Euromoney Results for the Half Year ending 31st March 2021

Thursday, 20th May 2021

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Opening Remarks

Andrew Rashbass

CEO, Euromoney Institutional Investor PLC

Building momentum and proven resilience

Good morning everyone. We are going to take you through Euromoney's half year results for the period to 31st March 2021. A good period for us, a resilient performance, led by very good growth in subscriptions in both the Pricing and the Data and Market Intelligence segments. A strong virtual events performance. BCA Research and NDR, our investment research businesses turnaround ahead of plan. Good progress with our 3.0 strategy, both organic and two strategic acquisitions. We have the ability to do that because of the very, very strong cash generation that our business continues to have during Covid. That allows us to make the investments that we have made, to continue to make those investments and of course to pay dividends. Those are the very, very high-level headlines and now I will hand over to Wendy to take you through the results in more detail.

Half Year Results

Wendy Pallot

CFO, Euromoney Institutional Investor PLC

Half Year financial highlights

Good morning everyone. On slide 6, you can see that total revenue, which was down 17% in the first half, saw a good subscription performance offset by the Covid-19 impact on events revenue. Of course what we are comparing to here is the six months last year that was relatively unaffected by Covid-19. Subscriptions have been resilient, growing on an underlying basis and boosted by the acquisitions of WealthEngine and The Jacobsen in the period. The reported revenue drop also includes the impact of currency changes which was minus 2 percentage points, reflecting a weaker dollar versus sterling.

The overall £31 million reduction in revenue only reduced operating profit by about £4 million as a result of good cost control, with the operating profit margin up by two percentage points compared to the first half last year. Our cash generation and cash conversion during the period was strong, resulting in a net cash position of almost £25 million, £16 million higher than the first half last year despite the full impact of Covid over the last 12 months, the continued investment in the business we have made, two completed acquisitions and the payment of a final dividend. Finally, the Board has declared an interim dividend of 5.7 pence per share for this period.

Simplifying our reporting

Before we look in more detail at the key movements in the half there are two changes we have made to simplify our reporting, both of which relate to events. Neither of these changes has had any impact on total reported revenues or profits. Firstly, recategorising Institutional Investor's (II) events-based membership from subscriptions to events revenue. This aligns our reporting more closely with the substance of II's events business. It also aligns with our strategy of moving other events revenue to memberships over time. It is simpler because all our events revenues are now reported in one place. It results in a £12.8 million transfer of revenue in the first half, as you can see here in the graph. II is in our Asset Management segment so this also means that the vast majority of Asset Management subscriptions revenue now relates to BCA Research and NDR, which gives you greater visibility on a recovery of those businesses.

The second change we have made is to our underlying growth measures relating to events, where we no longer adjust for cancellations or new events. For example, for a new event previously we would have added in a prior year pro forma so it did not create an underlying uplift in the year the event started. However, now that new event would create underlying growth and vice versa for cancellations. In the events world today we have of course got a number of formats now, virtual or blended and physical. It is very difficult to assess whether a new virtual or blended event is actually the equivalent of a historical physical event or whether it is a new event. With virtual events here to stay now it is easier and indeed more reflective of our business model to make this change to how we do underlying and not adjust for new events or cancellations.

Everything else in the calculation is unchanged and basically what this means is in the absence of material M&A or significant FX movements our underlying gross measures now for events are much more closely aligned with our reported results. We have given you restatements for the prior period in the appendix.

Euromoney is a simpler, majority-subscriptions business

Moving to slide 8, where is Euromoney today? We are a majority subscriptions business. Subscriptions were 73% of Group revenues during the period and we have three roughly similar sized business segments. Today we are a simpler and a stronger business than we were five years ago when subscriptions were approximately 50% of Group revenues and we had four reporting segments.

Subscriptions growth improving

Moving to slide 9, let us look at those subscription revenues. They have been extremely resilient during the pandemic, as Andrew said, and we continue to generate high subscription renewal rates and high margins. During the first half subscription revenue grew by 6% on a reported basis, driven by good growth in DMI and Pricing. As Andrew mentioned, the turnaround of our research businesses within Asset Management is progressing well and we are ahead of our plan. While their reported revenue declined during the period, it is on an improving underlying trend. In total on an underlying basis, Group subscription revenues have improved, growing by 2% in the period compared to being flat in the 12 months last year.

Improving Book of Business growth trend in H1 2021

Moving to slide 10, this is the leading indicator for those subscriptions that I have just talked about. The chart shows the growth in our Book of Business, or BoB as we call it, which measures the annual contracted value for our subscriptions on a like-for-like basis. What you can see here in the middle of the page is at last year end and on the right-hand side is where we were at the end of April this year. As you can see, the trends are all looking extremely positive.

Particularly, I would like to pick out for you the acceleration in the Pricing BoB which was up at 10.2% at the end of April, getting back to that double-digit growth we have delivered in the past. DMI improved 4.6% compared to the year end position in September of 3.1%. Both these numbers include the impact of our recent acquisition of WealthEngine. If you exclude that, DMI was at 6.2% growth in April compared to 4.9% at last year end. Andrew is going to talk about our acquisition of WealthEngine later on which we bought for about 1.0x sales in December.

The Asset Management BoB, the bottom line here, is of course now excluding the impact of II event membership sales. The BoB is at -1.9% in April so there has been a 6.6 percentage point improvement over the last 12 months alone. The non-vote BoB at IRD, shown here as a grey dotted line, is about 95% of the total Asset Management BoB. It is a key driver of the improving trend in Asset Management and was the basis of the target that we set in this area.

Events – virtual performing well

Slide 11 looks at the performance of our events businesses which has of course been significantly impacted by Covid. Event revenues declined by £38.4 million year-on-year. All of the events we hosted during this period were virtual against a comparative where all of our events were physical. The good news here is that the virtual events have performed well. We hosted 206 virtual events, achieving 40% of H1 2020 reported revenues when we hosted 118 which were all physical events. This 40% conversion is made up of II membership revenues which were 67% of H1 last year and our non-membership event revenue which were 29% of last year. A good conversion rate which really highlights the strength of that membership model at Institutional Investor. The impact of the reduction in events revenues has also been partly mitigated by the higher gross margin of our virtual events which was around 80% in the period, including II, and typically about 15 percentage points higher than our physical events.

Pricing

Now moving to slide 12 and on to our segments, starting with Pricing which consists of our price reporting agency Fastmarkets. Pricing delivered good growth in subscription revenue, up 6% on an underlying basis driven by good data licensing sales. The volatility in commodity prices in the period such as lumber has also been helpful as buyers and sellers look for price transparency. Profits were down though with the subscriptions growth being outweighed by lower event revenues, about £0.5 million more depreciation in the period following our investment in the Fastmarkets platform, which we told you about last year, and our continued P&L investment in the segment throughout this period to drive growth, which Andrew will talk to you about in a moment.

As you know, last year we saw the Pricing BoB annual growth level reduce, reflecting some turmoil in the underlying commodities as a result of Covid. We did say that we had confidence this would bounce back and as you have seen, that is exactly what has happened. The acceleration of the Subscription BoB to 10.2% growth points to a stronger revenue growth in the second half this year. In early February we announced the acquisition of The Jacobsen which adds some scale to Fastmarkets Agriculture.

Data and Market Intelligence

Moving to slide 13, Data and Market Intelligence also delivered good growth in subscriptions with reported revenues up 23% driven by good underlying growth in People Intelligence and NextGen and the impact of the acquisitions of WealthEngine and Wealth-X. Underlying revenue growth in subscriptions was 5%. This growth was more than offset by the reduction in events revenue though so adjusted operating profit was down 29%. However, about £18 million of revenue reduction fell through to only about £4 million of profit reduction, reflecting the cost reduction benefits of the Group restructuring announced last September, combined with further good cost control during the half. Looking forward the subscription BoB improved during the half and was at 4.2% growth at the end of March.

Asset Management

On slide 14, Asset Management consists of Institutional Investor and our investment research business, BCA Research and Ned Davis Research. The turnaround of BCA and NDR is progressing ahead of our plan with segment underlying subscription revenues down 5% during the half compared to an 8% decline in the last full year. This is mainly driven by our investment in sales and marketing which has led to a four percentage point uplift in the 12 months in the moving average renewal rate to 89%. The non-vote IRD BoB was -1.2% at the end of March and -0.9% at the end of April, which is a 6.3 percentage point improvement year-on-year. While this is very encouraging, we are not assuming a linear recovery and we continue to target sustained growth from September 2022.

Events revenues were relatively resilient at only two-thirds of last year because it is mainly made up of those II memberships. Advertising and other revenues grew strongly, mainly because of the high demand for II’s research reports. On an underlying basis the total Asset Management revenues declined by 13% with adjusted operating profit down by 9%, again reflecting the good cost control.

H1 2021 segmental summary

Pulling that all together on slide 15 you can see a summary of our segmental results and revenues by type, most of which I have already touched on. I will just highlight a few things here. The chart on the left-hand side shows the importance of subscriptions to the Group. Both subscriptions and advertising and other revenues saw underlying growth with just events declining year-on-year, although mitigated by those strong virtual event revenues. We have already talked about the good cost control in the half. You can also see that here on the right-hand side in central costs which were 25% less than last year. They were £3.5 million lower year-on-year, reflecting the benefit of a one-off £2.5 million insurance claim and other lower costs, for example in travel and expenses and in property.

Strong cash generation

On to slide 16 and cash generation which was very strong during the period. We generated just over £50 million of cash from operations with working capital benefitting from the growth in subscriptions and strong collections. Free cash flow after capex was £30 million and after paying the final dividend of £12 million and spending £20 million on acquisitions, we finished the year with net cash of almost £25 million, broadly similar to September’s number and almost £17 million higher than the end of March last year. Finally we have a strong liquidity position with significant financial headroom available through our new £190 million bank facility which runs out to at least May 2024.

Strong balance sheet with a clear approach to capital allocation

Moving to slide 17, we have a strong balance sheet and our cash generation is key to this. We have the resources to allocate capital to fund organic investment in the business, to pursue M&A opportunities that support and accelerate our strategy, whilst also paying a dividend. Andrew is going to talk shortly a bit more about the investment we have made in our organic growth and acquisitions but on dividends we paid our final dividend for FY20 in February and we are paying out 5.7 pence per share as an interim dividend in June. As a reminder, our annual payout policy is 40% of fully diluted adjusted EPS and that is unchanged.

Events outlook

Turning to the outlook for events on slide 18, we believe that physical events will return and the delegates and sponsors we are hearing from clearly have a strong appetite to return to physical. The timing is however uncertain and it will vary by geography. We are planning a return of significant physical events in the second half and have only this week hosted a blended event in Dubai, Capacity Middle East 2021 which Andrew will talk about. We expect total event revenues in H2 including II memberships across all formats to be around £40 million assuming physical events do resume as we anticipate. This compares to the £25.8 million which was all virtual that we reported in the first half.

September, which is the final month of our financial year, is always a significant month for events and we estimate about £20 million of revenue in that month alone assuming all forecast physical events are held. Andrew is going to talk a bit more about the physical events pipeline later. If however, physical events do not return in H2 to the extent that we expect we have identified a number of cost mitigation measures to limit the impact of any cancellations on the profit outturn this year.

Promising subscriptions outlook

On slide 19 now we focus on the promising outlook for our subscriptions businesses. The subscriptions BoBs are our best leading indicator for expected short-term revenue growth. In the chart on the right-hand side here the grey dots show the underlying revenue growth that we have just reported for the half and the green dots show the Book of Business year-on-year growth at 31st March. Generally what you should see is the grey dots will gravitate towards the green dots.

Now, the Pricing BoB growth has made strong and fast recovery in the half and is at 10.2% in April so all things being equal revenues should follow. You can see a similar story for Asset Management where the turnaround is progressing ahead of plan and the BoB decline is much less than the revenue decline. As you have already seen, the DMI BoB is accelerating and the fact that the grey dot is slightly higher than the green dot here is a bit of an anomaly and reflects one-off revenues in the period associated with subscription contracts start-ups which won't be in the BoB. Occasionally we get revenue which is not in the BoB like that. Overall the revenue outlook for subscriptions is positive as we move into the second half of the year.

Summary of guidance for FY 2021

Finally, moving to a summary of guidance for our full year 2021 on slide 20. We have already covered the revenue outlook for events and subscriptions on the previous two slides so I am going to focus now a bit more on costs and cash. Our cost performance during the first half was strong, reflecting both good cost management generally and the £15 million annualised savings that are being delivered as a result of the Group restructuring that we announced last September. As previously announced, the year will also reflect an incremental £5 million investment in people costs to drive subscription growth and a £2 million increase in depreciation following the investment in our technology platforms.

We do expect costs to rebuild in the second half, not only from a full half of these investments but also there will be an increase in staff costs reflecting pay increase from April after a period of pay freezes, a return of bonus payments and the return of travel costs and related expenses as physical events resume. In addition, central costs themselves are second half weighted because they will reflect the one-off £2.5 million insurance claim received in the first half. The effective tax rate for the full year is expected to be 19% and finally looking at cash flow items we continue to expect capex of around £13 million and we have had a £6.1 million cash tax refund from the Canadian tax authorities on a historic matter which has now been closed.

Strategy

Andrew Rashbass

CEO, Euromoney Institutional Investor PLC

A strong portfolio of specialist information services businesses

I am going to cover strategy and I think you will see that the strategy as I talk about it really is the thing that drives the results that Wendy just went through. If we turn to slide 22, what we see here is the structure of the organisation. As you can see, it is a much simpler structure than it used to be, and it demonstrates the clear position that each of our powerful brands have.

3.0 strategy delivers strong balance sheet, allowing investment, driving strategy

Turning to slide 23, this shows how our strategy works. The 3.0 strategy is about embedding our solutions in customers' workflow, how that generates the cash that builds the balance sheet that allows the investment organically in the business and the investment in acquisitions that themselves strengthen the strategic direction of the company.

Our ESG focus areas are integral to our strategy

On slide 24, you can see how we think about ESG. For us ESG is hand-in-glove with this strategy. It is just another perspective of the strategy. We have always taken aspects of ESG very seriously, but we have not split it out previously. However, given the interest in thinking about and reporting on ESG separately, we are now looking at it in the way in which you see in this chart here. We think about four aspects of ESG which define the character of Euromoney. These are things which are about the essential Euromoney. The first of those is how we think about our people. We recreate our products almost every day and that is through the skills and creativity of our people. Therefore, having a motivated, engaged and diverse staff is incredibly important to us and that is the first ESG focus area for us.

The second of course is about our customers and our role that we have in our customers' working lives in enabling and facilitating their business. That is through the data, the information, the analysis that we provide. Therefore data, information, security and of course the privacy of our customers is paramount. That is the ESG focus area number two. The third area is that we facilitate business and we facilitate it by providing transparency and actually in many of our products by providing these management tools by which our customers can manage their business more effectively. However, we need to show high standards in those areas that we help our customers to excel in. Therefore transparency, ethics, governance and risk management is our third area of ESG focus.

As well as enabling and facilitating business, of course because of the convening power of our brand, we play an important role in encouraging strong ESG practices in markets that we serve. That is from the platform that we provide for speakers and panellists at our events, from the benchmarks that we provide to the market, the accreditation services and the awards. Using those to promote strong ESG practice is something that is the fourth area of focus.

Those are essential Euromoney characteristics. There are two other areas which are important because like all companies we recognise the role that we have and the responsibilities that we have as a corporate citizen and they are around climate and supply chain. Although we are not obviously a heavy-duty manufacturing organisation, we do recognise our responsibility of working towards carbon neutrality and secondly to making sure that we maintain very high standards in our supply chain around areas like modern slavery and anti-bribery and corruption. Our areas of focus support the UN Sustainable Development Goals that you see on the right. Some of the UN Sustainable Development Goals are really not relevant to what Euromoney does but these are the five which are the most relevant.

Our strategic priorities

Fast-growing, high-margin, 3.0, information-services subscription business

On slide 25, you can see how we implement our strategy through the strategic priorities that I took you through back in November. They are there to turn us into this fast-growing, high-margin, 3.0, information-services subscription-based business. Let us look at each of those priorities in turn and let me tell you where we are in our progress, starting with organic investment.

Investment in organic growth

On slide 27, we have listed here some of the areas of organic investment, and this is only some of the areas, across our three segments, Pricing, Data & Market Intelligence and Asset Management. Rather than going through each of these lists which you can look at without me reading them to you, let me just summarise some of the key areas. The first is around technology and platforms, providing the best possible platforms for our customers and for our staff to be able to deliver high quality data and information to our customers. The second is around sales and marketing and the investment that we are making in sales and marketing to make sure that our great products are front-of-mind for our customers.

The third is around new products. This is an area where I think historically we probably have not invested enough, and we are ramping up significantly the investment in new products across all our segments. Then finally a very important area, which is because our products are innovative, we also have to play our role in developing the market for those products. You see that very clearly in the work we do to develop new exchange prices. We have just become registered as a regulated EU benchmark provider in Fastmarkets and we are also doing market development in our other segments in areas like ETFs and areas like People Intelligence where we are actually helping to develop the market, not simply to compete for market share.

There is one other area that I would point to and that is the appointment for the first time of a CEO across Asset Management, which is across all three Asset Management brands, Institutional Investor, BCA Research and NDR. That is Fran Cashman who joined us just a few weeks ago having built a very distinguished career at Legg Mason.

Bolt-on acquisitions to build a leading people data intelligence business

We now move on to acquisitions on slide 28. We made two highly strategic acquisitions in the period, WealthEngine within People Intelligence and The Jacobsen within Fastmarkets. Turning to WealthEngine first of all on slide 29, you can see from the number of profiles there that this is a very broad coverage of wealthy people, providing the opportunity to deliver even greater scale to our People Intelligence business that now has a Book of Business of $45 million and growing.

People Intelligence is a highly attractive market

What is People Intelligence? Just to remind you, People Intelligence is about providing our clients with information on the people that have the biggest impact on our clients' success. That is positive and negative. On the positive side, helping our clients to identify business development prospects and helping them to recruit the best possible staff. On the risk management side, in helping our clients with their KYC activities. We believe that this is a very valuable asset for Euromoney. It is fast-growing. It is embedded in workflow. It is nearly all subscription and we have unique capabilities that make our information legal, accurate and fast.

Pricing – adding scale to Fastmarkets Agriculture

Turning to slide 31, this is the acquisition of The Jacobsen. The Jacobsen is our second acquisition within Agriculture and strengthens the Fastmarkets Agriculture pillar. As you know, we already have strong positions in Metals and strong positions in Forest Products. This now consolidates our position in Agriculture. The Jacobsen assesses more than 300 market prices.

Fastmarkets Agriculture is an exciting growth opportunity

As you can see from slide 32 Agriculture is a very attractive market, particularly for us who, as you know, have always specialised in this early financialised or pre-financialised commodity groups. As I talked about before with market development, helping those markets to become financialised and to use the hedging products and risk management products that come from a great PRA.

Investment Research turnaround ahead of plan

On slide 33, we turn to our third strategic objective which is about returning BCA Research and NDR to growth. On slide 34, we can see the building blocks of that with the improved renewal rate and the resultant Book of Business on the right there. These are actually 18-month charts and you can see that since we embarked on this turnaround the consistent progress that this scheme has delivered.

Investment Research turnaround is working

They delivered that through a full range of activities. First of all, a focus, which is where we started the turnaround, on sales and marketing. Secondly, something that we have begun to do to drive not just towards that point of turnaround, that pivot, but actually to drive it even further into strong future growth. That is around the development of new products. Thirdly, not just new products of the type that historically we have provided but also into whole new markets like the investment solutions where our clients can invest directly in signals generated by our intellectual property. As you can see, the assets under advisement at the end of March were at $1.6 billion, up from $1.1 billion the year before.

Successful H1 virtual events and membership engagement

If we then look at the fourth priority and turn to slide 37, that is around the return of events. Now, we believe that physical events will come back, and they will come back stronger because they will come back blended. There will be a blend of the physical face-to-face and the virtual. We have honed our ability to deliver virtual, as Wendy was saying, over the course of the last year. You can see some of the events that we ran but also some of the statistics on the left-hand side. 206 events, as Wendy said, 54,000 attendees and 1,000 sponsors.

Planned physical events to the end of July 2021

However, as I say, the future we believe belongs to blended and on slide 38, you see the physical events that we have announced. These are the ones up to the end of July. This does not include the September events which Wendy spoke about. These are just the ones to the end of July. In fact, we wrote this slide last week before we had run it, but Capacity Middle East has now been a successful event which we ran earlier this week. That had 350 people attending face-to-face and 1,300 attending virtually. For all participants a lot of the content was delivered in digital forms in the run-up to the event itself. Again, very much moving towards a blended event but also an event that transcends in time as well as geography the limitations of a physical venue. It was great to be back. It was the first of many events that we will be running and we were very pleased with how well it went.

Making our scale count: e.g. Events Centre of Excellence

Centre of Excellence: simplification and standardisation

The final priority on slide 39 is around standard platforms and creating that efficient inclusive and diverse Group. There are lots of examples we could give you of that standardisation, but I just want to highlight one which is a new activity for this period. That is the Event Centre of Excellence where we have brought together logistics, procurement, marketing operations and the management of virtual events into a Group-wide Centre of Excellence run by Ros Irving, our most senior and experienced events executive. What all these different areas have in common is that they use our scale to deliver efficiency and quality whilst still delivering at the brand level the relevance that our customers look for.

We are a diverse and inclusive Group

On diversity and inclusion, I think it is worth letting you know on slide 41 the progress that we are making. I think you could take this slide across most of our organisation but just to take something that is reported publicly and looked at publicly, that is our Board composition. Back in 2016 we had an all-male Board. We were ranked 238 in Hampton-Alexander FTSE 250 rankings. In 2020 that is now 50% women on the Board and we are 12th on Hampton-Alexander. Lorna Tilbian stepped down a few weeks ago from our Board and she was replaced by India Gary-Martin, who has great and relevant experience in financial services and in technology. We are delighted that India has joined the Board.

Summary

Moving to the final slide, let me summarise the results. Strong results driven by growing subscriptions. BCA Research and NDR turnaround is ahead. Physical events are coming back. We are investing organically and with our strong balance sheet, able to invest inorganically as well and still have cash at the end of the period. Two acquisitions in the period. Therefore we believe we are making substantive progress towards that goal of being a fast-growing, high-margin, 3.0, information-services subscription-based business.

Q&A

Annick Maas (Exane BNP Paribas): Good morning, my first question is on Asset Management. You suggest that your renewal rates have been relatively strong and that is explaining the performance. I am interested in new sales. I remember you hired new people in the sales team so have these converted into new sales as well? My second one, your balance sheet is relatively strong, has Covid given new opportunities for M&A? Which division is the one that is the most interesting for you? Then a third one is on events. Could you maybe tell us how much your top-30 events made up in terms of events revenue pre-Covid and how much do you expect those to make up in terms of total revenues post-Covid? I am trying to understand what the key shows are doing versus the long tail. Thank you.

Andrew Rashbass: Thanks Annick. Let me start with your question about renewal rates versus new business. All subscription businesses are a combination of the two. We have seen the progress we have made on renewal rates, as you say. On new business we are continuing to strengthen the new business sales and actually the last few months have been good. We are seeing a strong pipeline for the future and I think there is more work to do there, to be honest, but we are seeing good progress. I am very comfortable that the combination of new sales and renewals will continue to keep us nicely ahead of our announced target.

On Covid opportunities for M&A, I do think that the acquisitions we have made in the period were helped by Covid and frankly some of the price expectations of the sellers and perhaps some of the competition for those assets, etc. In a way that is very good but on the other hand the environment that causes that to be the case is also one that I look forward to getting through. It is a two-edged sword that one. The pipeline that we have remains interesting and we continue to have in our sights a pipeline of exciting strategic M&A opportunities. You never know until you know on M&A, as you know, but we are comfortable with and feel that we have the pipeline that we need to deliver on our strategy.

Wendy Pallot: I do not have anything to add to your answers on the first two, Andrew, but in terms of events I suspect your question is really directed to events recovery and trying to understand what the top band will look like comparing before and after. I suppose the first thing I have to say is it is quite difficult to say. We are very encouraged by the demand from clients returning to physical events at the moment. However, there does need to be freedom of movement for international travel to return and therefore it is quite difficult to see when that will be. In fact, one of the comments we have seen is that IATA, the International Air Traffic Association, has said that they do not expect a full recovery in passenger traffic before 2024. It seems to me we have got some time before people are travelling as much as they have been. Therefore it is difficult to see the shape the recovery will be. All we can say is that particularly for our large events, but generally we are seeing really good appetite in terms of both delegates and sponsors to return to events. However, the shape in the early days certainly has changed. We talked about the event in Dubai only this week. It has got the same number of participants as usual but actually a lot more of them are virtual. Over time we expect to see that change and the virtual number perhaps reduces and the physical number increases. Where that will end up we just do not know but the one thing I am happy to say is in the longer-term we are happy that virtual events will add to physical events. There is no question that there will be added value in the longer-term from them.

Annick Maas: Can I just ask one follow-up? How do you think about pricing for physical events, I guess particularly in the near-term?

Wendy Pallot: The pricing for physical events is likely to be at the moment marginally below where it has been but what I can say is that the event this week in Dubai was a reasonably high proportion of last year's physical price and some 350 people paid that price. There is a bit of a discount at the moment, but I think that reflected the fact that the event was slightly more of a regional attendees rather international. However, it was still a very good high price for attendees to pay.

Annick Maas: Okay, thank you very much.

Adam Berlin (UBS): Hi, good morning everybody, thank you for taking two questions from me, please. The first question is you gave a very helpful slide showing the progress on the Books of Business for the subscription element within the different divisions. Can you give us some guidance on the timing of how long it takes for revenue growth to catch up to the Book of Business growth? Will we see that in H2 2021 or do we have to wait for H1 2022? Secondly, on events you very helpfully described the backdrop around international travel and some of the impacts there, but can you talk more about the first step which is the regulatory, local government allowing you to host events? I am looking at your slide 38 where it seems like there are quite a lot of cities, particularly in the US, that are allowing physical events to take place. Can you talk about what restrictions are in place? Do you have capacity restrictions? Do people have to test before they can come? What kind of conditions are those events operating under and has that changed very much recently?

Andrew Rashbass: Thanks Adam.

Wendy Pallot: First of all looking at the Book of Business and I think you are referring to slide 10, there is no fixed rule about when revenues will follow BoB or how quickly they will follow the BoB. I suppose if I had a guide it would be something like in six months' time you will probably be at that sort of level. However, the reality is that it really depends on the slope of the line. For example, if you look at Pricing BoB it is quite a steep line so the acceleration is much faster than the other BoB lines. Therefore the revenues will earn out from the BoB at that higher growth rate much more quickly in Pricing than they will do, for example, in the other areas of DMI or Asset Management. Although they are all growing the slope of the line gives an acceleration factor and that will speed up the earn-out. Pricing, for example, I would expect some of that double-digit to be coming through potentially in the second half, whereas if it had been a flatter line you might have said that was firmly into next year.

Then I think your second question was on slide 38. I am not aware specifically about the details in each of these locations, but I can say that I am not aware of many areas now where there are absolute restrictions on physical events in cities. The constraint here is much more about travel. It is much more about will people travel to this. Will it have to be more of a regional event or can it become international? Therefore, the US has the advantage that obviously regional is much bigger in the US. Certainly there are many companies now who I know are allowing people to fly within the US. Therefore we are reasonably positive about those events.

Andrew Rashbass: The only thing I would add to that is, for instance, the Institutional Investor events are very heavily curated and very exclusive and therefore they might have fewer than 50 people at those events. Therefore actually as we get into the summer elements of those events will be outside. Across everything that we do we have a Covid shield and everything that we do is done to the highest levels of safety for our staff, of course for our participants but also for the staff of the venues that we use. As Wendy said, obviously none of these cities now and certainly by the time we get there, we are not anticipating any of them having blanket bans, otherwise we would not be able to do this. We have a programme for the highest levels I think across the industry really of Covid-readiness.

Adam Berlin: Can I just follow up because I think Wendy when you were speaking you were saying that there is some risk that the physical events do not happen and therefore you would do some cost containment in that scenario? Is there any risk then that the regulation changes? You do not need the regulation to open up more, you just need no further change in regulation that would stop these events from happening. Is that the right way to interpret it?

Wendy Pallot: Yes, so we are free to run the events that we have got on the list but obviously I am referring to things like additional variants and things having to close down from where they are today for any reason.

Adam Berlin: Yes, great. Okay, thank you very much. That is very clear.

Steve Liechti (Numis Securities): Morning guys, can I have three and a half please? First of all on Pricing, on the BoB increase through March and April up to 10%, can you explain in a little bit more detail exactly what is driving that? Is that just software licence upgrades coming back and being switched back on again or is there other stuff? That is the first question. The second question is on Asset Management. You say it is ahead of schedule. What exactly is ahead of schedule? The numbers look better but I am just interested from your perspective what is doing better and where you are relative to what you thought. Third question is on events. I know it is different between different events and stuff like that, but can you give us any rule of thumb of how many of your traditional event or conference participants are international versus domestic? Then my half question is on Capacity Middle East. Do you want to share with us what sort of percentage revenue that achieved against 2019? Thanks.

Andrew Rashbass: Thanks Steve. I think on the first one again let me give you some high-level answers to each and then hand over to Wendy to give you some real numbers. On the first one, the reason why you are seeing that very fast growth is also due to the [inaudible] on that Pricing BoB. Yes there is some of that licenses coming back but there is good new business coming in. There is very good progress on what we call the long tail, that is to say the thousands of smaller customers which are very important to our business as well as the very big clients that so many PRAs are focused on. They are important to us too, but we have that long tail as well. It is across the board. Also new products coming on, etc. I think you are also seeing a reflection of the rollout of the Fastmarkets platform and the impact that that has on both new business and renewal, etc.

On the Asset Management, I think what we mean is that we have a month-by-month schedule of where we expect to be and what we see is that we are beating that month-by-month. We particularly see that on the renewals, but we are also seeing this good performance on new business. If new business is tracking and renewals are ahead, I think that is what is causing us to be ahead of schedule.

The international versus domestic, our biggest events will typically be a bit more of a bigger skew towards international and secondly certainly by domain. For instance, our telecoms event has historically skewed very international whereas something like our real estate event will typically skew quite regional. It will depend a bit on the domain and then the smaller events will typically be less international. Your final question about the Capacity Middle East I will leave for Wendy to answer.

Wendy Pallot: Capacity Middle East I can give you a feel for some of the participants. We had the same number of participants across the board, but we had about 20% of them being physical. It was a good showing for what was a regional event and those people came from the 20 or so regional countries in that area. It was not just the local Dubai people so that was very positive as well. The numbers for the year in terms of revenues, I cannot give you those exactly, but I would say that they were still significantly down on when it last ran in 2019. You have to understand this is our first blended event. Although we got a good sum of money, not massively dissimilar to what people would have paid on the physical, from the people in attendance, obviously a significant number of attendees were virtual. Therefore the revenues were down and I can tell you they were certainly less than a third and a bit lower than they were previously. However, as I said, this was the first blended event, at the cusp of things moving over and therefore I am sure we will see the number of people attending physically going up from now and therefore we will see those revenues rising as well.

Steve Liechti: Wendy, can I just double-check what you said there? I know you do not want to give an actual revenue number. Did you say that you thought it was less than a third of the 2019? Is that what you said?

Wendy Pallot: Yes, that is right.

Steve Liechti: Yes because that does not look great if your virtual digital are indexing at about 20% on average ex-II subscriptions type of thing. It is better. We will take it, but I was hoping it might be a wee bit higher.

Andrew Rashbass: I think Steve we need to think about it slightly differently. The revenue number is definitely an indicator but actually I think it is about the constituent parts of the revenue number. The reality is that, as you know, the revenue is built by big sponsors and I do not think anyone would think that in your first event that moves from being a big international event to a regional event that you are going to get the same level of sponsorship. I think the important things to take away are first of all, could we run a successful multi-hundred event physically outside of Asia? That is a big tick. Secondly, have customers given good feedback? Big tick. Thirdly, those that did attend physically and were not paid for by sponsors, were they prepared to pay materially the same amount that they paid when they came last time? Big tick. Fourthly, were we able to run a vibrant event with social distancing in place? Big tick. For us, what we take away from Capacity Middle East is not in the first event that we run the revenue number, which was kind of okay and was at our expectations or maybe even a bit ahead frankly. However, it is really about could we discern within it the building blocks that we require for the successful return of physical. That is what we take away from these two days, rather than the revenue number which was actually slightly above our expectation.

Steve Liechti: Brilliant. Exactly what I wanted, thank you.

Fiona Orford-Williams (Edison Group): Hello, just a question please on the Fastmarkets Agriculture and I am looking at slide 32. Can you explain to me how you drive your green circle up that arrow? How much in control of that process are you?

Andrew Rashbass: Thanks Fiona. I certainly would not use the expression that we are in control of it. It is definitely a matter of developing a market and influencing a market. It is definitely not controlling it. There are a few things that one has to do. First of all, one has to build a price that the market trusts and that is both about the way you source the inputs into that price but also how you market that price back out and build confidence in that price in the market. Secondly, you have to work with other key players because effectively the way that something becomes used in physical contracts is if a buyer and seller want to settle at that price. Therefore if you have a big producer or a big purchaser and they want to manage their risk for long-term contracts by having an agreed price or a price benchmark that they settle on, plus then the ability to hedge with a financial institution on that price, that requires that you work with the big financial institutions, that you work with the big producers and you work with the big buyers. Having a few key partners in that is very, very powerful. Then of course the exchange traded contract is about working with the big exchanges who are providing that service to the market as a whole and providing the price for their cash settled contract.

It is a combination of developing the best possible price and then working with major market participants to build the usage of that price, first of all in physical contracts and then in cash settled, then in exchange traded contract. That is what we do. It is what we have done. You say what drives the green one, but it is what we have used in Metals. It is what we have used in Forest Products and we are very confident of that. It is a long process. It is a very skilled process. It requires partnerships. It is not about control. It is about partnership and influence.

Fiona Orford-Williams: Are there other existing incumbents in the space? How is The Jacobsen naturally positioned?

Andrew Rashbass: As with all price reporters typically what happens is that there will be a leading provider for each price. Of course there are other people who provide different but in the areas like animal fats, feeds, vegetable oils, etc The Jacobsen is the leading provider certainly in North America for those prices.

Fiona Orford-Williams: Thank you.

Andrew Rashbass: Thank you very much everyone for joining and thanks for making time to speak with us today. I appreciate it, thanks very much.

[END OF TRANSCRIPT]