Informa PLC **Press Release**

10 March 2020

Results for 12 months to 31 December 2019

2019: Continued Growth & Delivery
2020: Market Specialisation & Growth
2020: COVID-19 in-year implications

Informa (LSE: INF.L), the International Exhibitions, Events, Information Services and Advanced Learning Group, releases results for the 12 months to 31 December 2019, reporting continuing benefits of Market Specialisation, including further revenue growth and strong cash generation.

2019 Financial Highlights

- Strong revenue growth: +22.0% reported growth and +3.5% underlying[1], reflecting full year of UBM
- Improved Adjusted Operating Profit growth[1]: +27.5% reported growth and +6.5% underlying[1]
- Higher Statutory Operating Profit: +48.2% growth to £538.1m (2018: £363.2m)
- Increased Adjusted Diluted Earnings per Share[1]: +4.3% growth to 51.3p (2018: 49.2p), reflecting timing of UBM addition and share issue; pro-forma EPS growth of +16.1%
- Lower Statutory Diluted Earnings per Share: 18.0p compared to 19.7p in 2018, reflecting full-year impact of UBM, primarily the higher share count and amortisation levels;
- Strong Free Cash Flow[1]: £722.1m versus £503.2m in 2018;
- Strengthened Balance Sheet: Reduction in leverage ratio to 2.5x, in line with plan (2018: 2.9x)
- Enhanced Dividend per Share: Proposed final DPS +7.4%, delivering total DPS of 23.5p (2018: 21.9p)

Stephen A. Carter, Group Chief Executive, Informa PLC, said:

"In 2019, the Informa Group delivered a sixth consecutive year of growth in revenues, adjusted operating profits, adjusted earnings per share, free cash flow and dividends."

"Over the past six years, we have been refocusing The Informa Group on specialist markets, building brands and deploying technology, to deliver consistent returns for our customers and our shareholders. "

He added:

"Our subscriptions-related businesses, which account for around 35% of revenue, continue to grow consistently. However, we are facing a 2020 impact from COVID-19 in our Events-related businesses and so we have used our strong customer and supplier relationships to swiftly deploy a material Postponement Programme, shifting our Events Calendar to later dates in 2020. Our Brands and strong platforms continue to provide attractive opportunities for further market specialisation and future growth."

He concluded:

"As an international business, with Colleagues and Customers around the world, since January we have been closely following relevant national authority guidelines and advice, and putting in place support, communications and in-market response. Our thoughts are with those directly affected and our priorities are with Colleagues, and serving and supporting our Customers for the long-term."

[1]In this document we refer to non-statutory measures including underlying and adjusted results; these are defined in the Financial Review on page 11 and Glossary on page 48.

2019 Divisional Highlights

Continued Growth and Delivery in 2019, with Group underlying revenue growth of 3.5%[1]:

- Informa Markets: Increased international breadth and depth within specialist markets delivered underlying revenue growth[1] of +4.3%. Reported growth of +40.5%, including a full year of UBM;
- Informa Connect: Continued focus on major B2B brands in Pharma and Finance delivered further improvement, with underlying revenue growth[1] of +2.9%. Reported revenues -0.7%, reflecting the sale of the Life Sciences Media Portfolio in January 2019;
- Informa Tech: Solid performance in year of combination and creation, whilst building strong foundations for future growth. Underlying revenue growth[1] of +2.0% and reported revenue growth of +46.0%, the latter including a full year of UBM and five months of the IHS Markit TMT Portfolio;
- Informa Intelligence: Increased focus on strongest brands in attractive specialist markets delivered an increase in underlying revenue growth[1] to +3.3%. Reported revenues at -0.7% after divestiture of Agribusiness portfolio at end of June and Industry & Infrastructure portfolio in October;
- Taylor & Francis: Solid subscription renewals, strong momentum in Open Access and steady performance in advanced learning products delivered robust underlying revenue growth[1] of +2.4%. Reported revenue growth of +5.0%, benefiting from positive currency tailwinds.

Key Operational Highlights

Following the completion of the *Accelerated Integration Plan* ("*AIP*"), Informa is operating as one business, with a resilient and balanced international platform built for further Market Specialisation and future growth. Our focus is on:

- Expanding our portfolio of B2B products and knowledge services: By broadening and strengthening our range of B2B services and advanced learning products for specialist markets, we have the opportunity to sell more services to more customers, including in events, data, digital, content, open access, consulting, research, media and marketing services;
- Enhancing our position in specialist markets through targeted expansion: We are continuing to target additions and partnerships that deepen our connections and add new capabilities in attractive specialist markets; Partnership with *Bologne Fiere* in Beauty, addition of *F1000* in Open Research and Publishing Services and joint venture with *Founders Forum* in Tech;
- Strengthening our operating capability: Building on our operational fitness programme we are further simplifying and consolidating systems and strengthening operating capabilities in key areas, including product development, product management, data management and marketing automation;
- Advancing our commitment to Sustainability: We are launching a five-year programme called *FasterFoward* to become fully carbon neutral by 2025 and net zero carbon by 2030, whilst also putting *Sustainability Inside* all our Brands by 2025, thereby making Informa a Champion of Sustainability within our own business and across the specialist markets we serve;
- Improving our Financial Fitness: We are continuing to use the strength and scale of our cash flows and flexible, long-term financing to maintain a strong balance sheet and underpin our dividends.

[1]In this document we refer to non-statutory measures including underlying and adjusted results; these are defined in the Financial Review on page 11 and Glossary on page 48.

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2019 Financial Highlights

	2019 £m	2018 £m	Reported %	Underlying[1] %
Revenue	**2,890.3**	2,369.5	22.0	3.5
Statutory operating profit	**538.1**	363.2	48.2	
Adjusted operating profit[2]	**933.1**	732.1	27.5	6.5
Adjusted operating margin (%)[2]	**32.3**	30.9	4.5	
Operating cash flow[2]	**965.4**	667.9	44.5	
Statutory profit before tax	**318.7**	282.1	13.0	
Adjusted profit before tax[2]	**821.4**	649.7	26.4	
Statutory diluted earnings per share (p)	**18.0**	19.7	(8.6)	
Adjusted diluted earnings per share (p)[2]	**51.3**	49.2	4.3	
Dividend per share (p)	**23.5**	21.9	7.3	
Free cash flow[2]	**722.1**	503.2	43.5	
Net debt (inc IFRS 16)[2]	**2,657.6**	2,681.9	(0.9)	

2019 Divisional Highlights

	2019 £m	2018 £m	Reported %	Underlying[1] %
Informa Markets				
Revenue	**1,450.2**	1,032.2	40.5	4.3
Statutory Operating Profit	**247.1**	135.6	82.2	
Adjusted Operating Profit[2]	**493.3**	357.4	38.0	7.5
Adjusted Operating Margin[2] (%)	**34.0**	34.6		
Informa Connect				
Revenue	**275.6**	277.5	(0.7)	2.9
Statutory Operating Profit	**22.8**	15.3	49.0	
Adjusted Operating Profit[2]	**47.2**	45.8	3.1	(1.5)
Adjusted Operating Margin[2] (%)	**17.1**	16.5		
Informa Tech				
Revenue	**256.2**	175.5	46.0	2.0
Statutory Operating Profit	**35.9**	10.1	255.4	
Adjusted Operating Profit[2]	**70.4**	40.1	75.6	7.1
Adjusted Operating Margin[2] (%)	**27.5**	22.8		
Informa Intelligence				
Revenue	**348.7**	351.1	(0.7)	3.3
Statutory Operating Profit	**68.8**	66.7	3.1	
Adjusted Operating Profit[2]	**104.1**	91.4	13.9	11.3
Adjusted Operating Margin[2] (%)	**29.9**	26.0		
Taylor & Francis				
Revenue	**559.6**	533.2	5.0	2.4
Statutory Operating Profit	**163.5**	137.3	19.1	
Adjusted Operating Profit[2]	**218.1**	197.4	10.5	3.6
Adjusted Operating Margin[2] (%)	**39.0**	37.0		

[1]In this document we refer to Underlying and Reported results. Underlying figures are adjusted for acquisitions and disposals, the phasing of events including biennials, the impact of changes from implementing new accounting standards and accounting policy changes, and the effects of currency changes. It includes, on a pro-forma basis, results from acquisitions from the first day of ownership in the comparative period and excludes results from sold businesses from the date of disposal in the comparative period. Reported figures exclude all such adjustments. Alternative performance measures are discussed in the Glossary.

[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 performance. Adjusted results exclude adjusting items as set out in Note 7 to the Financial Statements. Operating cash flow, free cash flow, net debt and other non-statutory measures are discussed in the Financial Review and the Glossary.

The 2020 Impact of COVID-19

In 2020, our subscriptions-related businesses, representing around 35% of Group revenue, continue to trade well, underpinned by strong Renewal Rates, at 90%+ on average, and consistent low to mid-single digit growth in Annualised Contract Values. However, like a number of businesses, we are seeing an impact from the outbreak of COVID-19 within our Events portfolio. We are making all the decisions necessary to look after colleagues and customers and ensure the long-term strength of our brands and customer relationships.

As the implications of COVID-19 started to become apparent in late January, initially in Mainland China, we moved quickly to implement our COVID-19 Action Plan, creating an internal framework for decision-making and actions to support Colleagues, Customers and the specialist Communities we serve.

This included the launch of a Postponement Programme to Re-Schedule and Re-Phase our event brands, ensuring we made the right decisions for our Customers, for the Brands we own and operate, and for the specialist Communities we serve and support.

As of 10 March 2020, across the Group we have successfully agreed or are in the process of agreeing the Re-Scheduling of around 45 large event brands to a date later in 2020, representing budgeted revenue of around £350m. Around 70 smaller brands have also been Re-Scheduled with revenue of around £50m. In addition, we have Localised or Virtualised several brands to deliver the best solution for customers in those markets this year. We have also Re-Phased (biennials)/Cancelled 13 brands in 2020, with budgeted revenue of £25m.

For those brands we have Re-Scheduled, Localised or Virtualised in 2020, we would expect to incur some incremental investment in venue capacity, customer marketing and other duplicative costs of Re-Scheduling and Virtualisation, subject to in-market support budgets and insurance outcomes.

Implicit in all our decisions so far, has been the wellbeing of Colleagues and Customers and this will remain our priority going forward. It is testament to the foresight and commitment of our teams around the world that, in very challenging circumstances, we have stayed resilient and continued to find solutions to serve and support our customers and the communities of which we are a part.

At this point we are not providing market guidance for the Informa Group in 2020.

Trading Outlook

Our strategy over the last six years has been to progressively build a business with international reach and depth in a range of attractive specialist markets. We have a strong presence in all major geographic regions and a portfolio providing visibility, balance and breadth.

Subscriptions-related Businesses (c.35% of Group Revenue):

This portfolio includes a range of subscription-related, specialist knowledge and information businesses. These businesses continue to grow consistently in 2020, with minimal impact to date from the outbreak of COVID-19, underpinned by forward-booked subscriptions that provide visibility and predictability, as well as attractive cash flows.

Informa Intelligence

Following a period of targeted portfolio management, Informa Intelligence is more focused on attractive and growing specialist markets where we have strong brands and market positions.

This focus, supported by continuous investment in our product and platform capabilities, is delivering good performances so far in 2020, particularly in our clinical trials business in Pharma (*Citeline*), our fund flow business in Finance (*EPFR Global*) and our shipping intelligence business in Maritime (*Lloyd's List Intelligence*).

Annualised contract values continue to grow consistently, and renewal rates remain high, at around 90% on average. This provides strong visibility and confidence we can further improve underlying growth[1] in 2020.

Taylor & Francis

The market for verified and trusted, specialist knowledge continues to grow, and is matched by the range of new formats and distribution models. In this context, our strategy to invest in the quality and integrity of our content, whilst remaining flexible with customers, is delivering steady and predictable performance.

In January 2020, we added *F1000 Research* to the portfolio, a leader in open research publishing. This complements and extends our programme of investment to strengthen our presence and capabilities in the increasingly important Open Access publishing arena.

After a strong end to 2019, trading remains solid in the early part of 2020, with robust subscription renewals, continued positive momentum in Open Access publishing and a steady performance in our Advanced Learning products. With good forward visibility and a solid pipeline of future activity, we are confident we can once more meet our annual target for underlying revenue growth[1] in 2020.

Informa Tech: Research & Data (c.20% of divisional revenue)

Our specialist research and data businesses within Informa Tech were recently relaunched as Omdia, combining the strengths of Ovum, Tractica and Heavy Reading, amongst others, with the IHS Markit TMT portfolio, to offer customers a deep pool of specialist research and analyst expertise.

As Omdia builds its reputation in the market, starts to launch new products and focuses on greater collaboration and cross-marketing with the events brands within Informa Tech, we are targeting steady and consistent improvement in growth.

Events-related Businesses (c.65% of Group Revenue):

Our events businesses generate revenue through a range of activities, including through exhibitors and attendees, as well as sponsorship, digital, data, content and marketing services. All three divisions entered 2020 with positive momentum and a strong pipeline of activity and forward bookings. As the impact of COVID-19 became clear, through our Postponement Programme we began Re-Scheduling Brands, with around 45 large Events now agreed or in the process of agreeing a move to later in 2020.

The strength of our brands and customer relationships put us in a strong position to recover once the current disruption is past, but in 2020 all three events businesses will see an impact from COVID-19.

Informa Markets

Our portfolio of 450+ B2B brands has international reach and breath, with around 40% of revenue in North America, 30% in Asia, 10% from the Middle East and the remainder across Europe and the rest of the world.

Trading in the early part of the year was encouraging, with strong forward bookings and good performances in Pharma & Healthcare (*Arab Health*) and Construction & Real Estate (*World of Concrete*), as well as an improving trend in Fashion (*Magic*).

Informa Connect

Our branded confex and content business continues to benefit from greater focus on its major brands within specialist markets, with our top 50 brands now representing around 50% of divisional revenue.

This improvement in mix and quality was reflected in some good performances in the early months of 2020, including in Global Finance (*SuperReturn International*) and Life Sciences (*BioTech Showcase*).

Informa Tech: Events (c.80% of divisional revenue)

The creation of Informa Tech in 2019 saw us establish our first market-based division, bringing together all our B2B brands that serve the Tech market through events, data, media, research and training products.

Unlike in Informa Markets and Informa Connect, our major Events Brands in this business were already weighted towards the second half of the year, including in key segments like Cybersecurity (*Black Hat*) and Artificial Intelligence (*AI Summit*). As we reap the benefits of combination and scale, our target is for steady and consistent improvement in growth across the division.

Operational Review

Since 2014, we have been pursuing a growth strategy, built around specialist markets. The *2014-2017 Growth Acceleration Plan ("GAP")* saw us reorient the group around customers and invest to improve operational fitness, modernise our platforms and bring fresh talent and experience to the Group. We also started to build a position in the Exhibitions market, Identifying, Acquiring and Integrating a series of international businesses to deepen our connections in specialist markets.

In 2018-2019, through the Accelerated Integration Plan ("AIP"), we combined two highly complementary portfolios that further extended our reach and depth in specialist markets and created a business of scale and quality in fast-growing Asian markets.

Accelerated Integration Plan ("AIP") completed on schedule

Our 12-month programme to combine UBM into Informa completed in June, delivering benefits across six key areas:

- **AIP Operating Model:** We adapted our divisional structure and operating model to further increase the focus and orientation around specialist markets;
- **AIP Leadership & Talent:** Teams were combined and leadership structures confirmed to enable the Group to go to market as a single, unified business around the world;
- **AIP Operating Synergies:** We removed duplication in central functions, simplified systems and structures and rationalised overheads to deliver more than £50m of savings in 2019;
- **AIP Fashion GAP:** We injected fresh leadership into the Fashion business and developed a three-year plan to return to growth, with the initial focus on operational fitness, venues and scheduling.
- **AIP Portfolio Management:** We reviewed and divested several portfolios and businesses, increasing our focus on specialist markets where we have strong brands and market positions;
- **AIP Brand, Identity & Culture:** We retired the UBM brand and launched a brand platform for the enlarged Group, including an updated Group purpose and set of guiding principles.

A number of combination activities remain ongoing, mainly in relation to systems simplification and the consolidation of back office services, but the Group is now operating as one business, with a platform built for further Market Specialisation and future growth.

Board strength and succession

With the *AIP* complete, there was a natural evolution in the mix and composition of the Group Board of Directors during 2019, as several Non-Executive Directors completed terms on the Board. This led to the appointment of Gill Whitehead as Non-Executive Director in August, bringing significant digital, data and analytics experience to the Group from her time at Google and elsewhere.

In January, we also announced that, having completed a full term at the Group, and with the integration of UBM complete, we had started a process to identify a successor for our Chairman, Derek Mapp. A new Chair is expected to be in place by the end of 2020, following an appropriate handover period.

Market Specialisation and Growth

Our approach to Market Specialisation is seeing us move deeper into a range of specialist markets. The creation of Informa Tech is the best example of this commitment, bringing all our brands serving the Tech market together and investing to further strengthen our position across subject categories and geographies.

More broadly, Market Specialisation sees us focused on a number of areas:

- Expanding our portfolio of B2B Products and Services: As we deepen our knowledge and connections in specialist markets, our relationship with customers is evolving. The closer we get to the fabric of these professional communities, the more we become part of these markets and the greater the opportunity to add value and create opportunities for customers and ourselves.

In Health & Nutrition our portfolio of international brands (*Natural Products Expo, Vitafoods, SupplySideWest)* spans the supply chain, from ingredients to finished products, giving us depth of knowledge and an extensive network of industry relationships. This depth and proximity is enabling us to sell a broader set of B2B products and services to customers, ranging from digital platforms, to data, research, consulting, media and marketing services.

We are following this approach in other specialist markets. For example, we have a growing portfolio of B2B services in Pharma and Aviation, amongst others.

- Enhancing our market positions through targeted expansion and partnerships: Our strength in Identifying, Acquiring and Integrating businesses gives us long-term confidence to pursue targeted additions and partnerships that enhance our position in specialist markets. Recent examples include:
  - Beauty: We are currently exploring the potential to expand our existing joint venture with Bologne Fiere to enhance and accelerate our position in the international Beauty market. This will build on the strength of our current partnership on *Cosmoprof Asia*, the international reach and profile of the *Cosmoprof* brand, and Informa's broader portfolio of brands and businesses serving the Beauty market.
  - Open Research: In January we announced the addition of F1000 Research, which offers fully managed, open research publishing services directly to research funders and learned societies. It is also the leading independent open research publishing platform for scientists and academic scholars, enabling the rapid publication of research. It adds new capabilities to our portfolio and further deepens our presence in the growing Open Access publishing arena.
  - Technology: In November, we announced a joint venture with Founders Forum, the leading community for entrepreneurs, investors and leaders in the Digital, Media and Technology markets. This has raised the profile of some of our events, such as *London Tech Week*, benefiting from Founders Forum unique brand and high-profile connections in fast-growth segments.
- Strengthening our operating capabilities: A key feature of *GAP* was investment in operational fitness, strengthening our capabilities in key areas like product development and customer management, whilst also improving the level of experience and expertise in many central functions.

  As we grow and expand, the operational demands on our business continue to evolve. The number of customers and suppliers is increasing, the volume of transactions rising, the number of countries we operate in growing, and our product portfolio is becoming broader and more complex.

  Meeting these challenges whilst maintaining flexibility and operational effectiveness, requires investment and discipline. Our ongoing work to consolidate our technology platforms and simplify back-office systems is an important component of this.

  We also continue to invest in front office capabilities to stay relevant, ensuring we innovate and adapt our products and platforms to serve the changing needs of customers. This includes key areas of product development, data management, sales effectiveness and marketing automation.
- Advancing our commitment to Sustainability: In 2014, we strengthened our resources in sustainability, with a view to improving sustainable practices across the Group. This led to Informa achieving membership of the *Dow Jones Sustainability Inde*x for the first time in 2018. We also received certification from the *Science Based Target Initiative* for committing to do our part to meet the goals of the 2015 Paris Agreement to combat climate change.

  Therefore today, Informa is launching ***FasterForward***, a five-year plan to further enhance Informa's sustainability practices, with a goal to become a *Champion of Sustainability* within our own business and across the specialist markets we serve.

This sees us commit to move ***Faster to Zero****,* with a goal to be carbon neutral across our business and products by 2025 and net zero carbon and zero waste by 2030 or earlier.

Across our markets, we are committing to put ***Sustainability Inside*** all our brands by 2025 or sooner, ensuring our platforms for sharing knowledge and connections are used to support sustainable development and identify solutions to key issues in every specialist market we serve.

Finally, we also recognise that our products deliver efficiencies for customers, from knowledge transfer and distribution, to idea exchange, decision making and investment, sourcing suppliers, launching products, business meetings and travel. For example, our events convene an industry or professional community in one location to meet their shared goals, saving attendees multiple flights to multiple locations to meet customers individually. By focusing on improving the efficiencies we deliver, we can help industries, companies and individuals improve their own impact on the world. Our role as an ***Impact Multiplier***, sees us target saving our customers more carbon than we emit ourselves as a company by 2025.

- Improving our Financial Fitness: Following the completion of the *AIP*, the enlarged Group delivered further consistent growth, with high levels of cash conversion, leading to strong free cash generation. In 2019, free cash flow[1] was £722m, up from just £237m in 2014, providing significant flexibility for investment, expansion and returns.

  This cashflow underpins the 7% increase in dividends per share we have proposed for 2019, which extends our track record of consistent dividend returns to shareholders over the past six years.

  It also underpins a strong and flexible balance sheet, helping us to meet our leverage target for 2019, with net debt to EBITDA ending the year at 2.5 times.

  In October, we strengthened our balance sheet further through a €500m bond, lowering our cost of debt and allowing us to repay the $350m bond due to mature in November 2020 and $185m of private placement debt due to mature in December 2020.

  More recently, in 2020, we secured a surplus, committed credit facility of £750m which will provide full flexibility through the current period of market volatility.

  Following the pro-active management of our financing structure, the Group's average maturity on its drawn borrowings is 5.6 years, with no borrowing maturities until 2022, providing attractive and secure long-term financing.

Divisional Trading Review

In 2019, the Informa Group's reported revenues increased +22.0%, reflecting attractive underlying growth[1] (+3.5%), supported by the benefits of targeted expansion, including a full year of UBM (+15.3%), as well as a small phasing benefit (+0.2%) and positive currency tailwinds (+3.0%). Adjusted operating profit[2] followed a similar pattern, with underlying growth[1] of +6.5% reflecting the effective delivery of combination synergies, with over £50m realised in-year. Statutory operating profit increased with the full year contribution of UBM.

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

Informa Markets	2019 £m	2018 £m	Reported %	Underlying[1] %
Revenue	**1,450.2**	1,032.2	40.5	4.3
Statutory Operating Profit	**247.1**	135.6	82.2	
Adjusted Operating Profit[2]	**493.3**	357.4	38.0	7.5
Adjusted Operating Margin[2] (%)	**34.0**	34.6		

Informa Markets creates platforms for industries and specialist markets to trade, innovate and grow. Through more than 450 international B2B brands, we provide opportunities to engage, experience and do business via face-to-face exhibitions, specialist digital content and actionable data solutions.

In 2019, Informa Markets accounted for 50.2% of Group Revenue and 52.9% of Adjusted Operating Profit. This included revenue of £101m from biennial events.

Increased international reach and the continuing benefits of market specialisation delivered further good underlying growth in 2019, with particular strength in Health & Nutrition (*Natural Products Expo West*), Healthcare & Pharma (*CPhI Worldwide*) and Hospitality & Food (*Hotelex*). This strong performance included two market-specific, in-year impacts in Dubai and Hong Kong, as well as the managed programme of change within Fashion, underlining the strength in depth across our portfolio.

In total, the *AIP* delivered more than £50m of synergies in 2019, the majority falling within Informa Markets. At a reported level, divisional margins were broadly consistent at 34%, with the benefit of synergies offset by a full year of lower margin UBM businesses, which were only included for six months in 2018.

Informa Connect	2019 £m	2018 £m	Reported %	Underlying[1] %
Revenue	**275.6**	277.5	(0.7)	2.9
Statutory Operating Profit	**22.8**	15.3	49.0	
Adjusted Operating Profit[2]	**47.2**	45.8	3.1	(1.5)
Adjusted Operating Margin[2] (%)	**17.1**	16.5		

Informa Connect is our Content and Connectivity business, organising content-driven events, training and programmes, that provide platforms for professional communities to meet, network and share knowledge. It has 500+ major brands, with particular strengths in Biotech & Pharma and Finance & Investment.

In 2019, Informa Connect accounted for 9.5% of Group Revenue and 5.1% of Adjusted Operating Profit.

Our focus on major brands in specialist markets delivered further improvement in underlying growth in 2019, with strong performances in Biotech & Pharma (*Bio-Europe*) and Finance & Investment (*SuperReturn*).

As part of the *AIP*, we sold the *Life Sciences Media Portfolio* in January, lowering reported growth. We also absorbed our portfolio of Real Estate and Consumer Brands in Canada into Informa Connect, effective 1st January 2019, with 2018 figures restated to reflect its inclusion. Increased investment in this business, combined with the overall mix of profits in 2019, contributed to lower underlying divisional profit in the year.

Informa Tech	2019 £m	2018 £m	Reported %	Underlying[1] %
Revenue	256.2	175.5	46.0	2.0
Statutory Operating Profit	35.9	10.1	255.4	
Adjusted Operating Profit[2]	70.4	40.1	75.6	7.1
Adjusted Operating Margin[2] (%)	27.5	22.8		

Informa Tech informs, educates and connects specialist Technology communities around the world. Through more than 100 B2B brands, we provide specialist intelligence and knowledge, and build platforms for customers to engage, learn and be inspired to create a better digital world.

In 2019, Informa Tech accounted for 8.9% of Group Revenue and 7.5% of Adjusted Operating Profit.

In a year of combination and creation, Informa Tech performed steadily, with strong performances in Security (*Black Hat*) and Artificial Intelligence (*AI Summit*), amongst others. The priority was to combine teams effectively, including those who joined with the IHS Markit TMT Portfolio in August, and establish the brand in the market. In February 2020, we further enhanced our proposition through the launch of Omdia, a new business combining all our specialist research and data businesses, including the IHS Markit TMT Portfolio.

Reported growth and operating margins reflected the full year impact of UBM and related synergies.

Informa Intelligence	2019 £m	2018 £m	Reported %	Underlying[1] %
Revenue	348.7	351.1	(0.7)	3.3
Statutory Operating Profit	68.8	66.7	3.1	
Adjusted Operating Profit[2]	104.1	91.4	13.9	11.3
Adjusted Operating Margin[2] (%)	29.9	26.0		

Informa Intelligence provides specialist data, intelligence and insight to businesses, helping to make better decisions, gain competitive advantage and enhance return on investment. Through a range of specialist B2B brands, we provide intelligence to niche communities, including in Pharma, Finance and Maritime.

In 2019, Informa Intelligence accounted for 12.1% of Group Revenue and 11.2% of Adjusted Operating Profit.

Increased focus around our major brands in Pharma (*Citeline*), Retail Banking (*FBX*) and Maritime (*Lloyd's List*) delivered further steady improvement in underlying growth, underpinned by strong subscription renewals, steady new business activity and a solid order book for project consulting.

The divestiture of our *Agribusiness* and *Industrial* portfolios during the year adds further focus and momentum going forward. These disposals are reflected in the reported revenue decline in 2019.

Taylor & Francis	2019 £m	2018 £m	Reported %	Underlying[1] %
Revenue	559.6	533.2	5.0	2.4
Statutory Operating Profit	163.5	137.3	19.1	
Adjusted Operating Profit[2]	218.1	197.4	10.5	3.6
Adjusted Operating Margin[2] (%)	39.0	37.0		

Taylor & Francis publishes peer-reviewed scholarly research and specialist advanced learning products across subjects within Humanities & Social Sciences and Science, Technology and Medicine. It is recognised internationally through its major publishing brands, including *Taylor & Francis*, *Routledge* and *CRC Press*.

In 2019, Taylor & Francis accounted for 19.3% of Group Revenue and 23.3% of Adjusted Operating Profit.

Our flexible approach, balancing customer needs with maintaining the quality and integrity of our content, continues to deliver results, with robust subscription renewals, steady performance in advanced learning and strong Open Access momentum, which was further buoyed by the recent addition of F1000 Research.

Higher operating margins in 2019 reflect the benefit of positive currency tailwinds on statutory and adjusted operating profit, as well as Taylor & Francis' share of central operating efficiencies delivered by the *AIP*.

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Financial Review

Income Statement

In 2019, Informa delivered a further year of increased revenue and profit on an underlying, adjusted and statutory basis.

	Adjusted results 2019 £m	Adjusting items 2019 £m	Statutory results 2019 £m	Adjusted results 2018 £m	Adjusting items 2018 £m	Statutory results 2018 £m
Revenue	**2,890.3**	**-**	**2,890.3**	2,369.5	-	2,369.5
Operating Profit/(loss)	**933.1**	**(395.0)**	**538.1**	732.1	(368.9)	363.2
(Loss)/profit on disposal	**-**	**(95.4)**	**(95.4)**	-	1.1	1.1
Net finance costs	**(111.7)**	**(12.3)**	**(124.0)**	(82.4)	0.2	(82.2)
Profit/(loss) before tax	**821.4**	**(502.7)**	**318.7**	649.7	(367.6)	282.1
Tax(charge)/credit	**(156.1)**	**83.5**	**(72.6)**	(116.2)	55.7	(60.5)
Profit/(loss) for the period	**665.3**	**(419.2)**	**246.1**	533.5	(311.9)	221.6
Adjusted operating margin	**32.3%**			30.9%		
Adjusted diluted EPS	**51.3p**		**18.0p**	49.2p		19.7p

Statutory income statement results

Statutory revenue increased by 22.0% to £2,890.3m, with growth including the full year benefit of the UBM combination, the business's underlying growth and favourable currency benefits. In 2019, there was a first full year of contribution from UBM, compared to just six and a half months contribution in 2018.

Statutory operating profit increased by 48.2% to £538.1m, reflecting a £201.0m growth in adjusted operating profit. This also reflects UBM, underlying business growth and favourable currency impacts, and partly offset by a £26.1m increase in adjusting items charged to operating profit. These were largely related to the UBM acquisition.

Statutory net finance costs rose £41.8m to £124.0m and comprised £134.1m of finance costs and £10.1m of investment income. The increase in finance costs reflects the full year impact of the additional £1.2bn debt taken on to finance the UBM addition in June 2018, the adverse currency impact on our largely USD-denominated debt and the early repayment of borrowings to refinance and take advantage of favourable market conditions.

Statutory profit before tax increased by 13.0% to £318.7m, reflecting the £174.9m increase in operating profit, partly offset by the £96.5m increase in loss on disposals and the £41.8m increase in net finance costs.

The statutory tax charge for the year was £72.6m, representing an increase of £12.1m compared to 2018. This increase was due to the larger profit before tax and a higher statutory effective tax rate of 22.8% compared to 21.4% in 2018.

Statutory diluted earnings per share decreased by 8.6% to 18.0p (2018: 19.7p). This reflected a £174.9m increase in operating profit in the year, offset by four main factors: the £41.8m increase in finance costs, the £96.5m increase in losses on disposals, a £12.1m increase in the tax charge and a 198.5m increase in the weighted average number of shares, reflecting the full year effect of the shares issued in 2018 to part-fund the combination.

Measurement and Adjustments

In addition to statutory results, adjusted results are prepared for the income statement. These include adjusted operating profit, adjusted diluted earnings per share and underlying measures and a full definition of these metrics can be found in the glossary of terms on page 48. The Divisional table provides a reconciliation between statutory operating profit and adjusted operating profit by division.

Underlying revenue and adjusted operating profit growth on an underlying basis are reconciled to reported growth as follows.

	Underlying growth	Phasing and other items	Acquisitions and disposals	Currency change	Reported growth
2019					
Revenue	3.5%	0.2%	15.3%	3.0%	22.0%
Adjusted operating profit	6.5%	2.1%	12.1%	6.8%	27.5%
2018					
Revenue	3.7%	(0.4%)	35.4%	(3.8%)	34.9%
Adjusted operating profit	2.3%	(0.1%)	37.6%	(5.4%)	34.4%

Adjusting Items

The items below have been excluded from adjusted results. The total charge against operating profit for adjusting items rose to £395.0m in 2019 (2018: £368.9m), mainly due to the increase in amortisation of acquired intangible assets following the UBM combination.

	2019 £m	2018 £m
Intangible amortisation and impairment:		
Intangible asset amortisation[1]	**312.4**	243.6
Impairment of acquisition intangibles and goodwill	**4.7**	9.8
Impairment of right of use assets	**4.6**	-
Acquisition costs	**3.3**	42.9
Integration costs	**56.4**	46.0
Restructuring and reorganisation costs:		
Redundancy and reorganisation costs	**6.4**	8.1
Vacant property costs	**2.2**	5.0
Re-measurement of contingent consideration	**3.2**	(0.1)
VAT charges	**1.8**	9.1
GMP pension equalisation	**-**	4.5
Adjusting items in operating profit	**395.0**	368.9
Loss/(profit) on disposal of subsidiaries and operations	**95.4**	(1.1)
Investment income	**(1.2)**	(1.2)
Finance costs	**13.5**	1.0
Adjusting items in profit before tax	**502.7**	367.6
Tax related to adjusting items	**(83.5)**	(55.7)
Adjusting items in profit for the year	**419.2**	311.9

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

The £68.8m increase in intangible asset amortisation in 2019 primarily reflects an additional five and half months of amortisation of acquired intangibles relating to the UBM acquisition, which totalled £60.5m.

Intangible amortisation relates to book lists and journal titles, acquired databases, customer and attendee relationships and brands related to exhibitions, events and conferences. Intangible asset amortisation arising from software assets and product development is not treated as an adjusting item and so is not included in the table, as it is treated as an ordinary cost in the calculation of operating profit.

Integration costs of £56.4m included £42.4m relating to acquiring UBM, and consisted mainly of process, property and colleague-related reorganisation costs. This brings the cumulative UBM integration costs to £81.9m to date. The integration of other acquisitions, including the IHS Markit TMT research and intelligence portfolio, amounted to £14.0m.

Net finance costs of £12.3m largely relate to incremental finance costs associated with the early repayment of borrowings in 2019, allowing us to take advantage of favourable market conditions to secure long-term refinancing.

The loss on disposal of £95.4m included a £35.6m profit relating to the disposal of the Agribusiness Intelligence portfolio on 30 June 2019 and a £120.6m loss associated with selling the Industry & Infrastructure media brands portfolio on 9 October 2019.

Informa's updated Divisional structure was launched at the start of 2019 and included new divisional names and the launch of a fifth operating Division, Informa Tech. All five operating Divisions posted underlying revenue growth in 2019, with Group underlying revenue growth of 3.5% and underlying profit growth of 6.5%, as shown in the following table.

	Informa Markets £m	**Informa Connect £m**	**Informa Tech £m**	**Informa Intelligence £m**	**Taylor & Francis £m**	**Group £m**
Revenue	1,450.2	275.6	256.2	348.7	559.6	2,890.3
Underlying revenue growth	4.3%	2.9%	2.0%	3.3%	2.4%	3.5%
Statutory operating profit	247.1	22.8	35.9	68.8	163.5	538.1
Add back:						
Intangible asset amortisation[1]	197.5	17.9	21.7	23.3	52.0	312.4
Impairment of acquisition intangibles and goodwill	4.7	-	-	-	-	4.7
Impairment right of use assets	1.4	-	-	0.9	2.3	4.6
Acquisition costs	0.7	-	2.0	0.3	0.3	3.3
Integration costs	38.6	4.6	10.2	3.0	-	56.4
Restructuring and reorganisation costs	3.0	0.2	0.6	4.8	-	8.6
Re-measurement of contingent consideration	(1.5)	1.7	-	3.0	-	3.2
VAT charges	1.8	-	-	-	-	1.8
Adjusted operating profit	493.3	47.2	70.4	104.1	218.1	933.1
Underlying adjusted operating profit growth	7.5%	(1.5%)	7.1%	11.3%	3.6%	6.5%

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

Adjusted Net Finance Costs

Adjusted net finance costs, principally consisting of interest costs on US private placement loan notes, bond and bank borrowings, increased by £29.3m to £111.7m. The increase principally reflected the full year effect of higher average debt levels following the addition of UBM. This increased net debt by £1,211.9m, reflecting the cash consideration of £643.5m and £568.4m of net debt acquired with the business.

In addition, £3.1m of increased financing related to adverse currency movements, with the remainder largely related to IFRS 16 net finance costs of £13.5m.

This reflects the inclusion in net debt of leases following the adoption of IFRS 16 *Leases* on 1 January 2019 (£329.2m net IFRS 16 finance lease debt added on 1 January 2019). The reconciliation of adjusted net finance costs to the statutory finance costs and investment income is as follows:

	2019 £m	2018 £m
Investment income	**(10.1)**	(8.2)
Finance costs	**134.1**	90.4
Add back: Adjusting items relating to investment income	**1.2**	1.2
Add back: Adjusting items relating to finance costs	**(13.5)**	(1.0)
Adjusted net finance costs	**111.7**	82.4

Taxation

Approach to tax

The Group continues to recognise that taxes paid are part of the economic benefit created for the societies in which we operate, and that a fair and effective tax system is in the interests of tax-payers and society at large. We aim to comply with tax laws and regulations everywhere the Group does business. Informa has 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.

The Group's effective tax rate reflects the blend of tax rates and profits in the jurisdictions in which we operate. In 2019, the effective tax rate was 19.0% (2018: 17.9%).

The calculation of the effective tax rate is as follows.

	2019 £m	2018 £m
Adjusted tax charge	**156.1**	116.2
Adjusted profit before tax	**821.4**	649.7
Effective tax rate %	**19.0%**	17.9%

Tax payments

During 2019, the Group paid £100.6m (2018: £82.4m) of corporation and similar taxes on profits, with the increase largely reflecting the full year of tax payments relating to UBM.

A breakdown of the main geographies in which the Group paid tax is as follows:

	2019 £m	2018 £m
UK	**25.8**	39.9
Continental Europe	**10.7**	7.7
United States	**19.9**	1.7
China	**21.8**	25.2
Rest of world	**22.4**	7.9
Total	**100.6**	82.4

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

	2019 £m	2018 £m
Tax charge on adjusted PBT per Consolidated Income Statement	**156.1**	116.2
Movement in deferred tax including US tax losses	**(27.1)**	(5.3)
Net current tax credits in respect of adjusting items	**(20.1)**	(29.4)
Movement in provisions for uncertain tax positions	**4.3**	5.6
Taxes paid in different year to charged	**(12.6)**	(4.7)
Taxes paid per Statutory Cash Flow	**100.6**	82.4

At the end of 2019, the deferred tax asset relating to US tax losses was £69.2m (2018: £106.0m), which is expected to be utilised against future US profits.

Goodwill is not amortised, and as a result, there is no charge to adjusting items for goodwill amortisation. However, there can be an allowable tax benefit for certain goodwill amortisation in the US and elsewhere. Where this benefit arises, it reduces the tax charge on adjusted profits.

The amortisation of intangible assets is considered an adjusting item. Therefore, the £14.4m (2018: £16.7m) of current tax credits taken in respect of the amortisation of intangible assets is also treated as an adjusting item and is included in the current tax credits in respect of adjusting items noted above.

Tax contribution

The Group's total tax contribution, which comprises all material taxes paid to, and collected on behalf of, governments globally was £375.2m in 2019 (2018: £316.9m). The geographical split of taxes paid by our businesses was as follows:

	UK £m	**US £m**	**Other £m**	**Total £m**
Profit taxes borne	**25.8**	**19.9**	**54.9**	**100.6**
Employment taxes borne	**23.4**	**20.8**	**10.6**	**54.8**
Other taxes (e.g. business rates)	**6.7**	**1.4**	**1.8**	**9.9**
Total tax contribution	**55.9**	**42.1**	**67.3**	**165.3**

In addition to the above, in 2019 we collected taxes on behalf of governments (e.g. employee taxes and sales taxes) amounting to £209.9m (2018: £177.8m).

Earnings Per Share

Informa delivered an increase in adjusted earnings per share (EPS) of 4.3% to 51.3p (2018: 49.2p). This reflects a 24.0% increase in adjusted earnings to £644.7m (2018: £519.8m), more than offsetting the 18.8% increase in the weighted average number of shares.

Reconciliation of Adjusted profit after tax and adjusted diluted earnings per share is as follows:

	2019 £m	2018 £m
Statutory Profit for the year	**246.1**	221.6
Add back: Adjusting items in profit for the year	**419.2**	311.9
Adjusted profit for the year	**665.3**	533.5
Non-controlling interests	**(20.6)**	(13.7)
Adjusted earnings	**644.7**	519.8
Weighted average number of shares used in diluted EPS (m)	**1,255.7**	1,057.2
Adjusted diluted EPS (p)	**51.3p**	49.2p

	2019 £m	2018 £m
Statutory Profit for the year	**246.1**	221.6
Non-controlling interests	**(20.6)**	(13.7)
Statutory Earnings	**225.5**	207.9
Weighted average number of shares used in diluted EPS (m)	**1,255.7**	1,057.2
Statutory Diluted EPS (p)	**18.0p**	19.7p

If we were to reflect a full 12 months ownership of UBM, related finance costs and share issuance, and remove the impact of owning the Life Sciences media brands portfolio which was sold in January 2019, pro-forma adjusted diluted EPS grew by 16.1% from 2018 (51.3p in 2019 compared to 2018 pro-forma amount of 44.2p, see table below). See the glossary of terms for a full definition of pro-forma diluted EPS measures.

	2019 £m	2018 Pro-forma £m
Adjusted profit for the year	**665.3**	533.5
Adjustment to 2018 profit (UBM & Life Sciences)	**-**	40.5
Non-controlling interests	**(20.6)**	(13.7)
Non-controlling interest adjustment (UBM & Life Sciences)	**-**	(4.8)
Adjusted earnings	**644.7**	555.5
Weighted average number of shares used in diluted EPS (m)	**1,255.7**	1,057.2
Weighted average number of shares adjustment	**-**	198.9
Adjusted diluted EPS (p)	**51.3p**	44.2p

Dividends

The Group's strong cash conversion and free cash flow generation supported further growth in dividends in 2019. The Board has proposed a final dividend of 15.95p per share (2018: 14.85p per share) representing a 7.4% increase on the final dividend in the prior year.

The final dividend is scheduled to be paid on 10 July 2020 to ordinary shareholders registered at the close of business on 19 June 2020. This will result in total dividends for the year of 23.5p (2018: 21.9p), a 7.3% year-in-year increase.

The growth in earnings in 2019 means dividend cover (see glossary of terms for definition) was 2.2 times (2018 2.2 times), being adjusted diluted EPS of 51.3p (2018: 49.2p) divided by total dividends per share of 23.5p (2018: 21.90p). Our dividend payout ratio was 45.8%, being total dividends per share of 23.5p divided by adjusted EPS of 51.3p.

	2019	2018
Adjusted diluted EPS (p)	**51.3**	49.2
Dividends per share (p)	**23.5**	21.9
Dividend cover	**2.2**	2.2
Dividend payout ratio (dividends per share/ adjusted diluted EPS)	**45.8%**	44.5%

In 2019 £280.0m (2018: £201.9m) of dividends were paid to external shareholders and £17.5m (2018: £8.6m) in dividends were paid to non-controlling interests.

Currency Impact

One of the Group's strengths is its international reach and balance, with businesses in most major regions. This means the Group generates revenues and costs in a mixture of currencies, with particular exposure to the US Dollar and some exposure to the Euro and the Chinese Renminbi.

In 2019, approximately 59% (2018: 61%) of Group revenue was received in USD or currencies pegged to USD, with 7% (2018: 6%) received in Euro and around 8% (2018: 7%) in Chinese Renminbi.

Similarly, we incurred approximately 53% (2018: 53%) of our costs in USD or currencies pegged to USD, with 3% (2018: 2%) in Euro and around 7% (2018: 6%) in Chinese Renminbi.

Each one cent ($0.01) movement in the USD to GBP exchange rate has a circa £13m (2018: £11m) impact on annual revenue, and a circa £5m (2018: c£4m) impact on annual adjusted operating profit.

For the purposes of testing Informa's leverage in accordance with the Group's bank covenants, both profit and net debt are translated using the average exchange rate during the relevant period.

The following rates versus GBP were applied during the period:

	2019		**2018**	
	Closing rate	**Average rate**	**Closing Rate**	**Average rate**
US Dollar	**1.32**	**1.28**	1.27	1.33
Euro	**1.17**	**1.14**	1.11	1.13
Renminbi	**9.17**	**8.80**	8.73	8.82

Free Cash Flow

Cash generation remains a key priority and focus for the Group, providing the funds and flexibility for paying down debt, future organic and inorganic investment, and consistent shareholder returns. Our businesses typically convert adjusted operating profit into cash at an attractive rate, reflecting the relatively low capital intensity of the Group.

The following table reconciles statutory operating profit to free cash flow. See glossary of terms for the definition of free cash flow.

	2019 £m	2018 £m
Statutory operating profit	**538.1**	363.2
Adjusting items	**395.0**	368.9
Adjusted operating profit	**933.1**	732.1
Depreciation of property and equipment	**17.2**	13.1
Depreciation of right of use assets[1]	**33.1**	-
Software and product development amortisation	**41.9**	42.5
Share-based payments	**10.4**	8.1
Pension curtailment gain	**-**	(0.8)
Adjusted share of joint venture and associate results	**(1.5)**	(1.0)
Adjusted EBITDA[2]	**1,034.2**	794.0
Net capital expenditure	**(49.8)**	(59.4)
Working capital movement[3]	**(13.6)**	(62.3)
Pension deficit contributions	**(5.4)**	(4.4)
Operating Cash Flow	**965.4**	667.9
Restructuring and reorganisation	**(9.9)**	(18.1)
Net interest[4]	**(132.8)**	(64.2)
Taxation	**(100.6)**	(82.4)
Free Cash Flow	**722.1**	503.2

[1] Right of use assets arise on the adoption of IFRS16 leases from 1 January 2019.
[2] Adjusted EBITDA represents adjusted operating profit before interest, tax, and non-cash items including depreciation and amortisation
[3] Working capital movement excludes movements on restructuring, reorganisation, acquisition and integration accruals
[4] Amount includes £13.5m of make-whole interest related to the early refinancing of bond and private placement debt

Our focus on cash generation led to a consistently strong operating cash conversion in 2019 of 103.5% (2018: 91.2%).

The calculation of operating and free cash flow conversion is as follows:

	Operating Cash Flow		Free cash flow	
	2019 £m	2018 £m	2019 £m	2018 £m
Operating Cash Flow/ Free cash flow	**965.4**	667.9	**722.1**	503.2
Adjusted operating profit	**933.1**	732.1	**933.1**	732.1
Operating cash / Free cash flow conversion	**103.5%**	91.2%	**77.4%**	68.7%

Net capital expenditure was £49.8m (2018: £59.4m), equivalent to 1.7% of 2019 revenue (2018 2.5%). We expect full year 2020 capital expenditure to be around 3% of revenue.

The working capital outflow of £13.6m was a £48.7m improvement on the £62.3m outflow in 2018. The smaller outflow in 2019 reflects a more normal performance after the prior year was impacted by the timing of the combination with UBM part-way through 2018.

Net cash interest payments were £132.8m, this was a £68.6m increase on the prior year, largely reflecting the full year effect of the additional debt to acquire UBM.

The following table reconciles net cash inflow from operating activities, as shown in the consolidated cash flow statement to free cash flow:

	2019 £m	2018 £m
Net cash inflow from operating activities per statutory cash flow	**719.6**	486.3
Interest received	**5.5**	2.1
Purchase of property and equipment	**(17.5)**	(23.4)
Proceeds on disposal of property and equipment	**-**	0.4
Purchase of intangible software assets	**(25.3)**	(30.2)
Product development cost additions	**(7.0)**	(6.2)
Add back: Acquisition and integration costs paid	**46.8**	74.2
Free Cash Flow	**722.1**	503.2

Net cash inflow from operating activities increased by £233.3m to £719.6m, principally driven by the growth in adjusted operating profit.

The following table reconciles cash generated by operations, as shown in the consolidated cash flow statement, to operating cash flow shown in the free cash flow table above:

	2019 £m	2018 £m
Cash generated by operations per statutory cash flow	**958.5**	635.0
Net Capex paid	**(49.8)**	(59.4)
Add back: Acquisition & integration costs paid	**46.8**	74.2
Add back: Restructuring & re-organisation costs paid	**9.9**	18.1
Operating Cash Flow per Free Cash flow statement	**965.4**	667.9

The following table reconciles free cash flow to net funds flow and net debt, with net debt reducing by £24.3m to £2,657.6m during the year. Net debt increased by £329.2m due to the introduction of IFRS 16, partly offset by favourable movement in the USD to GBP exchange rates. As the majority of our net debt is US dollar-denominated or swapped into USD (86.5% of net debt), the weakening of the USD against GBP reduced our net debt by £87.4m.

	2019 £m	2018 £m
Free Cash Flow	**722.1**	503.2
Acquisitions	**(311.1)**	(697.8)
Disposals	**179.3**	7.4
Dividends paid to shareholders	**(280.0)**	(201.9)
Dividend paid to settle UBM acquisition liability	**-**	(59.0)
Dividends paid to non-controlling interests	**(17.5)**	(8.6)
Net share (purchase)/proceeds	**(15.9)**	2.0
Net funds flow	**276.9**	(454.7)
Borrowings acquired with acquisition of UBM	**-**	(702.6)
Non-cash movements	**5.7**	(0.6)
Foreign exchange	**87.4**	(150.9)
Net debt b/f	**(2,681.9)**	(1,373.1)
Net finance lease additions in the year	**(16.5)**	-
IFRS 16 leases at 1 January 2019	**(343.6)**	-
IFRS 16 finance lease receivable at 1 January 2019	**14.4**	-
Net debt	**(2,657.6)**	(2,681.9)

Financing and Leverage

The Group's consistent growth, high levels of cash conversion and strong free cash generation provide significant flexibility for investment, expansion and returns. This underpins our strong and flexible balance sheet, helping us to meet our leverage target for 2019, with net debt to EBITDA ending the year at 2.5 times. This equated to net debt of £2.7bn or £2.4bn on a pre-IFRS 16 basis at 31 December 2019 (2018: £2.7bn), with our robust and flexible financing framework providing unutilised committed financing facilities of £843.1m (2018: £776.5m).

On 15 February 2019, the Group negotiated a new revolving credit facility (RCF) with two tranches: £600m for a five-year term to February 2024 and £300m for a three-year term to February 2022. On 24 January 2020 both tranches of RCF were extended by one further year, to February 2025 and February 2023 respectively.

On 22 October 2019 the Group took advantage of favourable financing market conditions to issue €500.0m of new EMTN loan notes, with maturities of 8 years and 6 months (maturing on 22 April 2028). These loan notes were swapped into USD and used to prepay bond and private placement debt that was due to mature in 2020. In November 2019 we repaid the $350m bond due to mature in November 2020 and in December 2020, we also repaid $185m of private placement debt due to mature in December 2020. On 24 February 2020 we made an early repayment to the holders of the remaining $200.5m private placement debt maturing in December 2020.

In addition, in 2020, we secured a surplus, committed credit facility of £750m which will provide full flexibility through the current period of market volatility.

Following the pro-active management of our financing structure, the Group's average maturity on our drawn borrowings is currently 5.6 years (5.5 years as at 31 December 2019), with no borrowing maturities until June 2022.

	31 December 2019 £m	31 December 2018 £m
Cash and cash equivalents	**(195.1)**	(168.8)
Bank overdraft	**-**	43.9
Private placement loan notes	**1,212.8**	1,396.4
Private placement fees	**(2.7)**	(3.4)
Bond borrowings	**1,279.1**	1,163.0
Bond borrowing fees	**(11.0)**	(7.4)
Bank borrowings – revolving credit facility (RCF)	**56.9**	78.5
Bank borrowings – term loan facility	**-**	156.9
Bank loan fees	**(2.2)**	(0.9)
Derivative assets associated with borrowings	**(3.9)**	(1.5)
Derivative liabilities associated with borrowings	**22.4**	25.2
Net debt before leases	**2,356.3**	2,681.9
Finance lease liabilities	**316.6**	-
Finance lease receivables	**(15.3)**	-
Net debt	**2,657.6**	2,681.9
Borrowings (excluding derivatives, leases, fees & overdrafts)	**2,548.8**	2,794.8
Unutilised committed facilities (undrawn portion of RCF)	**843.1**	776.5
Total committed facilities	**3,391.9**	3,571.3

There are no financial covenants on our debt facilities other than for our US private placement loan notes in issue at 31 December 2019, where the principal financial covenants are a maximum leverage ratio of 3.5 times and a minimum interest cover of 4.0 times, tested semi-annually.

At 31 December 2019, the leverage ratio was 2.5 times (31 December 2018: 2.9 times), calculated in accordance with our note purchase agreements, with net debt on a pre-IFRS 16 basis and using average exchange rates to translate net debt and including a full year's trading for acquisitions completed during 2019. The interest cover ratio was 9.4 times (31 December 2018: 9.5 times). See glossary of terms for the definition of leverage ratio and interest cover.

The calculation of the leverage ratio is as follows:

	2019 £m	2018 £m
Net debt as reported (post IFRS 16)	**2,657.6**	2,681.9
Adjusted EBITDA	**1,034.2**	794.0
Leverage ratio reported value	**2.6**	3.4
Leverage ratio covenant EBITDA adjustment to ratio[1]	**0.2**	(0.3)
Adjustment to ratio for net debt covenant adjustment[1]	**(0.3)**	(0.2)
Leverage ratio per debt covenants	**2.5**	2.9

[1] Refer to Glossary for details of the nature of debt covenant adjustments to EBITDA and Net Debt for leverage ratio

The calculation of the interest cover is as follows:

	2019 £m	2018 £m
Adjusted EBITDA	**1,034.2**	794.0
Adjusted net finance costs	**111.7**	82.4
Interest cover reported value	**9.3**	9.6
Interest cover covenant EBITDA adjustment to ratio[1]	**0.1**	(0.1)
Interest cover per debt covenant	**9.4**	9.5

[1] Refer to Glossary for details of the nature of debt covenant adjustments to EBITDA for interest cover

Corporate Development

Informa has a proven track record in creating value through identifying, executing and integrating complementary businesses effectively into the Group, and we continue to target attractive businesses in specialist markets. In 2019, cash invested in acquisitions was £311.1m (2018: £697.8m), with £232.1m relating to acquisitions (2018: £623.6m), £46.8m (2018: £74.2m) relating to acquisition and integration costs and £32.2m relating to the cash settlement on the exercise of an option relating to minority interests in certain Fashion shows in the US. Net proceeds from disposals amounted to £179.3m (2018: £7.4m).

Acquisitions

On 4 January 2019 the Group acquired the Centre for Asia Pacific Aviation Pty Ltd (CAPA), for cash consideration of £15.0m (AUD 24.8m), net of cash acquired. The business forms part of the specialist Aviation portfolio in Informa Markets.

On 1 August 2019 the Group acquired the TMT Research and Intelligence Portfolio from IHS Markit for £123.3m consideration. This business forms part of Informa Tech and its newly launched Omdia business.

Disposals

Through the Progressive Portfolio Management programme within the *AIP*, the Group made several divestitures during 2019, leaving us more focused on specialist markets with the strongest future growth prospects for our brands.

This included the sale of the Life Sciences Media Brands Portfolio, completed on 31 January 2019, for a consideration of £79.3m, with £67.3m received in cash and £12.0m of deferred consideration. The profit on disposal was £10.8m.

On 30 June 2019 we completed the sale of the Agribusiness Intelligence Portfolio within Informa Intelligence to IHS Markit, for cash consideration of £102.8m. This completed on 30 June 2019, with a profit on disposal of £35.6m.

On 9 October 2019 the Group completed the divestiture of a portfolio of Industry & Infrastructure Media Brands for a consideration of £42.4m, recording a loss on disposal of £120.6m.

On 15 November 2019 the Group sold a small portfolio of non-core US event brands, which were part of Informa Markets. The consideration was £6.6m, and the loss on disposal was £13.3m.

Pensions

The Group continues to meet all commitments to its pension schemes, which consist of six defined benefit schemes. At 31 December 2019, the Group had a net pension liability of £30.1m (31 December 2018: £33.0m), represented by a pension deficit of £35.0m (31 December 2018: £37.5m) and a pension surplus of £4.9m (31 December 2018: £4.5m). Gross liabilities were £730.8m at 31 December 2019 (31 December 2018: £679.2m).

The net deficit remains manageable and relatively small compared to the size of the Group's balance sheet. All schemes are closed to future accrual and the Group expects to make £4.9m of employer deficit recovery payments during 2020.

Restatement of 2018 results

The segmental income statement for the year ended 31 December 2018 has been reclassified to align with the updated divisional structure effective from 1 January 2019.

In 2019 we completed the IFRS 3 fair value exercise in relation to the 15 June 2018 acquisition of UBM plc.

New accounting standards

The only material financial impact from new accounting standards in 2019 is from the adoption of IFRS 16 *Leases* on 1 January 2019.

IFRS 16 *Leases,* replaces the existing leasing standard, IAS 17 *Leases*. It treats all leases in a consistent way, eliminating the distinction between operating and finance leases, and has required lessees to recognise all leases on the balance sheet, except for low value leases and those with a term of less than 12 months. The most significant effect of the new standard has been the recognition in the Balance Sheet of right of use assets and lease liabilities for leases previously categorised as operating leases.

The new standard also changes the nature of expenses related to those leases, replacing the straight-line operating lease expense with a depreciation charge for the right of use lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs).

There are several practical expedients and exemptions available on the adoption of IFRS 16. The Group has elected to apply the modified retrospective method of implementation where there is no restatement of the comparative period and using the practical expedient where, at the adoption date, right-of-use lease assets are set to equal the lease liabilities. The Group has excluded leases of low-value assets and short-term leases, with a duration of less than 12 months from the application of IFRS 16, with payments for these leases continuing to be expensed directly to the Income Statement as operating leases. The major classes of leases impacted by the new standard are property and event space leases.

At 1 January 2019 the adoption of IFRS 16 resulted in the Group recognising right-of-use assets of £295.3m, finance lease receivables of £14.4m and lease liabilities of £343.6m. There is also a reduction of £2.7m for prepaid rental amounts which are netted against the right-of-use assets, a reduction of £41.7m to liabilities for property provisions and deferred rent-free amounts netted against the right of use assets, and an increase in deferred tax liabilities of £1.0m.

The impact of IFRS 16 for the year ended 31 December 2019 increases adjusted operating profit by £6.5m, reflecting the removal of IAS 17 operating lease expenses of £39.6m and replacing this with IFRS 16 depreciation of £33.1m. Adjusted profit before tax decreases by £7.0m, reflecting the adjusted operating profit change together with the IFRS 16 net finance expense of £13.5m (£14.3m finance costs and £0.8m investment income), and the adjusted tax impact of the change of £1.3m, resulting in adjusted profit after tax decreasing by £5.7m and a decrease to 2019 adjusted diluted earnings per share of 0.45p.

The impact on 2019 statutory profit before tax was a decrease of £11.6m reflecting the £7.0m adjusted profit before tax decrease and the impairment of right of use assets of £4.6m.

In the Consolidated Cash Flow Statement there is no impact on the total change in cash and cash equivalents. Under IFRS 16 the repayment of lease liabilities is included in financing activities and interest on IFRS 16 leases is shown in operating activities, whereas under IAS 17 lease rental payments were in operating activities. The impact of IFRS 16 on the 2019 Consolidated Cash Flow Statement increases the cash inflow from operations by £39.6m and increases net interest paid by £13.5m.

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Consolidated Income Statement

For the year ended 31 December 2019

	Adjusted results 2019 £m	Adjusting items 2019 £m	Statutory results 2019 £m	Adjusted results 2018 £m	Adjusting items 2018 £m	Statutory results 2018 £m
Revenue	**2,890.3**	**-**	**2,890.3**	2,369.5	-	2,369.5
Net operating expenses	**(1,958.7)**	**(395.0)**	**(2,353.7)**	(1,638.4)	(368.9)	(2,007.3)
Operating profit/(loss) before joint ventures and associates	**931.6**	**(395.0)**	**536.6**	731.1	(368.9)	362.2
Share of results of joint ventures and associates	**1.5**	**-**	**1.5**	1.0	-	1.0
Operating profit/(loss)	**933.1**	**(395.0)**	**538.1**	732.1	(368.9)	363.2
(Loss)/profit on disposal of subsidiaries and operations	**-**	**(95.4)**	**(95.4)**	-	1.1	1.1
Investment income	**8.9**	**1.2**	**10.1**	7.0	1.2	8.2
Finance costs	**(120.6)**	**(13.5)**	**(134.1)**	(89.4)	(1.0)	(90.4)
Profit/(loss) before tax	**821.4**	**(502.7)**	**318.7**	649.7	(367.6)	282.1
Tax (charge)/credit	**(156.1)**	**83.5**	**(72.6)**	(116.2)	55.7	(60.5)
Profit/(loss) for the year	**665.3**	**(419.2)**	**246.1**	533.5	(311.9)	221.6
Attributable to:						
– Equity holders of the Company	**644.7**	**(419.2)**	**225.5**	519.8	(311.9)	207.9
– Non-controlling interests	**20.6**	**-**	**20.6**	13.7	-	13.7
Earnings per share						
– Basic (p)	**51.5**		**18.0**	49.4		19.7
– Diluted (p)	**51.3**		**18.0**	49.2		19.7

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Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	2019 £m	2018 (restated)[1] £m
Profit for the year	**246.1**	221.6
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on defined benefit pension schemes	**(1.6)**	(14.3)
Tax credit relating to items that will not be reclassified to profit or loss	**0.7**	1.3
Total items that will not be reclassified subsequently to profit or loss	**(0.9)**	(13.0)
Items that will be reclassified subsequently to profit or loss:		
Recycling of exchange gains arising on disposal of foreign operations	**1.2**	-
Items that may be reclassified subsequently to profit or loss:		
Exchange (loss)/gain on translation of foreign operations[1]	**(233.5)**	236.0
Exchange gain/(loss) on net investment hedge debt	**73.1**	(91.3)
Loss on derivative hedges	**(21.2)**	(22.4)
Total items that may be reclassified subsequently to profit or loss	**(180.4)**	122.3
Other comprehensive (expense) income for the year	**(181.3)**	109.3
Total comprehensive income for the year before initial application of IFRS 16	**64.8**	330.9
Effect of initial application of IFRS 16 that will not be reclassified subsequently to profit or loss	**4.1**	-
Total comprehensive income for the year including IFRS 16 initial application	**68.9**	330.9
Total comprehensive income attributable to:		
– Equity holders of the Company	**48.2**	314.7
– Non-controlling interests	**20.7**	16.2

[1] 2018 restated for finalisation of UBM acquisition accounting (see Note 3)

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Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital £m	Share premium account £m	Translation reserve[1] £m	Other reserves £m	Retained earnings[1] £m	Total[1] £m	Non-controlling interests £m	Total equity[1] £m
At 31 December 2017	0.8	905.3	(56.5)	(1,568.7)	2,936.8	2,217.7	11.3	2,229.0
Profit for the year	-	-	-	-	207.9	207.9	13.7	221.6
Exchange gain on translation of foreign operations[1]	-	-	233.5	-	-	233.5	2.5	236.0
Exchange loss on net investment hedge debt	-	-	(91.3)	-	-	(91.3)	-	(91.3)
Loss arising on derivative hedges	-	-	(22.4)	-	-	(22.4)	-	(22.4)
Actuarial loss on defined benefit pension schemes	-	-	-	-	(14.3)	(14.3)	-	(14.3)
Tax relating to components of other comprehensive income	-	-	-	-	1.3	1.3	-	1.3
Total comprehensive income for the year	-	-	119.8	-	194.9	314.7	16.2	330.9
Dividends to Shareholders	-	-	-	-	(201.8)	(201.8)	-	(201.8)
Dividends to non-controlling interests	-	-	-	-	-	-	(8.6)	(8.6)
Share award expense	-	-	-	8.1	-	8.1	-	8.1
Issue of share capital	0.5	-	-	3,546.8	-	3,547.3	-	3,547.3
Own shares purchased	-	-	-	(3.5)	-	(3.5)	-	(3.5)
Transfer of vested LTIPs	-	-	-	(3.9)	3.9	-	-	-
NCI arising from purchase of subsidiary	-	-	-	-	-	-	176.8	176.8
Adjustment to NCI arising from exercise of put option	-	-	-	(4.3)	-	(4.3)	(2.3)	(6.6)
At 31 December 2018[1]	1.3	905.3	63.3	1,974.5	2,933.8	5,878.2	193.4	6,071.6
Effect of initial application of IFRS 16 on 1 January 2019	**-**	**-**	**-**	**-**	**4.1**	**4.1**	**-**	**4.1**
At 1 January 2019 as restated for initial application of IFRS 16	**1.3**	**905.3**	**63.3**	**1,974.5**	**2,937.9**	**5,882.3**	**193.4**	**6,075.7**
Profit for the year	-	-		-	225.5	225.5	20.6	246.1
Exchange loss on translation of foreign operations	-	-	(233.6)	-	-	(233.6)	0.1	(233.5)
Exchange gain on net investment hedge debt	-	-	73.1	-	-	73.1	-	73.1
Loss arising on derivative hedges	-	-	(21.2)	-	-	(21.2)	-	(21.2)
FX recycling of disposed entities	-	-	1.2	-	-	1.2	-	1.2
Actuarial loss on defined benefit pension schemes	-	-	-	-	(1.6)	(1.6)	-	(1.6)
Tax relating to components of other comprehensive income	-	-	-	-	0.7	0.7	-	0.7

Total comprehensive income for the year	**-**	**-**	**(180.5)**	**-**	**224.6**	**44.1**	**20.7**	**64.8**
Dividends to Shareholders	-	-	-	-	(280.3)	(280.3)	-	(280.3)
Dividends to non-controlling interests	-	-	-	-	-	-	(17.5)	(17.5)
Share award expense	-	-	-	10.4	-	10.4	-	10.4
Own shares purchased	-	-		(15.9)	-	(15.9)	-	(15.9)
Transfer of vested LTIPs	-	-	-	(5.7)	5.7	-	-	-
NCI arising from purchase of subsidiary	-	-	-	-	-	-	-	-
Disposal of NCI	-	-	-	1.3	-	1.3	(0.5)	0.8
At 31 December 2019	**1.3**	**905.3**	**(117.2)**	**1,964.6**	**2,887.9**	**5,641.9**	**196.1**	**5,838.0**

[1]2018 restated for finalisation of UBM acquisition accounting (see Note 3)

Consolidated Balance Sheet

As at 31 December 2019

	2019 £m	2018 (restated)[1] £m
Goodwill	**6,143.1**	6,343.9
Other intangible assets	**3,437.4**	3,854.4
Property and equipment	**69.2**	69.7
Right of use assets	**264.4**	-
Investments in joint ventures and associates	**19.8**	19.1
Other investments	**10.1**	5.1
Deferred tax assets	**6.7**	24.2
Retirement benefit surplus	**4.9**	4.5
Finance lease receivables	**13.0**	-
Other receivables	**27.8**	6.3
Derivative financial instruments	**3.9**	1.5
Non-current assets	**10,000.3**	10,328.7
Inventory	**38.5**	50.9
Trade and other receivables	**476.4**	400.4
Current tax asset	**8.9**	15.9
Cash and cash equivalents	**195.1**	168.8
Finance lease receivable	**2.3**	-
Derivative financial instruments	**1.0**	
Assets classified as held for sale	**-**	79.1
Current assets	**722.2**	715.1
Total assets	**10,722.5**	11,043.8
Borrowings	**(152.2)**	(200.8)
Lease liabilities	**(34.2)**	-
Derivative financial instruments	**(36.4)**	(10.1)
Current tax liabilities	**(97.5)**	(96.2)
Provisions	**(34.3)**	(63.4)
Trade and other payables	**(482.7)**	(445.2)
Deferred income	**(746.5)**	(701.2)
Liabilities directly associated with assets classified as held for sale	**-**	(13.9)
Current liabilities	**(1,583.8)**	(1,530.8)
Borrowings	**(2,380.7)**	(2,626.2)
Lease liabilities	**(282.4)**	-
Derivative financial instruments	**(22.4)**	(94.0)
Deferred tax liabilities	**(540.4)**	(619.7)
Retirement benefit obligation	**(35.0)**	(37.5)
Provisions	**(19.1)**	(30.1)
Trade and other payables	**(17.4)**	(30.3)
Deferred income	**(3.3)**	(3.6)
Non-current liabilities	**(3,300.7)**	(3,441.4)
Total liabilities	**(4,884.5)**	(4,972.2)
Net assets	**5,838.0**	6,071.6
Share capital	**1.3**	1.3
Share premium account	**905.3**	905.3
Translation reserve	**(117.2)**	63.3
Other reserves	**1,964.6**	1,974.5
Retained earnings	**2,887.9**	2,933.8
Equity attributable to equity holders of the parent	**5,641.9**	5,878.2
Non-controlling interest	**196.1**	193.4
Total equity	**5,838.0**	6,071.6

[1]2018 restated for finalisation of UBM acquisition accounting and held for sale reclassifications (see Note 3)

These financial statements were approved by the Board of Directors and authorised for issue on 9 March 2020 and were signed on its behalf by

Stephen A. Carter CBE	Gareth Wright
Group Chief Executive	Group Finance Director

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Consolidated Cash Flow Statement

Year Ended 31 December 2019	2019 £m	2018 £m
Operating activities		
Cash generated by operations	**958.5**	635.0
Income taxes paid	**(100.6)**	(82.4)
Interest paid	**(138.3)**	(66.3)
Net cash inflow from operating activities	**719.6**	486.3
Investing activities		
Interest received	**5.5**	2.1
Purchase of property and equipment	**(17.5)**	(23.4)
Proceeds on disposal of property and equipment	**-**	0.4
Purchase of intangible software assets	**(25.3)**	(30.2)
Product development costs additions	**(7.0)**	(6.2)
Purchase of intangibles related to titles, brands and customer relationships	**(59.4)**	(21.0)
Outflows on disposal of other intangible assets related to titles and brands	**-**	(3.2)
Acquisition of subsidiaries and operations, net of cash acquired	**(167.7)**	(593.6)
Acquisition of investment	**(5.0)**	(0.5)
Proceeds from disposal of subsidiaries and operations	**179.3**	7.4
Net cash outflow from investing activities	**(97.1)**	(668.2)
Financing activities		
Dividends paid to Shareholders	**(280.0)**	(201.9)
Dividends paid to non-controlling interests	**(17.5)**	(8.6)
Dividend paid in settlement of UBM acquisition liability	**-**	(59.0)
Proceeds from EMTN bond issuance	**443.7**	872.7
Repayment of loans	**(499.7)**	(1,179.4)
New loan advances	**41.2**	644.0
Repayment of private placement borrowings	**(143.4)**	(101.5)
New private placement borrowings	**-**	313.6
Borrowing fees paid	**(9.4)**	(10.0)
Repayment of lease liabilities	**(34.5)**	-
Finance lease receipts	**2.3**	-
Acquisition of non-controlling interests	**(32.2)**	(5.3)
Cash (outflow)/inflow from share capital	**(15.9)**	2.0
Net cash (outflow)/inflow from financing activities	**(545.4)**	266.6
Net increase in cash and cash equivalents	**77.1**	84.7
Effect of foreign exchange rate changes	**(6.9)**	(8.0)
Cash and cash equivalents at beginning of the year	**124.9**	48.2
Cash and cash equivalents at end of the year	**195.1**	124.9

Reconciliation of Movement in Net Debt

Year Ended 31 December 2019	2019 £m	2018 £m
Increase in cash and cash equivalents in the year (including cash acquired)	**77.1**	84.7
Cash flows from net drawdown of borrowings and derivatives associated with debt	**199.8**	(539.4)
Change in net debt resulting from cash flows	**276.9**	(454.7)
Borrowings acquired in acquisition of subsidiary (2018 related to UBM)	**-**	(702.6)
Non-cash movements including foreign exchange	**93.1**	(151.5)
Movement in net debt in the period (before opening IFRS 16 debt)	**370.0**	(1,308.8)
Net debt at beginning of the year	**(2,681.9)**	(1,373.1)
IFRS 16 lease liabilities at 1 January 2019	**(343.6)**	-
IFRS 16 finance lease receivables at 1 January 2019	**14.4**	-
Net additions in IFRS 16 leases in year	**(16.5)**	-
Net debt at end of the year	**(2,657.6)**	(2,681.9)

Notes to the Full Year Results

For the year ended 31 December 2019

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 2019 and for the year then ended comprise those of the Company and its subsidiaries and its interests in joint ventures and associates (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 2019 does not constitute the statutory financial statements for that year, but is derived from those audited financial statements for the year ended 31 December 2019 which will be 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 2018, subject to new accounting standards, and are disclosed in full in the audited financial statements for the year ended 31 December 2019 which will be published on www.informa.com.

3. Restatement

Following the finalisation of the accounting for the UBM acquisition under IFRS 3 Business Combinations, there was no restatement to the Consolidated Income Statement for the year ended 31 December 2018 except for segmental results being restated to reflect the new operating structure that was effective from 1 January 2019.

The Consolidated Balance Sheet as at 31 December 2018 has been restated in relation to the UBM acquisition. One year on from the acquisition of UBM, as is required, we have completed the finalisation of the fair value of the acquisition balance sheet, resulting in the following true-ups and minor adjustments: an increase to Goodwill of £99.8m, an adjustment of £67m to reflect the fair value of options related to certain minority interests, a decrease of £18.2m to Intangible Assets, a decrease to Translation Reserves of £11.4m, a reduction to Trade and Other Receivables of £3.5m, a decrease to Deferred Tax Liabilities of £0.6m and a decrease to Property and Equipment of £0.3m.

There was also a restatement for adjustments to the held for sale amounts for the Life Sciences business with corresponding adjustments to other line items in the balance sheet, with no impact on total consolidated assets or liabilities. Assets classified as held for sale reduced by £0.4m, and liabilities directly associated with assets classified as held for sale reduced by £2.2m, with net assets relating to held for sale increasing by £1.8m to £65.2m.

4. Revenue

An analysis of the Group's revenue by type is as follows:

Year ended 31 December 2019

	Informa Markets £m	Informa Connect £m	Informa Tech £m	Informa Intelligence £m	Taylor & Francis £m	Total £m
Exhibitor	1213.6	53.6	71.2	-	-	1338.4
Subscriptions	-	-	42.0	296.0	302.5	640.5
Transactional sales	-	-	-	18.9	257.1	276.0
Attendee	71.2	142.3	84.3	-	-	297.8
Marketing and advertising	91.5	21.4	18.5	33.8	-	165.2
Sponsorship	73.9	58.3	40.2	-	-	172.4
Total	**1,450.2**	**275.6**	**256.2**	**348.7**	**559.6**	**2,890.3**

Year ended 31 December 2018[1]

	Informa Markets[2] £m	Informa Connect £m	Informa Tech £m	Informa Intelligence £m	Taylor & Francis £m	Total £m
Exhibitor	840.8	42.7	41.5	-	-	925.0
Subscriptions	-	-	27.3	277.9	282.3	587.5
Transactional sales	-	-	-	25.1	250.9	276.0
Attendee	56.3	133.3	55.4	-	-	245.0
Marketing and advertising	84.8	43.0	13.3	48.1	-	189.2
Sponsorship	50.3	58.5	38.0	-	-	146.8
Total	**1,032.2**	**277.5**	**175.5**	**351.1**	**533.2**	**2,369.5**

[1] 2018 restated for restructuring of divisions and the alignment of UBM revenue types to Informa Groups revenue types (see Note 3)

5. Business Segments

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

The Group's five identified reportable segments under IFRS 8 *Operating Segments* are as described in the Strategic Report.

There is no difference between the group's operating segments and the group's reportable 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 below:

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Year ended 31 December 2019

	Informa Markets £m	Informa Connect £m	Informa Tech £m	Informa Intelligence £m	Taylor & Francis £m	Total £m
Revenue	**1,450.2**	**275.6**	**256.2**	**348.7**	**559.6**	**2,890.3**
Adjusted operating profit before joint ventures and associates	**491.9**	**47.1**	**70.4**	**104.1**	**218.1**	**931.6**
Share of adjusted results of joint ventures and associates	**1.4**	**0.1**	**-**	**-**	**-**	**1.5**
Adjusted operating profit	**493.3**	**47.2**	**70.4**	**104.1**	**218.1**	**933.1**
Intangible asset amortisation [1]	**(197.6)**	**(17.9)**	**(21.7)**	**(23.2)**	**(52.0)**	**(312.4)**
Impairment – goodwill & intangibles	**(4.7)**	**-**	**-**	**-**	**-**	**(4.7)**
Impairment – right of use assets	**(1.4)**	**-**	**-**	**(0.9)**	**(2.3)**	**(4.6)**
Acquisition and integration costs	**(39.3)**	**(4.6)**	**(12.2)**	**(3.3)**	**(0.3)**	**(59.7)**
Restructuring and reorganisation costs	**(3.0)**	**(0.2)**	**(0.6)**	**(4.8)**	**-**	**(8.6)**
Subsequent re-measurement of contingent consideration	**1.6**	**(1.7)**	**-**	**(3.1)**	**-**	**(3.2)**
VAT charges	**(1.8)**	**-**	**-**	**-**	**-**	**(1.8)**
Operating profit	**247.1**	**22.8**	**35.9**	**68.8**	**163.5**	**538.1**
Loss on disposal of businesses						**(95.4)**
Investment income						**10.1**
Finance costs						**(134.1)**
Profit before tax						**318.7**

[1] Excludes acquired intangible product development and software amortisation

Year ended 31 December 2018 (restated)[2]

	Informa Markets £m	Informa Connect £m	Informa Tech £m	Informa Intelligence £m	Taylor & Francis £m	Total £m
Revenue	1,032.2	277.5	175.5	351.1	533.2	2,369.5
Adjusted operating profit before joint ventures and associates	356.5	45.7	40.1	91.4	197.4	731.1
Share of adjusted results of joint ventures and associates	0.9	0.1	-	-	-	1.0
Adjusted operating profit	357.4	45.8	40.1	91.4	197.4	732.1
Intangible asset amortisation	(131.3)	(18.9)	(16.4)	(24.3)	(52.7)	(243.6)
Impairment	(5.7)	-	(4.1)	-	-	(9.8)
Acquisition and integration costs	(72.8)	(3.2)	(9.3)	(2.9)	(0.7)	(88.9)
Restructuring and reorganisation costs	(0.9)	(0.8)	(0.2)	(4.5)	(6.7)	(13.1)
Subsequent re-measurement of contingent consideration	2.0	(9.2)	-	7.3	-	0.1
UAE VAT charge	(9.1)	-	-	-	-	(9.1)
GMP pension equalisation	(4.0)	(0.2)	-	(0.3)	-	(4.5)
Operating profit	135.6	13.5	10.1	66.7	137.3	363.2
Profit on disposal of businesses						1.1
Investment income						8.2
Finance costs						(90.4)
Profit before tax						282.1

[1] Excludes acquired intangible product development and software amortisation
[2] 2018 restated for restructure of group divisions

6. Operating profit

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

	Adjusted results 2019 £m	Adjusting items 2019 £m	Statutory results 2019 £m	Adjusted results 2018 £m	Adjusting items 2018 £m	Statutory results 2018 £m
Cost of sales	**981.3**	**-**	**981.3**	780.8	-	780.8
Staff costs (excluding adjusting items)	**692.8**	**-**	**692.8**	596.8	-	596.8
Amortisation of other intangible assets	**41.9**	**312.4**	**354.3**	42.5	243.6	286.1
Impairment – goodwill & intangibles	**-**	**4.7**	**4.7**	-	9.8	9.8
Impairment – IFRS 16 Right of use assets	**-**	**4.6**	**4.6**	-	-	-
Depreciation – Plant and equipment	**17.2**	**-**	**17.2**	13.1	-	13.1
Depreciation – IFRS 16 Right of use assets	**33.1**	**-**	**33.1**	-	-	-
Acquisition-related costs	**-**	**3.3**	**3.3**	-	42.9	42.9
Integration-related costs[1]	**-**	**56.4**	**56.4**	-	46.0	46.0
Restructuring and reorganisation costs	**-**	**8.6**	**8.6**	-	13.1	13.1
Subsequent re-measurement of contingent consideration	**-**	**3.2**	**3.2**	-	(0.1)	(0.1)
Operating lease expense						
– Land and buildings	**-**	**-**	**-**	35.0	-	35.0
– Other	**-**	**-**	**-**	1.0	-	1.0
VAT charges	**-**	**1.8**	**1.8**	-	9.1	9.1
GMP equalisation	**-**	**-**	**-**	-	4.5	4.5
Net foreign exchange (gain)/loss	**(9.3)**	**-**	**(9.3)**	7.6	-	7.6
Auditor's remuneration for audit services	**3.3**	**-**	**3.3**	3.2	-	3.2
Other operating expenses	**198.4**	**-**	**198.4**	158.4	-	158.4
Total net operating expenses before joint ventures and associates	**1,958.7**	**395.0**	**2,353.7**	1,638.4	368.9	2,007.3

[1] Integration costs include £nil (2018: £3.8m) of impairment of other intangible assets

7. Adjusting items

The Board considers certain items should be recognised as adjusting items (see glossary on page 48) since, due to their nature or infrequency, such presentation is relevant to an understanding of the Group's performance. These items do not relate to the Group's underlying trading and are adjusted from the Group's adjusted operating profit measure. The following charges/(credits) are presented as adjusting items:

		2019 £m	2018 £m
Intangible amortisation and impairment			
Intangible asset amortisation		**312.4**	243.6
Impairment – acquisition related intangible assets		**3.8**	9.8
Impairment – acquisition related goodwill		**0.9**	-
Impairment – right of use assets		**4.6**	-
Acquisition costs		**3.3**	42.9
Integration costs		**56.4**	46.0
Restructuring and reorganisation costs			
Redundancy and reorganisation costs		**6.4**	8.1
Vacant property costs relating to non-IFRS 16 leases		**2.2**	5.0
Subsequent re-measurement of contingent consideration		**3.2**	(0.1)
VAT charges		**1.8**	9.1
GMP equalisation charge		**-**	4.5
Adjusting items in operating profit		**395.0**	368.9
Loss/(profit) on disposal of subsidiaries and operations		**95.4**	(1.1)
Investment income	8	**(1.2)**	(1.2)
Finance costs	9	**13.5**	1.0
Adjusting items in profit before tax		**502.7**	367.6
Tax related to adjusting items	10	**(83.5)**	(55.7)
Adjusting items in profit for the year		**419.2**	311.9

The principal adjusting items 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;
- 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;
- Acquisition costs are the costs and fees incurred by the Group in acquiring businesses and totalled £3.3m and included £2.1m relating to the IHS Markit Database and Research portfolio acquisition;
- Integration costs are the costs incurred by the Group in integrating share and asset acquisitions and included £42.4m relating to the integration of UBM;
- Restructuring and reorganisation costs are incurred by the Group in business restructuring and operating model changes;
- Subsequent re-measurement of contingent consideration is recognised in the year as a charge or credit to the Consolidated Income Statement unless qualifying as a measurement period adjustment arising within one year from the acquisition date;
- VAT charges of £1.8m in 2019 relate to provision for VAT penalties in Egypt (£1.0m) and UAE (£0.8m). The 2018 amount relates to a VAT penalty assessment in the UAE which the group is disputing;
- The 2018 GMP equalisation charge relates to the additional pension liability arising in the UK from the requirement to equalise the guaranteed element of pensions.
- Loss on disposal of subsidiaries and operations – the loss on disposal primarily relates to the £120.6m loss from the disposal of the Media Assets Portfolio and a £13.3m loss on Lifestyle assets, partially offset by gains recognised from the disposal of the Agribusiness and Life Sciences portfolios;

- Investment income for 2019 was £1.2m, (2018 £1.2m) which reflects the fair value movement on an acquisition put option
- Finance costs of £13.5m primarily relate to the one-off refinancing costs associated with the issue of the EMTN in October 2019; and
- The tax items relate to the tax effect on the items above and are analysed in the Taxation note

8. Investment income

	2019 £m	2018 £m
Interest income on bank deposits	**4.7**	3.8
Interest income finance lessor lease	**0.8**	-
Fair value gain on financial instruments through the income statement	**3.4**	3.2
Investment income before adjusting items	**8.9**	7.0
Adjusting item: fair value gain on derivatives associated with EMTN borrowings	**-**	1.2
Adjusting item: fair value gain on acquisition put options	**1.2**	-
Total investment income	**10.1**	8.2

9. Finance Costs

	2019 £m	2018 £m
Interest expense on borrowings and loans[1]	**105.5**	87.6
Interest on IFRS 16 leases	**14.3**	-
Interest cost on pension scheme net liabilities	**1.4**	1.1
Total interest expense	**121.2**	88.7
Fair value loss on financial instruments through the Income Statement	**(0.6)**	0.7
Financing costs before adjusting items	**120.6**	89.4
Adjusting item: financing expense associated with UBM plc acquisition[2]	**-**	1.0
Adjusting item: financing expense associated with 2019 EMTN[3]	**13.5**	-
Total financing expense	**134.1**	90.4

[1] Included in interest expense above is the amortisation of debt issue costs of £5.1m (2018: £2.5m)

[2] The adjusting item for finance costs in 2018 relates to a £1.0m charge related to the amortisation of fees associated with the UBM plc RCF facility that was repaid in June 2018

[3] The adjusting item for finance costs in 2019 relates to the finance fees associated with early refinancing debt associated with the EMTN issued in October 2019.

10. Taxation

The tax charge/(credit) comprises:

	2019 £m	2018 £m
Current tax:		
UK	**21.6**	40.5
Continental Europe	**23.2**	13.4
US	**12.0**	(7.9)
China	**29.6**	26.2
Rest of World	**22.6**	9.3
Total current tax	**109.0**	81.5
Deferred tax:		
Current year	**(19.5)**	(21.0)
Credit arising from tax rate changes	**(16.9)**	-
Total deferred tax	**(36.4)**	(21.0)
Total tax charge on profit on ordinary activities	**72.6**	60.5

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

	Gross 2019 £m	Tax 2019 £m	Gross 2018 £m	Tax 2018 £m
Amortisation of other intangible assets	**(312.4)**	**92.1**	(243.6)	55.2
Benefit of goodwill amortisation for tax purposes only	**-**	**(23.0)**	-	(15.1)
Deferred tax recognised on fair value adjustments	**-**	**16.5**	-	-
Impairment of intangibles and goodwill	**(4.7)**	**1.0**	(9.8)	2.1
Impairment of right of use assets	**(4.6)**	**0.9**	-	-
Acquisition and integration related costs	**(59.7)**	**11.4**	(88.9)	9.6
Restructuring and reorganisation costs	**(8.6)**	**1.8**	(13.1)	2.9
Subsequent re-measurement of contingent consideration	**(3.2)**	**0.7**	0.1	-
VAT charges	**(1.8)**	**-**	(9.1)	-
GMP equalisation charge	**-**	**-**	(4.5)	0.8
(Loss)/profit on disposal of subsidiaries and operations	**(95.4)**	**(20.4)**	1.1	-
Investment income	**1.2**	**-**	1.2	-
Finance costs	**(13.5)**	**2.5**	(1.0)	0.2
Total tax adjusting items	**(502.7)**	**83.5**	(367.6)	55.7

The current and deferred tax are calculated on the estimated assessable profit for the year. Taxation is calculated in each jurisdiction based on the prevailing rates of that jurisdiction.

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

	2019		2018	
	£m	%	£m	%
Profit before tax	**318.7**		282.1	
Tax charge at effective UK statutory rate of 19.0% (2018: 19.0%)	**60.6**	**19.0**	53.6	19.0
Different tax rates on overseas profits	**22.8**	**7.1**	9.4	3.3
Disposal related items	**36.9**	**11.6**	(0.2)	(0.1)
Non-deductible expenditure	**10.9**	**3.4**	20.6	7.4
Non-taxable income	**(6.2)**	**(1.9)**	(6.6)	(2.3)
Benefits from financing structures	**(6.1)**	**(1.9)**	(4.7)	(1.7)
Tax incentives	**(1.9)**	**(0.6)**	(1.7)	(0.6)
Adjustments for prior years	**(6.9)**	**(2.2)**	(6.1)	(2.2)
Net movement in provisions for uncertain tax positions	**(4.3)**	**(1.3)**	(5.6)	(2.0)
Impact of changes in tax rates	**(16.9)**	**(5.3)**	0.0	0.0
Deferred tax recognised on fair value adjustments	**(16.5)**	**(5.2)**	0.0	0.0
Movements in deferred tax not recognised	**0.2**	**0.1**	1.8	0.6
Tax charge and effective rate for the year	**72.6**	**22.8**	60.5	21.4

In addition to the income tax charge to the Consolidated Income Statement, a tax credit of £0.7m (2018: credit of £1.3m) has been recognised directly in the Consolidated Statement of Comprehensive Income during the year.

Current tax liabilities include £53.1m (2018: £57.4m) in respect of provisions for uncertain tax positions. In 2017 the European Commission announced that it would be opening a State Aid investigation into the UK's Controlled Foreign Company regime and in particular the exemption for group finance companies. Like many UK based multinational companies, the Group has made claims in relation to this exemption and will potentially have an additional tax liability if a negative State Aid decision is upheld. The maximum amount that could become payable by the Group in relation to this matter is £37.2m. As part of the acquisition accounting relating to contingent liabilities, an amount of £8.0m has been provided in relation to UBM companies. We do not currently believe it is probable that we will ultimately have to make a payment in respect of this issue and therefore have not provided for any additional liabilities.

11. Dividends

	2019 Pence per share	2019 £m	2018 Pence per share	2018 £m
Amounts recognised as distributions to equity holders in the year:				
Final dividend for the year ended 31 December 2018	**14.85p**	**185.8**	-	-
Interim dividend for the year ended 31 December 2019	**7.55p**	**94.5**	-	-
Final dividend for the year ended 31 December 2017	**-**	**-**	13.80p	113.6
Interim dividend for the year ended 31 December 2018	**-**	**-**	7.05p	88.2
	22.40p	**280.3**	20.85p	201.8
Proposed final dividend for the year ended 31 December 2019 and actual dividend for the year ended 31 December 2018	**15.95p**	**199.5**	14.85p	185.8

As at 31 December 2019 £0.4m (2018: £0.1m) of dividends were still to be paid, and total dividend payments in the year were £280.0m (2018: £201.9m). The proposed final dividend for the year ended 31 December 2019 of 15.95p (2018: 14.85p) per share is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The payment of this dividend will not have any tax consequences for the Group.

In the year ended 31 December 2019 there were dividend payments of £17.5m (2018: £8.6m) to non-controlling interests.

12. Earnings per share

Basic

The basic earnings per share calculation is based on profit attributable to equity shareholders of the parent of £225.5m (2018: £207.9m). This profit on ordinary activities after taxation is divided by the weighted average number of shares in issue (less those shares held by the Employee Share Trust and ShareMatch), which is 1,250,660,231 (2018: 1,052,752,894).

Diluted

The diluted earnings per share calculation is based on the basic EPS 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 1,255,739,205 (2018: 1,057,236,186).

The table below sets out the adjustment in respect of dilutive potential Ordinary Shares:

	2019	2018
Weighted average number of shares used in basic earnings per share	**1,250,660,231**	1,052,752,894
Potentially dilutive Ordinary Shares	**5,078,974**	4,483,292
Weighted average number of shares used in diluted earnings per share	**1,255,739,205**	1,057,236,186

Earnings per share

In addition to basic EPS, adjusted diluted EPS has been calculated to provide useful additional information on underlying earnings performance. Adjusted diluted EPS is based on profit attributable to equity shareholders which has been adjusted to exclude items that, in the opinion of the Directors, would distort underlying results with the items detailed in Note 7.

Earnings per share	Earnings 2019 £m	Per share amount 2019 Pence	Earnings 2018 £m	Per share amount 2018 Pence
Profit for the year	**246.1**		221.6	
Non-controlling interests	**(20.6)**		(13.7)	
Earnings for the purpose of statutory basic EPS/statutory basic EPS (p)	**225.5**	**18.0**	207.9	19.7
Effect of dilutive potential Ordinary Shares	**-**	**-**	-	-
Earnings for the purpose of statutory diluted EPS/statutory diluted EPS (p)	**225.5**	**18.0**	207.9	19.7

Adjusted earnings per share

	Earnings 2019 £m	Per share amount 2019 Pence	Earnings 2018 £m	Per share amount 2018 Pence
Earnings for the purpose of statutory basic EPS/statutory basic EPS (p)	**225.5**	**18.0**	207.9	19.7
Adjusting items:				
Intangible amortisation and impairments	**321.7**	**25.7**	253.4	24.1
Acquisition and integration costs	**59.7**	**4.8**	88.9	8.4
Redundancy and restructuring costs	**8.6**	**0.7**	13.1	1.3
Subsequent re-measurement of contingent consideration	**3.2**	**0.2**	(0.1)	-
VAT charges	**1.8**	**0.1**	9.1	0.9
GMP pension equalisation	**-**	**-**	4.5	0.4
Loss/(profit) on disposal of subsidiaries and operations	**95.4**	**7.6**	(1.1)	(0.1)
Investment income	**(1.2)**	**(0.1)**	(1.2)	(0.1)
Finance costs	**13.5**	**1.1**	1.0	0.1
Tax related to adjusting items	**(83.5)**	**(6.6)**	(55.7)	(5.3)
Earnings for the purpose of adjusted basic EPS/adjusted basic EPS (p)	**644.7**	**51.5**	519.8	49.4
Effect of dilutive potential Ordinary Shares	**-**	**(0.2)**	-	(0.2)
Earnings for the purpose of adjusted diluted EPS/adjusted diluted EPS (p)	**644.7**	**51.3**	519.8	49.2

13. Business combinations

The provisional amounts recognised in respect of the estimated fair value of identifiable assets and liabilities for 2019, acquisitions and payments made in 2019 relating to prior year acquisitions were:

	IHS Markit Database and Research portfolio £m	Other acquisitions £m	Prior year acquisitions & deferred consideration £m	Total £m
Intangibles	29.6	15.5	-	45.1
Property and equipment	-	0.2	-	0.2
IFRS 16 ROU assets	1.2	-	-	1.2
Trade and other receivables	10.0	1.4	-	11.4
Cash and cash equivalents	-	1.9	-	1.9
Current tax liabilities	(0.1)	-	-	(0.1)
Trade and other payables	(4.9)	(0.9)	-	(5.8)
Deferred income	(17.7)	(4.5)	-	(22.2)
Provisions	(1.2)	-	-	(1.2)
Finance lease liabilities	(1.2)	-	-	(1.2)
Deferred tax liabilities	(2.0)	(6.9)	-	(8.9)
Identifiable net assets acquired	13.7	6.7	-	20.4
Goodwill	109.6	17.4	-	127.0
Total consideration	123.3	24.1	-	147.4
Satisfied by:				
Cash consideration	123.3	17.5	-	140.8
Deferred and contingent cash consideration	-	6.6	25.2	31.8
Deferred consideration	-	-	-	-
Total consideration	123.3	24.1	25.2	172.6
Net cash outflow arising on acquisitions:				
Initial cash consideration	123.3	17.5	-	140.8
Deferred and contingent consideration paid	-	3.6	25.2	28.8
Less: cash acquired	-	(1.9)	-	(1.9)
Net cash outflow arising on acquisitions	123.3	19.2	25.2	167.7

14. Movements in net debt

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

	At 1 January 2019 £m	IFRS 16 adjustment at 1 Jan 2019	Non-cash movements £m	Cash flow £m	Exchange movements £m	At 31 December 2019 £m
Cash at bank and in hand	**168.8**	-	-	33.2	(6.9)	**195.1**
Overdrafts	**(43.9)**	-	-	43.9	-	**-**
Cash and cash equivalents	**124.9**	-	-	77.1	(6.9)	**195.1**
Bank loans due in less than one year	**(156.9)**	-	-	152.7	4.2	**-**
Bank loans due in more than one year	**(78.5)**	-	-	34.3	(12.7)	**(56.9)**
Bank loan fees due in more than one year	**0.9**	-	(1.5)	2.8	-	**2.2**
Private placement loan notes due in less than one year	**-**	-	(155.5)	-	3.3	**(152.2)**
Private placement loan notes due in more than one year	**(1,396.4)**	-	156.8	143.4	35.6	**(1,060.6)**
Private placement loan note fees	**3.4**	-	(0.7)	-	-	**2.7**
Bond borrowings due in more than one year	**(1,163.0)**	-	4.4	(172.2)	51.7	**(1,279.1)**
Bond borrowing fees	**7.4**	-	(3.0)	6.6	-	**11.0**
Derivative assets associated with borrowings	**1.5**	-	2.4	-	-	**3.9**
Derivative liabilities associated with borrowings	**(25.2)**	-	2.8	-	-	**(22.4)**
Lease liabilities	**-**	(343.6)	(19.7)	34.5	12.2	**(316.6)**
Finance lease receivables	**-**	14.4	3.2	(2.3)	-	**15.3**
Net debt	**(2,681.9)**	**(329.2)**	**(10.8)**	**276.9**	**87.4**	**(2,657.6)**

Included within the net cash inflow of £276.9m (2018: outflow of £588.9m) is £499.7m (2018: £1,179.4m) of loan repayments, £41.2m (2018: £644.0m) of facility loan drawdowns, £443.7m (2018: £872.7m) of proceeds from the EMTN bond issuance, £143.4m (2018: £101.5m) of private placement repayments and £nil (2018: £313.6m) of private placement drawdowns.

15. Borrowings

Total borrowings, excluding derivative assets and liabilities associated with borrowings, are as follows:

		2019 £m	2018 £m
Current			
Bank overdraft		**-**	43.9
Bank borrowings ($200.0m)	– repaid March 2019	**-**	156.9
Private placement loan note ($200.5m)	–repaid February 2020	**152.2**	-
Total current borrowings		**152.2**	200.8
Non-current			
Bank borrowings – revolving credit facility[1]		**56.9**	78.5
Bank debt issue costs		**(2.2)**	(0.9)
Bank borrowings – non-current		**54.7**	77.6
Private placement loan note ($385.5m)	– due Dec 2020	**-**	302.5
Private placement loan note ($45.0m)	– due June 2022	**35.0**	36.5
Private placement loan note ($120.0m)	– due October 2022	**91.1**	94.2
Private placement loan note ($55.0m)	– due January 2023	**41.7**	43.1
Private placement loan note ($76.1m)	– due June 2024	**61.8**	60.9
Private placement loan note ($80.0m)	– due January 2025	**60.7**	62.8
Private placement loan note ($200.0m)	– due January 2025	**151.8**	156.9
Private placement loan note ($130.0m)	– due October 2025	**98.7**	102.0
Private placement loan note ($365.0m)	– due January 2027	**277.1**	286.4
Private placement loan note ($116.0m)	– due June 2027	**90.9**	94.2
Private placement loan note ($200.0m)	– due January 2028	**151.8**	156.9
Private debt issue costs		**(2.7)**	(3.4)
Private placement – non-current		**1,057.9**	1,393.0
Bond borrowings ($350.0m) 2019	– repaid in November	**-**	279.1
Euro Medium Term Note (€650.0m)	– due July 2023	**553.4**	583.9
Euro Medium Term Note (£300.0m)	– due July 2026	**300.0**	300.0
Euro Medium Term Note (€500.0m)	– due April 2028	**425.7**	-
Bond borrowings issue costs		**(11.0)**	(7.4)
Bond borrowings – non-current		**1,268.1**	1,155.6
Total non-current borrowings		**2,380.7**	2,626.2
		2,532.9	2,827.0

[1]On 24 January 2020 the two tranches of RCF were extended by one further year, resulting in £600m maturing in February 2025 and £300m maturing in February 2023

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

At 31 December 2019, the Group had private placement loan notes amounting to $1,587.6m (2018: $1,772.6m). As at 31 December 2019, the note maturities ranged between one and eight years (2018: two and nine years), with an average duration of 5.3 years (2018: 5.8 years), at a weighted average interest rate of 4.1% (2018: 4.1%).

For the purpose of refinancing the borrowings the Group issued the following Euro Medium Term Notes (EMTNs), which are debt instruments traded outside of the USA and Canada.

On 2 July 2018, the bonds were priced with an issue date of 5 July 2018:

- A 5-year fixed term note, until July 2023, of value €650m;
- A 8-year fixed term note, until July 2026, of value £300m.

In addition, EMTN loan notes totalling €500.0m were issued on 22 October 2019, with a maturity date of 22 April 2028.

The Group maintains the following lines of credit:

- £900.0m (2018: £855.0m) revolving credit facility, of which £56.9m (2018: £78.5m) was drawn down at 31 December 2019. Interest is payable at the rate of LIBOR plus a margin;
- £152.9m (2018: £167.1m) comprising a number of bilateral bank uncommitted facilities that can be drawn down to meet short-term financing needs, of which £nil (2018: £43.9m) was drawn at 31 December 2019. These facilities consist of £70.0m (2018: £101.0m), USD 22.3m (2018: USD 25.0m), €40.0m (2018: €42.0m), AUD 1.0m (2018: AUD 1.0m), and CAD 2.0m (2018: CAD 2.0m), SGD 2.3m (2018: SGD 2.3m) and CNY 50.0m (2018: CNY 50.0m). Interest is payable at the local base rate plus a margin; and
- Four bank guarantee facilities comprising in aggregate up to USD 10.0m (2018: USD 10.0m), €7.0m (2018: €7.0m), £9.0m (2018: £2.0m) and AUD 1.5m (2018: AUD 1.5m).

The effective interest rate for the year ended 31 December 2019 was 3.9% (2018: 3.8%).

16. Notes to the cash flow statement

	2019 £m	2018 £m
Profit before tax	**318.7**	282.1
Adjustments for:		
Depreciation of property and equipment	**17.2**	13.1
Depreciation of right of use asset	**33.1**	-
Amortisation of other intangible assets	**354.3**	286.1
Impairment – goodwill	**0.9**	-
Impairment – acquisition intangible assets	**3.8**	9.8
Impairment – other intangible assets	**-**	3.8
Impairment – property and equipment	**-**	2.7
Impairment – right of use assets	**4.6**	-
Share-based payments	**10.4**	8.1
Subsequent re-measurement of contingent consideration	**3.2**	(0.1)
Loss/(profit) on disposal of businesses	**95.4**	(1.1)
Pension curtailment gain	**-**	(0.8)
GMP Pension equalisation charge	**-**	4.5
Investment income	**(10.1)**	(8.2)
Finance costs	**134.1**	90.4
Share of adjusted results of joint ventures and associates	**(1.5)**	(1.0)
Operating cash inflow before movements in working capital	**964.1**	689.4
Decrease in inventories	**12.3**	3.2
(Increase)/decrease in receivables	**20.6**	89.7
Increase/(decrease) in payables	**(33.1)**	(142.9)
Movements in working capital	**(0.2)**	(50.0)
Pension deficit recovery contributions	**(5.4)**	(4.4)
Cash generated by operations	**958.5**	635.0

17. Share capital and share premium

Share capital

Share capital as at 31 December 2019 amounted to £1.3m (2018: £1.3m). For details of options issued over the Company's shares.

	2019 £m	2018 £m
Issued and fully paid		
1,251,798,534 (2018: 1,251,798,534) Ordinary Shares of 0.1p each	**1.3**	**1.3**

	2019 Number of shares	2018 Number of shares
At 1 January	**1,251,798,534**	824,005,051
Issue of new shares in relation to consideration for the acquisition of UBM plc	**-**	427,536,794
Other issue of shares	**-**	256,689
At 31 December	**1,251,798,534**	1,251,798,534

Share premium

	2019 £m	2018 £m
At 1 January and 31 December	**905.3**	905.3

18. 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.

Other related party disclosures

At 31 December 2019, Informa Group companies have guaranteed the UK pension scheme liabilities of the Taylor & Francis Group Pension and Life Assurance Scheme, the Informa Final Salary Scheme and the UBM Pension Scheme.

Transactions with related parties are made at arm's length. Outstanding balances at year-end are unsecured and settlement occurs in cash. There are no bad debt provisions for related party balances as at 31 December 2019, and no debts due from related parties have been written off during the year. During the period, Informa entered into related party transactions to the value of £0.2 (2018: £0.2m) with a balance of £0.2m (2018: £0.1m) outstanding at 31 December 2019.

19. Post Balance Sheet events

On 9 January 2020 the Group acquired F1000 Research for consideration of £16.0m. The business is an open research publishing company and forms part of the Taylor & Francis business.

On 17 January 2020 a payment of £26.6m ($35.0m) was made in relation to the settlement of an option held by a third-party that was exercised on 15 January 2020, in relation to certain Fashion events in the US.

22 January 2020 the Group gave notice of early repayment to the holders of the private placement debt maturing in December 2020. A principal repayment of $200.5m plus interest and make-whole payments of $6.0m were paid on 24 February 2020.

In the first quarter of 2020, the Group secured a Surplus Committed Credit Facility of £750m, with maturity of up to 30 months.

Glossary of terms: Alternative Performance Measures

The group provides adjusted results and underlying measures in addition to statutory measures, in order to provide additional useful information on business performance trends to Shareholders. The Board considers these non-GAAP measures as the most appropriate way to measure the Group's performance because it aids comparability to the prior year and is also in line with the similarly adjusted measures used by peers and therefore facilitates comparison.

The terms "adjusted" and "underlying" are not defined terms under IFRS and may not therefore be comparable with similarly titled measurements reported by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measures. The Financial Review provides reconciliations of Alternative Performance Measures (APMs) to statutory measures and also provides the basis of calculation for certain APM metrics. These APMs are provided on a consistent basis with the prior year.

Adjusted results and adjusting items

Adjusted results exclude items that are commonly excluded by peers across the knowledge and information and media sector: amortisation and impairment of goodwill and intangible assets relating to businesses acquired and other intangible asset purchases of book lists, journal titles, acquired databases and brands related to exhibitions and conferences, acquisition, impairment of right of use assets, acquisition and integration costs, restructuring and reorganisation costs, subsequent remeasurement of contingent consideration, profit or loss on disposal of businesses and other items that in the opinion of the Directors would impact the comparability of underlying results.

Adjusted results are prepared for the following measures which are provided in the Consolidated Income Statement. Adjusted operating profit, Adjusted net finance costs, Adjusted Profit before tax (PBT), Adjusted tax charge, Adjusted Profit After Tax (PAT), Adjusted earnings, and Adjusted diluted earnings per share. Adjusted operating margin, Adjusted tax charge and Adjusted EBITDA are used in the Financial Review.

Adjusted net finance costs

Adjusted net finance costs are the sum of finance costs and investment income and exclude adjusting items for investment income and finance costs.

Dividend cover

Dividend cover is the ratio of adjusted diluted earnings per share to dividends per share for the year, and is provided to enable year-on-year comparability on the level at which dividends are covered by earnings. Dividends consist of the interim dividend that has been paid for the year and the proposed final dividend for the year. Adjusted diluted earnings per share are adjusted to be stated before adjusting items impacting adjusted diluted earnings per share. The Financial Review provides the calculation of dividend cover.

Dividend payout ratio

This is ratio of the total amount of dividends per share paid and proposed to shareholders relating to a financial year, relative to the adjusted earnings per share for the year.

EBITDA

EBITDA is earnings before interest, tax, depreciation, amortisation and other non-cash items such as share-based payments.

Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and other non-cash items such as share-based payments and before adjusting items.

Covenant-adjusted EBITDA for interest cover purposes is earnings before interest, tax, depreciation and amortisation and adjusting items. It is adjusted to be on a pre-IFRS 16 basis.

Covenant-adjusted EBITDA for leverage purposes is earnings before interest, tax, depreciation and amortisation and adjusting items. It is adjusted to include a full year's trading for acquisitions and remove trading results for disposals, and adjusted to be on a pre-IFRS 16 basis.

Effective tax rate

The effective tax rate is shown as a percentage and is calculated by dividing the adjusted tax charge by the adjusted profit before tax. The Financial Review provides the calculation of the effective tax rate.

Free cash flow

Free cash flow is a 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, any new equity issuance or purchases and debt issues or repayments. Free cash flow is one of the Group's key performance indicators, and is an indicator of operational efficiency and financial discipline, illustrating the capacity to reinvest, fund future dividends and repay debt. The Financial Review provides a reconciliations of free cash flow to statutory measures

Interest cover

Interest cover is calculated according to the Group's debt covenants and is the ratio of covenant-adjusted EBITDA for interest cover purposes to adjusted net finance costs and excluding fair value finance items. It is provided to enable the assessment of our debt position together with our compliance with these specific debt covenants. The Financial Review provides the basis of the calculation of interest cover.

Leverage ratio

The leverage ratio is calculated according to the Group's debt covenants and is the ratio of net debt to covenant-adjusted EBITDA for leverage purposes and is provided to enable the assessment of our debt position together with compliance with our specific debt covenants. Covenant-adjusted net debt is translated using average exchange rates for the 12-month period and is adjusted to include deferred consideration payable, exclude derivatives associated with borrowings, and to be on a pre-IFRS 16 basis. The Financial Review provides the basis of the calculation of the leverage ratio.

Operating Cash flow and operating cash flow conversion

Operating cash flow is a financial measure used to determine the efficiency of cash flow generation in the business and is measured by and represents free cash flow adding back interest, tax, restructuring and reorganisation costs. The Financial Review reconciles operating cash flow to statutory measures.

Operating cash flow conversion is a measure of the strength of cash generation in the business and is measured as a percentage by dividing operating cash flow by adjusted operating profit in the reporting period. The Financial Review on page 11 provides the calculation of operating cash flow conversion.

Pro-forma EPS growth

Pro-forma adjusted diluted EPS growth has been prepared to provide a useful year-on-year comparable. In 2019 it is calculated by comparing 2019 adjusted diluted EPS to 2018 adjusted diluted EPS which has been adjusted to reflect a full 12 months of ownership of UBM, to remove the ownership of Life Sciences media brands portfolio results and to adjust 2018 for related finance costs and share issuance to make them comparable with 2019. The Financial Review provides the calculation of pro-forma EPS growth.

Underlying measures of growth

Underlying measures of growth refer to revenue and adjusted operating profit results adjusted for acquisitions and disposals, the phasing of events, including biennials, the impact of changes from implementing new accounting standards and accounting policy changes (e.g. IFRS 16 from 2019) and the effects of changes in foreign currency by adjusting the current year and prior year amounts to use consistent currency exchange rates. Phasing and biennial adjustments relate to the alignment of comparative period amounts to the timing of events in the current year.

The results from acquisitions are included on a pro-forma basis from the first day of ownership in the comparative period. Disposals are similarly adjusted for on a pro-forma basis to exclude results in the comparative period from the date of disposal. Underlying measures are provided to aid comparability of revenue and adjusted operating profit results against the prior year. The Financial Review provides the reconciliation of underlying measures of growth to reported measures of growth in percentage terms.

Annual Report and Financial Statements 2019

The Annual Report and Financial Statements for the financial year ended 31 December 2019 will be published on www.informa.com in April 2020. The audited Financial Statements for the year ended 31 December 2019 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.