

**Informa**

**September 21, 2020  
04:00 AM EDT**

Operator: Good day, and welcome to the Informa Half-Year Results Webcast. Today's conference is being recorded. At this time, I would like to turn the conference over to Stephen Carter. Please go ahead, sir.

Stephen Carter: Thank you very much, Adam, and good morning, everybody. Thank you very much for making the time to join us today. I'm joined by Gareth Wright, our Group Finance Director, and Richard Menzies-Gow, our Director of Investor Relations and Corporate Communications.

I'm conscious that it's Monday morning and that we now know there's going to be a significant UK government announcement I think at 11:00, so we'll try and make it worth your time.

We are ostensibly here today to talk about our half-year results to the end of June of this year. But for those of you who've seen our release statement this morning, you will see that one of the reasons why we took advantage of the extension to reporting obligations and moved our half-year results presentation until late September was really to enable us to have a conversation about forward visibility, both for the end of 2020 and indeed through to 2021. The last eight months has been a remarkable experience, I suspect, for virtually everybody on this call. But it certainly has for our business. We, as many people will know, operate at some scale in Mainland China, and so we have been living the realities of the impact of COVID-19 pretty much since January the 23rd when China went into lockdown. And we have seen that progressively roll out around the world, and certainly for the vast majority of the first half, so the official period of this results announcement, our events business -- physical events business -- by the end of February was effectively closed everywhere in the world.

I would like to use this just to put on record my appreciation to our colleagues around the world. They say adversity brings out the best in people. Certainly, we have seen that within our own company, and our culture of agility, ownership, distributed authority, and personal sense of responsibility has served us extremely well. And also has our relationship with our customers and our co-partners, whether they be venue operators or governments or trade associations. And that has enabled us to run a program of

rescheduling and postponement and cost management, which has served the company extremely well.

I'm going to work my way through a slide deck which is available, and I will as I go through it, pass over to Gareth at appropriate points to take you through the detail of the half-year results and our forward look on our financial position overall. And then we will take questions at the end.

The normal disclaimer, and then on to where are we. Well, as we've been saying for many years, the strength of the Informa Group is that we operate in what we describe as the knowledge and information economy, and if there was ever a circumstance where the knowledge and information economy comes to the fore, it is when 65% to 70% of the world's population is in lockdown and working remotely, where connectivity to subscription data, online activity, data and information, high quality information, trading on online platforms and access to digital content has never been more important. We, like many others who operate in the advanced learning/academic publishing environment, made available all of our articles and knowledge as it related to COVID-19. We've seen over 2 million downloads of that information that was made freely available by our colleagues in Taylor & Francis.

Broadly speaking, for those parts of our business that are in the subscription and data world, this circumstance has served us well and we have thought to serve our customers well. But clearly, where we have felt the financial and operating pain has been in our physical events business, and we'll come on to where that leaves us and takes us in a second.

The key proposition that we are seeking to lay out in some detail today is that we have used the summer period, where it became clear that the North American and European markets were not returning to physical event trading in 2020 to take our plan to a point whereby we could achieve long-term stability and security for our company even if there were no physical events in 2021 in North America or Europe. Not our plan, not our preference, not, indeed, our view. But we have taken the position that getting to that level of stability and security is essential 8 or 9 months into this situation.

What speaks to that is a combination of things. Clearly, our subscription business gives us a fundamental underpinning. Our depth in specialist markets is allowing us to secure our relationships on renewals and annual contract value. The nature of our events business even where it does not specifically trade, is that it forward-books and we have been working extensively on our forward relationships with our customers to maintain our forward booking. And also, we have used this circumstance to learn and experiment at scale in the provision of virtual events, and indeed, sitting here towards the end of September we have run probably over 500 virtual events all over the world, in multiple geographies, in multiple categories. Many of those events networking events, some of those events product discovery events, some of them trading events, some of them training events. They're very different products, and 2020 has been a petri dish of experimentation for (inaudible) for our customers. And that has taught as much about how we develop that capability on a going-forward basis.

Stepping back to go forward, if you look at our financial performance in the first half of 2020, our subscription business has been very robust and we had a strong start to the

year, actually, in our event-led business where it was trading in January and February before COVID-19. It was further confirmation of what we had seen in the preceding 6 or 7 years, which is we have a very strong portfolio of brands and market positions in specialist markets and when the world is able to travel, transact and trade face-to-face, our products serve as well.

But we then had to get into the launch of our postponement program, which we did deep and fast, to shift where it made sense to later in the year and that has worked in mainland China where we began to see product return at the end of June and is now running at pretty near the standard operational capacity in 2020. It has not returned in North America and Europe, and we'll come on to how we are reacting this on a going forward basis.

Our revenues for the first half are tracking significantly below where we were this time last year. That is almost entirely, in fact entirely, a function of the gap in revenues in our events business. Our subscription businesses are effectively flat year-on-year. We saw some weakness in the physical part of our books business in Taylor & Francis, partly because of supply chain impacts, distribution, and access, and partly because of the closure of college campus bookshops and indeed college campuses themselves.

That plays through to profits and as a consequence, we have moved quite significantly on our costs in the first half with a nearly GDP 300 million worth of direct and indirect cost savings. One of the (inaudible) strengths of our business is that we have a very highly-flexible cost base where costs are incurred very directly related to activity and so our ability to be able to flex our costs with our activity schedule has been something that has given us a flexibility of response.

I'm pleased to say we remain in positive free cash flow for the first half. Gareth will talk more about that. But again, cash flow, strength and volume and quality of cash flow is a feature of our business in normal times but even in stressed times we have worked very hard on cost management, on cash controls and on cash conversion.

And our balance sheet largely is a function of the support from shareholders but also the management of our other costs has allowed us to keep our leverage at a comfortable level in the first six months of the year. We will see a leverage spike at the year end for reasons that we will talk to, but we have a view about how we work our way through that which we will return to.

I suspect that most of the questions, the commentary and the forward critical analysis understandably will be around the weakness, or not, as a result of the lack of return to physical product in North America and Europe. But I don't want to gloss over the depth and the resilience of our information and intelligence businesses. Again, one of the other strengths of the Informa Group is that we are not a single business. We have, over the years, resisted the temptation and indeed at times, the encouragement, to divest and be a single-purpose business. But we have always taken the view that operating in three markets -- in advanced learning, in high-quality business information, and in B2B events -- was the basis of strength for our group. And this circumstance has borne that out.

Taylor & Francis is now a multi-faceted business, increasingly, where we see a spread of product, subscription product, open access product, open research product, digital service

products, electronic products in the main, and still some residual physical product where we have felt some pain in the first half of 2020. Our intelligence business where we have spent much time over the last three or four years improving both the portfolio, its focus in key markets, importantly its product, and also the way in which that product is accessible by customers, and we have seen that pay dividends in the first half of this year and we have a very strong forward new business pipeline through to the year end. So we feel confident in both those businesses on their likely year-end performance.

Interestingly, within our event business, not unsurprisingly, this circumstance has driven us to virtual and digital solutions. And many people on this call have had their own personal experience with participation or attendance in virtual and digital events. It's a bit of a (inaudible) depending upon which you attend. There are a wrath of technology platforms and services that are developing to provide service delivery and capability, and we have been learning through a process of constant innovation as to what works, what serves, what delivers, and which partners are best for us to work with.

In the short term, our focus has largely been on keeping our brands visible, refreshing our data, and ensuring that we are providing some service to our customers when they are otherwise unable to gain access to their customers. On top of that, because of the volume and scale of our business, it's allowed us to drive audience and that is serving us in our media and marketing services revenues, and in those event-led businesses where we do have a data product to offer, aviation and technology probably being the two leading examples, that has served as well in the data sets that sit underneath those event businesses. And that mixture of service delivery and revenue reach and emerging revenues is contributing something to 2020, and we believe will have the capability of delivering something more in 2021. And that speaks to our belief that we're now finding a floor in revenue for the group even without physical trading in physical events in North America and EMEA in 2021.

For those colleagues who are on the call who are in the United Kingdom, you will get a much more detailed update on the macroeconomic impact of COVID-19 later today from the UK authorities so I will not attempt to compete. But suffice to say there are multiple statistics that bring out the practical reality of how this COVID circumstance is impacting individuals and we see that in the case count; countries, where we see a differing level of case progression where probably the notable outlier in terms of -- at scale -- in terms of case reduction is China -- how that's changing behaviors and in business life, a place where that is most striking is in European flight volumes and US flight volumes where even post-Labor Day we have seen no material return to business flight activity in North America.

And the net consequence of that is for our products, which in North America and Europe demand physical travel and face-to-face interaction, it has left us with a gap versus our previous plan.

Everyone on this call will be drawing their own data on what's happening in clinical trials. We have a window into that through our Citeline business, what's happening on the status of those clinical trials. We track that and indeed provide that as a subscription service to our customers. Where are we seeing progress, which I think the world is seeing progress on therapeutics, and there are estimated timelines on when the vaccine cavalry may or may not come over the hill, and where it arrives first, and how it gets

industrialized at deployment and scale.

There are different views and different data points on hospital admissions, but notwithstanding all of that our view is that on a forward basis we have been wise to make the judgment that we're announcing today which is we're extending our postponement program through to mid- to late-Spring 2021. That has the effect of moving out our events business in North America and Europe at a physical level until the other side of winter, the other side of six more months of progress on vaccines and therapeutics, the other side of the US presidential election, and a place which allows us to plan for nearly \$400 million worth of revenue shifting from the front end of the year to later in the year.

Staying in 2020, colleagues on the call may recall when we raised some additional equity in April and then we did our update in early June, we had a vigilant case -- a kind of worse-case scenario -- which assumed that there would be zero physical events anywhere in the world until Q4 and then there would be a gradual return everywhere from October on the grounds that we would have made progress on containment or cure, and that that would see us, depending upon the pace and rate of that return, of permissions and confidence, getting to a group revenue of between GDP 1.5 billion to GDP 2 billion and that would demand some cost savings. But that would be -- it was a forward trajectory into '21 which was more optimistic.

What we have seen is that that has not happened in North America. It has happened actually earlier than we thought in mainland China, and indeed mainland China has come back more strongly than we'd anticipated in that vigilant case. But it does not offset the gap from what is our largest market in North America. And so net for us, in 2020 revenues, that takes our revenue guidance down to near GDP 1.7 billion and we have pretty good forward visibility on the reality of that now. There are virtually no physical events other than outdoor events anywhere else in the world. It's encouraged us and demanded that we up our cost savings in the year and indeed further our cost trajectory, cost savings trajectory, into 2021 because we have extended the postponement program as I said earlier through to mid- to late-Spring of next year.

Slide 12 just shows that graphically. China, if one strips out the impact of lack of international participation unfortunately for us, the majority is not nearly all of our product in mainland China, is largely domestic. What we're seeing is a performance in mainland China which is close to where we had anticipated we would have been even at the beginning of the year, but North America is a stark contrast of the opposite.

In China, and again, particular kudos to our teams there. Not least because they've also therefore been pioneers of our all-secure industry-led safety standard where we have operated in conjunction with health authorities, governments and venue partners, a standard which enables controlled gatherings to happen with comfort and confidence and intense use of biosafety and hygiene procedures, a compulsory requirement for digital pre-registrations, digital pre-scheduling of meetings, traffic management, lower densities, sometimes that's demanded an extension of the actual event to have more time but lower densities during that time. And it really has seen a business return.

And the truth of these businesses is they require two things to see them come back. They require permission from the relevant authorities, which we have as a result of our all-secure standard, and it requires the confidence of the communities and the exhibitors and

the attendees. And we've seen that confidence build in China. We've run nearly 20-odd events since July, two or three of which have been up at the -- over the period of the event north of 100,000 participants. So these are physical controlled gatherings, back at scale, with discipline in a market of scale and indeed discipline.

So where does that take us on the next stage of our COVID-19 action plan? Well, as I've said, the postponement program we have made our own unilateral decision to extend it to mid-late Spring 2021. That moves a large number of physical events, nearly 300 to 400 million of revenue, to later in the year, allowing us to still serve up our product to our customers. And it does -- it removes one slightly high class problem, it nevertheless it removes it, which was because of the constant (inaudible) effect of driving a lot of volume originally into the last quarter of 2020, there was some concern that if we then replicated that in near-term in 2021 with the same brand for the same industries with the same product, would we effectively overcap pent-up demand, in reality we will not be doing that.

We are now building a full schedule of virtual products, and I'll talk more about that later. And we now have a significant experience in deploying our own secure standard, and that is working very well.

Savings, cost and cash, Gareth will come on to in a second; similarly on financing. And on the ongoing colleague support, we have taken the view from the very beginning that prioritizing the wellbeing of our colleagues and customers was critical. We have followed local advice in every market in which we operate, that's nearly 40 markets at reasonable scale. We moved instantaneously to full remote working for the entire company in all markets. Our enterprise support for our colleagues has worked flawlessly. We put in place significant employment flexibility to allow colleagues who wish to volunteer and support their own local communities. We set up our own funded support fund. We have not drawn on the furlough schemes in the United Kingdom and we, on a going-forward basis, are going through a program of balance working, to work out how best to get the balance right between what office-based working creates in terms of relationship and training and collaboration and innovation, and what remote working can deliver in terms of security, safety, focus and effective productivity.

I'm going to pause there and pass on to Gareth to give us an update on where we are financially. Gareth.

Gareth Wright:

Thank you, Stephen. Good morning, everyone. Thank you (inaudible). I'm going to start by talking you through the results for the first half of 2020, and then I'm going to look forward, focusing on the steps we have taken to ensure the group's financial stability and security through 2021.

So starting with the income statement on slide 16, you can see that the group has generated GDP 814 million in the first six months of 2020, and converted it into GDP 119 million of adjusted OP. As you'll see when we get to the divisional analysis, on the next slide, this has really been the outcome of three factors: resilient trading in our subscription-led businesses underbid by forward book subscriptions; solely performance from our non-physical revenue in the event-side businesses; and disruption in the physical events portfolio within our event-led businesses caused by COVID-19.

The GDP 600 million reduction in revenue in H1 has resulted in a roughly GDP 300 million reduction in OP with the balance being the circa GDP 300 million of direct and indirect cost savings achieved which I'm going to expand on in a few slides' time.

The interest to the six months decreases year-on-year by around GDP 10 million. It is primarily a combination of the borrowing costs following refinancing in H2 2019 assisted by the lower levels of average net debt in H1 2020.

Adjusting items for H1 2020 total GDP 872 million but there are two key items which make up 85% of that charge. Firstly we have taken a GDP 593 million non-cash impairment charge on the carrying value of physical events portfolio to reflect the impact of COVID-19 within our long-term prudent modeling assumptions. And secondly, we have GDP 148 million charge for intangible asset amortization which is consistent with the prior-year charge.

Within adjusting items there are also costs classified as COVID-19 exceptional costs, which were primary events-rated costs when the event was postponed or canceled that we couldn't recover the cost or which were long-term view around our stakeholder relationships not to pursue repayment.

The effective tax rate reduces to 13%. The main driver of the decrease is the fact that fixed tax deductions such as the amortization of goodwill have a greater benefit when the group's profits reduce.

And finally there is a GDP 5 billion credit from minority interests in the first half. The minority interests are all in Markets and Connect, and all the events-led businesses that have not traded because of COVID.

Moving to the divisional summary on the next slide, starting with the subscription-led businesses, which as I said earlier performed robustly through the first half against what is a challenging backdrop for all businesses right now. Informa Intelligence underlying revenue growth is 1.8% driven by a mix of robust renewals and good new business wins. In the verticals, form was the strongest performer, the margin improvement was primarily because the -- or driven by the 2019 disposals. However, there were some favorable mix and phasing benefits in the first half which we'd expect to reverse in the second half.

Taylor & Francis revenue saw an underlying decline of 0.7%. There was a good performance in research publishing with robust journal subscription renewal rates and good growth in Open Access, but in Advanced Learning we saw a more mixed performance. Electronic revenues grew strongly but physical book revenues were impacted by the temporary closure of universities and principal supply chains as a result of COVID-19.

Turning to the event-led businesses, the performance almost entirely reflects the physical impact of the pandemic control measures on the ability to operate face-to-face physical events. Informa Markets has started the year well before lockdown commenced, but Tech and Connect in normal times have little trading scheduled in Q1. Therefore, Tech's underlying revenue declined at only 7%, and a pinpoint of (inaudible) media reviews but also benefiting from a heavy weighting of revenues through H2 in its normal annual phasing.

While Tech and Connect made an operating loss in H1, but this was before the full effect of cost-saving measures took effect and before revenue from virtual events gained momentum. The combined benefit of these two things is expected to eliminate the operating loss in H2 2020 excluding COVID-19 exceptional costs.

Moving on to the next slide which outlines the sources of revenue, here we're going to cut into the revenue from a product-based angle to give you a feel for what's in the GDP 800 million that was delivered.

The event-led businesses generated just over GDP 400 million in H1 2020, around a quarter of which was not generated by physical events. There are two main sources of this revenue. Firstly, virtual events -- while revenue contribution in H1 was modest we made significant progress in developing and delivering a product our customers value and Stephen is going to expand on this a bit more in a minute. And this revenue is also generated by a wide range of specialist content, digital products and marketing services which go to market using the contacts and knowledge built from operating events but don't require the physical event to run in 2020.

Subscription-led businesses delivered GDP 400 million, zero events revenue, with only GDP 250 million from Taylor & Francis and GDP 150 million from Informa Intelligence, which means in total over 65% of Group H1 2020 revenues were delivered through non-physical-event activities.

Moving on to the free cash flow analysis, we delivered over GDP 70 million of free cash flow in H1 2020 which together with the equity raise has reduced half-year leverage to 2.3 times.

This has completed a GDP 44 million working capital inflow delivered by a combination of strong cash flow controls, (inaudible) cost management, lower deferred income releases following this postponement or cancellation of events, together with importantly, an ongoing customer commitment to forward bookings in the event-led businesses. To put some color on that last statement, our customers requested around GDP 40 million worth of payments to be refunded in the first half which is a very small portion of the overall deferred income in the balance sheet.

Looking forward to the full year, we're modeling for working capital outflow (inaudible) and to reflect the fact that we're not banking on a significant increase in physical event sales in H2 following postponement of events to mid- or late Spring 2021 under the postponement program.

The GDP 25 million CapEx invested in H1 2020 was focused on revenue growth areas not impacted by the pandemic, so for example, e-book and open access platforms and T&F, product improvements in Informa Intelligence, mainly Informa Finance, and digital product development in Informa Markets.

We spent around GDP 35 million in cash in H1 on COVID exceptional costs which I explained earlier.

Moving on to the COVID-19 action plan, Stephen spoke to the postponement plan and

the ongoing colleague support areas so I'm going to pose to the other two.

Our effective cost and cash management programs are targeting GDP 600 million plus in cost savings to be actioned by the end of the year, with a GDP 400 million in direct cost savings and GDP 200 million-plus from indirect savings. Rules have maintained more focused cash controls, and the primary objective to these actions together is to eliminate any net cash burn and to ensure the cash flow positive by January 2021.

Focusing on our financing flexibility, we're already actioned measures in H1 2020 to increase our liquidity. We raised just under GDP 1 billion of equity, we've added an incremental GDP 750 million credit facility, we've confirmed our eligibility but not drawn on the GDP 300 million Bank of England CCFF.

Looking ahead our next steps will be to extend our maturities and potentially add further liquidity through the Euro Bond markets and to renegotiate or repay our US private placement borrowings.

So to wrap up where we are on these actions, where the actions get us, we'll eliminate any cash burn, we'll be cash flow positive, we'll extend out our debt maturities, and maintain our significant liquidity and remove the point covenant in US private placement borrowings.

Moving on slide 21, (inaudible) cost management message, but where are these costs coming out of? Well, when targeting cost savings, we're very much focused on our COVID-19 action plan objective of delivering stability and security whilst protecting the long-term strength and value within our business.

In H1 2020 we have identified and actioned over GDP 500 million of cost savings, GDP 220 million from direct costs avoided and GDP 80 million from indirect costs saved. In H2 2020 we've identified and are actioning a further GDP 300 million in cost savings, in GDP 180 million direct costs avoided and GDP 120 million in direct costs saved.

The phasing of the total indirect cost savings into action by the end of the year means around GDP 140 million of 200 in benefit 2020 with the balance benefiting 2021.

These cost savings of GDP 600 million represent around 30% of the 2019 cost base compared to a reduction in full-year revenues of around 40%. With the difference in the two arising, where we have taken decisions to protect the long-term strength and value in our business.

Looking at our current liquidity and financing profile of 30th of June 2020, you can see the strength of our financial position. We have substantial liquidity in cash. We have no draw debt maturing until 2022. We have a single-point issue regarding the leverage covenant in our US private placement borrowings, and we had no covenants on our bonds or our RCF.

If you go into the next slide and paint a pro-forma scenario where we prepay the US private placement borrowings to eliminate that point covenant issue, we will be cash positive by the start of 2021. We will still have substantial liquidity. We will have no drawn debt maturing until 2023. And we will have removed the covenant restraint on the

business. And this is the plan that in essence we are working to deliver.

So to summarize on stability and security on slide 24, we continue to see resilient training in our subscription-led businesses underpinned by forward-booked subscriptions. The event-led business is limited to GDP 400 million in H1 2020, around one-quarter of which was not generated by physical events. Our cost and cash management plan will make us cash flow positive by the start of 2021. We have substantial liquidity in cash. We have no near-term debt drawn debt maturities, and we can remove the point covenant restraints on the borrowings, all of which together we believe will deliver financial stability and security through 2021.

Now I'm going to hand it back to Stephen.

Stephen Carter:

Thanks, Gareth. So you move to slide 26, I'll do this at a canter so we can get to questions. Look, in essence there's little about this circumstance that I think any of us like on a personal or professional or indeed human basis. But from a business basis, we've always taken the view that we want to try and stay slightly ahead of the situation we find ourselves in. We made those decisions early in January, February, March, to take our costs, deploy a scale postponement program, raise equity, extend our liquidity. And now we're doing a similar series of actions again, further reducing our costs, taking our postponement program out until Spring 2021, further securing our financing and liquidity with the objective being to give the company a stable and secure platform through to the end of 2021 and beyond, even if physical events do not return in North America or EMEA. Not our plan, not our preference, not indeed our view of what is going to happen, but it is a sensible and secure planning assumption.

The first stage of that on slide 27 is moving our physical trade shows in North America and EMEA out of the early part of 2021 into a later part., Clearly that has a cash flow implication which we've had to manage in order to feel comfortable that we can be in positive cash flow from January. But from a practical perspective, it gets us to the other side of winter. It puts another six or seven months into the work that can be done on vaccines and therapeutic discovery and deployment. It gets us to the other side of the US presidential election and what flows from that and on the other side of it, and allows us to plan now for an assumption of activity even if that does not come back on that schedule.

Slide 28 puts some more color around at a point that Gareth made earlier on the direct costs that we've avoided, which have been significant, nearly GDP 400 million. And that is one of the (inaudible) strength of our business, we can flex our costs in a very effective and speedy way. And what indirect costs have we removed? And one of the things that I want to just draw out here, both the sad fact of it but also the proportional impact of it, is that we as a company have tried to resist any form of compulsory redundancy anywhere in the world up until now. We took that view early, that we would do everything that we could to preserve the intellectual property of our business, our people, our culture, and we have offered a sabbatical program to colleagues which has been very popular. We offered a voluntary severance program on terms that were fair and supportive, which also saw some significant take-up. But today, we are announcing internally and indeed, externally, that not in Taylor & Francis, not in Informa Intelligence, mainly in North America and EMEA in our events businesses and in some specific areas in global support, we sadly will have to look at compulsory redundancies.

But to put it in context, it will mean that our compulsory redundancy program is about 5% of the total cost that we're removing, so 95% of our cost management we've been able to do without cutting into the essence of our business, which is the genius and commitment of our colleagues.

That program will run through to the end of December and will be completed at latest by the year end, allowing us to move into 2021 with a run rate of GDP 600 million worth of cost reductions.

Slide 29, I'd like to dwell on just for a couple of seconds around virtual events. I'm sure as I've said before, many colleagues on this call will have had their own experience of a virtual event. I have been to many. I've participated, spoken, hosted, and indeed, been in team brainstormings as we've developed them. And it has been a very real and learning process.

Just to be clear, we are not in any way, shape or form saying that a virtual event replaces a physical event. It does not. It does not replace the immediacy, the engagement, the serendipity, the humanity, the sense of fun and discovery, the captured audience, the level of attention. I don't know how many of the -- how many have we got -- 280 people who are listening to me are multitasking at the same time as doing other things. At physical events, there is a higher sense of everyone being in the same place, doing the same thing with the same sense of intensity. And that network effect of a physical event we believe will return with scale, with impact and with customer demand. We believe that not because we have to believe it. We believe it because we've seen it. We are seeing that happen in China, and actually in Japan which started to come back last week.

So when markets open, and there are permissions, when confidence returns and there is participation, the physical product stands up again. But when it doesn't, there is still a customer need, and that customer need might be a need to learn or network. It might be a need to drive audience. It might be a need to do product promotion or bring a new B2B product to market. It might be a need just to either do advanced specified product discovery in your own very unique market, or indeed, it might be a need to do direct product procurement opting for smaller products, not for larger business products. And we have discovered that there is a market for the virtual events. It does give you some advantages. It gives you unlimited reach because there is no travel. There are no geographic boundaries. It provides us with deep pools of data and understanding about what our customers are doing. There are no calendar constraints and many of our virtual events have lasted for six weeks, eight weeks, 12 weeks, 14 weeks. And that allows for new business models. It enhances the visibility of our brand, and by definition it extends to customer engagement.

There is no revenue read-across from physical events to virtual events, and it is not yet clear to us what the -- you know, pound-to-pound or dollar-to-dollar exchange from physical to virtual is. But there is a market, there is a demand, and we are getting better at delivering those products on a daily basis.

As slide 30 makes clear, we've now done over 500 of these products in many markets, in many countries, working with thousands of attendees, sponsors, brands and exhibitors. And I picked out four on slide 31, because they're in different markets, very different markets: cyber security, biotech, food and ingredients, and fashion, both wholesale and

retail. Some of those have been time-defined events. Some of those have been longer-period events. Some of those have been audience engagement events. Some of them have been product discovery events. Some of them have had training streams. Some of them have had product discovery, product directory, and indeed some of them have had product exchange service delivery as an integral part of the event.

All of them have provided some security to our customers that our brands are still trading. And as I said at the beginning, it has materially refreshed both our data pools and as Gareth has said, the forward commitment of our customers to onward participation.

The next slide really talks to how we have reshaped our physical products to allow governments and authorities to be customer, that exhibitions are not uncontrolled gatherings. They are controlled gatherings. They have a high degree of discipline. We know who is attending. We know who is an exhibitor, we know who is an attendee, we know who wants to meet who, we know when they want to meet them. And it allows us to, by altering density regulations and specifications, to give people comfort on travel security and biosafety.

This has now been road-tested in reality, in both China and in Japan and in our outdoor events, and we have a high degree of comfort that we have a world-beating standard for our physical products when the permissions do return.

So to summarize, slide 33 looks forward to 2021. This isn't guidance, but it's a shape of the business. And we have set ourselves to task over the last couple of months when it became clear that North America and EMEA were going to stay largely closed to physical product for the remainder of 2020, that we needed to move to a position whereby we had a certainty of our own future, however bad that future might be. Whether the group is underpinned by our high-performing subscription businesses, we have developed a scale of products and revenues in media, in marketing service, and in emerging products that in virtual events and digital services which gives us a revenue source from our assets and brands in the events business even if they're not physical.

We have a high degree of confidence in the physical products in China and I suspect in the rest of that region there will be a faster return to physical product than we may see in Europe and North America.

Coincidentally, that gives us a baseline for 2021 in revenue of around GBP 1.7 billion, which is where we now see ourselves landing at the end of 2020. And that has enabled us to adjust our costs so that we have a cost base at the end of this year, that matches that revenue and will allow us to go into '21 secure in our own cash flows, secure in our own access to credit lines and secure in our own balance sheet, which leaves an outstanding question which is, so what will the revenue from physical events in North America and EMEA be in 2021, and at this stage we have no answer to that. We have an operating case, we have a view, we have a planned schedule of physical events running from mid-to late Spring through to the end of 2021. But we don't need that for the business to be both stable and secure for 2021 and beyond.

On that note, I will open it up to questions, Adam.

Operator: Absolutely. So if you would like to ask a question please signal by pressing star-one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, that's star-one to ask a question.

We can now take our first question from Adam Berlin of UBS. Please go ahead.

Adam Berlin: Hi, good morning, everyone. Thanks for taking my questions. The first question I wanted to ask was about the last slide you showed, which gives the breakdown of the different revenues for the minimum in 2021. Can you just explain the GBP 840 million baseline for subscription? I think in the past you talked about a billion of non-event revenue in 2019. And just break it down for us, if you did GBP 100 million of kind of non-event, non-physical-event revenue from media and digital in H1, what is the equivalent number in that 2021 guidance you're talking about? Because the way it's laid out is a little bit different from what we've seen before. So that's the first question.

The second question is on the balance sheet, and when you reported after the capital rates you talked about net debt pre-releases around GBP 1.3 billion. It looks like it's gone up about GBP 300 million in the intervening three months despite you delivering positive operating cash flow. Could you explain what the delta is around that? And why you think the net debt's gone up?

And then the third question is, can you talk through what the drop-through is for next year? So if we've got this baseline of GBP 1.7 billion of revenue to 2021, if we do get an extra 100 or 200 million revenue from events in other parts of the world, what should we think about the drop-through in EBIT and if those events do come online? Thanks very much.

Stephen Carter: Thanks very much for those questions. Let me take the first and the last, and then Gareth will come in on the net, you know, what's the variances in the net debt post- the half-year.

On the shape of the revenue on 33, I think -- and Rich, you can keep me honest -- that the -- the difference in the way in which we've laid this out, we're not trying to give guidance or re-classify our revenues. What we're really seeking to do here was just to illustrate how we think about how do we get stability and security, absent physical events in North America and EMEA, not that we want it.

And so we have been -- we have sort of categorized it. The subscription businesses here are only T&F and Informa Intelligence. So by comparison, the previous categorization, we haven't included for example any of the subscription data that we do actually have in some of our event brands. So in Tech we've got subscription data from (inaudible), in Aviation we've got subscription data from CAPA. Whereas that 840-million-plus is just a combination of T&F and Informa Intelligence.

And then what we've said is, this sort of the other half of the business is really our event revenue and our event-related revenue. We have a high degree of confidence that physical events will continue in mainland China in 2021. We -- and our confidence for that is based on the reality that's happening today. And so I think the reasonable assumption is that things do not get worse and indeed possibly may get better through the entire period of 2021 in that region. But that number is just China and outdoor events,

which also are running now.

And then in the middle bucket are, as Gareth and I both talked to, where we either currently or prospectively can see revenue sources from the services that we offer through our event businesses, so that would include Omdia (phonetic), CAPA which are two data businesses within our Events portfolio, our media revenues, our marketing services revenues, and our virtual event revenues and our other digital service revenues. So that's how we've shaped that revenue slide.

On the drop-through, we're not giving any forward guidance. We're not giving any guidance for 2020 let alone 2021 on profit. But I think the way I would think about it is the only -- you know, I don't know if this qualifies as a glass-half-full item but it might certainly -- certainly, a quarter full, perhaps, is we -- we have significantly adjusted the cost base of this business. I mean, we've taken -- by the end of the year we'll be north of 30% of our costs will have come out.

Now, we've got more than that in revenue loss but that means that our traveling rate of costs is considerably lower. And we will not be taking those costs up, certainly the indirect costs, before we have a high degree of confidence that the physical revenues are returning. So you can make your own assumptions about what the drop-through impact is on 2021 but we're not offering guidance on that specific point. Gareth, over to you on the debt.

Gareth Wright:

Hi Adam, good morning. So you're right that at the time of the equity raise we quoted a debt number of 1356. What that number was, was our year-end 2019 net debt, pro forma for a GBP 1 billion equity raise and stripping out the (inaudible) for our 16 lease liabilities, which we stripped out because they're not included in net debt for our covenant leverage calculation purposes. And that's how you got to that 1356 number.

If you then want to bridge from that number to the reported net debt at the half year, you need to add back the -- for our 16 lease liabilities which you can see in the press release are worth about 330 million. You increase debt by that. And you also need to allow for the increase in debt that's occurred in the first half of the year. And debt (inaudible) in the first half of the year by about 260 million but again as you see in the release, around 240 million of that was simply the re-translation of what dollar-denominated borrowings with the stronger US dollar across the first half of the year increasing net debt by about 240. So actually, the free cash flow of 70 with a few (inaudible) of M&A et cetera, (inaudible) are broadly cash-neutral funds (inaudible) position overall in the first half.

Adam Berlin:

Great. That's very helpful. Thank you very much, Gareth.

Operator:

We can now take our next question from Nick Dempsey of Barclays. Please go ahead. Your line is open.

Nick Dempsey:

Yeah, good morning. Can you hear me, guys?

Stephen Carter:

Loud and clear, Nick. Loud and clear.

Nick Dempsey:

Just got three questions, please. So if you find yourself in the end having to cancel some shows in 2021, and that's the second year that you've canceled them, isn't it quite likely

that some of your exhibitors will just start to find other ways to build their order books, meet their customers, et cetera, and maybe never come back to that brand? Is that second cancellation gone critical to avoid that kind of finding a way around the exhibition, and how much confidence can we have that that won't be the case?

Second question, when you're referring to a positive monthly cash flow position by January 2021, are you including cash exceptionals in that? How are you thinking about working capital flows, because there's been an inflow in the first half, clearly could change in the second half? Just wondering, sort of all-in, whether we'll definitely be positive in the way you said.

And third question, at Taylor & Francis you said advanced learning tradings returned to more typical patterns over recent months. Does that mean that you could see a return to growth, or close to it? How should we think about that just in modeling terms?

Stephen Carter:

Okay, Nick, again, let me take the first and the third and Gareth will give you comfort, I'm pretty sure, on the cash flow position.

On the canceled shows, well, I don't know and neither does anybody. I don't see any logical reason why a second cancellation is a tipping point, and indeed as a practical matter in many instances for our larger shows and brands we're way past the second cancellation, Nick. We're on the third or fourth because we've already moved them twice, because when we started the postponement program in February-March, in a number of instances we've rescheduled twice.

I think it's a legitimate question to ask but it's a kind of who knows. The evidence that we have got, I suppose I would say the facts as we would present them, are slightly hostile witnesses to that thesis. What are the evidence? Well, all of the evidence from our customer research is that customers very much want the physical product to return. The evidence is when we have brought physical product back in China and Japan, we have seen a high degree of return participation and forward booking. The evidence is that customers have been comfortable in the main at 85% to 90% rolling their cash forward bookings forward.

And then the evidence is that there is a high degree of participation in our virtual event products because there is a need, and those needs are multiple. Now, if this goes on in perpetuity then we're in a different place and that speaks to why we've shifted the business model to a place whereby we now need to cut our costs and our cloth to appoint whereby we can see a way through this even if there are no physical events. Now clearly, the upside from that will be slower than the upside in the drop-through if physical events return because we'll have to build a deeper product set that digital and virtual have to build a variety of different products and services.

But if it is the case that there is no airline travel, no business meetings, no face-to-face activity, no human engagement. Well, that's a very different world. And what we are saying is in that world, we can see a baseline revenue which we can manage to.

On T&F I doubt we will get to growth but you know, I don't want to sell the path because I suspect I may have some T&F colleagues on this call. Our point really was that in the second half of the year, we're not facing yet, scale campus closures and the supply chain

has managed to adjust and cost-correct for the physical interruptions that it was having. And so that's not repeating itself.

But the converse of that is that the comp in the second half and certainly in the fourth quarter in 2019 is a tough comp and so I think we would -- I would regard, and here I am slightly selling the path, I would regard a flat year-on-year outcome as a triumph. And I think anything that is marginal -- marginally negative, you know, around where we were at the half year, minus 0.7 given the comps, really would be a good -- a really good outcome.

But the fundamental point is that the underlying businesses, robust and resilient, the electronic business, the digital business which is about 85% of the revenues in T&F is in growth, even notwithstanding COVID. And so the point where we've got pain is in that very specific physical product set.

Gareth, do you want to pick up on the working capital please?

Gareth Wright:

Hi, Nick, good morning. In terms of your -- (inaudible) question, what does cash flow positive mean, what it means is basically at a net funds flow level we believe the group will be generating cash in the first half of 2021. So that's (inaudible). In terms of the color around it, we're comfortable about that because first of all we've got this revenue based line and we've got clarity around and we can see a good line of size over. We've got the cost savings, that's GDP 600 million plus, that we will deliver by the year end for benefit in 2021. We think we'll complete that restructuring in 2020 so that the cash outflow construction will go on out the door. And the other lines like M&A (inaudible) will manage over the course of 2021 to keep them broadly neutral.

In terms of working capital, we're forecasting a reasonable working capital outflow in the second half of this year, both from the fact that we'll operate events so that's where the income will come out and also because with the postponement program to mid-late Spring, we're not anticipating a lot of working capital inflow in the second half of this year. So we'd say the working capital output of the full year would be somewhere around about GDP 100 million in 2021. If you put those factors together that gets us to a position whereby we've got some confidence and clarity around being cash-flow positive in the first half of 2021.

Stephen Carter:

Nick, are you happy with that?

Nick Dempsey:

That's great. Thank you very much, guys.

Stephen Carter:

Pleasure.

Operator:

We can now take our next question from Adrian Desantilaro, Bank of America. Please go ahead.

Adrian Desantilaro:

Thank you. Good morning, everyone. So a couple of questions, please related to events. So first of all, you mentioned that revenues in China were tracking better than expected, better than budgets, so let's call it down 20%, 30% versus 2019. If we assume that events resuming in the second quarter of 2021 in the US and Europe, given your comments that the recovery in US and Europe would be probably slower than in China, should we

assume that the 2021 revenues would be worse than 30% off versus the 2019 baseline? That's the first question. And then the second question is, despite the pressure in the industry we haven't seen any moves in terms of M&A or tie-up between players. Is that something in the making? Or would you not expect any consolidation in the events industry? Thank you so much.

Stephen Carter:

Thanks, Adrien, and I hope you're well. To be honest, it's a very fair question and I wish I could give you more guidance but I just think I would be doing you a disservice if I tried to. I mean, you're correct in your analysis broadly in China, although let's wait and see how it finishes at the year end because confidence there is generally building. And so we'll wait, we'll see what the final position is in China on account of '20 versus '19.

And bear in mind, that that effectively is two buckets of revenue because you have domestic revenues and international revenues. And most of our mainland revenue are domestic. The international revenue in China for us tends to be more Hong Kong-based, and there we have not seen the same return.

On a forward basis, what happens when you get that kind of confluence of both permissions and confidence. And then the other thing to overlay on top of that is you know, what -- what wins? Does pent up demand beat economic headwinds, travel budget constraints, and human caution? And I think the answer to that will vary by industry sector. And so then I think you then start overlaying a sectoral analysis on the geographical question. And you know, and here I'm giving you a very personal opinion, I think our farmer and healthcare shows will be more robust than our fashion shows just because they're less retail orientated.

So I think it depends on which sector you're in, but whether or not you could read across it's a 20% to 30% reduction year-on-year, is I think very hard to tell at this point.

On consolidation, you know, I can't speak for other people in the industry although I have spoken to many of them through this period. I think all of us are very focused on a combination of the day-to-day, the impact on our business and our customers, and securing a long-term footing, albeit at a lower size and a lower scope for now. And that has been where our focus has been and I think that will serve as well going into 2021. And as confidence and permissions return, I suspect that's probably when you're likely to see M&A become more of a feature.

Is that useful, Adrian?

Adrian Desantilaro:

Yeah. Very useful. And if I could just sneak in maybe one more question, so you've generated about GBP 100 million of revenues outside of physical events or maybe something like 200 on an annual basis, is that going to remain when physical events return? Or should we completely strike it out of our model going forward?

Stephen Carter:

Great question. Again, I don't think we know. I think what is going to remain and is the capability and I think some form of the demand, I mean, again if you want to go back to my glass-half-full, let's imagine that you and I are still having these conversations in a couple of years' time when physical event activity is fully back. We will have built significant digital capability on an accelerated basis. Customers will have seen it. And I think it will give us the opportunity to extend our brands and our service offering to our

customers. Some of it I think will be replicative, may have an impact on some of our portfolio, and I suspect it will mean that some of our smaller brands maybe cease to be physical and become digital. And it may mean that however that we are layering, continuing products and services, subscription-like products on top of our physical event brand.

So I think on the other side of this, if one is looking for learnings and opportunities, I'm not sure I'd say whatever the number ends up being, 200 million is a lift-and-drop or 200 million disappears. But I think what will remain is a combination of our capability and customer experience and demand. And then I think maybe you end up with the best of both worlds, and certainly the products of both worlds.

Adrian Desantilaro: Thank you very much.

Operator: If you find that your question has been answered you may remove yourself from the queue by pressing star-two. We can now take our next question from Rajesh Kumar of HSBC. Please go ahead.

Rajesh Kumar: Hi, good morning. Thanks for taking the question. Just on Taylor & Francis, could you give us some color on how the renewal discussions for the next year is progressing? The second question is on Business Intelligence. Clearly we are looking at a very resilient performance, quite a lot of industry players have been resilient as well. Do you see a potential sector consolidation opportunity in that space? And if so, when do you think you'll have the management bandwidth to focus on such opportunities?

Stephen Carter: Thanks, Rajesh. Interesting question. I'll take them in reverse order. I think it's fair to say that the management have been busy, but having said that, we keep a very weather eye on what's happening in the information services market, particularly in the sectors that we operate in. And actually, particularly in the US there has been quite a lot of activity as you will be well aware, I'm sure.

And as I think I said in my opening remarks, we've invested quite a bit organically in our intelligence business in the last few years, in people and in product and technology, and we think that is serving as well. We remain committed to those markets, particularly to Farmer. And so we are alive to opportunities.

I suspect for us there will be smaller-scale targeted opportunities that are the capability of product extension in the part of the value chain that we operate in, but I think it's an interesting place to be. And I'm glad we have retained our businesses in that.

Taylor & Francis, well, renewals are an ongoing cycle. We don't -- in our -- if you're -- I take it that you're talking lightly about our subscription journal business. There, you know, we don't renew 100% of the revenue on an annual basis. Some of those are in two-year or three-year deals. So there's a proportion of the revenue that renews, there's a proportion of revenue that rolls. We actually took an early decision in the middle of COVID in that business that we would go to market earlier on renewals for 2021 with a, we believe, attractive and flexible term sheet for those customers who were willing to engage in earlier renewal discussions. And we think that will serve as well on forward visibility for 2021.

The renewal discussions, like in every industry but particularly in that industry because some of the customers -- not all, but some of the customers -- are facing their own economic challenges, are demanding more services, more product, more flexibility, more open access, more open research, more -- you know, speed to market and a greater level of tracking and tracing of usage and value.

And we have built a lot of that capability into our business so I'm not saying it's getting any easier, but we have a high degree of confidence in our product offering. And I think our decision to go early in a '21 renewal will serve as well.

Rajesh Kumar: Understood. So when you look at exposure by sector, do you see a different tone of negotiations in terms of Taylor & Francis?

Stephen Carter: I'm trying to make sure I answer your question, Rajesh. Can you give me a bit more color behind what, exactly, it is you're probing at?

Rajesh Kumar: So by discipline, so do you see greater degree of project pressure in social sciences, versus you know, other disciplines?

Stephen Carter: Right, I understand. Okay, sorry. I was -- at least I understand. Well, that's a very interesting question. I mean, so yes, and no, is the answer. I mean, one of the strengths of the fact that our portfolio index is higher to humanities and social sciences is that there is much less public money that is the funding vehicle for research in humanities and social science. It tends to be research funded in a different manner. And so the tone -- and I like your -- I like your question -- the tone, therefore, can be slightly different from what you might call a more generic tone that hangs around the discussions around hard science, which is often a heavy recipient of significant public funding or public body commissioning.

Having said all of that, there is absolutely no doubt that you know, our end customers and you know, this is true of every market, but our end customers whether they be institutions or libraries or research bodies, they are all looking for more flexibility, more product, more digital service, more control, more access, faster speed to market, and a greater level of usability and relevance of the research. That speaks to quality, and you know, we're in the quality end of the academic research and advance (inaudible) business. So we feel confident in our product but we're not casual about that. But I think it is different in humanities than it is in pure science, yes.

Rajesh Kumar: Thank you.

Stephen Carter: A pleasure.

Operator: We can now take our next question from Tom Singlehurst (phonetic) of Citi. Please go ahead.

Tom Singlehurst: Good morning. It's Tom here from Citi. Thanks for taking questions. I had a couple. The first one was on the sort of drop-through. I suppose if we're looking at the, the sort of direct cost savings roughly speaking, at 400 million of savings on a billion-plus of revenue decline. Is that -- is that sort of 30%, 35% drop-through rate, is that -- is that would you say typical, and should we anticipate a similar but -- move invariable costs

relative to revenue as and when recovery happens? I appreciate it might not happen in 2021, but would the rough proportion be the same? That was the first question.

And then the second question was on postponing mid-to-late Spring, and I suppose the point being, surely the most important thing for next year is simply that the events take place. So I suppose the question is, is there -- if they're pushed back to mid- to late Spring, can they be pushed back yet again if necessary or is that one-and-done? Is there a risk that they don't happen by mid- to late Spring, you're going to have to cancel them again for the -- for the -- for the whole of 2021? Thank you.

Stephen Carter:

Thanks, Tom. I hope you're well. Let me take the second one, and then I'll let Gareth take the first one. Because I thought I'd try to answer it and I clearly failed earlier, so hopefully Gareth will provide you more clarity.

On postponement, I mean, we've developed a bit of a core competence in postponement, Tom. Because you know, we've lifted and shifted many events. If you take 2020 as a case study we have actually experienced the practical reality of what you ask at scale in North America because initially when we lifted from March we largely moved to early summer and then -- and then some instances late summer. And then as March went to April went to May we then lifted again to Q4, and then when it became clear over the full summer that the world was not coming back post-Labor Day physically in North America, we just moved them in to '21.

So the short answer, is it possible to shift within the year? Yes. But the reality is you're then into capacity and concertinaing and scheduling, and that does create some tensions. But I don't think spring is a drop-dead date. Done once it's done. I think we do have an option in the back end of the year and so if the world becomes you know, late summer or post-summer, '21, I think we'll have some adjustment capability there. That would probably be our last fallback for '21.

So the decision we've made for now is based on what we have seen and what we know and what we're seeing through our pharma lens on vaccine trialing and therapeutics, and what we've seen happen in the seasons, that actually making that move to mid- to late Spring is sensible. And that's how we've approached it. Hope that makes sense.

Gareth, do you want to take the -- what's the run rate on the drop-through in '21 question?

Gareth Wright:

Yeah. I think Tom was coming perhaps from a slide (inaudible) had on earlier, because I think Tom was focusing on the cost side of it perhaps more than the virtual then pickup side of it. But (inaudible) on that basis and Tom, if I get it wrong then by all means, come back. But I think what we're saying is that we're going to deliver around about GDP 200 million worth, GDP 200 million plus of indirect cost savings by the end of 2020 on a run rate basis. And what we're saying is for our baseline revenue case in 2021, we can maintain those indirect cost savings. So that baseline revenue is deliverable off the lower, indirect cost number.

(Inaudible) 2021 we'll make a call on whether we want to maintain those GDP 200 million savings or do we need to build some things back as the business recovers, and as revenue hopefully comes back as a business. But the business is (inaudible) at a 1.7, 1.7 minus baseline revenue, is manageable and deliverable with a GDP 200 million of

indirect cost savings.

So the fixed cost base will stay lower for that number. In terms of the virtual events, how they come through as Stephen said earlier, we're not really (inaudible) at this stage how they're going to work. We think -- we definitely think they're profitable based on our experience in 2020 to date but we're not going to make the call at this stage on how profitable (inaudible) will be at scale in 2021.

Stephen Carter: Tom, you happy?

Tom Singlehurst: Yeah. Yeah. Sort of. I mean, just to be specific I suppose I was asking about the direct costs associated with any improvement in revenue. And I appreciate you're not going to commit to what the revenue will be over the next couple of years. Should we assume all of that GDP 400 million of sort of direct cost savings will just be essentially reinvested, if that's the right word, putting it all sort of -- to come back into the cost base as the revenue recovers?

Stephen Carter: The way I would answer that, Tom, is no one will be happier than me if those direct costs return.

Tom Singlehurst: Fair enough. Fair enough. Thank you very much.

Operator: We can now take our next question from Patrick Wellington of Morgan Stanley. Please go ahead.

Patrick Wellington: Morning, everybody. Three questions. At some point, Stephen, I think you said you had 100 million of virtual events revenue. And you also said you'd run 500 virtual events so that's GDP 200 thousand of revenue each. Is that a fair characterization of their potential?

Secondly, on the impairment, if you look at the impairment I think you're modeling, the impairment says that your operating cash flow doesn't get back to 2019 until 2025. If we were to swap the word EBITDA for the group as opposed to cash flow, would that also be a fair reflection? In other words, that your impairment suggests that the group EBITDA won't get back to '19 levels until 2025?

And actually, two more. A quick word on rebooking on China shows, how's that going? Some sort of percentage number? And finally, I think it was the Hong Kong jewelry show when the announcement was made that that was postponed. There was talk of it coming back I think partly as a hybrid show. So are we saying that physical events will ever be the same again, or will we see a future that is always part physical and part hybrid? What are the implications of that potentially for revenue?

Stephen Carter: Thanks, Patrick. And I hope you're well. Let me try to cut into some of those, and then maybe Gareth you can come in on the impairment one and perhaps also on the China rebooking one as well.

On virtual events, I mean, that would be the neat math although one of those numbers is the full year. I mean, I think -- I don't think I'm giving any state secrets away. I'm looking at Richard as I'm about to give away a state secret, to say that I think we have

had some virtual events which have given us revenues north of 10 million. But that is the exception, not the rule. I think we would say we don't know yet fully what the revenue potential is because the products are very much in evolution and development, and the experience is often. And we've even seen that, we've had one brand that has traded now twice as a virtual event in 2020 and the customer satisfaction at the end of the first one was 4 out of 10 metaphorically and at the end of the second one was 7-1/2 out of 10. SO you know, we've improved the customer experience on registration and on ease of moving around the event, and on matchmaking and on product discovery and the accuracy of the data.

So I -- you know, this is -- this is very much real time. I actually had this exchange with one of my board colleagues who knows quite a lot about this analog to digital transition and she was saying to me that some of her people had been at one of our virtual events and one half of it had done very well, and the other half they found very clunky. And that was a pretty fair assessment of that product. But I reminded her that you know, our first or second mobile phones weren't so smooth either.

So when you're doing this stuff in real time, you know, it really is product development, in real time. So I don't know and we're not giving a ceiling of revenue guidance. But to your question around the whole -- (inaudible) that the question around the Hong Kong show, which is I think a little bit like one of the earlier questions, I think we are going to see quite a lot of hybrid product.

And actually, that's not necessarily all bad because the hybrid product might allow us to do product extension, might allow the product to last for a longer period of time, might allow the product to operate in different geographies. But if you take alive event analogy, there is no harm in having a live event which is then intensified through using digital platforms. And if I've got a criticism of ourselves and indeed our industry, because we were making more than a reasonable return and living out of the physical events, maybe we didn't put enough work or effort into how you extend the brands digitally. And this circumstance has driven us to that and we're learning a lot. And I think it will be a feature going forward, of the product.

China rebooking, I wish I had a number for you. I don't know if we've got one to hand, but the -- the -- I mean, the headline is it's going well. And we certainly have had no issues on rebooking rates in China, in any of our major shows, of which really the two biggest ones would be furniture and (inaudible) and they definitely I do know we booked well.

On impairment, look, our impairment was rightly prudent, but Gareth do you want to add any color to the EBITDA-to-group transfer?

Gareth Wright:

Just on the China (inaudible) I mean a lot of the Q4 revenues are already on the balance sheet at the moment from deferrals from earlier in the year, and China always has a quiet Q1. So you're not going to be seeing a huge amount of, even normally, you won't be seeing a huge amount of 2021 in rebooking being contractualized at this stage of the year.

So I think China, over 80%, 90% of normal, that was trading because the international dynamic we mentioned earlier, and in terms of rebookings and the (inaudible) where it is.

In terms of impairment modeling, I mean, you're modeling financial results (inaudible) to the future so with the audience in this call, I'm rather kind of telling you what your day job is. So I'm not going to go into how difficult that is to do at the moment. That's readily apparent to all of you. But we went through an exercise to try and measure the extent of COVID over time, to look at the depth of the economic impact, look at how (inaudible) come back, and we added all that up to give, as Stephen says, a prudent view of what we think the world is. And that prudent view says we don't get back to cash flow or EBITDA levels to Patrick's question until 2025. But to say we're hoping that's a prudent view of life and that the reality will be better than that.

Tom Singlehurst: Great. Thank you.

Stephen Carter: Great. Anything else?

Tom Singlehurst: None from me.

Stephen Carter: Okay. Keep well. I'm just conscious, Adam, that we're bumping up against the 11:00 announcement, but we're comfortable to keep going if colleagues want to stay on the call.

Operator: Absolutely. Well, in that case we can take our next question from Matthew Walker of Credit Suisse. Please go ahead.

Matthew Walker: Thank you, and good morning, everyone. Just a few questions, please. The first one is, you know, you're looking for what looks like early stable subscription revenue next year. Given the issue around (inaudible) budgets and books, how can you be so confident on that? That's the first question.

The second question is on cost savings, if you really do have 1.7 billion of revenue next year, would you not look to get a bit deeper into indirect cost cutting? And then the final question is, I missed what you said about working capital and free cash flow. So did you say that you were looking for 100 million outflow on working capital in 2020, or in 2021? And if you get back the free cash flow break even, what does that imply as an EBIT number? Thank you.

Stephen Carter: Thanks, Matthew. Good to hear from you. I mean, I think we are predicting fairly stable revenues in our subscriptions businesses and we're not casual about that. But I mean, I would contextualize it. And the problem is that the context is dramatic. You know, we're not taking it for granted. But you know, we're looking at the shape of 2021, how do we get to a place whereby we feel stable and secure in our liquidity and our financing? I think an assumption of flat year-on-year subscription revenues over the entirety of our subscription-led businesses is a credible assumption. We have powerful brands in powerful markets. We will see growth in Informa Intelligence this year. I see no reason why we couldn't mobilize that for next year although we haven't. In that shape picture I gave you.

I think the place where there will be challenge, as you rightly say, is in the advanced learning business. But you know, even if we saw a repetition of this year challenges, but driven by economic headwinds rather than necessarily COVID-19 direct impact, and there was a 1% or 2% revenue decline.

In the shape of that picture, I still think that would qualify as stable subscription revenues by comparison to the overall context.

On the cost savings, you're correct. But in the model that we have laid out, we can still see a place that gets us to operating positive cash flow from January whilst reserving some capability in our indirect costs that come back at the market in North America and EMEA if it returns. Now, if it does not return, then you of course, if the facts change, you change your approach. But what we're saying here is, we don't need to make that change to get us to that point of security for 2021, but would we? Yes, we would.

Gareth, do you want to pick up on the cost savings in the -- sorry, the working capital and the free cash flow?

Gareth Wright: Yeah, on the working capital. So where we were, was we had a 40 million inflow in the first half of the year. And what we're saying is that we're modeling for a full year outflow of about 100 million. So basically 140 million outflow in the second half of the year, that's what we're looking for. And where (inaudible) that comes from in a combination of deferred income earned out on the balance sheet and we're not expecting an acceleration of sales in terms of 8/1/21 because of the postponement program to mid- to late Spring.

You factor that in, we think that overall that gets you to a free cash flow number for the full year, a free cash flow outflow of somewhere around about 300 million but that includes -- you know (inaudible) modeling we're including the 150 million PP make-whole payment in that and we're including further restructuring costs around about 100 million for the second half of the year for exceptional and for the extra indirect costs that we're taking out.

So hopefully that gives you some idea of the shape of the numbers we're expecting for the full year for 2020.

Stephen Carter: Are you happy with that, Matthew?

Matthew Walker: Yes, I am. But just -- thank you. But just on the question about free cash flow, the ambition to be free cash flow break-even from January onwards next year, what does that imply as an EBIT number? Is it -- are there much difference between basically break-even, free cash flow, and the EBIT number?

Gareth Wright: Yeah. What we'd say that benefits from (inaudible) the 60 million extra indirect costs that we mentioned earlier, are in the 200 number but they'll benefit 2020. So they come in on top of the cost savings that we benefit from in 2020. And then you know, in terms of EBITDA we'd say there's about, you know, 90 million, 80 million, of depreciation/amortization and that gets you kind of to an EBITDA number in the low 400s, which is where we're starting from in terms of kind of consensus and (inaudible) understanding of the 2020 numbers.

Matthew Walker: So was that '20 or -- I was asking about '21.

Gareth Wright: Yeah. (Inaudible) '21.

Matthew Walker: Okay. All right. Thank you very much.

Stephen Carter: Thanks, Matthew.

Operator: We can now take our next question from Randi Glass of BNP Paribas. Please go ahead.

Randi Glass: Good morning. I'm starting off with a bit more open question, and as we get to the end of it -- so we -- six months into the pandemic I assume you've engaged in so many stakeholders. I'm keen to understand, how do you think the event world post-COVID will look like? Will there be more niche events, more bigger events, only small events, less cloning? If you could comment on that.

The second one is, a follow-up on Patrick's question. Maybe you could just compare the digital revenue generation between a key show, let's call it a CPHI or a T3 show, index versus the equivalent physical. Or is it just fair to assume that only the top 50 events can generate digital revenue?

And my final question is on rebates. So first of all, has there been a meaningful change in the rebate request over the last few months, and also, how do rebates change for an event that was first postponed and then has been canceled? Thank you very much.

Stephen Carter: Interesting questions. Just to take the last one first, no, is the short answer. We've seen no change.

I mean, forward booking and forward commitment on rescheduled shows, recently rescheduled shows, is not materially different from what it was previously. And there has been no material change in rebate demand levels.

On your macro questions which I think are interesting questions, let's take the first one first. I mean, if you want to take a macro-macro picture, so let's imagine, not the least because it's enjoyable to imagine it, let's imagine we get to the other side of COVID-19 in whatever that means, either we learn to live with it or the therapeutics get better or the particular strain of this disease mutates to a level where it's less pernicious, or hospital admissions and death rates go to a de minimis level, or we get a vaccine which either controls or cures. So some version of life the other side of COVID-19, the event industry really happens in about 15 locations in the world. And every single one of those locations is going to be very, very keen to bring the world back to those locations.

I mean, we talk about what does it mean for our business, and our customers, because that's what we do. But if you're the city of Shanghai, or the city of Shenzhen or the city of Orlando or the city of Vegas or the city of Dubai or the city of Paris or the city of Frankfurt or Berlin, the decline of business tourism has a material commercial impact. And so I think one of the macro things you're going to see is a significant drive from city governments, state governments and national governments, to reintroduce the world to each other.

And similarly, the -- the actors in the travel industry, in particular the airline industry and while there is a general thrust that's coming out of the airline industry, that there's going to be a shift to domestic, there's going to be a shift to tourist travel and the corporate travel may be one of the last sectors to come back. And therefore, there may well be some shift in global air capacity.

Nevertheless, the yields in global air capacity are not going to come as easily from domestic as they do from business.

So I think a combination of the venues, the cities, the locations, and the travel partners, there will be significant interest in encouraging and incentivizing and driving volume.

What will return takes, as you say, back to Patrick's question, in my view is a mixture. You will see more and more use of digital service delivery around the products. We were doing that anyway, pre-COVID. That will increase. There will be a greater demand for accuracy and efficacy in meeting schedules, in pre-provision of data, on product discovery, on directories, on pricing, on product applicability. And so I think the nature of a pure physical and pure virtual pure digital, even in a world without COVID, will blur.

Bear in mind, when we get to the other side of this, the ESG implications will be even larger and therefore the effectiveness of the event will become, I think, a bigger criteria.

And on your question around key shows, at a headline level, you're correct. I mean, when we look at our forward planning, we definitely see an easier route to digitization and virtual service delivery on our top 50 shows than we do on our next 100 shows. But if you ask a question about revenue yield, so far, we have discovered that the revenue yield is higher virtually or digitally in the shows where they are more content rich than they're transaction-heavy.

So if the community you're bringing together is long on learning, professional accreditation, training, audience engagement, speaker content, confecting, to use the jargon, then actually that's easier to transplant quicker to digital and virtual. If your show is a massive, large scale, thousands of exhibitors or hundreds of exhibitors and thousands of attendees, transaction-based events, then actually we haven't yet fully built the infrastructure to transfer that all to digital and virtual. And we're doing that in real time.

Randi Glass: Thank you.

Operator: We can now take our next question from Sarah Simon of Berenberg. Please go ahead. Your line is open.

Sarah Simon: Morning. I've just got a couple of small ones. On the redundancy program that you're starting now, can you just give us an idea of what percentage of your -- of let's say of the addressable employees that represents so we can get a feel for the scale?

Secondly, obviously appreciate your kind of trying to give us a baseline picture. But can you just confirm that the revenues on physical events that you've been talking about are purely mainland China? Because obviously, you've got physical events in the Middle East and some Europe and stuff, I think still scheduled for the rest of this year.

Then the final question was just clarification. So in terms of cash exceptional costs this year, is that about 140 million or is it 100 million? Thanks.

Stephen Clark: Thanks, Sarah. If you don't mind, I'll pass on your first question. I mean, we're only

announcing this internally today. I think the key point is on the slide, the step slide, which I laid out when we were doing the presentation. I mean, we are, sadly, going to have to lose some colleagues through a compulsory process. It will be focused in our events business for obvious reasons, in North America and EMEA.

As a proportion of our savings, one of the things that's allowed us to minimize the impact of that has been everything else we've done. But it will affect individuals, and I'd like to work that through.

In terms of capability, we are very confident that the previous steps we've taken still allows us to retain a high degree of capability. So we're in the low percentage points impact. But to put a specific number on it, either in rolls or people or percentages of defined population, I won't do that (inaudible) because we will be going through consultation in some geographies.

The baseline, yes, is the short answer. It pretty much is. I mean, we have got a couple of spot outdoor events in a couple of places, but in the main, the baseline is the baseline.

On your last question, Gareth, do you have an answer?

Gareth Wright: Yeah. So we reported about 40 million in the first half of the year in terms of cash outflow or exceptionals, and what we're saying is that we would probably spend 100 million more in the second half of the year. It's all a bit work in progress, because we're still finalizing the costs, to the indirect cost savings we're going to deliver. And that gets you to a full year number, more like 140 rather than the 100 number which was the alternative that (inaudible).

Stephen Carter: Is that helpful, Sarah?

Sarah Simon: Yeah. That's fine. Thanks.

Stephen Carter: Thanks a lot. Adam, I'm going to make this the last question unless you get an outbreak of a riot on the call.

Operator: We actually have no further questions on the call today, so I'd like to hand it back to the two speakers for any additional or closing remarks.

Stephen Carter: How good is that? Well, listen. I'm very appreciative of people's time. One of the advantages of these virtual events is we can track how many people have stayed with us. And actually we've had, doing my relatively quick math, we've had 80% of the attending audience has stayed all the way to the end, so that's good. Not bad.

So thank you very much. These are sobering results and forward outlooks to have to give. It's not where in January we wanted this business to be. But it's sobering, but we hope secure and that is the way we're managing this business. And on a personal level I wish everyone on the call well. Thank you very much for your time.

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