



Reed Elsevier PLC AGM  
24 April 2014

Erik Engstrom, CEO

## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended. These statements are subject to a number of risks and uncertainties that could cause actual results or outcomes to differ materially from those currently being anticipated. The terms “outlook”, “estimate”, “project”, “plan”, “intend”, “expect”, “should be”, “will be”, “believe” and similar expressions identify forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, but are not limited to, competitive factors in the industries in which Reed Elsevier operates; demand for Reed Elsevier’s products and services; exchange rate fluctuations; general economic and business conditions; legislative, fiscal, tax and regulatory developments and political risks; the availability of third party content and data; breaches of our data security systems and interruptions in our information technology systems; changes in law and legal interpretations affecting Reed Elsevier’s intellectual property rights and other risks referenced from time to time in the filings of Reed Elsevier with the US Securities and Exchange Commission.

# Reed Elsevier 2013 progress

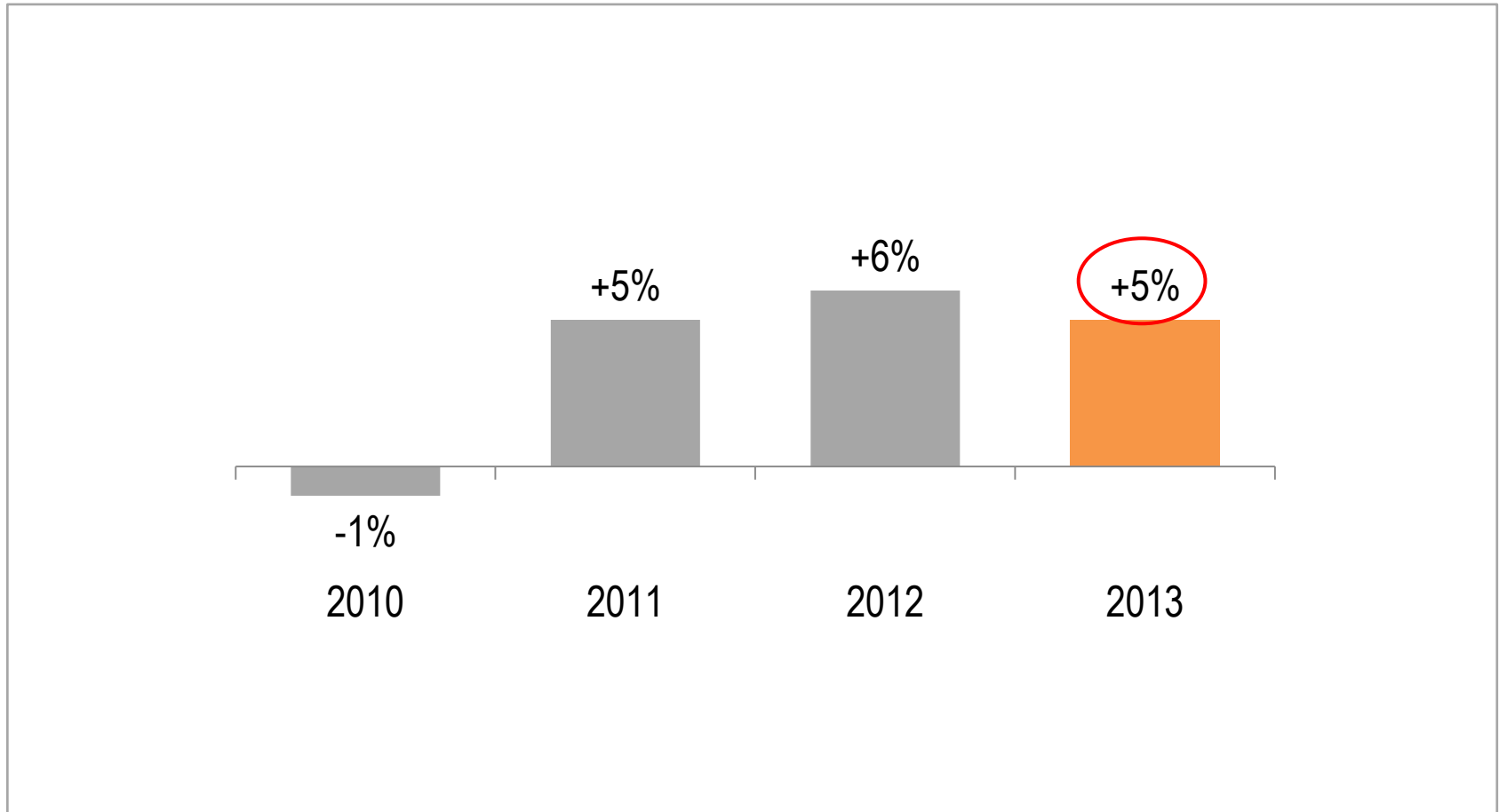
- Continued positive operating and financial momentum
  - Underlying revenue growth trends sustained
  - Improved profitability through process innovation
  - Strong cash generation
- Further transformation of business profile and improvement in earnings quality
  - Organic development of technology platforms; expansion in high growth markets
  - Continued portfolio reshaping
  - Improved revenue and profit mix

# Underlying revenue growth

Excluding biennial exhibition cycling

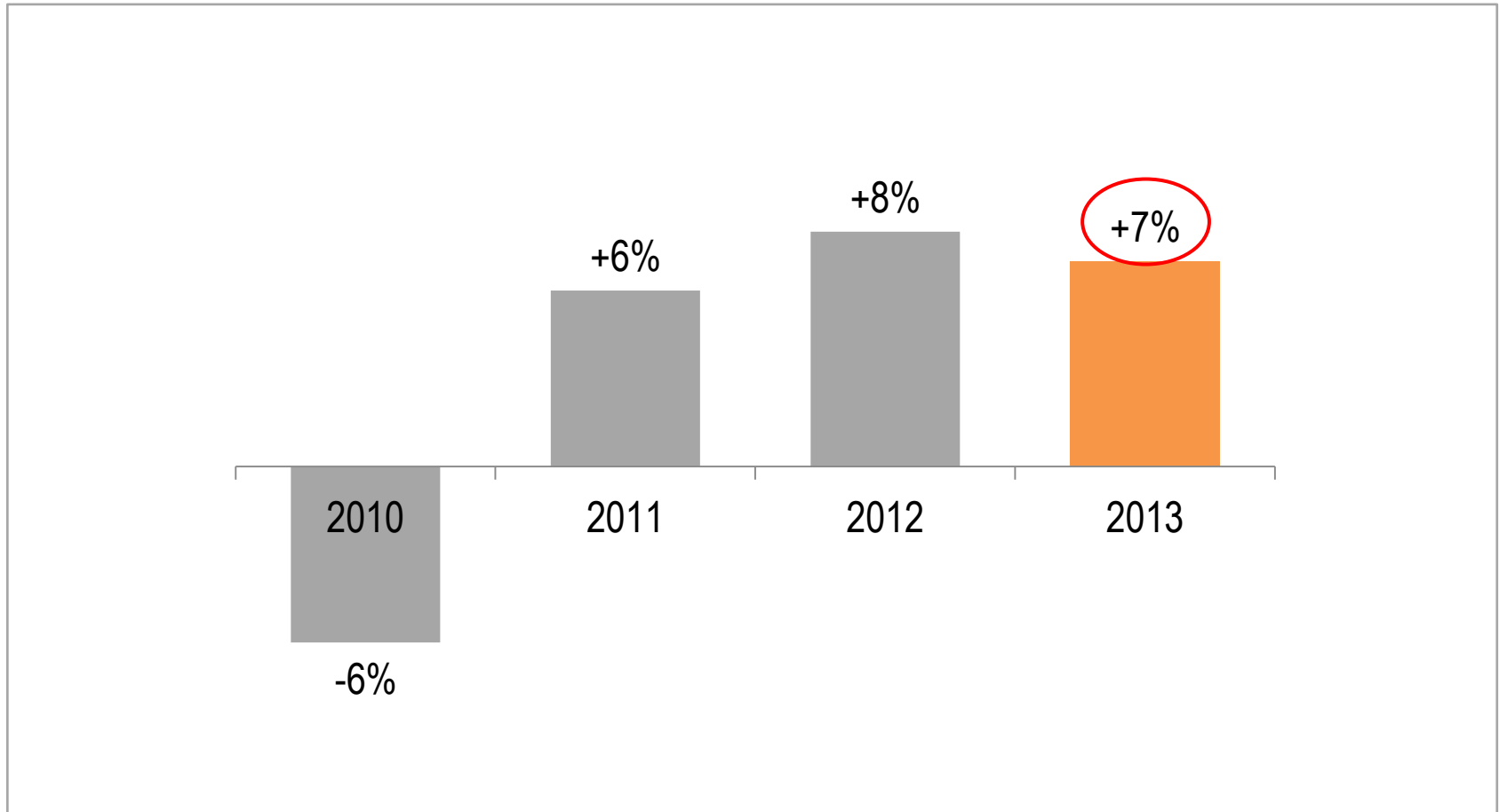


# Underlying adjusted operating profit growth

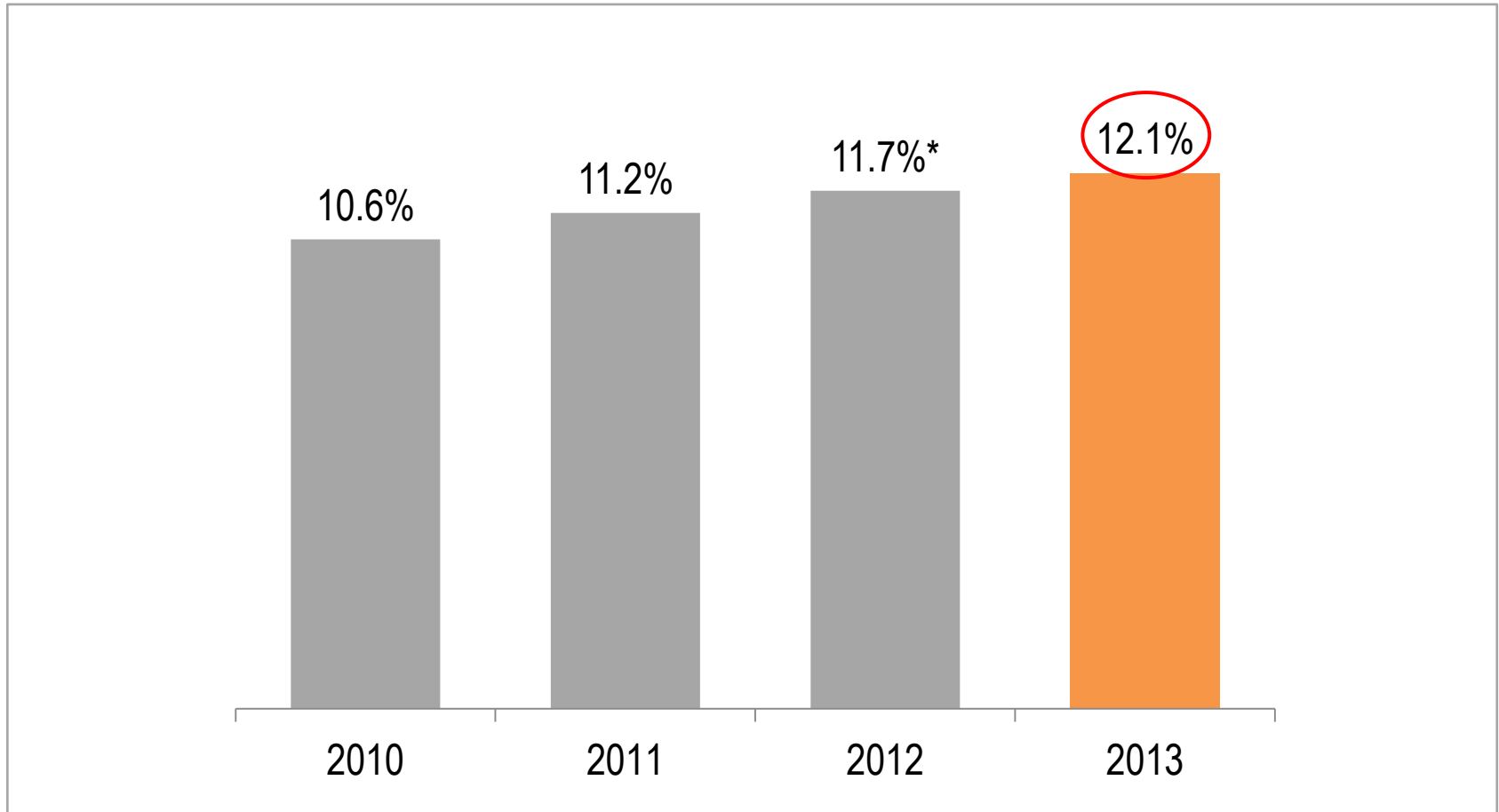


# Earnings per share growth

Constant currency



# Return on invested capital



\* 2012 ROIC restated post IAS19 Employee Benefits (revised)

# Reed Elsevier strategic direction

## Where we are going

- Deliver improved outcomes to professional customers
- Combine content & data with analytics & technology in global platforms
- Build leading positions in long term global growth markets
- Leverage institutional skills, assets and resources across Reed Elsevier

## How we are getting there

- Organic development: Investment in transforming core business; build-out of new products
- Portfolio reshaping: Selective acquisitions; selective divestments

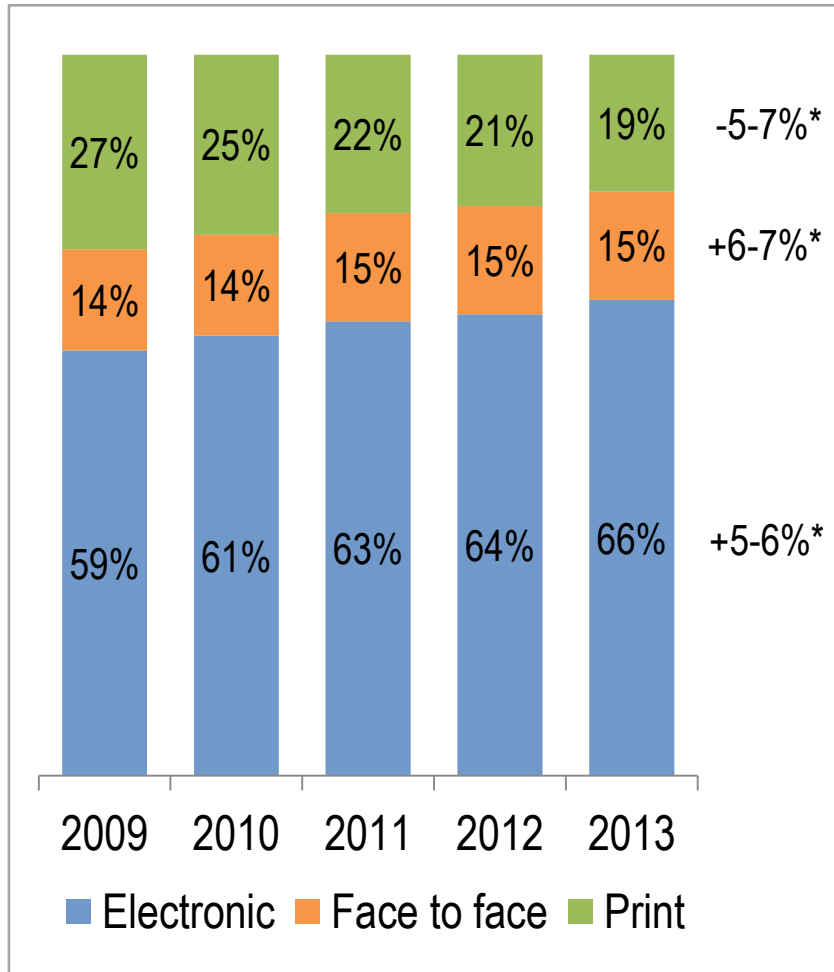
## Implications for business profile: Improving quality of earnings

- More predictable revenues
- Higher growth profile
- Improving returns



# Organic development

## Revenue by format



- Organic transformation #1 priority
- Investing in new technology platforms
- Launching new products and services
- Reformatting print reference into electronic reference
- Transforming electronic reference into electronic decision tools

*\*24 month underlying growth (excluding biennial exhibition cycling)*

# Portfolio reshaping

2013

## **Acquisitions:**

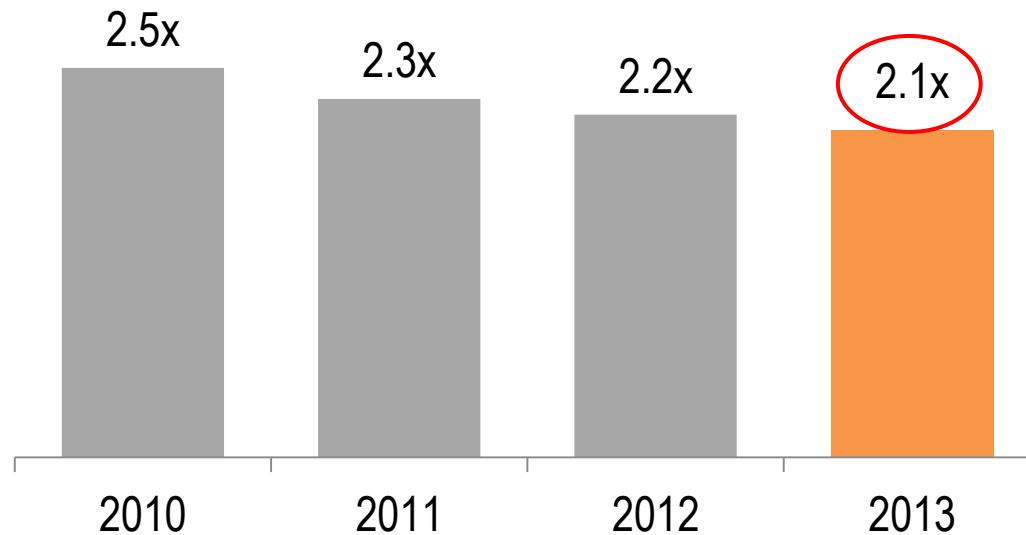
- 20 transactions; total consideration £230m
- Including Enclarity, Mapflow, Verid, World Compliance, Mendeley, Expo Ferretera, Capsule, IPSA

## **Disposals:**

- 26 transactions; total consideration £331m
- Including Screening Solutions, Martindale Hubbell, RBI Australia, France and Italy, Elsevier Business Intelligence, Exhibitions Spain

# Leverage maintained in recent range

Net debt / EBITDA\*



\* Pensions and lease adjusted; 2013 unadjusted net debt / EBITDA 1.6x

# Implications for use of cash

- Strong balance sheet and cash flow characteristics
- Average acquisition spend comfortably covered by free cash flow
- Pragmatic approach to ensuring value compounding translates into shareholder value

- Long term dividend growth in line with earnings per share growth
- £600m of share buybacks completed in 2013
- £600m total share buybacks planned in 2014

# Financial highlights

Year to 31 December	2013 £m	2012 £m
Revenue	6,035	6,116
Adjusted operating profit	1,749	1,688
Adjusted net profit	1,197	1,121
Reported net profit	1,110	1,044
Reed Elsevier PLC		
Adjusted EPS	54.0p	49.4p
Reported EPS	48.8p	44.8p
Total dividend* (proposed)	24.6p	23.0p

*Adjusted figures are stated before amortisation of acquired intangible assets, acquisition related costs, disposal gains / losses, pension financing costs and anomalous tax effects; underlying change excludes results of all acquisitions and disposals made in year and prior year and assets held for sale*

*Comparative information has been restated following the adoption of IAS19 - Employee Benefits (revised)*

*\* Interim 6.65p, final 17.95p*

# Summary

## 2013

- Continued positive operating and financial momentum
- Further transformation of business profile and improvement in earnings quality

## 2014

- *“First quarter underlying revenue growth rates across Reed Elsevier, excluding biennial exhibition cycling, remained broadly consistent with full year 2013, with some small variations by market and geography”.*
- *“We are confident that, by continuing to execute on our strategy, we will deliver another year of underlying revenue, profit, and earnings growth in 2014”.*



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