m ($22.6m) at 31 December 2017, however the amount is under dispute with the sellers, who expect an amount of approximately £28.9m ($39.0m).

**Other business combinations made in 2017**

There were 12 other acquisitions completed in the year ended 31 December 2017 for a total consideration of £63.4m, of which £27.5m was paid in cash, net of cash acquired of £5.5m and there was £1.7m of deferred consideration and £28.7m of contingent consideration.

**Update on deferred and contingent consideration paid in 2017 relating to business combinations completed in prior years.**

In the year ended 31 December 2017 there were contingent and deferred net cash payments of £11.6m relating to acquisitions completed in prior years.

## 16 DISPOSAL OF SUBSIDIARIES AND OPERATIONS

During the year, the Group generated the following net (loss)/profit on disposal of subsidiaries and operations:

| | 2017 £m | 2016 £m |
|---|---|---|
| Compendium Contech | **(1.6)** | - |
| Garland Science | **(7.5)** | - |
| Biotechniques | **(19.2)** | - |
| Euroforum conference business in Germany and Switzerland | **15.5** | - |
| Lloyd's List Australia | **(4.6)** | - |
| Australia Bulk Handling Review | **(0.7)** | - |
| Corporate Training businesses loan recovery/(impairment) | **0.6** | (39.9) |
| Robbins Gioia loan recovery | **-** | 4.0 |
| Other operations gain/(loss) on disposal | **0.1** | (2.6) |
| Corporate Communications International Limited loss on disposal | **-** | (1.3) |
| **Loss for the year from disposal of subsidiaries and operations** | **(17.4)** | (39.8) |

**Disposals made in 2017**

On 29 December 2017 the Group disposed of a 10% interest in its Yachting Promotions, Inc. (YPI) business to the government of the Principality of Monaco. The consideration of £10.4m (US $14.0m) is to be received in 2018 and the Group retained a 90% equity holding after the sale.

On 22 December 2017 the Group disposed of the Compendium Contech event business. The loss on disposal was £1.6m and there was cash consideration of £0.4m (CA $0.7m). On 15 December 2017 the Group disposed of Garland Science US book business. The loss on disposal was £7.5m and there was cash consideration of £4.8m ($6.5m).

On 15 December 2017 the Group disposed of its Biotechniques US journals. The loss on disposal was £19.2m and there was cash consideration of £0.1m.

On 1 November 2017 the Group disposed of the majority ownership of Euroforum, the Knowledge and Networking Division's domestic conference business in Germany and Switzerland. The consideration was £10.6m (€12.0m) and resulted in a profit on disposal of £15.5m, of which £3.7m relates to recycling of exchange gains in the translation reserve at the date of disposal, and there was a 19% holding retained after the sale.

On 13 June 2017, the Group disposed of its Lloyd's List Australia business. The loss on disposal was £4.6m and there were nil cash proceeds.

## 17 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions between the Group and its joint ventures and associates are disclosed below. The following transactions and arrangements are those which are considered to have had a material effect on the financial performance and position of the Group for the year.

**Transactions with Directors**

There were no material transactions with Directors of the Company during the year, except for those relating to remuneration and shareholdings. For the purposes of IAS 24 *Related Party Disclosures*, Executives below the level of the Company's Board are not regarded as related parties.

During the period the Group incurred expenses of £2.2m (2016: £2.3m) relating to Microsoft UK. One of the Group's Non-Executive Directors is the Chief Executive Officer of this organisation.

**Transactions with joint ventures and associates**

During the period the Group received revenue of £nil (2016: £nil) from Lloyd's Maritime Information Services Limited, a joint venture.

During the period the Group received revenue of £nil (2016: £0.1m) from Pestana Management Limited, an associate.

During the period the Group received revenue of £nil (2016: £1.8m) from Independent Materials Handling Exhibitions Limited, a joint venture.

**Other related party disclosures**

At 31 December 2017, Informa group companies have guaranteed the pension scheme liabilities of the Taylor and Francis Group Pension and Life Assurance Scheme and the Informa Final Salary Scheme.

## 18 POST BALANCE SHEET EVENTS

On 16 January 2018, the Group announced it was in preliminary discussions for a potential combination with UBM plc to be effected by way of an acquisition of the entire share capital of UBM by Informa for shares and cash consideration. On 17 January 2018, the Group outlined the key financial terms, with UBM shareholders receiving for each UBM share 1.083 Informa shares and 163 pence in cash. On 30 January 2018, the Boards of Informa and UBM confirmed the creation of a leading B2B information services group through a recommended offer for UBM by Informa. A Circular to the shareholders of Informa recommending the offer is expected to be issued in March 2018 and general meetings for Informa and UBM are expected to take place in April 2018. Subject to approval from shareholders of both companies and regulatory approvals the transaction is expected to complete in June 2018.

# Annual Report and Financial Statements 2017

The Annual Report and Financial Statements for the financial year ended 31 December 2017 will be published on www.informa.com in April 2018. The audited Financial Statements for the year ended 31 December 2017 together with the report of the independent auditors are published on www.informa.com.

Copies of this announcement may be obtained during normal business hours from the Company Secretary at the Company's office at 5 Howick Place, London, SW1P 1WG.

# Cautionary Statements

This results release contains certain forward-looking statements. These statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently being anticipated. The terms 'expect', 'should be', 'will be' and similar expressions (or their negative) identify forward looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, but are not limited to: general economic conditions and business conditions in Informa's markets; exchange rate fluctuations, customers' acceptance of its products and services; the actions of competitors; legislative, fiscal and regulatory developments; changes in law and legal interpretation affecting Informa's intellectual property rights and internet communications; and the impact of technological change. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance. These forward-looking statements speak only as of the date of this results release and are based on numerous assumptions regarding Informa's present and future business strategies and the environment in which Informa will operate in the future. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group's expectations or any change in events, conditions or circumstances on which any such statement is based after the date of this announcement or to update or keep current any other information contained in this results release.