

Informa plc

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Transcript



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Stephen Carter: Well, good morning and welcome to the Informer Half Year results for 2021.

Stephen Carter: Good morning, and welcome to those people that are joining us here in 240 Blackfriars in London, and hello to everyone who has logged in online or who's joining us from a wide variety of places around the world.

Stephen Carter: Gareth and I are going to talk about really three things today, not just the half-year results for 2021. We're going to give a bit of a sense of outlook through to the end of the year and then we're also going to touch a little on our forward plans for 2021 through to 2024. What we're calling our growth acceleration plan, a term of description or art that will be familiar to some which we have used before and we'll get into that as we go through the presentation. So as I say, thanks again for joining. And if you bear with me, on the next slide, this should be familiar to all, the disclaimer. It stands as normal.

Stephen Carter: And hopefully, this slide will be as familiar to some as well. We at Informer see ourselves very firmly as a business that trades in and around the knowledge and information economy. We operate in three markets. The market for advanced learning peer-review original research and reference specialist learning, through our Taylor & Francis business. In the business information market or the information services market, as is often referred to in the United States, where we specialize in three areas increasingly in pharma, in maritime, and in the financial services market, and in the B2B events market where we operate through three different businesses, which we'll talk about, but essentially providing a range of event led services and increasingly more to our B2B customers. All three of those markets are really part of what you could broadly call the knowledge and information economy.

Stephen Carter: I don't think it's appropriate to describe anyone as a beneficiary of the COVID circumstance, but if there is an industry or an economy that has come to the fore through the COVID circumstance, it's definitely been the knowledge and information economy.

Stephen Carter: All of us have spent much of the last 20 months living either attached to or altogether to connected to a computer screen and a complete provision of knowledge and information through connectivity, either within a business, around a business, in a market, or around a market. And you see that in some of the statistics and some of the realities outlined on this slide.

Stephen Carter: We've seen some of that in our subscription led businesses, which as you'll see today are performing increasingly strongly, but we've also seen some of it in and around our B2B events business where the move to virtual, the move to attendant digital services, has both accelerated and compressed work that we were engaged in pre-COVID, but the COVID circumstances forced us to up our game, and again we'll touch on that later.

Stephen Carter: Our strategy in that market is a simple one, which is we focus on specialists. We take the view that the world of the gifted generalist is certainly not a world for us. We focus on specialist expertise in key markets in all three of our businesses, and we build franchises, brands, content, data information, service offerings, around those specialists markets. In the layering of and the deepening of that specialist expertise, we increase both our relevance to our customers and also our competitive strength.

Stephen Carter: We started this really back in 2014 when we launched our first growth acceleration plan. Back then, for those of you with longer memories or longer investment positions, you will recall that the Informer Company at the time was dominated really by the Taylor & Francis business. And then secondarily by a very large scale international volume-based unit conference business. We took the view then that the three markets that we were in were attractive but our way of going to market needed renovation and some degree of investment and expansion.

Stephen Carter: We scaled down our position in the conference market, or certainly in what was called the spot conference market. Scaled up our business in the exhibition and trade show business. We invested moderately, but purposefully, in product and technology in both our Taylor & Francis business, but also importantly in our markets that we chose to play in and information services to build what we now know as Informer Intelligence. And up until the point that COVID came along in early 2020, we were at a point whereby we were ready to further diversify and expand in that business.

Stephen Carter: Of course, for the last 20 months, because of the scale of our position in the B2B events business we have been very focused on stabilizing and securing the business through a combination of cost reduction, cost management, refinancing, and effective continuous engagement with our customers to maintain the accuracy and relevance of our data.

Stephen Carter: The good news that I think are communicating clearly today is that we see ourselves shifting out of that period of stability and security and focusing on what does growth looks like for this company over the next three to four years? Where will this business be by 2024, a decade on from 2014? And we'll touch on that at the end of my presentation.

Stephen Carter: But, to come to today rather than to tomorrow, where are we halfway through 2021? Well, many will have seen the release that we issued this morning. At a headline level, we're making it very clear that we're seeing our revenues, our cash flows are returning and increasing, and we're issuing profit guidance for the first time in a while. And never did I think that profit guidance would be something I look forward to issuing.

Stephen Carter: Our full-year revenues, we're stepping up to 1.8 billion as a function of the return of physical events in North America, alongside mainland China and the Middle East. And we're indicating the strength, the continuing strength actually,

of the performance of our subscription-led businesses in particular Taylor & Francis and Informer Intelligence.

Stephen Carter: Our cash cashflow, which Gareth will step you through in some detail has remained positive through the entirety of the first half and we feel positive about our forward picture on cash and the net consequence of all of the above improves all levels, at least our net debt position.

Stephen Carter: To look at the businesses and a little bit more detail start with Informer Intelligence. I talked a little earlier about where this business was, or more accurately wasn't. Back in 2014, it was a very disparate business. We'd never really invested in it. We were not sure that actually we had a portfolio that was competitive. It was a very sales-led business. It was very content-driven in what you might call the old-fashioned view of that word and the revenues were in terminal or certainly double-digit decline.

Stephen Carter: We took a view to investing in that business to focus the portfolio, which we're pretty much completed on now you'll notice as a small side point, but an important one in our release today, we've confirmed the disposal of one of our assets intelligence businesses, EHS Barbour. We have two other businesses remaining in that portfolio, which are under review.

Stephen Carter: So by the end of this year, as this business moves into 2021, we will have a firm and strong position in the three markets where we see growth and that growth is consistently delivering. It now looks like the sort of business we always wanted it to be. It's a 90% plus subscription business. It has a high speed and velocity of product development and product delivery in its markets. Our forward annual contract values are growing steadily forward. New business pipelines are strong and our brands are strong within those individual markets.

Stephen Carter: We also confirmed today the launch of a new brand Kronos, which is the combination of our retail banking data business with the Navantis retail banking business, which we'll be taking to market in August. And we're delighted to see that combination coming together and coming to market formerly. So a full year underlying growth upgrade on revenue guidance to 4.5% and a continuously strong performance

Stephen Carter: Taylor & Francis, which has always been an enormous part of the company and continues to be so, similarly back in 2014 was really a much more robust business than our now intelligence portfolio was in its market, but candidly was very focused solely on the library market, the institutional market, and really had next to no presence in the open-access or what we now know is open research or open science business.

Stephen Carter: It also was a business much like our intelligence business that was in need of some digital renovation, some improvement in its product. Our TNF online proposition is now unrecognizable to where it was then, as well as continuing

the investment in content expansion, speed to market, volume, and flexibility of usage. This business is continuing to improve in its performance and similarly, you see an upgrade in revenue guidance here to 2% for the year. But to come to the subject that has understandably dominated commentary and questioning around our company for the last 18 months, what's happening in the major markets in which we are a B2B events operator?

Stephen Carter: Well, the first point to make, given that I am conducting this presentation from London, London, England, as people are fond of saying. Our major markets are not really here. Geographically our business has a footprint around the world. We built that or bought that over the years. Our major markets, our mainland, China and Asia, North America, and the Middle East. We do have a business in parts of continental Europe and Southern America, but the major footprint is in those three markets. And at a macro level what's happening in those three markets that's kind of relevant to us?

Stephen Carter: The first of course, is that travel restrictions are still a feature of those markets. You will be following this as much as we are, but as you can see, there still remain travel restrictions, particularly on international travel, but also on some intra-regional travel. But vaccines and vaccination, which of course is largely being done differently and with different vaccines in different countries, which may speak to some of the remaining travel frictions. Are also, vaccination rates on a per percentage of the population are growing at pace and rate in those three locations. And as a consequence, that is producing an increase in human activity and in human commercial activity, and you see that most easily through the lens of traffic volume seat sales, passenger activity in the aviation industry.

Stephen Carter: We have an aviation data business inside our Informer Markets portfolio Capper, and we've provided you with a handy link in our release. For those of you who are sufficiently captivated by it, please feel free to become a subscriber. And that gives you a very interesting insight into trend data in the aviation industry, the major markets of the world. What it shows you is in these three markets where we have a major B2B events footprint, actually business traffic volumes are returning domestically. And in the major domestic markets of mainland China and North America that is very advantageous for our returning trade show business.

Stephen Carter: We have seen that probably most vividly in mainland China, which has been on that pause now for nearly 12 months. And so in many ways looks very like our business there looked before COVID absent international participation. That is obviously having some effect on margin, some effect on overall revenues, but reassuringly actually the forward pacing and the forward tracking rate into 2022 is looking really quite attractive.

Stephen Carter: America, which we did trade a little bit in, particularly in the Florida region in the early parts of 21, but in the main started to come back in scale product in June/July is beginning to pick up the pace and we see very encouraging forward signs of both participation forward bookings and importantly customer

satisfaction post-event as a result of participation. We also see it in the forward cash collection number, which indicates a return to trading, not just for the back half of 21, but importantly for 2022.

Stephen Carter: And then we see similar indications and activities in the Middle East, where in particular Dubai, where we have a major footprint, is a kind of regional hub and in that area, we have run two or three very successful events.

Stephen Carter: What does the remainder of 2021 look like? Well, it looks like a build and in round numbers, if you look at that build events by category and in those major geographies, based on what we can see today, and of course absent a major reversal either for healthcare reasons or public policy reasons, we would anticipate that we would do probably about twice the revenues in the second half in our events businesses that we did in the first half. And that will build nicely into 2022.

Stephen Carter: As I said, the re-bookings and the cash numbers are key metrics that we follow as you would expect us to and we've given an indication here as to how they are operating. Two, maybe two and a half warning shots. The first is that a significant proportion of our events that are running in 21, for reasons you will understand are, in the jargon of the industry, off-cycle. So they are in a slot, but not in the slot for the industry that they would naturally be in. And we've had to make point decisions in many places at many times as to whether it's worth running an off-cycle event in order to re-engage with the industry, or should we hold and return to a normal cycle in 2022.

Stephen Carter: We have decided almost always in consultation with our industry partners, our key customers, trade associations, advisors, and the location, that there is value in having an off-cycle event. But by definition, that off-cycle event ends up being a more small, but perfectly formed version of what we would have done in 2019.

Stephen Carter: But we don't always make that decision. And candidly, as we move through the back end of 2021, I think we'll be more inclined, when faced with that decision, to hold and focus on 2022 so you don't end up with another fully distorted year in 2022.

Stephen Carter: China is probably the exception to that because China has been back for longer. We reopened in China in June of last year. So we've had more time to get that calendar cycle back into something that you would describe as normality.

Stephen Carter: What about the power of face-to-face? How many of you have said, or read, or thought, or felt, that during COVID, post-COVID, or after COVID we would never meet again. We would never leave our house, our bedroom, our attic, our garden shed, or wherever we've worked our way through COVID, and that the world is going to remain a digitally connected, highly efficient nonmoving entity?

Stephen Carter: That is not our belief, but then we would say that here wouldn't we, but it's also not our discovery. We have done much customer research in many markets, amongst many customer groups in many geographies, and the conclusions are consistent and clear.

Stephen Carter: The first is that for the small to medium-sized enterprise customer, which is 70 to 75% of our customer base, the value of participating in a trade show or a commercial B2B event as a route to market is essential. Because unlike large corporates they do not have the scale or the ability to be able to build their own distribution, their own market access, or their own efficient route to their customers.

Stephen Carter: Secondly, the business development, particularly for small to medium-sized enterprises, but also for corporates is extremely hard to do virtually. You can nurture a customer you know online, it's very hard to build a customer relationship of scale virtually. Business development is an activity that requires face-to-face physical contact.

Stephen Carter: Thirdly, we have discovered, and this candidly has been news to us, that hybrid works. That actually much as we're demonstrating here today, you can have 50 or 60 people in a room and you can have another 400 people connected online. And the ability to do both requires both technology, which we'll talk about, and a different product, which we'll talk about. And if you do that, you get the best of the face-to-face and you get an extension of your audience and you improve your addressable market.

Stephen Carter: Fourthly, if you're launching a product, if you're bringing a product to market, particularly in an industrial market, physicality matters. And it's very hard to launch a scale industrial product, absent, physical participation, physical access, or physical engagement.

Stephen Carter: And then finally, for industries and localities, the trade show is a perfect vehicle for re-birthing an industry or a locality. If you want to reopen a city or a state or a country to business tourism, a large-scale industrial trade show that brings high-value business tourism to a location is very valuable and very attractive.

Stephen Carter: If you are in an industry which is facing challenges, either on supply chain or supply chain access, or supply chain refilling, or supply chain facilitation, a large scale industrial trade show is a very effective way of re-energizing an industry that has been traumatized or ravaged by the COVID circumstance.

Stephen Carter: So for those reasons and many others we stepped back into trading in our trade show business and our events business with confidence. But equally we don't step back in any longer as a mono-line business, because one of the consequences of COVID is that it's taught us that business that previously we left on the table, because frankly, we didn't need it, actually we can both deliver and we can deliver well. And so over the last year to 18 months, we've seen the

increasing value of providing further services, further access, further capability to our customers and to our markets.

Stephen Carter: That could be as simple as deep product discovery directories. It could be as simple as deep customer analytics. It could be as simple, as more efficient meeting management. It could be as simple, as more informed, more effective lead qualification and quantification. But one of the things that we will talk about, under the banner of gap two, is that by the time we get to 2024, this will not be a business. If we do our job properly, that will be described as the world's leading events business, it will be described for what it is doing, which is providing a range of products and services to B2B markets with deep specialism, deep expertise, and a multi-product service offering of which face-to-face trade shows or events, conferences, or conflicts, will be a very large part, but they will not be the only part.

Stephen Carter: But for now, let me hand over to Gareth who will take us through the specific outcomes in the first half and the forward trajectory into 2022, Gareth.

Gareth Wright: Cheers, thank you, Steven. Good morning, everyone. Thank you for joining us here today in 240 Blackfriars or on the webinar. As Steven said, I'm going to talk a bit to the half-year 2021 results and talk also a little bit to the full-year outlook that we're seeing now and that should give you a sense of the returning confidence we have in the business and as a result, the improving revenues, improving profits and improving cash flows.

Gareth Wright: So we start off with the headlines, the groups generated 800 secondary, 9 million of revenue in the first half, and converted that into operating profit of 69 million. This results in three key dynamics and improving and strong performance from our subscription revenues, progressive recovery in the face-to-face events revenues as events reopen. And a solid performance from the non-face-to-face events revenues in our events-led businesses.

Gareth Wright: A real highlight of the first half of the year has been the strong performance of the subscription-led businesses with both Taylor & Francis and Informer Intelligence delivering strong underlying revenue growth performances, enabling us to upgrade the full-year guidance for revenue growth in both of those businesses.

Gareth Wright: The progressive recovery of face-to-face has continued in our major markets, mainland China has traded well through each one. Where in reality, Q1 is quite quiet in that business because of the Chinese new year, but Q2 has been strong. Back in June, we saw the first re-openings of events in our very important US and Middle Eastern markets, which gives us confidence around continuing recovery into the second half of 2021.

Gareth Wright: Free cash flow is well ahead of the cash flow neutral cash flow positive guidance that we gave for the year, and this was really underpinned by the fact that at

the end of 2020 we reset the cost base for the levels of revenues that we felt confident about delivering in 2021. And then we've maintained strict cost controls around the cost base going through the first half of the year.

- Gareth Wright: And that means all liquidity position has increased in the first half of the year from 1.35 billion at the 1st of January to more like 1.45 billion at the 30th of June. And that gives us a real robust financial position from which we can continue to recover.
- Gareth Wright: So looking to the outlook, what our first-half performance has enabled us to do is to increase the revenue guidance for the full year, from 1.7 billion at the start of the year to now 1.8 billion-plus or minus, and off the back of that, we've been able to instigate OP guidance, which we're starting off at 375 million-plus or minus for the full year.
- Gareth Wright: So if you look at the specifics of the half-year income statement you can see that the group has generated 689 million pounds worth of revenue in the first six months compared to 814 million pounds in the first six months of last year. There are a few moving parts in there so I'm going to come back to a revenue bridge of that in a minute and explain that in some more detail.
- Gareth Wright: The interest costs reduce year-on-year because of the lower level of average debt in the business following the equity raise in the first half of 2020, but also because of a mixed benefit in the cheaper EMT and borrowings that we have now compared to the USPP borrowings we had in the first half of 2020.
- Gareth Wright: The effective tax rate is 17% in the first half of the year. So this is lower than our pre-COVID medium-term expected tax rate around about 19%, which is a result of the lower profitability in the business, particularly defense business, but also the fact that some of our tax deductions are quite fixed in nature and therefore have more of an effect when we have a lower overall level of profitability.
- Gareth Wright: However, that tax rate is above the 13% tax rate that we reported this time last year. And that's really been a factor of the increasing profitability of the US business and the China business, which operate in higher tax jurisdictions and therefore have more of an overall effect on the rate when they're a larger part of the mix.
- Gareth Wright: And the final point in common is the non-controlling interests. These were a loss last year because primarily the JVs in China weren't trading. As China's come back into trading in the first half of this year those have turned profitable overall in the mix.
- Gareth Wright: So moving on to the next slide, we're starting to talk about some of the divisions in a bit more detail and kind of unpick some of the divisional factors. And as I said on the headline slide, one of the real highlights of the first half of the year has been the strong performance of the subscription-led businesses.

Gareth Wright: Informer Intelligence has delivered an excellent result in the first half of the year with 7.9% underlying revenue growth. Subscriptions have been really good. We're seeing good ACV growth across all parts of the business and we're seeing good forward sales pipeline for the second half of the year underpinning our confidence.

Gareth Wright: We're also continuing to focus Informer Intelligence on the specialist markets that we think is best positioned to deliver long-term out-performance and to that end today we've announced the sale of the Barber EHS business for 35 million pound consideration at about a 14 times multiple, really demonstrating the value in these subscription businesses.

Gareth Wright: We're reviewing the two other asset intelligence businesses, and we'll reach a conclusion on those reviews before the end of the year.

Gareth Wright: The operating profit margin intelligence is 2.8% percentage points lower than it was last year, about half a percentage point of that is from the weaker US dollar with the balance because of a change in the trading mix in the portfolio.

Gareth Wright: Looking forward, we're tracking to 4.5+% growth for the full year, which is an acceleration on our 2020 performance. It's a bit behind the H121 performance because we're phasing the effect of revenue in the year.

Gareth Wright: Turning to Taylor & Francis, again, subscription revenues reign really strong in that business.

Gareth Wright: ... Taylor and Francis. Again, subscription revenues reign really strong in that business. It's also supported by good performance in the open research part of the business, and the forward pipeline of submissions in that bit of the business gives us confidence going into H2. And also eBooks have been a strong feature of the mix in that business in the first half of the year. The operating profit margin is 2.8 percentage points lower year-on-year, but 2.7 percentage points of that is because of the FX effect of the weaker dollar in a business where we have strong dollar revenues but are sterling our cost base. Looking forward, we're tracking to 2% plus underlying revenue growth for the full year, which is a step up from where we were at the time where we announced the full-year results.

Gareth Wright: So turning our attention to the event-led businesses, where we're seeing returning confidence in the product. As I said at the time of the year-end results, I think it's going to be two sort of key dynamics in the year this year. Firstly, we see 2021 as the transition year, and the activity levels will be very much dependent on the pace and scale of the reopening of events in local markets. And that obviously depends on the variability of local markets and what's happening in the end markets the exhibition will serve.

Gareth Wright: But secondly, we remain very confident in the product. We remain very confident in the model and confident in the belief the face-to-face is coming back. Stephen has touched on some of the sort of commercial and customer feedback points in his power of the face-to-face slide. But to touch on a couple of the finance-specific points, I get confidence from the very low level of refunds that we're seeing from customers requesting their money back, which enables us to retain a lot of the deferred income in the balance sheet. And also, you get confidence from the forward bookings that we're receiving for H2 '21 and into 2022 now from customers.

Gareth Wright: So in terms of how we see this playing out, events in mainland China have traded strongly, as the largely domestic attendance is not been impacted by international travel restrictions. And where we've brought our brands back to market in the Middle East and in North America, we're seeing good participation levels broadly as expected, so the number of exhibitors roundabout half of 2019 levels, and participation roundabout 40% of 2019 levels. But we continue to collect cash for H2 '21 and into 2022, but gives us this confidence and make] it round the progressive forward recovery of the business.

Gareth Wright: So I said I'd come back to the revenue bridge in a second, and here it is on the slide here. So the starting point of the bridge is that in Q1 2020, as you can see there, we traded around about 280 million pounds worth of revenue before COVID-19 began to disrupt the face-to-face events business. Our H1 '21 revenue is around 60% of the prior year figure, as it's been really restricted to mainland China in Q2, and then the Middle East and the US in June.

Gareth Wright: B2B digital services have grown in the period. It's not simply a substitutional effect around virtual events. That's an increase in the overall level of digital product we've been bringing to market, and the performance, although they're not huge in the mix at this point is one of the things that gives us confidence around the future strategy that Stephen is going to talk to you more in the second piece of his presentation.

Gareth Wright: I've already commented on the subscriptions that have had growth in the first half, which has been great. And finally, there's been a currency headwind from the US dollar being weaker when compared to 2020. And that's all added up to give us revenue of 689 million pound in the first half of the year. So taking that into operating profit and the revenue has generated a 69 million pounds worth of operating profit in H1, we get the benefits of the savings delivered in 2020, which we've maintained through strong cost controls in 2021. And so you see obviously a benefit of the cost management program coming through in the bridge. The COVID impact is really the revenue impact that I outlined on the previous slide. And then finally, again, there's the currency seen back from the weakening US dollar in the mix overall.

Gareth Wright: The cashflow story has been a really good one from the first half of 2021. As you know, we targeted positive free cashflow and neutral free cashflow in the year. And we've come in well ahead of that, with free cashflow of 134 million pound.

In terms of the bridge, the EBIDA impact is what you'd expect from the previous slide on AP. The working capital performance has been really strong. We've got about an 18 million pound working capital in flow in the first half of the year, largely driven from the inflow of revenues in terms of events in H2 '21 and 2022. And we explode that out a little bit in the top left-hand corner of the chart, so you can see that movement as an individual dynamic.

Gareth Wright: Interest is favourable year-on-year. There's the reasons I mentioned in terms of the P&L around the MTN end debt, but also the MTN debt is phased in terms of its payments much more to the second half of the year than the first half of the year, which increases the cashflow benefit in that bridge. And the net one-off COVID rated costs are COVID cash outflows from the first half of 2020, that we didn't have to repeat obviously in the first half of 2021. Around three-quarters of that relates to onerous costs and the costs of not being able to run events, and about a quarter of it relates to our financing response to COVID from the first half of 2020.

Gareth Wright: And our refinancing work in 2020 has given us a real sense of strength and flexibility in our balance sheet. We have substantial liquidity of 1.45 billion at the half-year. Our RCF is fully undrawn, has remained fully undrawn for the last six months. And on top of that, we have about 400 million pounds worth of cash in the balance sheet. We're maintaining sort of above normal levels of cash in the balance sheet to increase that and enhance that liquidity. We have no borrowing maturities until July 2023, and based on our current forecast and our current liquidity, we could pay off that July 2023 debt out of our existing liquidity without going back to the debt markets.

Gareth Wright: In summary have substantial liquidity at 1.45 billion. We're increasing that liquidity because we're maintaining our cashflow positive generation and dynamic in the business. We have no maturities until July 2023, and we have no financial covenants on any of our group level debt, which as I said, all in the mix, gives us a real sense of strength and flexibility around our financial position.

Gareth Wright: So putting it all together in terms of the key financial messages, our returning confidence in terms of the face-to-face events revenue performance enables us to increase our revenue guidance from 1.7 billion to 1.8 billion, plus or minus, now at the half year. And that enables us in turn to set a OP expectation for the year at 375 million pounds plus or minus. The improving growth and performance in Taylor and Francis and Informa Intelligence enables us to upgrade the revenue expectations in both of those businesses to 2% plus and four and a half percent plus respectively. And we'll continue to drive our cashflow in the business and try to monitor that and manage that very closely in the second half of the year, as we have done in the first half of the year, which will continue to deliver a cashflow positive result for the group, which will increase our available liquidity above the 4.45 billion we currently have, giving us real balance sheet strength.

Gareth Wright: So at that point, I'm going to hand you back to Stephen for the second part of his presentation.

Stephen Carter: Thanks, Gareth. One of the many advantages of the last 20 months has been that it's allowed us time to look back and reflect on what happened before the extraordinary circumstance of COVID, and what does it mean for our business going forward. And like many businesses, I hope we've used this time to think about how things that we did before might be done differently. And that's in part what led us to our thinking around how do we frame our growth and acceleration plans for the next three years.

Stephen Carter: But to go back before we go forward, when we set out as a company on our growth and acceleration program, back in 2014, in our minds, we set out to do three or four things. We set out to diversify and extend our Taylor and Francis business, materially move it into open access and open research, and frankly, begin the path of giving it some much needed investment in technology in product. We set out to become a business that knew how to run a business in the information services market, and similarly, build product technology and sales and customer management capability. And we set out to take advantage of a market opportunity that we saw in large scale events and focus our remaining conference business, now known as Informa Connect, more around high quality, branded, rich content connection events.

Stephen Carter: What actually happened at the other end of it, I mean, commercially the results were certainly pleasing, but summary of what it was we became the world's leading events company. But actually, underneath that, there were many other things going on within the group. So as we think about growth acceleration from 2021 to 2024, what is the broad ambition of the company? And at the headline, the broad ambition is that our stated strategy of market specialization, identifying markets, subject matter specialisms, category markets, industry sectors, and then deepening our specialization and our digital service capability around those markets will be where the company is singlemindedly focused.

Stephen Carter: We want to grow. We believe that value is correlated to growth. We had all of our businesses in growth, but actually we'd like to up that growth potential. Now, as a statement of probably the obvious, there will be a reinflation of growth in the physical events business progressively, as physical events return. But it isn't just absolute growth. It's the quality of that growth, the mix, the type of the revenue, the resilience of that revenue, the proportion of that revenue that is predictable, and your ability to deepen that relationship with your customer by expanding your revenue relationships through other products and services.

Stephen Carter: Clearly, we want to maximize the return that we are going to see, and we are seeing in physical events, and we need to use that physical return in order to return to engagement with our customers, not just with the same old product, but with a better product, both a smarter event product, but also some additional products and services around those events. And that will require us

to deepen our digital service offering, and that is demanding a material change inside our own company around skills, around capabilities, and frankly, around operating discipline in what previously has been a more fragmented business.

Stephen Carter: Underneath all of that, that is requiring us to step up and manage our data platforms, both for ourselves and our customers in a more industrial way and I will talk about that. And underpinning all of that, importantly, by the time we get to 2024, what in the jargon is talked about as ESG, what inside our company we talk about as FasterForward, what in the real world people talk about is climate change, the responsibilities around sustainability will be centre stage and mainstream. And so we as a business need to ensure that our products and our services are best in class in sustainability, whether that is the simple everyday realities of ensuring that we are a carbon neutral business, that we're using clean and renewable energy, that we're minimizing waste, that we're maximizing reusability and recyclability where we can, and critical in our events business, we are prosecuting the truth of that product, which it is the most effective, efficient consolidator of carbon efficient business travel that you can find because it removes the need for multiple bilateral single meetings. And I'll return to that in a second.

Stephen Carter: And it will be relevant to all of our businesses, market specialization, whether it's our advanced learning business or our intelligence business, or our B2B business. In our advanced learning business, increasingly under the leadership of Annie Callanan and her team, the intention is to move this business from being a product business, to being a services business, to move this business from being a single point business, to being a multi-point business, and to improve the service offering, not just to our institutional customers that will remain important, but also really to those people who create the knowledge, the authors, the researchers, and ensure that you get that balance right of prioritization in the customer relationship. That, we believe will allow us to continue to improve our relevance, continue to improve our reach, and continue to extend our ability to access funding for original research that goes beyond the institutional library.

Stephen Carter: In our intelligence business, we believe that the demand in businesses and in the three markets that we're in for increasing specialist information in real time to make for better business decisions will increase, that if we can keep our products and our services relevant, that mix of proprietary data, original content, insight, wrapped with real-time analytics becomes increasingly valuable. And we feel very comfortable about the three markets that we have chosen as forward runway for us for continued growth. We long ago set ourselves the target of being a 5% plus compound growth business with a 90% subscription. That seemed like a mountain to climb when we were a minus 10% business with a 65% subscription business, but it now seems a very achievable and realizable ambition.

Stephen Carter: And in our B2B events business, how will that digital acceleration represent itself? One of the questions I get asked often is, but after COVID, aren't travel

patterns going to be materially different? And the answer is, I frankly don't know any more than anyone else knows. I follow the data, and I follow the commentators. I have opinions on it, and we have opinions on it, and we research this regularly. We take the view that the internal meetings market probably will change, internal company meetings. I look at our own board as a corporation. Will we physically meet 10 times a year, like we did pre-COVID? Discuss. I look at internal management meetings, will they happen with the same requirement for constant international travel? Discuss.

Stephen Carter: But multilateral meetings, industry meetings, customer meetings, engagement meetings, there is nothing that is more compelling for an industry than to be able to operate in a neutrally convened space where you can meet every customer, every wholesaler, every distributor, every competitor, every advisor, every player in the industry in the space of five days. The efficiency and the power of that proposition will, I suspect, end up being enhanced by those changing travel patterns, not reduced, because the less other travel that people do, the higher, the value of the travel that people will do. And if you can get that proposition right, and surround it by other digital products and services that extend the lifecycle of that contact, then you have the ability to really be able to add value to your customer.

Stephen Carter: To add value to your customer relationship, the key thing is you need to know who your customer is. And that, for us, has been one of the key lines that we've crossed during the last 18 months, is that whilst we have deep, deep relationships inside our franchises, our collection and collation of that customer information, either at the profile level, "My name is Stephen Carter. My job is chief executive of Informa. My budget authority is discussed. My responsibilities are discussed," that profile data we have. But what about the behavioural data? What do I do when I engage with the Informa product? Who do I meet? What am I interested in? What things do I track? What areas do I have interest in? That behavioural and attitudinal data, if you combine those two and you compound that over time, that gives you a level of knowledge about your customer and what they're doing, which enables you to increase your relevance.

Stephen Carter: That led us to the conclusion that we needed more operating discipline in the businesses, in Charlie's markets business, in Andy's connect business, in Gary's tech business, so that we could collect and collate our millions of customer profiles in a manner that would allow us to be able to develop and market products better. This will not happen overnight, but Iris, our base level internal data warehouse, is now more than in flight. When we meet in the fourth quarter at the Capital Markets Day, we will give a full-on explanation of what that capability will provide us with. And underneath that is work ongoing on how we develop additional services.

Stephen Carter: We've begun to talk about it inside our own company in this way, the way in which you can think about how you can expand your relationship with your customers. At the base level, you've got, what do we do for our markets? When we talk about market specialization, what do we mean? How deeply do we

know our communities? What market-specific content programming, data events, B2B media platforms do we have to enable us to build, develop, produce, launch products and services that bring the audience? And then when you bring the audience, how do you allow them to engage?

Stephen Carter: Of course, you want them to engage physically. You want them to turn up in-person when there's an in-person event, but alongside that, you also want other people to be able to engage on a hybrid platform, and that requires you to build a technology capability that allows for simultaneous hybrid product, which is as useful and as valuable as a physical product. That has required us to contract and build with inside and outside parties, service capability on everything from registration to participation, to meeting management, to product discovery, to search. And that activity is well progressed inside all of our event-led businesses.

Stephen Carter: Then what you need to do is collect and collate the data that comes from that, which I've just talked about, which is IRIS, to give you profiles, which are consent-driven, are detailed, are accessible, and which drives information and behavioral signals from which you can then develop new products. And what could those new products be? Well, that takes you to the fourth level. Those could be products around audience monetization, lead qualification, more accurate advertising targeting, or just at a simple level, more accurate discovery.

Stephen Carter: You need to do all of that with discipline. You need to do all of that with clear, registered, and consent-driven data protocols, and we are doing that. But if you do that purposefully, you do that well and you do that over time, you build a very powerful engine to drive your day-to-day business. You also build a very powerful capability to develop a new business.

Stephen Carter: We'll get into more of this when we meet in December, for those of you who feel that by December, you can meet in-person. We would hope that number will increase. Not that we're not pleased to see everybody on the webinar today, where we will have presentations from all five of the businesses as to what the detail of our plans and ambitions are from now through to 2024. And by then, we'll have a very clear sense of where we're landing at the end of '21 and what our forward trajectory into 2022 is.

Stephen Carter: So in summary, where are we as we meet here in July 2021? At a headline level, I think we feel in a way that we didn't in July 2020, that we're looking up and looking out, we are moving the company out from stability and security, which was needed and well-earned, and hard worked by many colleagues across the company, for which I put certainly my thanks on the record. Our revenues are returning in our physical events business at different paces and rates, in different geographies, but the trend lines are clear and are consistent. We're alive to the fact that there could be exogenous obstacles or bumps on the path. There may even be occasional reversals. We've seen that in Australia. We've seen that in Brazil, but we believe the forward trendlines are consistent.

Stephen Carter: We're seeing really outstanding performances in our subscription and content-led businesses. And that's a function frankly, of much of the work that was done in the Gap program back in '14, '15, '16, and '17, that is reaping benefits, combined with excellent management leadership and focus on product and customers. We will bring that product focus to our customers as we see our physical events returning. Our cash position is much more robust and we're beginning to see that cash engine that is the driver of our company and has been part of the investment thesis for many shareholders returning. That improves our balance sheet, gives us strength and confidence in the strength of our balance sheet, and has resulted in us ticking up our guidance for '21. But more importantly, I think looking out with positive interest and excitement to 2022, 2023 and 2024.

Stephen Carter: That's enough for me. And we're very happy to take questions. I think we'll start with questions in the room. I think I've been guided to do that. I have. Richard's telling me what to do. So are there any questions in the room? We have two questions here, please.

Anika: Good morning it's Anika. So my first question is you've highlighted that you're forward booking and your rebate rates are quite strong. I'm interested to hear, how did the deposits have changed that you request exhibitors now versus pre-pandemic? Secondly, in terms of Informa market's operating profit, I would be keen to hear what that looked like if you isolate China. And finally, I guess now you have a better idea which shows are coming back, post-pandemic, so if you could give us an idea of what your exhibition portfolio looked pre-pandemic, and how many of those are not coming back, respectively, have been merged? Thank you.

Stephen Carter: Okay. Why don't I start with your last question, try and dodge your second question, and hand the first question to Gareth, on forward bookings. I don't think we know, is the answer to your third question. So what will our portfolio look like post pandemic? So let's maybe work through the businesses. So in Informa Tech, I think the events dimension of the Informa Tech portfolio will look virtually the same, largely because we had gone through a very significant pruning exercise in that business anyway, pre-pandemic, to focus on brands that had footprint scale, original content that were very blended with our media brands and our research product in that sector. And so off the top of my head, I think we have between 45 to 50 event brands in that market. And I suspect we'll have 45 to 50 there or thereabouts post the pandemic.

Stephen Carter: The first of those, at scale is actually happening weekend, Black Hat, which is happening as a hybrid event in Vegas with, I think at the moment we're tracking to about 4,000 physical attendees and about 8, 9,000 virtual attendees. Last time we ran it physically, we had about 15,000 physical attendees and no virtual attendees, if you get my point, and we will see the rest of that portfolio return.

Stephen Carter: In Connect, I think similarly, Andy's here so he can nod or shake his head if I get it wrong, but I think there again, Andy had led that business to be much more

focused around the larger brands, what we used to call the millionaire club, the bigger brands. And I think that focus will continue. And similarly, the market specialization in that portfolio very much revolves around pharma and or biotech, life sciences, and finance and I think that will continue. So I don't think you'll see a material change. There are a couple of smaller portfolios where we might prune at the edges, but not materially.

Stephen Carter: Markets I think is a different picture because there, it was a much bigger portfolio anyway, pre of events, it was more of an events-only business then. And so I think there will be some of that portfolio that simply will not return. In our sort of mental math, we've kind of assumed that somewhere around 80 to 85% of the business will return over time naturally. And then we might warehouse some and judge the market. But here's a perversity of the pandemic, is that the natural inclination is to conclude that large is better, but it may not necessarily be the case. Actually, what is better is, do you have a defensible event that's providing a mixture of content and access that you can't get elsewhere? And hybrid, of course, creates a scenario where you could have a smaller physical event and a much larger attendant hybrid event. Initially, we thought that pruning exercise might be larger, but it may not actually play out like that, so it's a bit of a mixed picture.

Stephen Carter: Will we isolate the profit on China? Of course we do, but we won't publish that, so it's a good question. I mean, as a general rule, as you know very well, in the...

Stephen Carter: And as a general rule, as you know very well, the business in Asia generally, or mainland China is a lower margin business historically than in North America, for probably two and a half reasons. Firstly, real estate prices historically have been higher in that part of the world. And secondly, it's a much more distributed community, so we're covering many more geographies. That might be a geography where we do prune a bit, because I think we will probably focus on our major markets, mainland China, Hong Kong, Malaysia, India, Singapore, Japan, Indonesia I think, Thailand, I think that will be our focus. But it's a very profitable market and we think it will continue to be so. On forward booking and deposits, do you want to speak to that Gareth?

Gareth Wright: Yeah. I'll touch on that. But just before that, just on events numbers, just to go back to that. We've done quite a lot of work on that internally, and what we're finding is reality, event numbers and the profile of the recovery is actually not that informative around revenue recovery, because there's so many other variables around international travel, domestic travel, recovery, off cycle, on cycle, and all of those factors matter as much in the mix of the overall revenue number, as does actually the number of events we're operating. So, a bit of a caveat on event numbers as a KPI. In terms of payment terms, what we're seeing overall is that the cashflow benefits of the events business, particularly in the market's business, remain intact, so you do get a lot of the money in well before operating the long-term generally all of it in, in terms of people attending before the event, so that remains a dynamic.

Gareth Wright: It's worth pointing out that within the business, there is actually a bit of a dynamic between China and the rest of the world. The rest of the world's always had earlier cash flow payments, China's always been a bit later. So, in terms of the Chinese events that we're operating, we're seeing no change in the payment characteristics there, but that's a bit later. And elsewhere, I think over time... At the moment in places like the US, it's a bit behind where it would normally be, but we're riding that because we want to get customers back engaged with the product, and we don't want to be really forcing them up-front to hand all the money over. We'd much rather they come with us and pay on payment cycles and come to the show. And just the final dynamic I'll mention is on that cashflow blowout side. We've got about £400 million of events revenue already in the balance sheet. So, actually quite a lot of the cash, the events that are going to run in the second half of the year, we'll be utilizing that deferred income rather than receiving new cash in.

Stephen Carter: Tom, would you mind if we went to the webinar?

Tom: That's fine.

Stephen Carter: I know it seems harsh, but I'm being guided to go to the... Should we take a question from the webinar?

Operator: Thank you. We do have a question now from Nick Dempsey from Barclays. Please go ahead.

Nick Dempsey: Yeah. Good morning guys. I've got three questions please. So, first of all, Gap one, I believe, if I remember rightly, it involved about £100 million of investment over three years. Can you give us any indication of what Gap two might cost, and how much we might see in 2022? Second question. You're pointing to forward bookings suggesting World of Concrete and Arab Health might run at 60% of 2019 and 2022. How much have you found in that those might get much later bookings than normal, in fact 60%? And then, you've run a few other shows now in the US I believe, are the forward bookings that you're seeing there showing that same behind the trend? And third question. I just wonder if you can give some colour on offerings around events? So, how that business model might work, and how comfortable you can be that it won't just become like a hygiene so that every big events provider provides digital services, and it's just part of the exhibitor fee? You don't really get incremental spend.

Stephen Carter: Okay. Thanks Nick. On the back half of your second and the beginning of your third question, here you went into rapid time echo. So, we had you in triplicate, which was an experience. So, if we misheard your question, then correct me. But if I heard your questions correctly, I might get Gareth to come back on the first and the second, but I'll have a go. So, have a think on that. You're correct in your memory. I think in Gap one, our investment, our CapEx investment of the period was around £100 million. We have not yet fully costed how we'll approach Gap two, but I don't think you're a million miles away. So, we're not talking about a material uptick. It will be focused around product and

technology and some service and skills capability, and much like Gap one, the intention will be to do that in a manner where there is a very direct return in either revenue growth or margin.

Stephen Carter: On bookings, I mean, it's such a mixed picture. I'm looking at Charlie as I speak. You're absolutely correct that there is some lateness in the bookings that varies from category to category. I mean, my own personal view is that as the world progressively returns, forward confidence progressively increases, and as forward confidence progressively increases I suspect we'll find the pace rate of forward bookings will also progressively increase. But why do I... The only place we've got to evidence that is in China, because that's really the only place that's now a full year on from restarting post COVID. And it's early days in America, so it's really very hard to draw a conclusion from... What have we run Charlie? Eight, nine events in America so far, of scale? Yeah, getting there. So, I'm not sure I would draw a direct conclusion from that. But at the moment, there is a little bit of wait, for understandable customers reasons.

Stephen Carter: A wait until the latest possible point before I completely commit. But the more events that come back, the more activity that you see, the more it becomes re-normalized behaviour. And then there's a not unimportant point which is, this is not true of all companies, but it's true of probably the vast majority. They operate to calendar years, so budgets tend to work to the calendar. And in many instances, budgets were just not made available, because the budget that we're all living in, which is the 2021 budget, was by and large set by people like Gareth in November of 2020. And people like Gareth in November of 2020, while they were a little bit bearish on what was going to happen in 2021. People like Gareth in the November of 2021, even they are going to be slightly more bullish about what's going to happen in 2022, I would surmise.

Stephen Carter: So, I think you will find that budget provision and budget allocation for business development, customer meetings, product launches, industry engagement, they're all going to start to tick up, and therefore there'll be available budgets internally for customers to turn to, and that I think will have an effect on forward bookings, once we start getting into 2022. Because most companies, by and large, operate around a business discipline. On your new business model, I think you make a very powerful point, Nick, if I understood it correctly. And I think the truth is that there will be aspects of what we have introduced through COVID, that will absolutely become business as usual. Digital registration is probably a good example of that. I mean, digital registration doesn't just happen, but it requires a degree of technology and service capability, and accuracy and operating discipline.

Stephen Carter: But by and large, I suspect that's going to become standard operating practice. I think that might be also true on what you might call base level product directories, in some industries. And so, you're correct. We're going to have to work very hard to ensure that the other services that we are offering, in and around our events, either before, during or after, add value on that. But that takes you all the way back to the more you know about your audience, the

better engaged you are with that audience. Then the easier it is to devise and design products that allow you to market services to them, that are genuinely valuable to their specific need.

Stephen Carter: So, the circle becomes continuous, but there will definitely be an upping of requirement. My own personal view again, is I think that speaks very well to businesses like ours, because the customer expectation is just going to go up, and you need a certain level of size to be able to amortize the cost of doing that, to be able to provide the base level of service delivery that customers are going to demand from those sorts of services. But Gareth, do you want to come on, come in on funding for Gap two? Have you got any views on that?

Gareth Wright: Well, I think in terms of quantum, as you say, we're still working up our plans and specific numbers around it. We've already announced Gap two today, rather than being in a position to go through all the details. By the time we get to the capital markets day, in December, I'd expect to have much more specificity around that. But at the moment, £100 million over three years is probably a good way to think about it, in terms of the overall investment. And in terms of funding. I mean, we're obviously looking quite carefully at the capital allocation in the business over the period. We've got various things we want to fund in terms of organic investment, but also inorganic investment to help deliver some of the skills and capabilities that we feel will benefit the increase in the digital services that we want to deliver in the business. So, there's a mix of considerations we're putting into the mix for the CMD.

Stephen Carter: Thanks, Gareth. Tom.

Stephen Carter: Actually, we are going to take a question from the... We're going to take a question from the room actually, if you don't mind.

Tom: Perfect. Yeah, Tom from City. Three questions. First one, very simple. Talk about the off cycle impact. Should that work through by 2023? Is that the sort of effective timeline for when that should have worked through? Second question on the guidance. And effectively the new guidance is suggesting the possibility of £100 million more revenue and £100 million more profit. You've got the £60 million of follow through from the permanent cost savings from last year, which suggests a 40% drop through on incremental revenues. Is that the new normal? Because on the way down obviously, it was slightly worse, wasn't it? It was 60 or 70% drop through. I'm just trying to work out whether there's additional investment going in as we recover. And then the final question, slightly anticipating the CMD. Are you essentially hinting that everything's going to look a little bit more like Informa tech going forward. IE we're going to have a collapsing of some of the specialist subjects, if that's the way. Are we going to have Informa pharma, Informa retail banking and Informa maritime?

Stephen Carter: Great questions, Tom. Let me start the last one, touch on the second, Gareth might want to expand, and then I'll take your cycle question. On the last one. Yes, but not organizationally. I mean, it is definitely the case that we will

increasingly focus on markets, and we will identify, and in fact Charlie already has a candidate list of six to seven markets within his portfolio, where we could build that level of specialization. In some of those we already do have either media products or data products or other products that we can put alongside it. We showcased one in our release today, aviation. We have a great events portfolio in aviation. We have a media, a B2B media platform in aviation. We have a data and research product in aviation. And so, market specialization will increasingly be the case. Andy is already doing it in the connect business in biotech, life sciences and in finance, and in some others. So, increasingly surrounding markets which have the features and the needs and the customer appetite for an increasing range of B2B services, is where we think we can see growth.

Stephen Carter: And that's what I meant when I was talking about more quality of growth. We are not in the market for building more scale in the trade show or events business, unless it serves our market specialization. My comment on the 40% drop through would be, I mean, yes, your maths is correct I think, but I would describe it as the now norm, not the new norm. In other words, that's what's happened in 2021. It is not what we're positing is going to be the drop through in 2022 or 2023. But Gareth might want to expand on that in a second.

Stephen Carter: On the cycle. Yeah. I think you're probably right. I mean, there are two aspects to the cycle that are worth registering. One is it's just off cycle, so if you imagine yourself, a citizen of an industry, so let's take a live example. You're in the US construction industry in January. You're used to going to World of Concrete in January. For practical reasons. It's the beginning of the year. It probably is a time when many of the players in the industry aren't out actually deploying construction activity, or laying concrete, or building. And therefore it's an appropriate and convenient time for that industry to take time out, meet its customers, meet its suppliers, meet its wholesalers.

Stephen Carter: When you conduct that event in June, there are a lot of better things you can be doing. And you're also halfway through a year, so it has that off-cycle effect. The other side is, if we then run World of Concrete in January, 2022, which we will do, and actually it's pacing well, you've only got a six month sales cycle for the 2022 event. So, you've got the off-cycle reality for the industry. You've also got a shortened sales cycle for the team who are working with the industry to build the next product. And the combination of those two things will probably take until 2023 to fully wash through. But it's more than just the date. It's what it means in terms of your time to market, and your ability to be able to work with your customers and your partners and your suppliers. Do you want to expand on the drop through point, Gareth?

Gareth Wright: I think we're just slightly mixing two things up, which is one is the year on year change in the numbers for the full year. And then the other thing is the movement on the guidance, because what we've announced today is £100 million increase in the revenue guidance, because we hadn't put any OP guidance out before, as such we're not moving the OP guidance. So, to get to

your drop through point. I think that's pretty easy to work off last years, which I think is about 268 of OP. If you then put on the 60 million extra indirect cost savings, which you remember from year end, we said weren't crystallized in 20, that gets you up to a certain point. Then you have the revenue increase and about a, let's say, 50% drop through in terms of this year's numbers, and then you have the FX headwind on it, and that gets you about 375 overall in terms of the movements.

Stephen Carter: All right. Tom, I'm going to take one from the webinar if I may, so I may come to you. Can we take a question from the webinar please?

Operator: Our next question comes from Matthew Walker from Credit Suisse. Please go ahead.

Matthew Walker: Thanks. Good morning everybody. Morning Stephen, morning Gareth. First of all, Stephen, I don't want you to do yourself out of a job, but have you had any private equity interest in any of your assets for the whole company? Or do you expect to do so? Because with the growth coming in intelligence and TNFs going up, it looks like quite an attractive proposition. That's the first question. The second thing is on travel budgets. Obviously, we hear a lot about how travel budgets are not going to be fully restored, but when you look at the SME base, is that a different discussion? I can see why people might be fighting with a large corporate to get their travel budget for anything, even including exhibitions restored. But if 75% of customer base is SME, can they just basically decide what their travel budget is? And so, are we over worrying about travel budgets, as it pertains to exhibitors and attendees? That's the second question. And then the last question is, we just heard from RELX talking about analytics growth in different divisions, what is the potential of analytics, as you would define it in your FTM business Taylor and Francis?

Stephen Carter: Sorry, Matthew. I didn't catch the last bit of your last question. I apologize.

Matthew Walker: It was just a question about analytics, as opposed to journals and open access and books. What's the proportion or percentage of analytics revenue in Taylor and Francis?

Stephen Carter: Okay. Well, thanks for your questions. I will... I think, look. I think I'll try and answer these ones. Come in if you want to Gareth. First of all, I'm glad that someone else is concerned about my job security Matthew, so thank you for that. And I agree with you that we have a very attractive portfolio of businesses, and we remain very confident in their future growth value. And I mean, all joking aside, we're a public company. We clearly pay attention to any declaration of interest and we'll continue to do so. But right now we're focused on what we're laying out today, and we feel very confident about the future growth potential of the individual businesses in the portfolio. The only businesses that we're actively engaged in discussions about disposal are the three businesses in Informa intelligence, in our asset intelligence portfolio, and

we intend to go into 2022 with a very focused portfolio and Informa intelligence.

Stephen Carter: And we think there is real value there, but more importantly, we think there is real opportunity for further growth and even greater value on a going forward basis. And we believe the same is true in advanced learning and in the B2B events market, both physically and digitally. On travel budgets, I 100% agree with both of your comments. I think there is an entire difference between how you view travel if you are running an SME, or indeed if you own an SME, or indeed if you're running one, than if you're in a corporate. I mean, A. it's your money often and B. as we tried to indicate earlier on, the value of trade show participation is directly correlated to your customer retention scores, your revenue growth, and your ability to expand distribution and market access. And the efficacy of that participation way outweighs, way outweighs the travel or participation costs.

Stephen Carter: We've talked about this pre COVID many times, Matthew, as you know. I mean, for customers in that category, they're making a 10, 20, 30, 40 X return on their investment in participation in a trade show. And if you've had the pleasure that I've had over the many years now of wandering around trade shows, speaking to those customers, if you're ever feeling depressed, that's a very enjoyable experience. So, we are very confident that for the SME community, they have a completely different view on corporates. I think therefore, corporate travel will be slower to return, but that I think requires us to be a little bit adapt and flexible, about how you encourage corporates to participate maybe in a different form. It could be less physically and more digitally, and that might lead to bundled offers, which we're already trialing in some markets. It might mean that they have a lower physical presence, but a higher digital presence. That doesn't necessarily change the revenue mix.

Stephen Carter: It doesn't change the revenue outcome for us, but it might change the revenue mix. So, I think there are different ways in which you can address what might be a slightly greater degree of caution in 22 for corporates, than for SMEs. On the analytics question. I've been buying myself time to try and think and talk at the same time. I just don't know the answer to that question, because, and I'm not asking you to tell me, I don't know what RELX meant by that reference, or that categorization. I mean, at one level, every single thing we do in our academic publishing business, in some way, shape or form, requires a level of analytics, because you have the process of screening for accuracy or plagiarism or sourcing, or links or it uses data analytics and platform services to read the documents, read the manuscripts, to do reviews.

Stephen Carter: So, there's an embedded level of machine learning activity in that business anyway. For every institutional customer relationship of scale, we're providing significant analytics, services to those institutions on usage levels by subject, by category, by author, by date time, by search. So, I find it quite difficult to put a number around that, but I'm in the room looking at Richard and visually

throwing that question to him to come back to you with a deeper answer at another time. Should we take a question in the room?

Fiona Orford-Wi...: Thank you. It's Fiona Orford-Williams from Edison. First of all, can you give us some more colour on the pricing environment and the subscription growth, a little bit of whether there's volume or pricing in there, and what sort of resistance levels there are to pricing in the market? And the second is on costs. What's your experience at the moment in terms of both the venue pricing situation, and more generally across the group in terms of people costs? Particularly if you're expanding your capabilities in data and analytics. And the third was on hybrid. Just as things progress and the balance shifts towards more people in the room and fewer people attending virtually, how do you ensure that you still deliver good value for those people who are not physically with you?

Stephen Carter: That's a great last question. So, I'll come to it last. Let me touch briefly on the volume not price, or volume and price. And Gareth, you might want to come back to that, and I'll touch on cost and go back to hybrid. My understanding is that in the main, our performance in all of our markets is largely volume. I'm not saying there's no price, but it's largely volume. I mean, as a general rule, and we've touched on this historically, we tend to be modest on price in all of our markets for a whole variety of reasons, which we can get into. But generally speaking, in all of our businesses, if you think about our business model, whether it's in the events business or in the academic publishing business, or in the information services business, we are part of a market. And I've certainly, I've always taken the view that you never want to be on the wrong side of over earning your position in your market.

Stephen Carter: Some of our industries are more alive to that, of which probably the advanced learning market for understandable reasons, is probably the most. But ironically, the deeper you get into a market, the more secure your position is, but you just don't want to abuse it. And that's where our dial is set. It doesn't mean that we don't ever increase prices, we do, but we are very sensitive to how we do that. And when we do, we try to do it alongside new products, additional services, more value, and that seems to have served us well over time, and I see no reason... I don't see anything about the COVID circumstance that changes that. On costs, venues is a mixed picture. I think generally speaking, Charlie and Andy are in the room. I think we would say that the venues-

Stephen Carter: I think generally speaking, Charlie and Andy are in the room, I think we would say that the venues by and large around the world have been responsible. I think that would be... They've been very responsible partners; flexible in many instances, way beyond our contract entitlement on timing, on payment method, of volume. So, I would put on record that we have deep and meaningful relationships with many venues around the world, and they have served as well. And I think that has served the industry as well.

- Stephen Carter: On a going forward basis, I think things will change. They run businesses, we run businesses; and so I think there will be more of a commercial engagement over the next year to two years, about how do you maintain the same level of commercial flexibility on a pay-as-you-use, or pay-as-you-don't-use basis, or don't-pay-as-you-don't-use basis, and who takes the hit for the on-cost for some of the hygiene and security costs of keeping. But I think we feel that we have been very open with our partners, and by and large they've been responsive, and we would hope that that would continue.
- Stephen Carter: On hybrid. Well, look; I think the analogy is, I'm sure you know this yourself from running meetings. If you run a meeting, and everybody's in the room, you all talk to each other. If you're on a meeting, and no one's in the room, then everyone is in the same place. It's when it gets to be hybrid that it gets more different. And that's no different if you're dealing with a meeting of 20 people, or you're dealing with an event of 20,000; it just requires a lot more technology if you're dealing with an event of 20,000.
- Stephen Carter: And that's kind of what I meant on my layer chart, where I was talking about layer two; what we call in jargon, the Technology Service Stack. You have to have a capability to enable you to allow a non-physical participant, to be having an experience that doesn't feel like they're a sort of awkward, unwanted participant in a happy event that they're not really enjoying. And that speaks to access. It speaks to the ability to be able to go offline and online simultaneously, to be able to move across meetings, to be able to dip in and dip out of meeting rooms, to be able to listen and participate in real time, without bad linkage and poor access. It speaks to how you provide information in advance of the event, and after the event, and all of that. It requires a lot of differing capability at different levels of the product offering. And there are many people in the room who've been burning the midnight oil on building that.
- Stephen Carter: And I think our product has got better and better. Initially, I think we would describe our activities in that area broadly, as a very enthusiastically organized scramble to stage 500 virtual, hybrid events in real time immediately, from a standing start. A year on, we've become quite a sophisticated operator of how to do it. And in some instances, I would say, best in class. And I think there was a brief window, where everyone thought this was a secret source that no one else could do. I think we now feel very confident, we know exactly how to do that.
- Stephen Carter: On costs, on people. Yes, you're correct. Look, our people, some of whom are in the room, like many people in many businesses that have been affected by COVID, have been living on thinner rations than would ordinarily be the case. And you can't continue in that position forever, or else you'll wake up one day, and you'll be a smaller company for the wrong reasons. So, we need to adjust for that.
- Stephen Carter: And in data and analytics, you're correct. That's a market that's very hot for talent, and prices are high. So I think there is some cost pressure. And the challenge for us, is how do we manage our cost profile and our revenue return

and our expansion? We're confident that our subscription and data businesses are now in something resembling permanent growth mode, so that gives us some lift. We're pretty confident that, maybe with some bumps on the road, our physical events business is now in reinflation. We could debate pace and rate. So that gives us some return.

Stephen Carter: We're increasingly confident that we can see revenue in attendant digital services, but that probably requires costs before revenue. And that speaks to, I think it was Nick Dempsey's question online, about how much investment might be needed and get to accelerate that by '23 and '24. But I think we know how to do that. I think we know how to do that.

Stephen Carter: Should we take a question online from the webinar, please?

Operator: Thank you. We move on to Patrick Wellington, from Morgan Stanley, for our next question. Please go ahead.

Patrick Welling...: Yeah, morning everybody. I've got some mundane questions about some of the remarks that you've made. So Stephen, you said at the beginning, that exhibitions would see two times the revenue that we did in the first half, in the second half. So which revenue number you referring to? Because if you add up the three events, divisions, that's revenue of \$281 million, but there was also a number of \$150 million for physical events. So, which number should we be seeing twice the amount of in the second half?

Patrick Welling...: While you're thinking about that one, the second question relates to your choice of shows, and their performance in 2022. As Nick was pointing out earlier, World of Concrete and the Arab Health Medlab, you think will run about 60% of 2019 in '22, and the Chinese showed 100%. So working roughly on the basis that Asia's 40%, the US is 40%, and Europe is 20%, are we basically saying that 60% of the business is going to run at 60% of the 2019 level; 40% is going to work at 100%, and the whole thing's going to come out at about 80% And knock a bit off, because Europe will do a bit worse, so we're looking at 75%, 80% as an index to 2019. Is that the subliminal message that you're trying to send us there?

Patrick Welling...: And then the third question goes back to the \$1.7 billion, before it became the \$1.8 billion. If you remember the slide, where that was originally announced, \$840 million of that was coming from the subscription businesses, \$250 million from events, mainly in China, and \$550 million from a mix of virtual events and digital services. If we were to recreate that slide now for the \$1.8 billion, how would those three components look?

Stephen Carter: Do you want to take the second one?

Stephen Carter: Patrick, thank you very much for your question, and that's a shining example of how you can have powerful contribution during a hybrid event. Let me try and

get some of these half right, and then Gareth will polish them a bit for me. What I was referring to in my 2X number, was I just was carrying in my head what the total revenue was for all three of our events-led businesses in the first half, and what I think it'll end up being in the second half. It wasn't a specific comment on the exhibition. So, in round numbers in my head, our event-led businesses did around \$300 million of revenue in the first half. That's about right, isn't it?

Gareth Wright: Yeah.

Stephen Carter: And I think we'll probably end up doing about \$600 million in the second half. That's roughly what... So that's what that number is referring to.

Stephen Carter: Now clearly, underneath that revenue of \$900 million, it is not all face-to-face events; it's a mixture of other products or services, because as we exchange, we have some data revenues, we have some research revenues, we have some media revenues. So it was an aggregate number, not a specific number. I hope that's clear.

Stephen Carter: I'm looking at Richard and Gareth, but I think my answer to your teaser, number two, is broadly, yes. I think that's roughly about right; and whether we get there through the route that you're describing, I don't think we yet quite know. But I would share your view, that I think China will continue to be strong, possibly even stronger, mainland China. It's an open question about Hong Kong at the moment, but I'm marginally more optimistic about Hong Kong through '22 than I had been in '21.

Stephen Carter: I think you're correct that in North America... We know what some of the pace rates are in North America already for '22, but it's early; and if confidence continues to compound, there might be some upside there. But based on what we know today, I think your math is broadly correct. Probably the googly in that, is what happens in continental Europe, and whether continental Europe returns in the second half, which we believe it will; the '21, and how that then leads into '22. But I think as a planning assumption, I think around 75% to 80% is rational to me. Would you agree with that Gareth?

Gareth Wright: Yeah. I think it'll vary in the mix, you say, by geography; or as Patrick outlined, or vary by geography. But I think in terms of number of events, we're going to be operating a few more events next year. And then, in terms of how it comes back over on the recovery, maybe it's for 65%, 70% of 2019 levels, come 2022. But that sort of recovery feels about right. They're all broadly in the mix.

Richard Menzies...: I think it was a Richard reference that multiple in 2022, for informal markets to do a split, but not ordinary events. So that's probably the news.

Stephen Carter: I don't know if you heard that offside contribution for Richard, which is your 40/40/20 split is an accurate split in round terms, of informal markets. It's not so true of connect and tech. So there might be some nuance there. But in essence,

I think we're broadly agreeing, although it would appear that the CFO is slightly more cautious than the Chief Executive.

Stephen Carter: On your third question, I have absolutely no idea. Richard. Gareth.

Gareth Wright: Yeah. So, in terms of the increase from 1.7 to 1.8, I think you've got a couple of different dynamics in there. What you've got in the subscription businesses, a bit ahead as both Taylor & Francis and Informed Intelligence are proving to trade a bit better in the mix. And we so, a bit of upside from there.

Gareth Wright: Leading into events, mainland China and outdoor is, as we said before, that's performing to plan, performing well. And then we go to a little bit of a shift between the face-to-face events revenues, which are obviously coming back more than we thought when we set the 1.7. But conversely, what we're seeing, is some of the budget is switching out of say, some of the media or virtual products, and switching back into face-to-face. So what you've got is a bit of a kind of decline off the numbers that were in the 1.7 for media and virtual events and hybrid events, and then an offsetting increase in the mix, which more than offsets that, to get you up to the 1.8 overall for the full year. So I think those are three dynamics; a bit better in subscriptions, a bit off in terms of virtual, but more than compensated by an increase in face-to-face.

Stephen Carter: Thanks guys, Patrick, you happy with that?

Patrick: I'm content. Thank you very much.

Stephen Carter: I'll take that. We'll take a question in the room, if we may.

Speaker 1: Mine is much simpler. So goes to (inaudible) from Standard Chartered. You mentioned about Iris, right. So is the plan going forward, or is the vision going forward, to have a multi-divisional relationship with existing and new customers, what you refer to as bundling? And then, probably having a subsidization for one division or the other; is there a potential within the existing portfolio of clients do that? And is there an upside in the wider scale, and the margin at the end of that? Is that how you look at it?

Stephen Carter: It's a very fair question. The answer is in short, that's not our thinking. It is our intention that Iris will be a multi-divisional capability across our three event-led businesses. So all of the data from Informa Connect, Informa Tech, and Informa Markets will be part of our Iris platform; but that will then be executed on a by-market or by sub-market basis. So, if you like, the data engine will be multi-divisional, but the go-to-market will be by division or by sector.

Stephen Carter: Question on the webinar?

Operator: Thank you. We move on to Sarah Simon from Berenberg, for our question. Please go ahead.

Sarah Simon: Yes. Morning, I've got a couple of more kind of conceptual questions about strategy, rather than Patrick's very helpful numbers ones. First one was, I think if people look at Informa, there's been always this thought that in time, you could potentially split the business apart, or somebody might want to buy the company, and split the business apart. So first question would be on Taylor & Francis. That sounds like it's probably relatively separate from the Gap Program in the intelligence and events businesses. Is that fair, that T & F is still going to be quite separate?

Sarah Simon: And then the second part of that would be, you mentioned buying or spend, just for that, but more to fix the market specialization. Would you actually be interested in selling any of your events if they don't fit with existing data, or let's say complimentary data and intelligence assets that you have? And conversely, would you be interested in buying intelligence-related businesses that would fit with the events business, as part of the kind of closer integration strategy? Thanks.

Stephen Carter: Thanks, Sarah. You'll forgive me, but for obvious reasons, I won't comment on the attractiveness or otherwise, of individual businesses, and who may or may not be interested in them. Although your question prompted me to reflect earlier this week, we had a dinner to say thank you to our departed Chairman; depart from the company, not depart from anywhere else, Derek Mapp, who... And that caused us to reflect on the Taylor & Francis business in particular, because he came to the company through the Taylor & Francis acquisition. And it reminded us that when Taylor & Francis joined the group, it had, I think, revenues of \$30 million pounds. I think we now have a business with revenues of \$550 million pounds. And even in my time in the group, Sarah, which is now just over a decade, that business is pretty close to twice the size it was when I joined the group.

Stephen Carter: We've always taken the view that we own these businesses because we are good operators of them, not for some conceptual reason. We think they hang together, but they also hang separately; and it's that combination of a shared culture, shared values, a high degree of commercial agility, and ability to service niche markets with a low cost, but a high flexibility. That doesn't happen by accident. That happens by design and by daily execution. And we've been doing that daily execution for nearly 20 years, and certainly in my case, for coming on for eight or nine years. And we spend a lot of time trying to be good at that. If other people felt that these businesses were more valuable in someone else's hands, then we're always open to that conversation, in a way that we should be. But meanwhile, we see real value in our ownership of those businesses. And in Taylor & Francis, yes, they will be part of the Gap 2 Program. We do believe there's a case for investment in that business.

Stephen Carter: We think the expansion of access to further funding sources in international research and development beyond Libraries is a real market opportunity for that business. We think we can get the growth rate of that business up. We

think we can diversify the product and service offering beyond just format-based product, into other knowledge services. So we do see that.

Stephen Carter: On our events portfolio, again, I would never say absolutely not; but one of the advantages of our business is, it didn't arrive the way it is by accident. We were really quite purposeful over the last period of those businesses that we acquired. And we did it in markets which we believed had the attractiveness for long term value. And yes, we might be interested in adding, what you described as intelligence-like assets around those businesses.

Stephen Carter: Indeed, we've done that. The Capper Aviation data business, which sits in our aviation portfolio, we acquired two years ago before COVID, as part of our market specialization strategy, to sit alongside our B2B Aviation Week brand and our MRO events portfolio. And that operates as a market category. Pre-COVID, that was a \$100 million business, tracking very nicely in growth in all three products and services.

Stephen Carter: So we would be very interested in expanding our service offering around our events franchises. But we believe that in the main, not necessarily 100%, Sarah, but in the main, the event brands we own, the franchises that we operate, and the industries that we serve, are ones where we can round out the service offering, either through organic skills and service capability, or by spot acquisition and addition. And we're very open to that. And I hope that helps on your question. Have I addressed your question, Sarah?

Sarah Simon: Yep. That's perfect. Thanks a lot.

Stephen Carter: Thank you. Is there another question on the webinar?

Operator: Thank you. We take a question from Adam Berlin from UBS. Please go ahead.

Adam Berlin: Yeah. Hi everyone. Thanks for taking two quick questions from me. I enjoyed the cost conversation before, about whether 2022 event revenues would be somewhere between 65% to 80% of 2019 event revenues. I just want... Can you clarify exactly what the right number is to multiply that 65% to 80% by? Because obviously, since 2019, currency has moved. We talked about some backgrounds that won't come back, or will only come back as hybrid events. And there's some op issues with these things moving in and out and Informa Tech. So can you help us work out what right 2019 re-base number is, to kind of think about?

Adam Berlin: And then the second quick question is, when you then model that 2020 revenue, what kind of drop through should we be assuming on events into 2022 versus 2021?

Stephen Carter: Thanks Adam. I am going to hand both of those questions to Gareth.

Gareth Wright: Thank you very much. In terms of 2022 revenues, yeah. I mean 65% to 80%, you said in the question, I think in terms of sort of consensus of things, the numbers are broadly around that sort of level, off of the 2019 levels. And that's really because we're anticipating things like international travel restrictions, domestic recovery, off-cycle events; more sort of things why we're not seeing that come back greater than we had previously.

Gareth Wright: We're not really set in stone, in terms of the number of events we're going to operate; and so therefore, what events are going to come back, versus what's not going to come back. I think the major events probably will all be operating in 2022, some still off-cycle, but more on-cycle. But in terms of the smaller events, they may be slower to come back, and they may be the events that we ultimately decide not to bring back at all.

Gareth Wright: But I think really at this stage, in terms of our planning assumptions around 2022, we haven't really firmly decided on the smaller brands, exactly what we do want to bring back, and what we don't want to bring back. But in overall, sort of consensus for 2022 revenues, around about \$2.3 billion for the group, based on that sort of shape or recovery from the events businesses.

Gareth Wright: If you sort of look at OP, I think we've got revenues of say, about a third of the levels of 2019, and it's 2019's reported levels I think we're talking to. You'll see some costs come back into the business, in answer to the earlier question that Stephen had mentioned. There are some costs that we will see come back into the business. That'll be a mix in the cost base, of things like property and technology costs, which we'll be working hard to keep out of the cost base that we saved.

Gareth Wright: But some of the things like some of the staff costs, and some of the things like bonuses; we'd be delighted to pay bonuses again in 2022, because our colleagues definitely deserve that after everything they've been through in the last 18 months. So there'll be a return of some costs coming back into the business of things. I think we should be an important part of the mix. But in terms of specific OP margin in 2022, I think that's something we'll come back to at the Capital Markets Day, when we've got a clearer idea of what we want to do in the growth acceleration plan, too.

Stephen Carter: Is that helpful enough, Adam?

Adam Berlin: I look forward to December.

Stephen Carter: Ha, ha, ha. You and me, both. You and me, both. Another question on the webinar?

Operator: At the moment, we have no further questions on the webinar.

Stephen Carter:

Okay, great. Is there a further question in the room? No? Well, on that note, I will thank you very much. Thank you to everyone who joined us on the webinar. Thank you very much to those people who came here today in person. Invitations for the Capital Markets Day, will be opened. So please do, if you can, come along, either in person; and I think we will run that also as a hybrid event as well, or certainly the main forum part of it. And in the meantime, if you're having a summer, have a good one. Thank you very much.