

Informa PLC Press Release

19 July 2022

Growth, Expansion and Balance Sheet Strength

Growth Acceleration Plan II ("GAP II") delivering further momentum

Key Highlights

- **Full Year Guidance Reconfirmed:** Underlying revenue growth of 40%+ to be reported for H1 2022, reflecting continuing strength in Academic Markets, strong return in Live & On-Demand Events and progressive growth in B2B Digital Services; Full year expectations reaffirmed at the top-end of guidance range, underpinned by strong forward visibility and commitments;
- **B2B Digital Services Expansion:** Growth, margin and earnings enhancing acquisition of **Industry Dive** (Specialist Content / Audience Development) confirmed today for \$389m in cash, further expanding growing B2B Digital Services offering alongside **NetLine** (Content Syndication / Lead Generation) and **IIRIS** (First Party Data);
- **Market and Geographic Expansion:** Extension of partnership in the growing Beauty & Personal Care market into 5+ new geographies; Expansion of leading position in the Middle East through partnership agreement in Saudi Arabia, following success of landmark Tech event, *LEAP*;
- **Increasing Portfolio Focus:** Successful divestment of non-core fund flow business **EPFR** confirmed today for \$193m in cash, taking total value realised from *GAP II Portfolio Focus* to over \$2.4bn;
- **Balance Sheet Strength:** Positive net cash position to be reported at H1 2022 compared to £1.9bn net debt 12 months ago;
- **Accelerating Shareholder Returns:** Balance sheet strength and confidence in forward growth sees ordinary dividends resume at H1 2022 at c.40% of full year earnings, alongside a continuing share buyback programme of £725m.

Stephen A. Carter, Informa Group Chief Executive said:

"Informa has delivered strong first-half revenues and growing profitability as we continue to deliver on our *GAP II* programme. Our improving performance enables us to embark on further market and geographic expansion, including the acquisition today of Industry Dive which further enhances our B2B Digital Services portfolio."

He added:

"Industry Dive, which like Informa, Champions the Specialist, has repurposed the traditional B2B publishing model for specialist markets in the digital age. It provides high quality digital content and business journalism to 13 million decision makers through its 27 specialist Dives."

He concluded:

"In parallel, we are today confirming the divestment of non-core EPFR, taking total value realised through divestments to more than \$2.4bn. Given these proceeds, our strengthening results and the resilience of our core B2B Markets and Academic Markets businesses, we will resume ordinary dividends, whilst supporting our increased share buyback programme."

Growth: Strong underlying revenue growth

Today we are pre-releasing preliminary figures for the six months to June 30 2022, which confirm strong growth in revenues, adjusted operating profit and cashflows, and the return of ordinary dividends.

Informa will file its full set of Interim Results as a matter of record on 28 July 2022.

2022 Half-Year Results (Continuing and Discontinued Operations)

Trading through the first half of 2022 has been robust across **Academic Markets**, **B2B Markets** and Informa Intelligence, with Group underlying revenue growth for the six-month period expected to be more than 40% and underlying adjusted operating profit growth over 120%. This is expected to produce Group revenues of over £1,050m and Group adjusted operating profit of over £220m, with adjusted Earnings per Share over 10p (all reflecting Continuing and Discontinued Operations).

Our **Academic Markets** business, **Taylor & Francis**, is delivering consistent growth in **Pay to Read Subscriptions** and **Advanced Learning**, and further strong growth in **Pay to Publish** services, including in **F1000** and across our broader **Open Research** offering. This will see underlying revenue growth of 3% and revenues of £255m+ in the first half of 2022, putting us firmly on track to meet the full year target of 3%.

Within B2B Markets, our three businesses (**Informa Markets**, **Informa Connect**, **Informa Tech**) all traded strongly in the first half, delivering **90%+ underlying revenue growth** and revenues of £650m+. This includes further double-digit growth in **B2B Digital Services** and a strong return in **Live & On-Demand Events** with c220 brands delivered through the first half, attracting 28k Exhibitors and 1.1m Attendees.

Informa continues to deliver high levels of cash generation and, when combined with the strong cash returns realised through *GAP II Portfolio Focus*, is expected to result in a positive net cash position at the half-year. This compares to net debt of £1.9bn 12 months ago.

Guidance re-confirmed at upper end of range

In June, we raised full year expectations for the Informa Group to the **upper end of the guidance range we provided at the 2021 Full Year Results in March (Revenue of £2,150m-£2,250m and adjusted operating profit of £470m-£490m)**.

Today we are re-confirming this guidance, excluding any benefit from today's acquisition of Industry Dive.

We continue to closely monitor macro trends (inflation, energy prices, cost of living) and geo-political developments, however, forward visibility on subscriptions in **Taylor & Francis** remain strong, as do forward bookings for **Live and On-Demand Events** and forward commitments for specialist **B2B Digital Services**.

Mainland China

Following the complete re-opening of markets in North America, the Middle East, Europe and Latin America, and progressive re-opening in ASEAN, Mainland China is also progressively reopening Province by Province and City by City, with varying timelines through the second half of 2022.

Informa's B2B Live and On-Demand Events business in Mainland China is focused on six key cities, **Shanghai, Shenzhen, Guangzhou, Chengdu, Nanjing and Hangzhou**. Our first B2B Live Event ran in Guangzhou in July for the Food and Hospitality market, and customer and exhibitor demand was strong. More broadly, we are continuing to receive cash from customers for bookings and good levels of flexibility on rescheduling dates and locations where necessary.

We therefore have confidence this will lead to normalised trading in 2023, as vaccine mandates and testing programmes progressively provide a more stable trading environment. In 2022, we will remain flexible operationally and in service delivery across Mainland China and adapt our short-term plans as necessary.

The strength of outperformance we are seeing in **Live & On-Demand Events** where markets are fully open and within our **B2B Digital Services** offering provides a strong counterbalance to the short-term uncertainty in Mainland China.

Combined with the continuing strong performance in **Academic Markets**, this gives us confidence of meeting our guidance range for the year, even if the Mainland China contribution is less than previously assumed.

Expansion: B2B Digital Services, Geographic and Market expansion

New Informa is focused on two markets, **Academic Markets** and **B2B Markets**. Today the Group is announcing a series of agreements that strengthen our position in key B2B markets and geographies, and expand our **B2B Digital Service** offering:

Digital Services Expansion: Acquisition of Industry Dive...Specialist B2B Content & Lead Generation

A key focus of **GAP II** is the expansion in **B2B Digital Services** across the 30+ specialist markets we serve.

In the Summer of 2020, we began building our own customer data platform, **IIRIS**. In December 2021, we added **NetLine** to our portfolio, which brought capabilities in Audience Development and Lead Generation via Content Syndication for Tech markets.

Today's acquisition of US business, **Industry Dive** (Specialist Content / Audience Development) alongside **IIRIS** (First Party Data) and **NetLine** (Content Syndication / Lead Generation), further expands our range of B2B Digital Services, adding capabilities in Audience Development and Lead Generation generated by high quality specialist digital content and business journalism.

Industry Dive's scalable platform for delivering specialist B2B content and B2B audiences and data, has delivered consistent strong double-digit growth in revenue and EBITDA over the preceding three years, with the potential for further acceleration when combined with Informa's portfolio of B2B brands and audiences.

Specialist B2B Content Creation and Audience Development

Industry Dive currently serves 24 specialist B2B markets via 27 specialist content Dives, including *BioPharma Dive*, *Construction Dive*, *Cybersecurity Dive*, *Food Dive*, *Healthcare Dive*, *MedTech Dive*, *Waste Dive*.

The business has more than 2.5m active subscribers and a total engaged audience of c.13m. This audience is monetised through specialist Content Marketing and targeted Lead Generation services for B2B brands looking to reach specified buyers.

Operational Combination Benefits: Market expansion, Service expansion and First Party data

Industry Dive brings a scalable, single proprietary technology platform, which will enable us to expand our digital services capabilities and deliver content led services to our B2B audiences.

This will expand the reach and quality of our first party customer data, sitting alongside **IIRIS**.

Financial Combination Benefits: Growth, Margin and Cash Flow accretion

In 2022, **Industry Dive** is on track to deliver further strong growth, with revenues expected to be c.\$110m and EBITDA c.\$34m. The initial cash consideration being paid is \$389m, equating to a pre-revenue synergy EBITDA multiple of c.11.4x and a post revenue synergy multiple of c.10.5x.

The agreement includes a significant earn-up element, which is designed to drive further growth acceleration, whilst de-risking any near-term macro volatility. If the earn-up growth acceleration plan is delivered in full, it could see total consideration increase to \$525m by 2024.

Excluding revenue synergies, the addition of **Industry Dive** is expected to deliver a post-tax return on invested capital ahead of Informa's weighted average cost of capital within two years. It is also expected to enhance adjusted earnings per share by c.5% in the first full year post ownership, as well as being enhancing to revenue growth, operating margin and cash flows.

We see significant opportunities for revenue synergies by combining **Industry Dive's** platform, specialist content and B2B data with Informa's portfolio of B2B Brands.

This includes the accelerated roll out of new Dives, increased engagement with Informa's existing Live Events customers through content, the cross-selling of specialist content marketing and lead generation services, and the roll out of new **Live & On Demand Events** to established Dive communities.

Specialist B2B Market Expansion: The Beauty & Personal Care Market

Informa has a strong market position within the growing international B2B **Beauty & Personal Care** market. Over the last decade, through a combination of organic expansion, targeted additions and a series of partnership agreements, the Group now owns or partners on leading B2B Beauty brands in four countries in Asia, including *China Beauty Expo*, *Cosmoprof Asia* and *Beyond Beauty*, as well developing its presence in the US through the *Premiere* portfolio of beauty brands.

Today we are announcing an expansion in this growing specialist market, taking these leading B2B Beauty brands to a number of new locations, including within Mainland China and the Middle East, and strengthening our inbound/outbound sales capabilities.

This sees us extend our existing partnership with **BolognaFiere Group** on *Cosmoprof Asia*, which has already seen us establish joint operations in Thailand and India. As part of this, we are investing €25m in the Group and in partnership we are committing to open an International Sales Operation in Bologna in Italy, which will strengthen our ability to cross-sell and cross-promote our full portfolio of international Beauty brands.

Geographic Expansion: The Middle East

Informa has a market leading position in the Middle East, having built significant businesses in the region, from our local headquarters in **Dubai** to growing brands and operations within **Bahrain, Qatar, Egypt** and **Turkey**, amongst others.

In February, Informa partnered with the **SAFCSP Federation** within Saudi Arabia to establish a landmark new B2B brand for the Tech community, supporting its ambition to establish itself as a key Tech hub.

LEAP was one of the largest ever new Tech event launches, attracting leading Tech exhibitors and participants from around the world, with more than 100,000 visits to the event, firmly putting the country on the map as a destination for technology investment and innovation.

Following the success of *LEAP*, we have now created a broader partnership to apply a similar approach to other specialist markets of strategic importance to the country's Vision 2030 plan, which seeks to diversify and expand its economy and opportunities for its highly educated 30 million population.

The partnership combines investment, local commitment and coordination, sponsorship and Informa's leading brands and expertise in convening markets to create cutting-edge live and on-demand experiences.

It will see Informa bring some of its major B2B brands to the region over the next five years, attracting international audiences and stimulating significant growth and investment in a range of specialist markets, including *Healthcare & Life Sciences*, *Food & Hospitality*, *Aerospace & Aviation*, *Industrial & Manufacturing*, *Pharma & Biotech*, *Real Estate & Construction* and *Human Capital*.

Balance Sheet Strength: Divestment programme exceeds \$2.4bn

Our decision to focus on two markets and divest Informa Intelligence in an efficient manner has created significant balance sheet strength and flexibility, with the Group expected to be cash positive at the half year and, on current course and speed, sub 1x net debt / EBITDA at year-end.

Successful Divestment of EPFR for \$190m+

Following the sale of Pharma for £1.9bn, we now confirm an agreement to divest our fund flow business, EPFR to Montagu for total cash consideration of \$193m.

In 2021, **EPFR** accounted for approximately 5% of **Informa Intelligence's** reported divisional revenues of £348.3m and c.6% of reported adjusted operating profit of £109.8m.

This agreement follows the divestment of **Pharma Intelligence** for £1.9bn, taking total divestment value above our initial target of £2bn+ (\$2.4bn+).

We expect to complete the Informa Intelligence review and all further portfolio rationalisation by year-end.

Accelerating Shareholder Returns

£725m Share Buyback Programme

Following the divestment of EPFR, we are maintaining our share buyback commitment at the recently increased level of £725m. To date, we have acquired 56.3m shares in 2022, at an average share price of 571p, equating to shareholder returns of £323m.

Based on current volumes, this programme is expected to take the Group into the first half of 2023, at which point we will review our capital allocation and mix of shareholder returns.

Resumption of ordinary dividends at H1

Ordinary dividends will resume at the time of the interim results at 3.0p per share. This equates to a payout ratio of c.40% of full year adjusted earnings, reflecting the strength of our balance sheet, our confidence in the forward momentum and resilience of our cash flows and the success of the *GAP II Divestment Programme*.

The payment date for the interim dividend will be Friday 9 September 2022 based on a record date of Friday 12 August 2022.

Divisional Leadership Update

As the Group divests its Informa Intelligence portfolio to focus on our two leadership businesses, **Academic Markets** and **B2B Markets**, with a commitment to expanding the range of attendant digital services in both businesses, we are making some planned changes to divisional leadership.

Patrick Martell, the current Group Chief Operating Officer and Chief Executive of **Informa Intelligence**, will take over as Chief Executive of **Informa Markets** at the end of 2022, when his role with **Informa Intelligence** will end.

As **Informa Markets** further diversifies its B2B service offering and strengthens its digital platform capabilities, Patrick will draw on his experience and success in embedding effective data discipline and digital product development within **Informa Intelligence** over the last seven years.

Charlie McCurdy, the current Chief Executive of **Informa Markets**, will step down from this role at the end of 2022 and take up a position as Strategic Advisor to Informa until the end of the *GAP II* period, supporting the continuing development of **Informa Markets** digital and data services and other *GAP II* priorities, as well as providing broader input and support on key partnership relationships, and future growth opportunities.

This leadership change will follow a six-month handover period during which time Charlie will focus on the delivery of the 2022 financial results and continue to manage all decisions relating to 2022 outcomes.

Through this period, Patrick, who has significant knowledge of the **Informa Group** and **Informa Markets**, having led the integration of **Penton Information Services** as well as the growth, expansion and divestment of **Informa Intelligence**, will undertake an in-depth programme of Colleague, Customer and Partner engagement, whilst leading the 2023 budget process.

Stephen A. Carter, Informa Group Chief Executive said:

"On behalf of Informa, I would like to take this opportunity to thank Charlie for his leadership of Informa Markets over the last seven years, during which time the business has grown significantly in scale, reach and quality, and look forward to his continuing contributions through to the end of *GAP II*. It is a real privilege to count Charlie as a Colleague and fellow leader of the Company."

Conference Call

Informa will host a conference call with management later today to discuss the announcement. This is scheduled for 12.00pm BST and can be accessed via the following dial-in details:

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Notes to Editors

About Industry Dive

Industry Dive is a leader in B2B audience development through high quality specialist digital content and business journalism. Nearly 13m decision-makers across 24 competitive industries rely on its exclusive insight and analysis delivered through 27 digital publications.

Industry Dive has been owned by Falfurrias Capital Partners since 2019. In 2021, it reported revenue of \$81.9m, statutory profit before tax of \$4.1m and gross assets of \$149m.

For more information, visit www.industrydive.com.

About EPFR (Emerging Portfolio Funds Research)

EPFR provides fund flows and asset allocation data to financial institutions around the world. Tracking over 142,000 traditional and alternative funds domiciled globally with more than \$52.5 trillion in total assets, EPFR delivers a complete picture of institutional and retail investor flows and fund manager allocations driving global markets. Its market leading data services include daily, weekly and monthly equity and fixed income fund flows and monthly fund allocations by country, sector, and industry. In 2021, EPFR global delivered revenues of £17.2m, statutory profit before tax of £5.7m and gross assets of £43.6m.