

Euromoney Institutional Investor

Adjusted operating profits of Euromoney Institutional Investor, the separately listed international publishing, conference and training group of which the Group holds 71%, increased 3.5% to £29.1 million. These results have been achieved against a background of some of the worst trading conditions ever.

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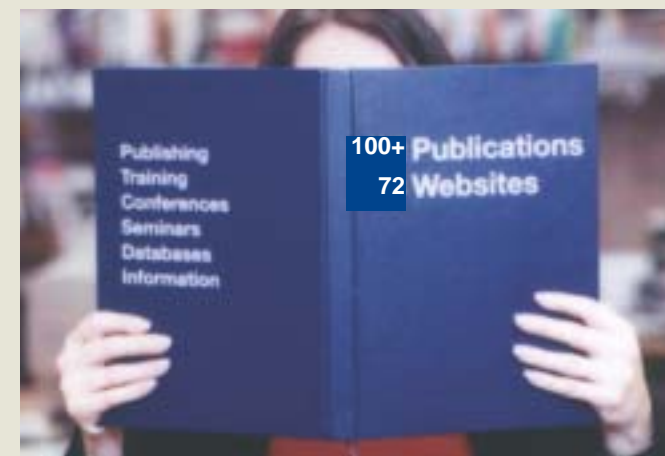
Leading the way in annual branded events

Annual repeat events such as the Euromoney Bond Investors Congress, the Euromoney Global Borrowers & Investors Forum and the Coaltrans conference have proved to be robust revenue streams.

Revenues for the year fell 12% to £180 million driven by the worldwide downturn in markets and corporate activity; the huge marketing spend and headcount reductions implemented by the global investment banks; the loss of investor confidence following the high profile accounting scandals in the US; and continued fears since 11th September of terrorist activity and possible war which have badly affected air travel.

Euromoney derives approximately two thirds of its revenues from the financial sector. As a result the financial publishing and training businesses were hit hardest by the downturn. Advertising revenues fell 11% to £66 million and advertising into the group's financial titles fell 20%. Institutional Investor, with its heavy dependence on Wall Street, suffered a 30% fall in advertising. Euromoney magazine, which is more dependent on emerging markets, fell 22%. Training revenues were down 20% to £22 million. In sharp contrast, advertising into business titles increased by 2% to £27 million, helped by the full year inclusion of Gulf Publishing acquired in August 2001. The group's continued focus on subscription products, such as ISI's emerging markets information service, is highlighted by the fact that subscription revenues (excluding titles closed at the beginning of the year) fell by just 1%. Event sponsorship was the strongest revenue stream, increasing 5% to £13 million.

The increase in profits was achieved largely as a result of strategic initiatives taken by management at the end of 2001 and continued with a rigorous cost reduction programme implemented during the first half. The closure of certain loss-making businesses at the end of last year, the restructuring of under-performing businesses and the elimination of loss-making and low margin products, particularly anything internet related, contributed savings



Profits Up
Euroweek, Global Investor and Project Finance grew profits in tough conditions.

£13m

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£27m

The full year inclusion of Gulf Publishing, acquired in August 2001, supported the increase of advertising revenues into business titles.



of £2.7million. ISI achieved its target of moving into profit by the end of the year, contributing a saving of £3.7 million. Headcount was reduced from 1,684 at the beginning of the year to 1,358 at the end of September, giving rise to one-off costs of nearly £1 million. Most of this 20% reduction in headcount was completed during the first half. Space commitments were cut and other costs were reduced through re-negotiation of rates.

Euromoney's operating margin improved from 13.7% to 16.2%. Profits from financial publishing fell from £20.1 million to £13.8 million due to the fall in financial advertising. But even in these tough conditions, titles such as Euroweek, Global Investor and Project Finance managed to grow their profits.

Business Publishing, which mainly covers the legal, energy, pharmaceutical and travel sectors, performed much better. Profits increased 6% to £6.3 million. Both Legal Publishing and Engel Publishing, our pharmaceutical marketing business, increased second half profits after a difficult start to the year. Gulf Publishing contributed a profit of £200,000 after a first half loss. The Business Traveller group of titles recovered well after the impact of 11th September and also increased profits.

Training businesses are very sensitive to delegate numbers. Travel concerns, budget cuts and headcount reductions badly affected course numbers at both our financial and audit and IT security training businesses. As a result, Training profits fell £2.3 million to £4.4 million.

Conferences and seminars were the best performing part of the business. Profits increased £2.4 million to £8.4 million, most of the improvement coming in the first half when the

group runs four of its five largest events including Vinisud, the biennial wine exhibition in France. Many of our conferences follow the sponsorship model rather than relying on paying delegates. Sponsorship has proved to be a surprisingly robust revenue stream, reflecting in part the quality of large annual repeat events such as the Euromoney Bond Investors Congress, the Euromoney Global Borrowers & Investors Forum and the Coaltrans annual coal conference. During the last couple of years we have invested in two new event streams, business meetings and awards dinners, and both these achieved strong revenue growth.

Databases and information services contributed a profit of £1.8 million after a loss last year of £2.7 million. Most of the improvement came from ISI, the emerging markets information provider, which broke into profit at the end of the year as forecast. ISI suffered during the year from high cancellations from financial institutions but still managed to increase its subscription revenues by 8%. The performance in the second half was much stronger than the first. Government agencies and corporates have been the main source of growth and financial customers now only account for 45% of the total. The cost base of ISI is relatively fixed and the infrastructure is in place to develop quickly and cheaply new revenue streams from industry and sector products. Other database products, particularly the capital market databases run through the joint venture with Dealogic, continued to grow.