

# Informa PLC

## Half Year Results | Webcast

27<sup>th</sup> July 2023

### Transcript



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Stephen A. Carter:

Okay, well, good morning everybody, and welcome. For those people who are in the room, it looks like the bride has more family than the groom but thank you very much for coming. Someone told me this morning that there are, I think, somewhere around 27 to 30 companies reporting this morning. So, for those of you who are here with us physically, we now really know who our friends are. So, thank you for making the time to come in person. And I think we have a few hundred people on the webcast and it's a livestream link, so we'll be taking questions both in the room and from the webcast. Welcome to the Informa Group. This is our half-year results for 2023, and as you may well have seen in the release that we published today, it's really a story of international scale, growth and expansion, and we'll expand on that as we go through the presentation today.

### Slide 3

But before we get into Informa, worth stepping back, because all of us in any business operate in the world in which we live and the world in which we live is a really very difficult to read environment. Volatility, uncertainty, change, some geopolitical tensions, depending on where you are in the world, a sense of continuing heightened inflation, in some parts of the world is there a sense that inflation is stabilising and beginning to taper off either because of reductions in input prices and in particular energy prices. We're having this conversation today on the back of another rate rise from the Fed. There's an ECB meeting today. There are experts from our treasury team and our advisors in the room who will have a better view on forward rates, or here's hoping they've got a better view on forward rates than I do. But nevertheless, it's certainly a very different world on the cost of money than it was three or four years ago.

And then, depending on where you are in the world, you're really getting a very different view of growth. Fortunately, if you do what I do for a living, most of the markets in which we are operating at scale are growth markets with a real sense of forward momentum and forward growth. We are obviously a UK-listed business and we're having this conversation here in London, but actually if you look at our portfolio of where our revenues are and you plot them by scale, really they start in North America, they go to Mainland China, they go to the Middle East, they go to Southeast Asia, they go to Brazil and South America, they go to Europe, and they go to the United Kingdom in that order of importance. And that level of reach and range and scale is, I think, allowing us to navigate our way through this level of global uncertainty with some confidence about what the future brings.

### Slide 4

As you know, we're very committed to sustainability and recycling at Informa, so I present this slide at every meeting. We operate in the knowledge and information economy. We are focused on servicing at scale, the B2B customers that we service in probably 20 or 25 markets, and driving

depth in our specialism and in our knowledge. And similarly in our academic business, we are subject matter experts in a range of subject areas and similarly driving depth and scale of knowledge and expertise.

And really those are the twin themes of the business, though, I think what have always underpinned the strength of the Informa proposition, increasing international reach and scale and depth in market specialisms. And that combination, if you can fund it and if you can successfully acquire further market positions, it's really a very powerful combination.

And one of the things you will hopefully notice in my presentation and Gareth's today is I suspect we will use the C-word a couple of times, but this isn't a presentation about are we pre COVID or in COVID or post COVID. This is really the first time in a long time that we can have a conversation with our shareholders and with the market about the fundamental strength of the commercial proposition that is the Informa company, and it really is that combination of reach, scale, depth and specialism. And that will be the drumbeat that we can now get back to delivering. And I think today's results more than underpin this.

#### Slide 5

And so in the midst of that macro change, what really are we doing on a macro level? We're trying to drive greater use of technology in our business, whether at a simple level, although it's not so simple to deploy, digitally enabling the services that surround our event product or our research product. We are driving further and further specialization. You see that again today in the two additions in the group, the Canalys research analytics business and TMT further enhancing our Omdia research proposition, the emerging partnership with HIMSS, adding the single largest US healthcare technology trade show to our already existing healthcare portfolio. And that drive to more and more specialisation really goes with the grain of where our customers are.

We are biased and hopefully our shareholders share that bias that in a world of increased technology and data, there is actually an increasing value in live experiences and interactions if they are enhanced by a better experience and customer experience through the use of digital service technology around the event experience, and they're accompanied by a greater level of accuracy on lead qualification and lead generation. It's not an 'either-or', it's an 'and-also'. And that combination we're well positioned to take advantage of. And in a world of universally available instantaneous knowledge and expertise, there is equally an increasing value in research validation, original research and authentication. And those really are the markets that we've chosen to play in.

## Slide 6

This is the way to think about the group now. We have a very simple mission statement, which I think increasingly has resonance externally, for some time it's had resonance internally, in that our role is to champion the specialist. That specialist might be an author or a researcher or a digital marketer or a B2B buyer or a provider of specialist services or components or products in a particular market.

We connect people with knowledge and ideas and through that we either enhance people's knowledge or we make more efficient transactions and more accurate partnerships.

In our B2B business, it's a combination of market trading environments, buyers meet sellers, combined with an increasing range of digital services to enhance that buyer-seller interaction, underpinned by an increasingly effective first-party data source, which is collected, collated, enhanced, and increasingly enriched and improved in order that we can both market our own products and services and indeed produce some additional products and services.

Operationally, we run at the moment through four divisions in our B2B business, the biggest by size, Informa Markets, what people understandably call the trade show business, really buyers meet sellers, a transaction-led showcase environment for specialists in industries to connect with their customers and indeed to review their competitors and increasingly to meet with their colleagues and their industry peers. And we are now, by some margin, the leading and largest operator of live and on-demand events. I said on a call earlier this morning that if there are, in round numbers, about 200 working days in every year, although I have to tell you this year it doesn't feel quite that small, we are probably running a scale event three or four times a day somewhere in the world.

Informa Connect, which people used to call our old conference business, now, Informa Connect is actually a business focused on producing curated high-value content events in specialist markets. We operate in five verticals now in that market with increasing scale in each of them. Informa Tech, our breakout sector business, which is a fully integrated service offering research, analytics, data, media, live events, and digital and on-demand and lead qualification services. And then Tarsus, which currently we're running as a standalone business. Now, by the time we get to the end of the year and we go into next year, that Tarsus division will fall away. We're going through a process of intelligent combination at the moment, and you will see the assets, the brands, the portfolios and the talent that we were fortunate to acquire with that business become an integrated part of our three operational divisions.

In our academic markets business known for its imprints, if you want an old world publishing term, which probably actually the most famous is not Taylor & Francis, it's Routledge, but there are many others. F1000 in the open science market, Dove in the open access market, and then a series of market positions by subjects where, if you are a subject matter expert, a researcher, an author, an institution for whom sociology or psychology or economics or behavioural science are your area of academic expertise, we are one of, if not in a number of our subject areas, the leading provider of original research and validated independent research.

And all of that is underpinned by a commitment to sustainability, which we started recognising was going to be a requirement for any business, probably seven, eight years ago. Our FasterForward programme speaks to basic things like how do we source energy? It speaks to important things like the building, the built environment. We indeed have a relationship inside our markets business with the built environment. But it also speaks to practical things like specification for stand construction or stand destruction after large-scale events.

And we've got a very, very clear set of commitments through our FasterForward programme, which we'll see is, I think, at the top end of any sustainability or ESG ranking or rating. We've worked our way over four or five years to a point whereby we are now ranked in the DJSI Index as the leading player in our category globally. We take this very seriously and we devote both time, resources and management attention, not just to building a sustainable revenue growth business, profit growth business, margin growth business, and earnings growth business, but a sustainable business in areas that matter to all of us as individuals.

#### Slide 7

Like all companies, we've been on a journey, we were on a great journey for six or seven years, which we framed around a GAP programme, how do you become a growth business? How do you accelerate that growth? And then how do you make that a programmatic reality inside an operating company? And it was all going jolly well. And then COVID came along, and because nearly half of our business was predicated upon meeting in person, that business came to a grinding halt. Not a halt but a shrink. And we then had a challenging two to three years, and I was saying again on a call earlier this morning, it's worth remembering that Mainland China only reopened in March of this year. There's a line in our release today, which you may notice, that says, "China will probably exceed 2019's revenues this year." But actually it only opened three or four months ago. The pace of that return has really been quite remarkable by comparison to the return rates of other countries and other geographies.

So understandably, we went through a period of stabilising the business, securitizing our finances, not in a technical sense, but in a practical sense,

reducing our costs, changing our debt structures, and husbanding our resources. We began to see that coming to an end or we knew it would take some time, really at the end of 2021 when we had a Capital Market Day to try and lift people's eyes out of the understandable human and commercial concern for COVID impacts to think about the future of this business and where we could go.

#### Slide 8

And inherent in that were a series of pillars around what we called GAP 2 of which probably the most counterintuitive at the time and striking was our decision to exit from our Informa Intelligence portfolio, which of course during COVID had in part been paying the bills because it was a pure play subscription business, but we had always been open with ourselves and indeed with our shareholders that we were going to turn those into valuable performing businesses, but we were always a third or fourth or fifth player in those markets. And the cost to scale for us in that market really would've been stretching. And because multiples in that market were somewhere between 15 to 20 times earnings, depending on what you were acquiring, it would've challenged even our investor relations' charm skills to have persuaded shareholders that there was a long term or even medium-term route to return and growth.

So we exited that market at actually 28 times earnings and used that income flow both to return some capital to shareholders, retire some debt, rebalance the balance sheet, and then provide ourselves with capital for further investment in the two markets in which we had strong market positions, if not leading market positions. And as Gareth will outline in detail later, you will see now we've done five of those acquisitions at about an average acquisition price of nine times earnings. That's a very efficient recycling of capital and a compounding of our market position and our strength, and you will see us continue to do more of that. Beyond that, we were investing in our digital capabilities, which we continue to do, our focus on market categories and areas of specialisation, and seeking to improve returns to shareholders.

#### Slide 9

This slide give you a sense of the progress, the stop point, the restart, and then where we're heading back to. And the pleasing thing, if you just take your eyes to the right of these slides, we're now firmly back and beyond. We're a bigger business, we're a broader business, we're a better business, and we're a stable business. And you see that, I think, very firmly in the results that are posted today.

## Slide 10

Underlying growth rates of significant proportions in actually all of our businesses, including even the businesses that were not destabilised, in fact might even have been beneficiaries of COVID.

Strong performance from the Tarsus business post our acquisition of it. Strong performance from our Tech business despite headwinds in that market, in digital media expenditure and in some of the audience businesses that we've added to the portfolio. And overall, that tumbles down to an underlying growth rate of just over 30%, significant profit growth, significant earnings growth, a strong free cashflow performance, which you can see I was recycling some of. And if you do the maths at the half year, a dividend growth of over 90%.

## Slide 11

So at this half-year point in 2023, where do you find us? We're back to growth. The clue's in the name, the Growth Acceleration Plan. We're a growth business. That's what we're here to do and deliver and it's a pleasure to get back to that.

Our margins got compressed during COVID for a number of reasons, most obviously because our revenues came significantly down, but less obviously because we didn't destroy the long-term value in the company by taking a knife to our operating costs. We took a very forensic approach to where we could reduce costs, where we could, but we held our talent, we held our brands, we held our customer relationships so that we could come back post COVID fast. And you're seeing that. And therefore, as a consequence, you're seeing our margins rebuild from 22% to 26%, to 28%, back to circa 30%. So significant margin growth in the half year, it'll phase out a bit for the year-end, but overall, a return of very attractive margins.

Our balance sheet is in a strong position. We're recycling some of it, and you will see us continue to do that, albeit probably with a moderated view of what our leverage ceilings would be by comparison to where we were and indeed the world was pre COVID. A significant shift in our attitude, our application, and our aggregation of our data. If you were being harsh, you would say that eight years ago data was a waste product in our business. If you were being, I think objective, I think we've now universally accepted as an operating set of businesses that data is an asset to enhance the way in which we operate our existing business. If you're being optimistic, you would say, we can actually see that data is a valuable asset that we can monetise separately as another business, and we're on that journey. And that, I think, is a hidden underpinning benefit of the company.

We've always believed there was an advantage in specialisation, championing the specialist may not resonate quite alongside "I had a dream", but the world is going to specialisms and serving up depth of knowledge, expertise, connectivity, market access, customer connection, and lead qualification is a highly valuable thing to do and deliver in both research and in the B2B markets; and we're very focused on doing and delivering that. We, I think, are supported by a significant range of shareholders who've been with us for some time. And our job is to deliver consistent recurring and compounding returns. And it's good to be back in the business of doing that. And on that note, I'll pass you over to Gareth.

Gareth Wright:

Cheers. Thank you, Stephen.

Good morning, everyone. Good morning and thank you for coming along to the half-year results presentation here this morning in Blackfriars or on demand if you're watching this on the website later. As you've hopefully seen from the results and the announcement, we're announcing a strong set of results for the first half of 2023, including good growth in revenues, profits, and cash flows. And those results for the first half of 2023 together with our forward visibility into the second half of the year are what's giving us the confidence to upgrade our full-year guidance to a meet or beat of the top end of the range from the AGM Trading Statement. So, both evidencing our confidence in the business and evidencing further proof points in our execution of the GAP 2 strategy.

### Slide 13

If I look at the specific results for the half year at a group level overall in terms of the headlines, we point to the half-year revenue at £1,520m roughly, which is up over 50% year-on-year. And as you can see, that's tracking to kind of near £3,050m for the full year on a run rate basis, hence our meet or beat on the full-year guidance at £3,050m. And the half year, we've delivered underlying revenue growth of 32%, reflecting strong growth in the B2B markets and digital services businesses, underpinned by a further acceleration of the revenue growth at Taylor & Francis. Our adjusted operating profit doubles versus the first half of last year to £414m. And that in turn drives an improvement with the operating leverage from the revenue numbers in our operating profit margin for the first half of the year.

Earnings are up 134% year-on-year driven by that strong OP performance and assisted by the benefit from the ongoing share buyback programme that was running through the whole of the first half of the year. And taking that earnings growth together with our dividend commitment delivers the increase in the interim dividend the half year of 93% year-on-year. That's all enabled by strong cash performance, strong cash conversion, and free cash generation, which together with our balance sheet strength, we leverage at around 1.2 times at the half-year-end, and tracking to a year-end leverage of



1.3 times giving us the ability to fund over £650 million worth of shareholder returns in the full year for 2023.

#### Slide 14

So those are the headlines. Turning to the income statement and starting to unpick some of the financial results in the numbers. And this income statement is all on a continuing basis. It doesn't include any of the assets that we sold in 2022. And as I said in the headlines, the strong revenue performance and the operating leverage characteristics of the business produce a strong drop through into OP and an increase in the OP margin from around about 20.5 percentage points to 27.2 for the first half of 2023.

Our half-year financing costs were effectively zero. If you remember back to the year-end, we started the year-end with effectively zero leverage as our cash balances were equal to our borrowings. And then the treasury team did a great job in securing deposits at good rates, which meant that our cash interest at times in the first half was in excess of the 3% that we were paying on our borrowings. And that as a net result meant that we ended the first half with a net income on the interest line. On a full-year basis, we will have an interest charge because we started to spend some of those cash balances investing them in acquisitions and therefore the cash balances will be substantially lower in the second half of the year, and we'll probably have a circa £30m full-year interest charge as a result.

Our effective tax rate increases to 19% in 2023 compared to circa 18% in the first half of 2022. That's really a reflection of our taxable profits increasing in the business and the fact that many of our tax deductions are relatively fixed in nature and therefore, as the profitability grows, the tax rate goes up.

Looking forward, you should expect to see the tax rate increase to 21% in 2024 and then 22% thereafter, really a function of increasing tax rates in the UK and also the OECD Pillar One programmes coming into effect on a global basis.

Our non-controlling interests increase substantially year on year: again, really a reflection of the Informa Markets business in China, where a lot of our joint ventures are located, starting to trade again at scale. As Steven said, that came out very strongly in the first half of the year, and therefore, the non-controlling interest deduction increases in 2023 versus 2022. But that still allows us to more than double earnings to 22.5p per share in the first half of the year. And these strong results for the half year together with the rest of the guidance and the outlook gives us good confidence for the second half of the year.

## Slide 15

If I look at the results by divisions, I'll start to unpick those on a division-by-division basis. Starting with Informa Markets, our largest single business there, we delivered underlying revenue growth of 64% in the first half of the year, driven by that strong performance in China, but really underpinned by a consistently strong position in the rest of the portfolio as well by region, by brand, by end markets, all performing strongly. We operate more tier-one shows in the first half of the year, and mainland China has relatively strong margins in terms of how it delivered in the first half. So that does mean the first-half margins are likely to be stronger than the second-half margins in this business, but overall, as you can see there on the slide, growth of over 10 percentage points year on year in the margin for that business.

Informa Connect also had a strong first half of the year, delivering almost 20% underlying revenue growth there, again fuelled by the tier-one events that ran in the first half of the year, but a consistently strong performance across Finance, Life Sciences, Fan-Expo events and a number of the areas that they work in. They also benefited a bit, as we'll talk about in a minute from the Winsight acquisition and that effect on the margin, and therefore, we'd expect the second half of the year margin to be lower than the 20% that they achieved in the full year, but still developing year on year.

Informa Tech, delivered underlying revenue growth around about seven and a half percent for the first half of the year, comprising double-digit growth in our events businesses supported by solid performance from the research brands, things like Omdia, and then a year-on-year decline in some of the other revenues around media-marketing services.

We are seeing some choppiness in the short-term outlook for the technology market, and you're seeing that in other announcements that companies have made to the market in the last couple of months, but we're consistently confident about the view out into the medium term for this business and expect it to return to high levels of growth over time.

The margin is broadly consistent year on year at the half year, which reflects the fact that we invested a bit in the first half of the year and we expect it to tick up in the second half of the year as we operate more of the tier-one events in this division, and also, some of the recently adopted cost measures take effect in terms of the business.

IIRIS continues to expand and is already benefiting our B2B markets businesses in many ways, particularly in how they market to their customers, and we talked a bit about the lead-insight product in the press release this morning, which is a new area where it's using data and synthesising it to provide a different and enhanced customer offering.

Tarsus has delivered strong year-on-year growth, and in terms of the upgrade to the guidance that we've delivered over the course of this year, really for Tarsus, that's the earlier completion of the acquisition than we originally thought it might complete at the time of the year-end. The actual trading in the business is showing good year-on-year growth and a bit ahead of our original expectations, but as we announced acquiring that business in March, as you'd expect, we're pretty much tracking towards that plan.

And then finally Taylor & Francis showing improved revenue growth, accelerating to 3.3% year-on-year growth from the 3.0% that we delivered in the full-year 2022 numbers. In the mix, the operating profit margin is down a bit in the first half. That's just phasing, though, we think for the full year we'll be back to comparable margins to where we were in FY '22, the phasing really coming from investment a bit weighted towards the first half. And also, if you look traditionally, this business has always delivered a stronger revenue performance and a stronger operating profit margin performance in the second half of the year, and we expect that to play out again in 2023.

#### Slide 16

So, looking at the growth in terms of underlying growth versus reported growth, underlying growth in revenues around about 32% for the first half of the year and just over 56% in terms of operating profit. If you then track that into the reported growth, you get a bit of an extra benefit in the reported numbers from phasing, where we operated events in the first half of 2023 that operated in the second half of 2022, and we normalised for that in our underlying numbers. You're definitely getting a bit of a benefit in the reported numbers from both Tarsus and Winsight in terms of those acquisitions. Again, we normalize for that in our underlying growth, but that comes through in the reported growth as an upside.

And finally currency, where the US dollar is stronger in the first half of 2023 than it was in the first half of 2022. Again, we normalise for that in our underlying growth, but you get the benefit of that coming through in the reported growth. So that's how the numbers move underlying to reported.

#### Slide 17

If you then look at the operating profit margin and how that moves from HY '22 to HY 2023, the largest single driver there is performance. It's trading delivery in the business and the operating leverage from that dropping through into the operating margin and improving that by almost five percentage points half year on half year.

In terms of phasing and biennials, we get a bit of an upside from that, as some of the biennials have stronger margins from the longstanding guidance

around biennials, so where they run in the odd years, that has a beneficial effect on our margins.

Acquisitions: mainly that's talking to Winsight rather than Tarsus. In Winsight, as I say, we had this structural dynamic where we only owned the business for six weeks, really, in the first half of '23, but we ran the main trade show of the year in that period, and so it has a disproportionately upside effect on our operating profit margin in Informa Connect in the first half, and that's worth noting, because I'm sure this time next year we'll be standing here talking about the tough comp Informa Connect had from last year, so we'll need to bear that in mind at that point in time.

And finally currency adds a benefit from the stronger US dollar. We generate more of our revenues in dollar than we have proportionately in costs. And then when the dollar strengthens, therefore, you get an upside on the operating profit margin, as outlined there on the slide. But overall, round about 670 basis points increase in the margin from first half of '22 to first half of '23, and if you start taking that into the full-year dynamic and how it grows across the years, as Steven talked about in his slides, we're really looking at a growth trajectory going from 22% for full year '22 margins through 26%, 28% to return to circa 30% adjusted operating profit margins in 2025.

#### Slide 18

Our FY '23 guidance implies a full-year margin around about 26%, so a 4% increase on the margin that we delivered in 2022. In 2024, we're targeting a further improvement of circa two percentage points. That's a biennial down-year, from which we'll get a bit of a drag in the margin. We think that'll be more than offset by the growth in the business and also by a full-year benefit of Tarsus coming in at an above-group-average margin. And then in 2025, we're targeting a further two-percentage-point increase. That then will be assisted by the fact that's a biennial up-year, and the higher margins from those events will help us in that year.

It's worth saying, as we are talking here about margin expansion and targeting margin expansion, we are always a group that targets underlying revenue growth on a sustainable basis as much as we target margin expansion. So we'll be looking to hit these margin targets, but we'll also be looking to continue targeted investment in the business in the areas we've talked about through our GAP 2 strategy, continue to drive and engineer future growth on a sustainable basis in the business.

#### Slide 19

If we look at the balance sheet then, how that stands at the first half of the year, the first thing to say is that we're seeing good cash generation from cash conversion of that operating-profit growth. And you're seeing that in

the first half of the year, and we see that continuing to the second half, which should enable us to deliver around about £550m plus of free cash flow for the full year 2023.

There was a bit of a working-capital outflow in the first half of the year. When you pick through the results, you'll see the cash conversion was about 60% in the first half. Actually, if you go back to pre-COVID years, 2017, 2018, you'll see that's entirely consistent with what we've always done in the first half, as some events have operated where we've had cash received in the prior year. And also we receive a lot of Taylor & Francis subscriptions and cash for the next year events in the second half of the year. So, you always tended to have a first half outflow and then a correction in the second half for the full year, and that's what we'd expect to see happen in 2023. So, we'll be much closer to or at around a hundred percent cash conversion for the full year on the whole.

In terms of the balance sheet, we have leverage at the half year of 1.2 times and tracking to 1.3 times, including the acquisitions and the cash flows that we're announcing in terms of where we are in July. We have substantial liquidity of 1.6 billion as we stand here today. So that number includes the dividend payment that we made a couple of weeks ago for the final 2022 dividend, and it also includes the maturity of the MTN debt, which we repaid in the first week of July. So, 1.6 billion in liquidity now, and our next maturity is not until October 2025, so good forward visibility in terms of the balance sheet, and we have no group-level financial covenants in the debt stack as we stand.

Our borrowings are almost entirely fixed-rate, just over 3%, which obviously in the current market is looking like a good piece of balance-sheet planning, and we're running a pension surplus of around about £50 million at the moment on an IAS19 basis, which together gives us a good inorganic opportunity for capital allocation going forward in terms of how we want to invest in the business, and also good opportunity for further shareholder returns.

And I think finally, just to close on this slide, the strength of the balance sheet is really underscored by the fact that the three credit rating agencies that cover us have all issued notes in the last month or two reconfirming their investment grade rating status for the business overall.

#### Slide 20

So I touched on capital allocation, and the first thing I wanted to talk about around our capital-allocation discipline is the allocation for shareholder returns, which has been a key part of our GAP 2 strategy that Steven outlined in his slides, and we've made further progress with the delivery of this in the first half of 2023.

Our buyback programme is committed at £1 billion, which we committed to in March of this year, and we're delivering almost £500 million of that in FY '23, with the balance having been delivered in FY '22.

On current course and speed, we're tracking to complete that programme round about November at the end of this year, and that will deliver on our commitment to return around half the post-tax disposal proceeds from the divestments to shareholders. We're also announcing today a 90% growth in ordinary dividends at the half year, driven by the year-on-year increase in the earnings and delivering on our commitment for a 40% payout ratio. And as you look at our earnings projections for the full year, you'll expect to see a similar or a double-digit increase, certainly, in the dividend going forward into the full year.

#### Slide 21

And the other element of our capital-allocation discipline has been our inorganic investment, which has been driven by that. And Steven, you mentioned the three 2022 divestments crystallised value around about two and a half billion pounds, and after retained investments and on a post-tax basis, delivered proceeds around about £1.9 billion.

So far in the four acquisitions we've announced so far, we're reinvesting around £1.2bn of those proceeds, and you can see what we've done is we've added about £300 million worth of revenue from those investments, replacing the £200 million worth of revenue we divested. So, as we always say with GAP 2, although there was a divestment element to it, it was fundamentally a growth strategy, and what you can see from this slide is through the disciplined capital allocation, we are getting the scale back. We've got the scale back in the business, and therefore, that is delivering on the growth strategy element of the divestments and investments in the business.

#### Slide 22

I touched on forward visibility when I talked about the upgrade of the guidance. What we're really talking about here is if you look at our live and on-demand events bookings for the second half of the year, they're running at 85% plus of what we need to deliver the forecast. And then as always, we've got a strong foundation that we're building off in terms of our subscription revenues, which are at 90% plus of the full-year 2023 numbers. And we're beginning to get good visibility into the 2024 numbers, where we're around about 70% booked in terms of the events that we'd expect to see rebooking at this stage of the cycle.

So what does that all mean overall? I think what it means is that the forward-looking indicators across various elements of the business are all strong and

give us confidence about the delivery in '23 and into 2024. And I also think, to the COVID recovery comments that Stephen was making, it really underscores that I think rather than people being worried about returning to 2019 levels as a ceiling of our ambitions, that's really now a floor that we're building off as a foundation, and we'll talk about how we see our forward outlook in a couple of slides' time as Stephen goes through his deck.

### Slide 23

So, to wrap up on the numbers, in summary, I think we're reporting a strong set of half-year results for 2023, with a strengthening outlook into the full year, guiding to a meet-or-beat at the top end of the previous guidance. We're seeing strong underlying revenue growth across the divisions, and a significant improvement in the operating-profit margin year on year from the operating leverage. The strong growth in earnings per share is driving good growth in dividend per share, delivered by the OP increase, the share buyback programme and the disciplined capital allocation, both to shareholders and in terms of inorganic investment to date at around nine times EBITDA. I think we'll deliver further benefits for shareholders in the future. And just to confirm again, full-year revenue and operating profit guidance at the top end of the range we reported previously.

I'll pass you back to Stephen.

Stephen A. Carter:

Thanks, Gareth. Okay. Right, just a few final slides and then we'll get into questions. What I want to try and do in this section is just give you a sense of how you should think about the company on a going-forward basis and why you might choose on a good day to be optimistic about that view of the company.

### Slide 25

This is the way we're looking at it from the top down. Increasingly, the B2B business furthering improving its scale, its international reach and its depth in specialist markets, led in size by our Informa Markets business, transaction-led B2B events with a range of digital services around some of those events, not all but some, and increasingly underpinned by better service experience at or before or after the event, targeting an ongoing 5% plus underlying revenue growth rate and margins north of 30%.

Our Informa Connect business really growing in size and scale. Content-led events more highly curated, more specified. A significant proportion of delegate-based revenue and sponsorship revenue, as well as exhibitor revenue in some part, with actually a significant range of digital and data services, and partly because they're richer in originated and curated content, actually with a much more developed set of digital platform capabilities to deliver video content, matchmaking, curated meetings and lead qualification.

Slightly lower growth rate, but still 4% plus, and a slightly lower margin because there's a higher cost base in those businesses because you've got more deployed capital in technology and more deployed cost on the people side because you are curating original content.

Informa Tech: a specialist business offering the full range of services that any B2B marketer or sales or customer or product executive would be looking for. About 15 or 16 event brands, franchises, running about 40 to 50 actual physical events, because we multi-locate some of those brands, underpinned by a very strong market research business now, Omdia, enhanced by the Canalis acquisition today, and a range of sales intelligence services: lead qualification, lead specification and audience identification.

Higher growth rate. Notwithstanding the current squalls in the end market in technology, we see that over time being a 7% plus growth rate market comparable margins to Informa Connect. That is our B2B Markets franchise operating in 30 or 40 geographic locations around the world.

Our academic business, a scholarly research business, a reference business, and underpinned increasingly by a range of knowledge services, which I'll come on and talk about, targeting a 4% plus growth rate. We've been building to that over time. You see us at the half year at 3.3%, with an ambition to get that to 4% next year and 4% plus thereafter. Margins at or around the levelling-out point of 35% plus post the investment period. That gives you a group tracking overall at about 5% plus, with margins, as Gareth said, back to around 30%.

So our ambition is to build a broader, bigger and more scalable business with depth and specialism in all those markets.

#### Slide 26

So if you take the B2B business, what do you have to believe to think that that's a place where you'd want to deploy your capital and get further growth? Well, first of all, we have got brands in that market, which have got visibility and reach, and in many instances, longevity. The market is shifting to specialists, and even in overall markets, the sub-specialisations within those markets. The increasing value of digitally-enabled, high-value live events, underpinned by the increasing importance of qualified sales leads in competitive markets, and for most of our B2B customers, they're working in increasingly competitive markets. Within that, the key is increasingly becoming hosting buyers. Buyer identification and buyer qualification is really the magic sauce of that business. And then there's a series of other, if you like, environmental circumstances that lead us to believe there is market expansion.



### Slide 27

This is our geographic footprint. We're operating now in about 30 locations around the world, and really, as I said in my opening, if you look to the left and the right and the south of that chart, that's really where the drumbeat of expansion is coming from. And the availability of the core physical infrastructure that you need to deliver those live products is growing both in size and in quality. Not just the event location itself, but the environment and the logistics and the infrastructure of that around the event location.

### Slide 28

If you look at the key locations around the world in which we both operate and have now become a significant counterparty for the venue owners, and in many instances the city-states and countries, you're seeing significant investment in quality venues, locations, accompanying infrastructure, transport, international hub airlines, smoothing of visa and access requirements for B2B customers in particular, and an increasing focus by key locations, city-states and governments on what is broadly called business tourism or MICE.

Indeed, yesterday we were in this room, some of us who are here today were here yesterday, where we hosted the launch of our Tahaluf joint venture in the Kingdom of Saudi Arabia, which is a business that we've taken from zero really two years ago, and I'd predict that that business could be north of a \$75m-\$100m business within another year, where we are developing new brands in that market and bringing our existing brands into that market in very, very specified categories. So, you're seeing new markets open up and investment in scale and capacity in existing markets.

### Slide 29

And then the airline industry, which, a bit like us, had a pretty tough COVID, and you're seeing route return, capacity return, slight change in the mix of the fleet and the nature of fleet capacity. It's actually favouring primary routes, which is good for our business, actually. And whilst the prices are going up, if any of you have actually bought a business-class ticket rather than charged it, it's becoming an expensive thing, but that speaks to value. And if you are demonstrating the value of the trip, and indeed, if you can offer a customer a single trip rather than 50 trips in order to see all of their customers, identify what all of their competitors are doing and understand everything that's going on in their market, you've got a very, very high value proposition that you can sell to your customers.

### Slide 30

So those are the reasons why we have chosen this market, and I want to make a point here, which I've made before, so those of you who have the misfortune to have to listen to me regularly will forgive me. We have not ended up in the markets we're in by either accident or historical inheritance. So, for good or for bad, we've made these choices. This is still a relatively young portfolio.

In the main, this portfolio has been built in the last eight to nine years. And we've chosen markets that have a series of characteristics. Generally, they're markets that have very, very fragmented supply chains, because then that means there are thousands of suppliers, there are many buyers, and there is a need, a market need, for a way of connecting those buyers and sellers. In the main, we've chosen to operate in high value markets, where the end margin for the manufacturer or the distributor is an attractive margin. So, you are not dealing in a thin margin, low-oxygen environment where understandably, the buyer or the seller has to concentrate on every dime and every dollar. What they're looking for is value, not volume.

We've looked at international markets, because that allows us to use our international scale and our international reach. Markets that are offering structural long-term growth rather than high volatility. You'll see we're not really in any retail markets. We're in almost no B2C markets. None of these things are accidental. And markets where digital and data has a value and an increasing underpin. And those features have led us to a range of markets. Healthcare, pharmaceuticals, technology, health, nutrition, engineering, maritime, beauty, finance, aviation, aerospace. But importantly, I could give you another 10 categories that it has led us not to go into.

And so the choice of the markets where we're specialising is also part of what gives us confidence that the macro environment for this business is good, but the portfolio that we've built also has long term value.

### Slide 31

And then underneath that, we're trying to build real specialism, real market knowledge. Be a citizen of the market which you are servicing, whether that is through research, or analytics, or a digital media presence, or a learning product, or a research product, or an event product. All of those things serve to enable us to understand the trends in the markets that we're serving so that our products can be progressively more relevant to our customers. And at the increasing heart of all that is the data that allows us to look at trends, look at preferences, and look at our activities, to enable us to be able to re-serve the product up the following year, or the following cycle, in a better form.

### Slide 32

The same is true in the academic market. What do you have to believe to see this as a market that you should choose to remain in? Is there an increase in research output? Yes. Is there an increase in investment, in original R&D? Yes. Is this a market which is globalising, where there is an increasing sharing of knowledge across geographic boundaries? Yes. Is there a shift to more specialisms? Definitely yes. Subject matter specialisms, both at primary education, secondary and tertiary, and postgraduate education, increase year-on-year. Is there a growth in further and advanced education globally, not just in the traditional markets of the United Kingdom in Europe and America? Yes, there is. Is there a shift in new products? Open, open research, open science, formats, different product formats, electronic digital, chapter versions, archive versions, subject matter cross setting? Yes, there is. But all of that requires just product shift. It doesn't undermine the fundamental value of what you're doing or the underlying growth.

### Slide 33

The growth rates here are a little bit more moderated than in the B2B markets, nearer 3 to 4%, rather than 5% plus. But nevertheless, very attractive. With a very clear underlying demand, which we see manifested most visibly in download, volume growth, and in submission growth, both of which have been growing over time.

### Slide 34

And a shift in the mix. Less print, more digital; less institutional, more individual; less intermediaries, more direct; less products, more services; less librarian, more non-librarian; and a mix inside the operating products of researcher services and advanced learning. But still an attractive market and one in which I think we're becoming an increasingly more relevant provider of services.

### Slide 35

There will be no results presentation in 2023 that will be complete without a slight touch on artificial intelligence. And so the point that really we would seek to make here is, like many of our peers in this market, artificial intelligence has long been an operating reality inside our business. Actually, most notably in our academic research business, where the use of artificial intelligence on authentication, validation, verification, plagiarism tests, sourcing, has been going on for some time.

We are increasingly using artificial intelligence in our content areas in our B2B business, whether it be on content generation in that market. We're not

using it on content generation in our academic business, but we are definitely using it in our B2B business.

We're using it on our websites, we're using it in our content, we're using it in our content summaries that we're producing pre, post and after events. And we're also using it in some of our service elements at the customer provisioning. This will continue, it will advance. The technology is definitely getting smarter. I don't know about you, but I find myself often using ChatGPT as a search engine now, rather than other search engines that I won't name. And the technology is getting more and more accessible, and more and more usable. Is it a threat or is it an additive capability? We are firmly in that this is an additive capability if you're in a knowledge-based business.

#### Slides 36-38

So, as Gareth said to finish, where are we? We're firmly beyond COVID. And I think that was clear even when we did our full year results in March, and we laid out our guidance for the year. I think it was clear at our June AGM where, by that point, China was open and we could see the return of both mainland China and Southeast Asia. Which back in January of this year one did not know, because the decision had not been made. Even then, we probably couldn't have predicted how fast that return would be. And you see that again in our half year results, where we're now, I think, confident and comfortable that we'll be at the top end of our guidance for this year. And more importantly, we can see growth into 2024 and beyond.

#### Slide 39

Next year, we will have the first full year of 12 months with no country in the world closed, God willing. We will have the first full year of ownership of the businesses that we have added in 2023. We will have an ability to speak to value to our customers, given the investments we've made in technology, and data, and market effectiveness. We will be able to re-look at our pricing, given that really we entered 2023 on pricing at least half of which was set in 2019. And we will have a full year of our ability to further extract value from our increasing pool of data expertise and market understanding. The company is in good shape. We're leaning into our markets with confidence, and we very much look forward to questions. So, thank you very much for listening. I'll start by taking questions in the room, for those who are on the live stream or on the webcast, but I will come back and move between both. So, if we can start with those in the room who have hands up. Let's go to the groom's guests.

## Q&A

Steve Liechti: Morning, Steve Liechti from Numis. Just three from me please. One is can you just give us a feel for international visitors by region? You alluded to this a bit, I guess, in your comments about travel, but just anything you can give us there please. Secondly, you talked about China potentially being above 2019 levels.

Can you just in a way confirm that statement and maybe talk more broadly about Hong Kong, and then broader Southeast Asia and your view there. And then finally, just on Informa Tech, given a relatively lower growth rate there, do you see things improving or getting worse in the second half? I think you alluded to the events skew, but maybe in the other businesses there, is there a danger that maybe the lead gen could go negative, or even hopefully you see anything getting better there? Thanks.

Stephen A. Carter: Okay, thanks Steve. I'll try and take those, but I might ask you (to Gareth Wright) to come in on the end on international visitors if you've got more specificity than I've got to hand. I'll take them in reverse order. On Informa Tech, if you broke the overall performance down into, if you like, category specifics... Which just to be clear is not how we run that business, we actually run that business on a market-facing basis, so I'm not misrepresenting the numbers, but it's not in many instances how we sell the product or the revenue to the customer. But to answer your question, our event franchises are all in significant double-digit growth, year-on-year. And whilst there is some bundled selling going on, you can see that number if you break it apart. Based on what we see today on forward bookings, we don't see any reduction in that demand.

Our specialist research business, Omdia, similarly... Actually interestingly in there, we started the year in that business slightly tepid. The key metric there is the ACV, the annualised contract value, and the business development pipeline. But actually in the last three to four months that has picked up quite comfortably on both those metrics. And we would look at that business with I think probably the most forward visibility and comfort in growth. In digital media expenditure, that is already, year-on-year, a negative number. I don't know if we know enough to know whether that will see a further decline.

Based on the public numbers that other people who are more singularly in that business publish, our decline is lesser, but that could be because we are able to offer a bundled sell, if you see what I mean. So, we're often having a multi-layered conversation with customers. And then in lead qualification, lead specification, audience development, those businesses are sort of just about flat to marginally negative. And again, it's difficult to tell, based on where we are at the half year. I think our view at the moment is it's not going to get structurally worse, but we don't have any evidence yet to say we're at the bottom of what has been a choppy period.

What's driving it? Well, the issues facing the technology and sector, particularly in the United States of America, and that business is very much focused on the US market, are well documented. So, there's been a lot of personnel change, there's been a lot of budget reallocation, there's been a lot of shifting from one category to another, and it's difficult to predict how long that will take. But you will have seen the numbers that are being posted in the US by some of the tech firms at the moment. And so the decision, our perspective on that market structurally is that this is a squall.

It's not a structural change. So, we remain committed to the market, and in fact it might give us opportunity to double down. And you see a little bit of that today in our pickup of Canalys. And that kind of speaks to that.

China, you're right to pick it out that way, Steve. In fact, Asia, the way we run that business, as you probably know, is mainland China is a business, and indeed within mainland China we actually operate it in three different entities that we wholly own, that we own the majority of, and that there are a series of joint ventures. All of those businesses are doing extremely well. And I will leave you to the break to have the direct conversation with the gentleman sitting behind you, who probably knows more about it than I do. But I think we feel confident that those businesses will do well.

Hong Kong is different, because it is much more dependent upon international. And international return rates are not yet back to 2019, to kind of cut into your first question, and certainly not in Hong Kong. The Hong Kong government are very keen to reintroduce Hong Kong as a global city to the world. And of course, Hong Kong is suffering, to a degree, suffering is a big word, but is responding to two changes. One of which is the riots around civil unrest and the other is COVID. And so they've had double jeopardy if you like. So, the return pace rate in Hong Kong will likely take a bit more time, but there is support for that, where we and others are getting support from the city government, around venue and promotion. Significant support. And our judgment is you will begin to see international trade return, but it's not comparable to the rest of the world.

Southeast Asia, very strong. Really very strong. And a couple of those markets are really exciting as I think about future potential. Vietnam, Indonesia in particular, Thailand, and India. So, our Southeast Asia business we feel extremely good about. So, you're right to pick it out, it's a mix. And then on international visitors, that is probably the part of the world where international is not yet back to 2019. That will take some time to rebuild. In the Middle East I think, if you've been there, it's become the international melting pot for a whole variety of reasons, which we won't get into. In North America, actually international has never been such a big feature anyway, but actually the numbers are pretty comparable I think on international. And Europe I don't have them to hand. Gareth?

Gareth Wright: Yeah, first of all, I'd say on the China Hong Kong piece, agree with what you said there about the travel. Really for us Hong Kong is a 2023 H2 dynamic. And when we talk about China being strong in the first half, that's really mainland China that we're referring to there. The Hong Kong events are from September onwards, so that's an H2 dynamic. In the Middle East, which is obviously places like Dubai, very much an inward-bound international travel and trade show business. And that the Middle East is back at kind of 60%, international travellers coming in, which is where it was pre-COVID in 2019. Overall numbers you'd say are up there in that market, versus 2019, assisted by the international travel being back where it is in those markets.

And then in North America, a higher domestic market, but numbers back there. Europe, I'd say... Obviously Europe, we never regarded outside of the EU type travellers as international, because those travel boundaries reset quite quickly after COVID. And those shows have traded well in the first half and are booking well for the second half. So, I'd say overall that's looking pretty strong in the mix.

Stephen A. Carter: One more question in the room and then we will go to the call.

Fiona Orford-Williams: Thank you. It's Fiona Orford-Williams from Edison. First of all, on pricing, can you give us some comment behind what's happening with inflation, both on your venue costs and what you are being able to achieve in terms of pushing price increases through across the group? My second question is about IIRIS and the data monetisation. You talked about seeing this as a valuable asset. Are you thinking about that in the context of adding value to your existing customer relationships, or can you see a way to monetise it as a separate income stream? And my third question is more specific. It's about Tahaluf, joint venture. Is it of a fixed term contract? And the LEAP event that you talked about, is that something that could be replicated elsewhere? Thank you.

Stephen A. Carter: Okay, great questions. Well, let's take Tahaluf first. There is no fixed term. It's an open-ended joint venture of which we own 51%, and we have three shareholders in the Kingdom who are partners. It is a joint venture, it's an independent entity. There's a board, I happen to chair it, but the Deputy Chair is from one of the other shareholders, and we will run it as an entity, a unitary entity. LEAP is an invention of that market and therefore the intellectual property is housed within Tahaluf. Now, in theory, we own the majority of it, but we would not do anything unilateral with that, it's not the nature of the partnership.

And the idea behind LEAP is very, very particular to the ecosystem that they're seeking to build, alongside their approach to the technology and market. And I don't know if you've been to LEAP, but if you go there, I mean I've been to a whole range of technology events over my life, LEAP is really very, very different. It's quite distinct around innovation and forward technology, innovation, start-ups, applications. There is an infrastructure

element to it and a service provider element to it, but it is quite specific to that market. And an extraordinary event. I mean an extraordinary event.

IIRIS and pricing, those conversations are really connected. Just to be clear, we never push prices through. I'm not picking up on your words, but that's not how we run our business. And I don't mean that in a kind of virtuous sense, it's not the nature of our business model, because we essentially operate, both in our B2B markets business and in our academic markets business, you have to have a license to operate. Now that's true in every business, but it's doubly true when you are a facilitator and an intermediary. And that's true.

That's the essence of being a publisher, and it's the essence of being an event organizer. And one sure-fire way to pollute that business model is to push prices through. So, as you probably know, because you have definitely had the misfortune of listening to me before, we are quite cautious pricers for that reason and always have been.

And I think that has served the business extremely well over the period. It will be a relatively easy thing for us to do, to just put our prices up for a couple of years and take the benefit, but it would not necessarily produce a significant long-term annuity value. And that's really where the rating value is in our business, rather than the earnings value in our business. So, in order to justify more value and create more value, genuine value, what do you have to do? You've got to give your customers more. And that leads you in part, not in whole, but in part, to IIRIS. You've got to be better at marketing so that your buyer participation has got higher value. And that might allow you to take the value of that either as a separate service, which you do price, or at a higher price for the space cost. And we're pretty agnostic about where we take the revenue, but what we're very focused on is improving the value. And then you do have a little bit of a reset moment, because we took a view post-COVID that...

And one of my colleagues, who should remain nameless, but let's call him Steve, because that's his name, said to me when we went to his event that we restarted, he said, "We've had the best marketing experience you can ever have, which is we prevented our customers having our product for three years, and now they can't get enough of it." Now there is some truth in that, but also, we took the view that there might be a possibility in some markets with some customers that they just got out of the habit, or they'd found a replacement, because they couldn't have it. And so it probably wasn't advisable to push your prices up to regain, in real terms, a pricing equivalent. So, there is a bit of a reset moment, but there'll be no pushing, there'll be value behind it. And some of that value will be IIRIS and some of it will be other things. That's the way we think about it. But I do think if you're looking at our business 23 on 24, there's a value opportunity there, and I have a high degree of confidence that our customers would share that view.



Can we take a question... Richard, I don't know how... Are we just going to-

Richard Menzies-Gow: The operator.

Stephen A. Carter: The operator will do it. Who's the operator?

Julian Smith: Naomi.

Stephen A. Carter: Naomi, can you hear me?

Operator: Hello. I can hear you, Stephen. Thank you. As a reminder, if you'd like to ask a question, please press dial 1 on your telephone keypad. We have Tom Singlehurst from Citi. Please go ahead.

Tom Singlehurst: Yes, thank you. It is Tom here from Citi, and apologies for not being there in person. Maybe an idea for an event next year is you could host all of the UK media companies' results at the same time. I'm not sure there'd be that much money in that. But first question, just on Saudi again. Obviously as you said, it wasn't there pre-COVID, is there any quantification you can give on its size? And then linked to that, given its structure, how does it work through that... Is the revenue fully recognised and there's a sort of non-controlling interest for the pay away at the bottom of the P&L? That was the first question.

The second question would be specifically for Gareth, and it's a housekeeping thing, can you talk about non-controlling interest or minority expense for the full year? Just a guide given what's happening.

And then the third one is on the outlook for tech. Obviously this year is a subdued year, presumably given what we're seeing from the US tech names, the forward bookings are incredibly strong, and can you quantify that or can you confirm it? And should we expect above trend growth first half of next year? Thank you.

Stephen A. Carter: Thanks, Tom. I think I got most of your question. I wasn't quite sure about what your comment was about the size of-

Richard Menzies-Gow: Can you scale it?

Stephen A. Carter: Oh, can we scale it? Yeah, okay. It was that what was behind it. Richard is interpreting your question. We'd be very happy, by the way, to host a results event for the entire industry. I was just thinking what brand we could give to that event, and also how many lawyers we'd have to have in the room. On KSA and on Tahaluf, as part of the agreement, inside the agreement, we have already identified a series of other market categories that we can move into. The next one will be commercial real estate. In fact, actually no in the calendar, the next one will be maritime, which is an increasingly important

industry for them. Then we're moving into commercial real estate, which is a very important industry for them and then there's a series of others. I think it goes to a maximum, I'm looking at Peter, is it eight or nine?

Peter: 10.

Stephen A. Carter: 10. It's 10 market categories that we've identified. So there's a real opportunity either for brand creation like LEAP or brand transfer, like Cityscape in real estate or Black Hat and cybersecurity.

So, there's a pathway to growth and markets that we've identified. And all of those are aligned to the country's vision 2030 strategy as to where they're driving economic growth and making investments in infrastructure and creating industry ecosystems. I'll let Gareth talk on the specifics of how we account for the revenue, but you're broadly right and more generally on the controlling interests.

Gareth Wright: I think you'd be broadly right there, Tom, in terms of the accounting treatment around full consolidation of the revenue and OP, and then a non-controlling interest for the element that we don't control. And then on the non-controlling interests, yeah, agreed. On the full year basis it's quite difficult to forecast outside in, but we did about £18.5m in the first half I think we reported today. For the full year, I would probably guide to something like £45m to £50m overall in terms of the number for the full year, which again, a pretty sizable step up year-on-year.

Stephen A. Carter: And then on tech, if I think I understood your question, it was how are we thinking about next year versus this year overall? Well, you see that in my last slide, we're guiding a 7% plus for that portfolio. It obviously varies underneath it. This time, a year ago we would've said that would've been a double-digit growth business, and so there is some... We're taking a sort of sensibly cautious view about what next year might bring, but that's still a 7% plus growth business. So given the end market conditions, we still feel good about that in '24. And as I say, if you take a structural view three years, we would be disappointed if it wasn't a notch higher than that. Naomi, can we take a second question on the webcast and then we'll come back into the room?

No more. Okay. Next question in the room?

Nick Dempsey: Hi, it's Nick Dempsey from Barclays. So just looking at Markets division, obviously a lot of growth this year, but we're back to 2019. You've got a mid-term aim of 5%. Do we have one or two years in between, sandwiched between those two things where the benefits of price that you are talking about can give us some confidence that you'll do more than 5% in '24 and maybe '25? Is that how we should think about that process? Second question, 30% margin in '25, are we saying now that we top out at that level

and the only fluctuation beyond that is when biennials move it up or down each year. And last question, just in terms of the net debt to EBITDA, if we're talking excluding leases, where do you feel comfortable getting to? I think you mentioned Stephen, not where you were before, but could you get up to two times excluding leases and we've got that much to spend? Thanks.

Stephen A. Carter:

Thanks Nick. I'm sure there were other companies reporting today. We haven't given a specific forward number on net debt. You know our business very well. Historically, I think the world had settled around 2.0-2.5x, go to three for a real opportunity that you can de-lever. And we just haven't concluded on a hard answer to that question.

My point was more that I think the world has slightly moderated its view and candidly money has got more expensive. As you saw, our cost of debt is at 3%, give or take, and it's not yet clear where the cost of money is going to settle.

So, I think we're just being sensibly measured about how we think about that. And I don't think we need to take a hard view. We've got enough headroom to enable us to do what we want to do, I think, and that will enable us, I think to do more additions to the portfolio and still feel comfortable in our balance sheet and our leverage position. Anything you want to add (to Gareth)?

Gareth Wright:

No, I think that's it. And I think certainly at 1.2, 1.3 times, you're not butting up against that question. I think in short order, I think as we get closer to those levels then we'll talk about that more specifically as an area. But at the moment, I don't feel the need at this stage to set up a target that at the moment as we don't really need to do.

Stephen A. Carter:

On your first question, which I would broadly interpret as would you like to increase the guidance that you've just given? No. But are we an ambitious company? Yes. Do we set out to do better than the targets that we think are already stretching? Yes, but I think in the range that would be a very powerful position. And on the margin, I love answering margin questions as you know. I think if we can get back to 30% margin with a little bit of year-on-year variation from biennials, that's a very strong position to be.

And then I think our responsibility actually is to use any excess on that unless you can't see value in it to invest further in the product and the service to drive further top line growth thereafter. It's not a theological view and we're not dogmatic about it. And if we hit a seam of gold that justified a higher margin, we'd take it. But growth and the pace of growth is I think our first focus. It's not our only focus, but it's our first focus. There was some questions over here. Whoever's holding the mic, Helena, I think there were two questions here.

James Tate: It's James Tate from Goldman Sachs. I've got two questions, please. Firstly, just a quick follow up on China with revenues potentially above 2019 levels this year, will it be the same for operating profit? And if not, how should we think about the margin trajectory there in 2024 and '25? And secondly, as you touched upon AI earlier, how do you protect your IP in respect to generative AI? How much of your content is proprietary?

Stephen A. Carter: Okay, two great questions. The answer on China is no, the profit, the margin won't be the same, but you want to give the detail on that (to Gareth)?

Gareth Wright: I think we would say that the volumes are back at north of a 100% in 2023 in Mainland China. Probably a bit of growth still to come in Hong Kong around the international business travel point that we made earlier.

And therefore, in terms of the margins, they're back at sort of 2019 levels I think we'd say overall for that business. It's a bit of a pricing dynamic. It tends to be more of a volume market than a pricing driven market. And so that is a bit of a dynamic around it, but we're comfortable with the margins overall in that business being back at 2019 levels.

Stephen A. Carter: On AI in our academic business, our IP is a core part of that business and we would protect that IP and seek to do so as we do. And I think you can see that in the debates that are going on amongst AI practitioners and creators, that creating a sensible framework of regulation around a new technology. That's not fundamentally a new thought. There have been multiple new technologies that arrived over the period that have created potential which you want to harvest and some concern that you want to put guardrails around.

And I think the protection of original IP and certainly in research and development will follow and we would certainly seek to protect that. Do we own all of our IP? We do, and our brands and our content are a big part of our B2B, shifting to B2B of our strength. And the conversation about Saudi is a good example of that. You can create new IP like LEAP. But when you arrive with intellectual property like Black Hat in cybersecurity, which is a very established brand both in as an event franchise and as a training credential, you definitely would want to protect that and ensure that that was being respected. So that's a very clear focus for us. The gentleman here I think had a question.

Adoniz Oluwasanya: Thank you, two questions from me. The first regarding the steps being taken to manage cost and improve operational efficiency. And also if you could expand on how foreign exchange volatility has affected the company's financials and if any hedging strategies were also employed?

Stephen A. Carter: And if any hedges were employed?

Adoniz Oluwasanya: Any hedging strategies were employed.

Stephen A. Carter: Okay. You want to take the second one, Gareth? I'll come back to the first.

Gareth Wright: So, on the second one, how we very much look at our financing costs is trying to fix it in dollars. Mainly that's where we generate most a lot of our cash flows and therefore we hedge the risk around that by having interest rate swaps and swapping the currency into dollars and borrowing dollars. A lot of the markets we raise in are in euros, and so we do have to take out derivatives to get to that position. And we're looking to think about how we grow our presence in jurisdictions that operate and issue more in dollars as a way going forward of delivering that without the synthetic derivatives in between the debt and our payables.

Stephen A. Carter: Happy with that? Your question on costs and operational efficiency, help me understand what's behind your question.

Adoniz Oluwasanya: Mainly improving operational efficiency throughout the company. I just wanted to know the steps being taken for-

Stephen A. Carter: There are probably, I don't know three where I'm hoping my colleague Patrick would be here, but he's obviously decided to slope off just when the questions get tricky. There's three ways of thinking about that. The first is systems investment to improve automation and efficiency. We put a portion of that work on hold during COVID. If you'd followed our company during COVID, we managed to reduce our costs by hundreds of millions but without materially reducing our headcount. And part of the way in which we did that was we basically put a pause on a series of system improvements, which would've driven automation and process improvement across the business. And you will see us return to those. In fact, we already have, and we'll continue to do so in '24 and '25, so that'd be one area.

The second I think is capabilities. As we diversify the business, we're moving into new products, new services, new offerings, and that requires a different skill set inside the business to be able to do that efficiently and effectively. And that speaks to recruitment. Where do you hire? And indeed, where do you house some of those skills either geographically or organizationally? So, investment for system efficiency, a different skills and capability mix.

And then thirdly, an increasing use of data and analytics to make what you're doing, whether it be in marketing or sales or product development, much more market and customer informed. So, you've got just a faster route to market with a better return. And we're looking at all three of those and I would say we're making definitely good progress on the second and the third. And we're restarting the first in '23 and you'll see more of it in '24 and '25. If there are no more questions... Oops, there's one question in the room here.

Yulia Kazakovtseva: Yulia Kazakovtseva, UBS. I think I've got a few if I may. So my first question is about Informa Markets growth in June. Could you please talk a little bit more about the reasons why it accelerated so much? Is it because of China events, or is there any other drivers? Then a follow-up question about the guidance for this year. So the guidance implied I think similar revenues in H2 compared to H1 despite Tarsus. So, is it because you expect that H2 number of shows will be fewer, or maybe there are any other reasons? And my last question is about the new joint venture. Do expect any cash inflows from that? Thank you.

Stephen A. Carter: When you say the joint venture, you mean Tahaluf?

Yulia Kazakovtseva: Yeah, thank you.

Stephen A. Carter: Okay. Do you want to take all of those, Gareth?

Gareth Wright: And sorry, on Tahaluf, what was the specific point on Tahaluf?

Stephen A. Carter: Cash inflows. Will there any cash inflows in the back half of the year?

Gareth Wright: OK. I'll go through in the order that you asked them. In terms of Informa Markets, I think what you are referring to is the fact that if you look at the growth rate in the AGM trading statement and look at the growth rate in the half year numbers, there's definitely a step-up between the two. Most of the other divisions are all comparable between the two. And what that really is in China is a strong portfolio of events in Mainland China in June in Informa Markets. And that's because the events didn't operate in 2022, there's no comparative on an underlying basis and that gives you a sizeable step-up in terms of the number.

The rest of the business was broadly comparable between the AGM statement and the half year numbers. In terms of phasing, you're right, if you look at the full year guidance and the half year revenue number, it broadly doubles to get to the full year guidance, and that's a function of... You do have a bit of Tarsus that's upside in the second half, because some of their biennials that operate in odd years are in the second half, so that gives you a bit of an uptick.

But then you've got some things like Winsight in the first half of the year which make it comparable. So, revenue wise it's broadly consistent in H1, H2, although you'll see from the guidance, we're expecting a slightly lower OPM, operating profit margin number in the second half of the year compared to what we delivered in the first half for the reasons that I outlined in the speech. And in terms of Tahaluf, we're in an investment stage with that business as you'd expect. So, we're really making sure the shows land really effectively and are really a visual spectacle, particularly in their first year or in LEAP's case, second year of operation.

So, the profitability of that business is slightly lower in the first year as you'd expect, but it's going rapidly to scale as I think Stephen has spoken to, and therefore you'd expect the profitability to be stronger in the second year of operation. So, in the first half I wouldn't expect a material cash flow dynamic from that business in the first year of operations, I should say, while we grow that business and really make sure it lands effectively and has a good foundation to grow in its second year of operations rather than just winning in its first year.

Stephen A. Carter: Okay. Any further questions on the webcast? Naomi?

Operator: Matthew Walker from Credit Suisse. Please go ahead.

Matthew Walker: Thanks. Thanks very much. Can you hear me all right?

Stephen A. Carter: Yep, we can.

Matthew Walker: Perfect. The first question is, do you think once you finished with GAP 2 there'll be a GAP 3? It seems like you probably will. The second question is on pricing. Somebody asked about pricing earlier on, but I didn't hear any figures. I think last time you mentioned for '23, pricing was up by about 5%. From what I've heard from you before, it sounds like pricing for '24 is going to be better than 5%. So, if you could just comment on that. And then lastly on sustainability, somebody asked a question about this before, but is there any actual evidence that people are consolidating trips in order to go to B2B events rather than spreading their meetings around?

Because it's a truism, lots of companies who run events say, "Oh well, we're going to be much more sustainable, because people can visit just one event instead of going around visiting all these customers." Is there any actual evidence of that or is that just something that events people like to say?

Stephen A. Carter: Well, let me take those, give Gareth a rest. Let me take them in the order you asked them. On pricing, I know there's nothing I'd like to say that I haven't said. I think we are doing a good job of managing inflation input costs partly through, to go back to the gentleman's earlier question about cost management, partly through discipline on cost management, partly through our increasing scale, which is making our conversations with our big cost inputs in that business venues and general contractors. I think we're able to manage those costs pretty competitively. But as we touched on earlier with Fiona's question, I think it's really a question for us to demonstrate value to our customers. We feel confident in the value we're demonstrating, and you should see that in our '24 and our approach to value and pricing in '24. But I think it would be inappropriate to put a percentage number on it.

On sustainability and consolidation, there is evidence. We actually did a piece of research work around what we call travel consolidation in... I'm looking at

Richard to give me numbers. I'm going to say certainly a double-digit number of major events to get hard data. If, by your question, you mean data evidence as to what proportion of the choice to attend was driven by the efficiency of travel consolidation to your question.

And actually there was pretty compelling data evidence that it was for nobody really was it the primary driver of attendance, but it was a significant under-pinner in the sort of 20, 30% reason to attend. And we continue to track what we call slightly clumsily travel consolidation as an underpinning benefit in our post show data analysis in a selected number of shows. So we feel confident that we have enough hard data from our own portfolio to validate that.

I think you are right in your comment that people who do what we do for a living like to say, "Well, that's an obvious benefit," but we believe that we have got recurring data evidence that says it is a contributory benefit. It's not a primary benefit and it's definitely not a differentiator versus other events. But as you will know well, the value of building the event portfolio that we've built is more often than not, the question for the customer isn't will I buy our event product or another event product? It's will I buy this event product or no event product?

And so we feel, I think validated that the right approach to this question is, have the best brands in the first place and we have very good brands, invest in them for quality and value and we're doing that, and therefore maintain their attractiveness and continue to check that travel consolidation continues to be a benefit.

You also have physical evidence that it's true, because when you go to an event, certainly, and I go to enough to, I think for my comments, not to be anecdotal, whenever you meet people, they're running from one meeting to 30 meetings a day, and over three to four days, that's highly efficient and that is a central value of a appropriately scaled event. But at its heart it goes to buyer selection and participation selection and that takes you back to data, because if you can maximize the accuracy of your buyer attendance and the curation of your exhibitors, then that doesn't mean you're doing a lot of meetings. It means you're doing a lot of meetings of value and that then takes you back to your first question, which is pricing.

So, I think the evidence is there, but you can't point to a single percentage data point that says 83% of people say their primary reason for going to an event is it says I'm doing 20 meetings. I hope that gives you some answer.

Matthew Walker: Yeah, that's helpful. Thank you so much.

Stephen A. Carter: Not at all. Thanks for the question. Is there any other question, Naomi, on the webcast?



Operator: No, there are no further questions. I'd like to hand it over to you Stephen.

Stephen A. Carter: Okay. I definitely know how to take no for an answer. Thank you very much for those of you who came in on the webcast, thank you very much for those of you who came in person and for those of you in the room who are supporters of the company, thank you very much for your continued support. It's much appreciated and it's good night from me and good night from him.

ENDS.