

Euromoney Institutional Investor

Trading update

COVID-19 potential impact

Euromoney has outlined the impact to date of Coronavirus COVID-19 on its events business and listed its short-term schedule that may be subject to postponement or cancellation. June is a large month for the group's events and decisions are yet to be taken about these. Our revised model takes the view that these events do not proceed, but that those scheduled for September do. We have assumed a small residual impact in FY21 as the programme is reconfigured. This group's share price continues to sit at a marked discount to peers, reflecting the uncertainty associated with the strategic review, despite the intrinsically strong business model.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
09/18	390.3	99.9	73.6	32.5	11.8	3.7
09/19	401.7	104.6	77.7	33.1	11.2	3.8
09/20e	369.5	75.0	55.5	33.1	15.7	3.8
09/21e	418.0	104.0	77.1	33.1	11.3	3.8

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Adjustments to forecasts

We have reduced our FY20 forecast revenue by £46m, reflecting the £6m of business already foregone or postponed, the £12m due for April and May, and £28m scheduled for June. This may well prove overly pessimistic, as some events may be suitable for virtualisation; some may be sufficiently local or regional to proceed. Others may be rescheduled within the group's financial year, subject to customers' feedback and venue availability. The situation is obviously very fluid and there should be greater clarity by May's interims. We have trimmed £10m from our FY21 revenue to reflect that there may be a knock-on effect if events are pushed into a period with a duplicate scheduled. The impact at profit level is mitigated by some cost savings such as pay and hiring freezes, reduced travel costs and lower non-critical capital expenditure. Our FY20e PBT number reduces by £30m to £75m. The proportion of subscriptions in the group's revenue mix (60% in FY19) rises to 70% under our modelled scenario for FY20e.

Resilient balance sheet

The group had £12.2m net cash at end February and has unutilised committed facilities of £240m. We now expect the group to have just over £40m of net debt at the September year-end (was £11m), but to return to a net cash position the following year. The result of the strategic review of the Asset Management segment could change this position significantly.

Valuation: Remains deeply discounted

Euromoney's share price is c 40% below highs of around £15 prior to the strategic review announced in September. It now stands at a discount of around c 30% to peers across EV/EBITDA and P/E metrics (although not all forecasts are yet adjusted for the COVID-19 impact), reflecting the uncertainty associated with the current business environment as well as the strategic review, despite the intrinsically strong business model.

Media

13 March 2020

Price 869p

Market cap £949m

\$1.30/£

Net cash (£m) at 28 February 2020 12.2

Shares in issue 109.2m

Free float 99%

Code ERM

Primary exchange LSE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (28.4) (30.9) (28.4)

Rel (local) 2.0 (5.3) (4.6)

52-week high/low 1,498p 869p

Business description

Euromoney Institutional Investor is a global, multi-brand information business that provides critical data, price reporting, insight and analysis to global and specialist markets.

Next events

Interim results 21 May 2020

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Euromoney Institutional Investor
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Exhibit 1: Financial summary

	£m	2018	2019	2020e	2021e
30-September		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		390.3	401.7	369.5	418.0
Cost of Sales		(63.5)	(60.0)	(55.4)	(62.7)
Gross Profit		326.8	341.7	314.1	355.3
EBITDA		105.0	108.2	83.5	114.5
Operating Profit (before amort. and except.)		101.6	105.4	77.5	106.9
Intangible Amortisation		(22.7)	(25.1)	(25.6)	(25.6)
Exceptionals		81.4	0.0	0.0	0.0
Capital Appreciation Plan		0.0	0.0	0.0	0.0
Operating Profit before ass's & fin. except'ls		160.3	80.3	51.9	81.3
Associates		0.1	(0.1)	0.0	0.0
Net Interest		(1.8)	(0.7)	(2.5)	(2.9)
Exceptional financials		(6.6)	0.0	0.0	0.0
Profit Before Tax (norm)		99.9	104.6	75.0	104.0
Profit Before Tax (FRS 3)		152.0	79.5	49.4	78.4
Tax		(20.6)	(20.8)	(15.0)	(20.8)
Profit After Tax (norm)		79.3	83.8	60.0	83.2
Profit After Tax (FRS 3)		102.5	58.7	34.4	57.6
Average Number of Shares Outstanding (m)		107.4	107.6	107.6	107.6
EPS - normalised (p)		73.6	77.7	55.5	77.1
EPS - (IFRS) (p)		122.2	54.4	31.8	53.4
Dividend per share (p)		32.5	33.1	33.6	33.1
EBITDA Margin (%)		26.9	26.9	22.6	27.4
Operating Margin (before GW and except.) (%)		26.0	26.3	21.0	25.6
BALANCE SHEET					
Fixed Assets		616.5	433.9	430.6	404.3
Intangible Assets		588.2	405.4	401.1	379.6
Tangible Assets		24.0	23.2	24.2	19.4
Investments		4.3	5.3	5.3	5.3
Current Assets		165.7	397.4	383.3	442.9
Stocks		0.0	0.0	0.0	0.0
Debtors		68.3	49.0	55.4	62.7
Cash		78.3	50.1	31.0	83.3
Other		19.1	298.4	296.9	296.9
Current Liabilities		(262.2)	(273.2)	(205.8)	(222.5)
Creditors		(262.2)	(273.2)	(205.8)	(222.5)
Short term borrowings		0.0	0.0	0.0	0.0
Long Term Liabilities		(41.4)	(31.7)	(191.6)	(120.4)
Long term borrowings		0.0	0.0	(71.2)	(71.2)
Other long term liabilities		(41.4)	(31.7)	(120.4)	(49.2)
Net Assets		478.6	526.4	416.5	504.3
CASH FLOW					
Operating Cash Flow		108.6	92.4	75.7	118.3
Net Interest		(2.8)	(0.2)	0.1	(0.4)
Tax		(38.9)	(38.4)	(32.2)	(18.3)
Capex		(4.9)	(10.0)	(10.0)	(10.9)
Acquisitions/disposals		195.8	(48.4)	(15.8)	0.0
Equity Financing/Other		2.7	11.9	0.0	0.0
Dividends		(34.2)	(35.8)	(36.8)	(36.3)
Net Cash Flow		226.2	(28.5)	(19.1)	52.3
Opening net debt/(cash)		154.6	(78.3)	(50.1)	40.2
Redemption of pref		0.0	0.0	0.0	0.0
Other		0.0	0.3	(71.2)	0.0
Closing net debt/(cash)		(78.3)	(50.1)	40.2	(12.1)

Source: Company accounts, Edison Investment Research

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