Is the traditional print based publishing model obsolete?

Numis Media Conference

London

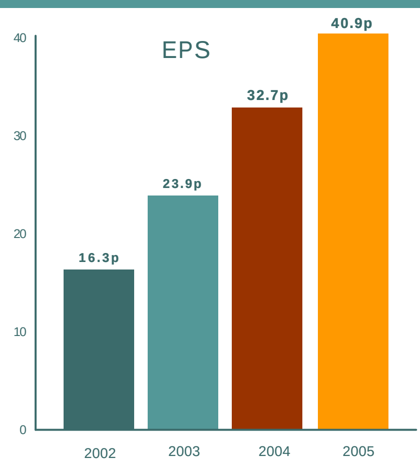
Nigel Wilson

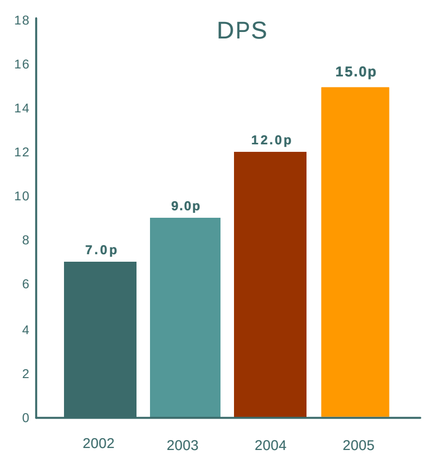
4 April 2006

United Business Media

Delivering strong financial returns

United Business Media





Note: 2002 & 2003 UK GAAP, 2004 & 2005 IFRS

UBM today

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- UBM is a focused global B2B business
  - Creating value by recognising that print, exhibitions and online provide interdependent and complementary markets for our customers
- B2B is a large fragmented growing market
  - $21bn in US in 1999, $28bn in US in 2009
- Our readers' needs are sometimes best met by print - but online and exhibitions are important as well
- Our advertisers' needs are sometimes best met by print – but online and exhibitions are important as well
- Key to success is to innovate to meet needs .. don't be complacent ... EXCELLENT MULTIMEDIA EXECUTION required

Some interesting facts.....

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- In 2005 our print margins increased
- In 2005 our leading US technology advertisers spent more on print advertising than in 2004
- In 2005 we grew our €100m French print business…and in 2006 we have seen further growth
- In 2005 CMP Asia achieved a 28% margin – print and exhibitions the same
- In Japan we have grown our print and exhibition businesses by 37% and 31% since 2002 - they achieve similar margins
- In 2005 the amount of tech recruitment print revenue we achieved was $0
- Our fastest growing business is online - around 25% per year – challenge is to improve profitability

Some interesting opinions…..
Lead generation and ROI

United Business Media

- If a media company has only print, they face big challenges ….segmentation is key…consideration given to differences in:
  - the way marketers spend…they need ROI, lead generation, liquidity, branding
  - delivery by different media types delivering different marketing objectives and serving different readers needs…improved segmentation
  - the sectors and geographies we are in…jewellery to oncology…India to California
- Solutions sit along a continuum from print to broadcast….choice around balancing reach vs interaction
- Print is portable and the most effective way of gathering and qualifying a large audience
- Lead generation is not new but the ability to narrowly define buying communities and have qualified leads at a lower cost is substantially improved by the internet

Some interesting opinions…..
Interactive

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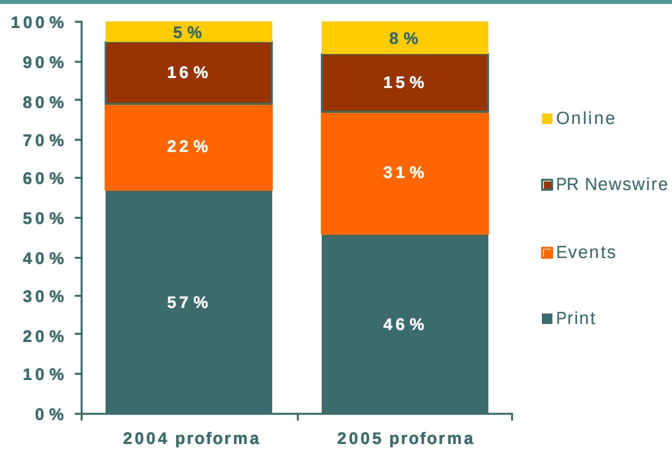
- Newspapers and consumer magazines are struggling; power in the media industry is moving from the old elite to the young technology users who use networking sites
- B2B is less threatened – readers have compelling reasons to seek out print…our titles are “must read” in segmented, narrow areas of interest eg construction, pharmacists, doctors
- But, the best titles also have websites that update readers on breaking news, provide white papers, peer group reviews, a platform for community interactions….and have outstanding events
- Specialist technology based products will attract away revenue
  - Google - the default search
  - Doctors workflow products
  - Online user generated content sites

B2B businesses must not be complacent

- Print products must evolve to provide analysis….or wither
- Associated websites should give instant news and searchable archives of related industry stories
- Websites should give everyone in the industry access to every press release launched, every government regulation and the latest research….deep relevant search
- Exhibitions and conferences must create an exciting, memorable trading environment
- Need to interact with customers and advertisers using online and events

We are rebalancing our portfolio

Distribution of Revenue 2004 Proforma & 2005 Proforma



Underlying actual revenue growth rates

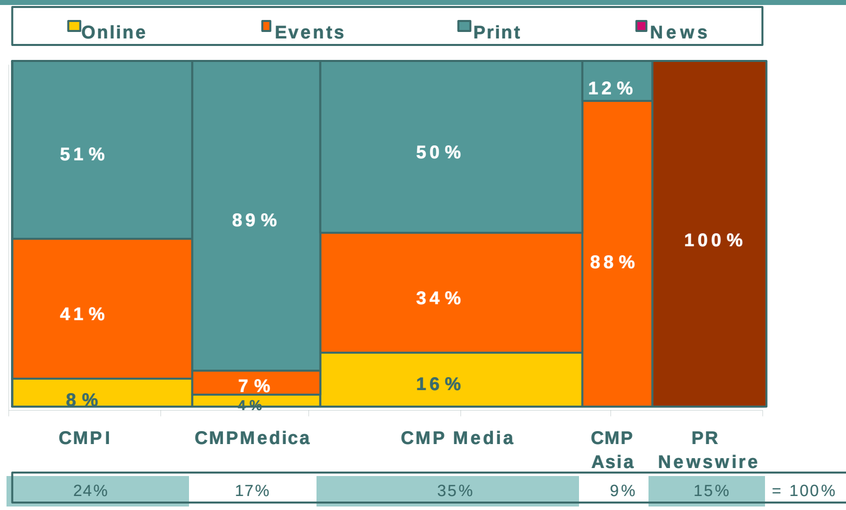
Proforma 2005

Print:	(2.5)%
Events:	9.5%
Online:	24.2%
PR Newswire:	8.7%
Group:	4.7%

Source: 2004 proforma UBM group excluding NOP and legacy television assets and including Exchange & Mart and CMPMedica

Our global portfolio varies by geography

Distribution of Revenue – 2005 Proforma



Source: 2005 proforma UBM group including overlay of full year impact of 2005 acquisitions

Our experience in the US

- Marketers are now directing spend into different media channels…they want ROI, lead generation, liquidity plus branding
- Different media types deliver different results, address different marketing objectives and serve different reader needs
- Solutions sit along a continuum from print to broadcast…balancing reach vs interaction
- Our top clients are spending upwards of $170m with CMP Media on print, tech advertising… even as they increase online spend at 20% pa

US B2B market – large and growing

Print is and is forecast to be the biggest single B2B media channel

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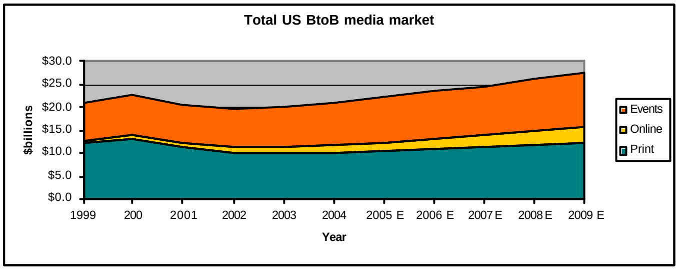

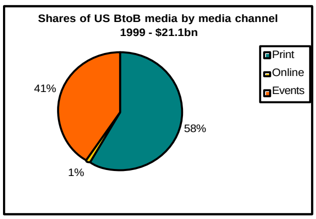

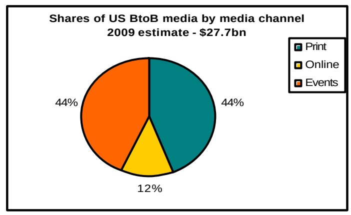

Source: Veronis Suhler Stevenson

Our experience in the US

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- Print is profitable and the most effective way of gathering and qualifying a large audience
  - newer options allow the partioning into niche groups with specific interests – improved segmentation
  - Custom publishing gives more tightly focused audience reach or unique messaging or both…and we've been successful
  - Customer research demonstrates print is rated especially useful for heads-up information eg news, analysis and business strategies
- Lead generation is not new….publishers have always provided it…the cards the readers would complete…..what's new is the elapsed time between the buyers' interest and the seller learning of it, the ability to more narrowly define the buying communities and have qualified leads and the lower cost of quality leads

The Future is Integrated

Principal asset is audience, organised online

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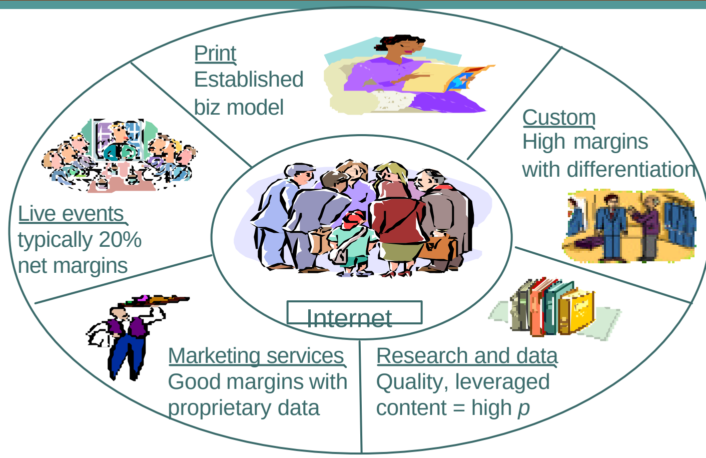

The B2B media company of the future will sell multiple media channels, including print.

How does print fit into proliferation of media channels?

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Print is good for meeting

- Customer – awareness marketing needs
  Branding
- Reader – “heads up” needs
  News digests, news analysis, in depth investigations, opinion

Print is bad for meeting

- Customer – data communication and lead generation needs
  Technical communication and lead gen
- Reader – “heads down” needs
  Detailed data needs, peer inter-change

Our experience in France

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- Doctors believe prints' intrinsic features are key advantages to delivery of general information on day-to-day practice and training:
  - Easy and quick access to information
  - Comfort of reading, physical pleasure
  - User-friendliness
  - Allow fragmented reading and portability
  - Habit
- The internet provides supplementary services when looking for targeted or very precise information:
  - Use of search engines
  - Access to archives and complete information
  - Allows better exchanges within the community
- The different media meet different requirements and are complementary

Current trends in the use of print publications by doctors

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- Use of print publications remains stable at high levels*
  - The average number of different publications read per GP was 8.3 in 2005 against 7.9 in 2004
  - The average number of issues (whatever the publication) read per GP and per month was 24 in 2005 against 23 in 2004
  - The average % of days of reading was 50% in 2005 against 50% in 2004 for GPs, 37% against 38% for specialists and 36% against 34% for pharmacists
- Print subscriptions renewal rates remain high and stable:
  - Quotidien du Médecin : 93% (92% for GPs, 97% for specialists)
  - Le Généraliste: 97% (GPs only)
  - Quotidien du Pharmacien: 94%

*According to the latest Cessim survey (2006, 600 GPs + 800 specialists),

Measuring ROI in print

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❖ Key objectives:

- To (re) integrate the written press in the pharmaceutical media mix and to sustain the print advertising market
- To meet the pharmaceutical industry's expectations and product managers' accountability: need for ways of measuring the efficiency of their promotional spending
- Offer a "decision-making" tool for marketing staff
- Controlled programme developed with 3rd party verification

Return On Investment:
Increased spend = Increased revenue and market share

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❖ Results:

- Incremental revenue per €1 spent

Product	ROI for €1 spent
A	€3.87
B	€1.44
C	€1.54
D	€1.83
E	€0.55
F	€4.13

- Increased market share

Measuring ROI: Conclusion

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- ROI measuring in medical press is possible with reliable methodology and demonstrated result
- Medical press can be considered a reliable alternative to detailing network or any other media
- Medical press is being reintroduced in the marketing mix and print advertising markets started recovering

Our experience in Japan

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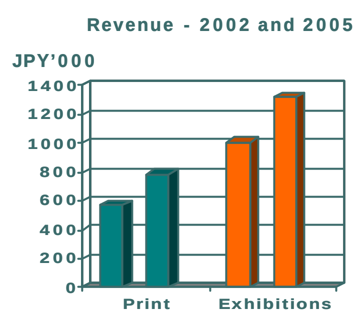
- In Japan we have grown our print and exhibition business by 37% and 31% since 2002 - they achieve similar margins
- Print and exhibitions complement one another
- Next step – grow online, increase interaction



What do our readers think?

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- In the UK, what does research say? These attitudes have been expressed…
  - Construction company execs are "grumpy" if *Building* magazine arrives late
  - Pharmacists say they could not run their business so well without *Chemist & Druggist*
  - Doctors fear falling behind if they've not seen the headlines of *Pulse*
- But….. the best titles also have websites that update our readers on breaking news….
  - Brewers learn of takeovers from the *Publican* site
  - The property world learned of the collapse of Chestertons' from the *Property Week* site

What do our readers think?

United Business Media

- Print has big advantages over the web re skimming…..
  - Classified ads in *Daltons* Weekly allow readers to find hidden treasures….
    - Ability to browse much faster and pleasurably with no forms to fill out or results to peruse
    - Web search criteria makes it difficult to "chance" on the perfect business
- B2B publications have readership loyalty that newspapers and consumer mages and websites cannot approach…..80% of GP's read every copy of the magazine and feel "guilty" if they don't…..
- There are strong communities of interest….doctors want to rent their holiday homes to other doctors; professionals trust their industry publications AND, they like print…..92% of quantity surveyors preferred the print product to identical info on the web

What do our readers think?

The 2006 CMP Electronics Group Global Media Usage Study showed that around the world, print publications, vendor/manufacturer websites & search engines are the most utilised sources for information and news

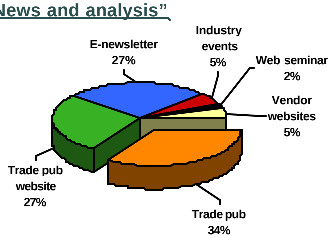
Base = Global respondents

Q. There are a variety of ways to gather information and news on the electronics industry and specific product or technical information. Please indicate which of the following sources you have utilized within the past 12 months?

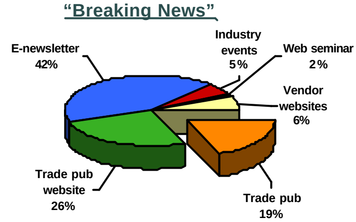
What do our readers think?

Preferred information source to use for...

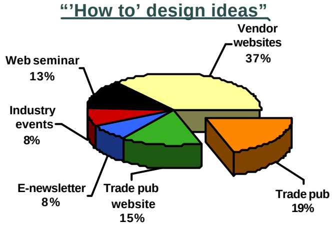
"News and analysis"



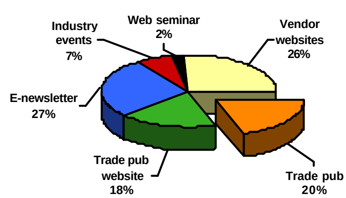
"Breaking News"



"'How to' design ideas"



"New product info"



Q. Indicate which sources you'd be most likely to turn to for information on the following issues topics. And which source would you MOST PREFER on the following issues or topics?

Base = Global respondents

Observations

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- Variety of information sources is important to Creators of Technology
  - The Web dominates for heads down information
  - In North America: Print publications and vendor Web sites have grown in importance
  - Increased interest in Web seminars
  - New media in nascent stage of development
- Search engine usage is ubiquitous and has become part of normal media habit
  - Strong symbiotic relationship for technical detail between search engines and vendor sites
  - For news and analysis, comparatively stronger relationship between 3rd party print and on-line sources – search engine use continually in the background

Observations

United Business Media

- Print strengths
  - Credibility & Readability
  - News and analysis of industry events
- Vendor Web site strengths
  - "How to" design information (preferred over print publications by 2-to-1 margin) and information on new products
  - Provides access to needed information
  - Asians are less apt than others to depend on vendor web sites for information
- E-newsletter strengths
  - Breaking news
  - Accessibility
  - Especially popular in Europe
- Conference and trade shows strengths
  - Relatively more popular with Asians than elsewhere
  - However, usage down in North America over past year
  - Preferred for networking opportunities

Acquisitions and returns to drive growth and create shareholder value

United Business Media

Acquisitions in 2005	£m
France Medical Press & Services	24
The Publican	21
Light Reading	15
Informex	12
ABI	12
Other (Black Hat, JJF)	21
	105

Acquisitions in 2006	£m
MediaLive	36
Shorecliff	7
Mediworld – India	1
GZ Beauty Fair - China	4

Online Events Print

Our acquisition criteria requires a first full year post tax ROI of 8%

Acquisition performance: creating shareholder value

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The following table shows cash spent on acquisitions since 2003 and the returns on this capital in 2005:

	Invested £m	Cumulative Pre Tax Return %
2003	105.7	13.0
2004	189.7	10.9
2005*	104.9	12.1

*The results of 2005 acquisitions have been included on a proforma basis to reflect full year impact

Acquisitions driving growth: Light Reading – a successful blend of online, print and exhibitions

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LIGHT READING

HEAVY READING
REAL WORLD RESEARCH

- Entry to communications technology vertical
- Web-centric platform drives high-margin businesses like research and small events
- CMP websites remodelled at Light Reading – execution transfer

Organic Growth: Electronic newsletters – an area we are improving

United Business Media

- Rethinking models – focusing on improving production efficiency and content
- Introduce a new way to generate content and create email newsletters
  - Aggregators With Attitude (“AWA”) – punchy & succinct; provide readers with leadership & guidance; industry analysts…..generate revenue and drive traffic
- Improve execution
  - Establish benchmarks – ROI, performance metrics
  - New launches – topics to be revealed…..
  - Set up newsletter central shared services….in progress
- Execution excellence – standardise deployment; flexible & scaleable content management; efficient production process; formalise operations and automate reporting

Conclusion: Is the print based publishing model obsolete…..No…We're B2B and we're proud

- Traditional newspapers and TV models are in trouble….that's why we sold them
- Certain print titles are in trouble
- B2B publishing is in good shape
  - Market is growing
  - Technology allows us to deliver better ROI for our customers
  - We are innovating to provide new and expanding opportunities for our customers and advertisers
- This provides a platform to continue to deliver shareholder value

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Appendix

Businesses we are in

- PRN
  - Largely US based online news distribution
- CMP Asia
  - Largely Asian Fashion - Jewellery and Leather and Lifestyle (Health and Beauty)
  - Exhibitions and print
- CMP
  - US Technology, Healthcare and Lifestyle business
  - Print, exhibitions and online
- CMPi
  - Largely European based Built Environment, Ingredients and Other sectors
  - Print, exhibitions and online
- CMPMedica
  - European and Asian directory and trade publication healthcare business
  - Directories, trade publications, exhibitions and online

Segmental Analysis

Twelve months to 31 December 2005

United Business Media

	Revenue £m	Operating Profit* £m	Margin %
PR Newswire	104.1	29.2	28.0
CMP Asia	61.9	17.5	28.3
CMP Media	225.9	24.9	11.0
CMPi	177.0	43.0	24.3
CMPMedica	106.9	19.4	18.1
Corporate	-	3.1	-
Total	675.8	137.1	19.6**

Reflecting new management structure, continuing businesses excluding NOP & automotive titles

* Refer to appendix for definitions

** Excludes share of profits of disposed of equity accounted investments of £4.6m