



Reed Elsevier Interim Results 2014
Erik Engstrom, CEO
Duncan Palmer, CFO

FORWARD-LOOKING STATEMENTS

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Duncan Palmer, CFO

H1 2014 financial highlights

- Underlying revenue growth +4% (+3% excluding biennial exhibition cycling)
- Underlying adjusted operating profit growth +5%
- Adjusted profit before tax growth at constant currencies +8%
- Adjusted EPS growth at constant currencies +11%
- Cash flow conversion: 89% (H1 2013: 85%)

Profit and loss

6 months to 30 June	2014 £m	2013 £m	change	change constant currency	change underlying
Revenue	2,847	3,025	-6%	+1%	+4% / +3%*
Adjusted operating profit	860	870	-1%	+5%	+5%
<i>Adjusted operating margin</i>	<i>30.2%</i>	<i>28.8%</i>			
Adjusted net interest expense	(69)	(92)			
Adjusted profit before tax	791	778	+2%	+8%	
Adjusted tax	(186)	(183)			
<i>Tax rate %</i>	<i>23.5%</i>	<i>23.5%</i>			
Non-controlling interests	(2)	(3)			
Adjusted net profit	603	592	+2%	+9%	
Reported net profit	454	509	-11%		

*Excluding biennial exhibition cycling

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

Reconciliation of net profit Adjusted to reported

6 months to 30 June	2014 £m	2013 £m	change
Adjusted net profit	603	592	+2%
Adjustments (after tax):			
Amortisation of acquired intangible assets	(151)	(163)	
Net financing cost on pension schemes	(5)	(6)	
Acquisition related costs	(9)	(14)	
Disposals and other non operating items	(17)	(3)	
Other deferred tax credits	33	103	
Reported net profit	454	509	-11%

Adjusted earnings and dividends per share

	Reed Elsevier PLC		Reed Elsevier NV	
Adjusted earnings per share	27.8p	+5%	€0.52	+8%
Interim dividend per share*	7.00p	+5%	€0.151	+14%
Dividend cover LTM	2.2x		2.0x	

* Proposed equalised dividends per share; equalised at €1.26:£1 (2013: €1.16:£1);
average exchange rate for H1 2014 €1.22:£1 (H1 2013: €1.18:£1)

Revenue

Underlying growth in all business areas

6 months to 30 June	2014 £m	2013 £m	change	change constant currency	change underlying
Scientific, Technical & Medical	971	1,008	-4%	+2%	+3%
Risk Solutions & Business Information	718	759	-5%	+1%	+6%*
Legal	668	773	-14%	-7%	+1%
Exhibitions	490	485	+1%	+9%	+8%**
Reed Elsevier	2,847	3,025	-6%	+1%	+4%

*Under prior reporting structure: Risk Solutions +7%, Business Information +5%

** Including around 2 percentage points of positive biennial exhibition cycling and timing

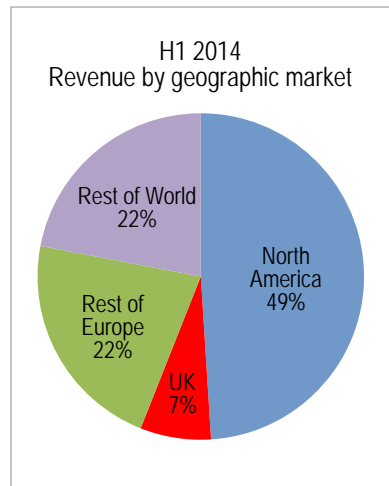
Adjusted operating profit

Underlying growth in all business areas

6 months to 30 June	2014 £m	2013 £m	change	change constant currency	change underlying
Scientific, Technical & Medical	348	353	-1%	+2%	+3%
Risk Solutions & Business Information	253	260	-3%	+4%	+6%*
Legal	111	109	+2%	+10%	+5%
Exhibitions	152	150	+1%	+12%	+8%
Unallocated items	(4)	(2)			
Reed Elsevier	860	870	-1%	+5%	+5%

*Under prior reporting structure: Risk Solutions +7%, Business Information +5%

Currency profile



- Full year impact of 1% strengthening of US dollar on adjusted profit before tax: around £7m / €9m
- H1 impact of currency movements on adjusted profit before tax: around -£40m / -€20m

Adjusted operating cash flow conversion

6 months to 30 June	2014 £m	2013 £m
Adjusted operating profit	860	870
Capital expenditure	(123)	(152)
Depreciation	114	127
Working capital and other items	(89)	(106)
Adjusted operating cash flow	762	739
Cash flow conversion rate	89%	85%
EBITDA	974	997

Free cash flow

6 months to 30 June	2014 £m	2013 £m
Adjusted operating cash flow	762	739
Cash interest paid	(49)	(86)
Cash tax paid	(133)	(170)
Acquisition integration / other*	(7)	(12)
Free cash flow before dividends	573	471
Dividends	(408)	(395)
Free cash flow after dividends	165	76

*Net of cash tax relief

Uses of free cash flow

	2014 £m
6 months to 30 June	
Free cash flow after dividends	165
Disposals: total consideration	26
Acquisitions: total consideration	(95)
Share buybacks	(400)
Cash taxes on disposals	2
Other*	14
Currency translation	82
Movement in net debt	(206)
Net debt at 30 June	(3,278)
Net debt / EBITDA (pensions and lease adjusted)	2.3x
Net debt / EBITDA (unadjusted)	1.8x

* Includes option proceeds, acquisition and disposal timing effects

Debt management

Debt as at 30 June 2014

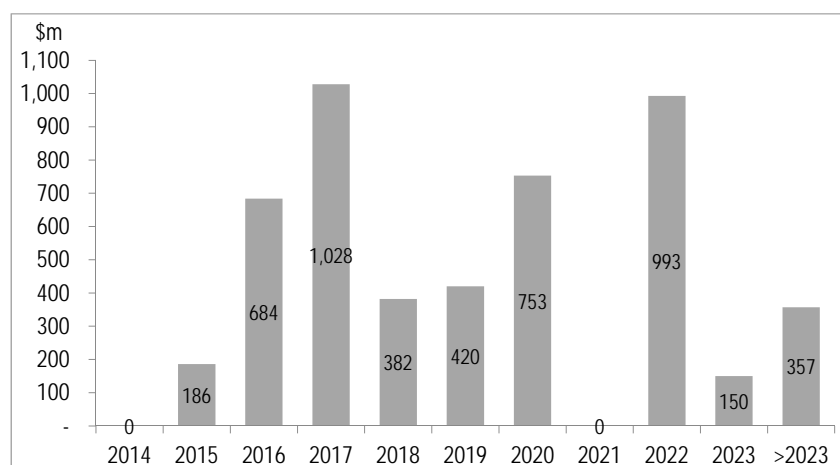
- Gross debt: \$5.9bn (£3.5bn)
- Net debt: \$5.6bn (£3.3bn)

H1 2014 highlights

- Issued in May \$480m of Euro floating rate notes due 2017
- Net interest expense of £69m (H1 2013: £92m)
- Interest rate on gross debt of 4.2% (FY 2013: 4.8%)

Term debt maturities

At 30 June 2014



Term debt translated at 30 June 2014 exchange rates, stated at par value

Balance sheet

	30 June 2014 £m	31 Dec 2013 £m
Goodwill & acquired intangible assets	6,694	6,980
Internally developed intangible assets	715	720
Property, plant & equipment and investments	429	454
Net assets held for sale	26	18
Net pension obligations	(467)	(379)
Working capital	(1,045)	(1,156)
Net capital employed	6,352	6,637

Erik Engstrom, CEO

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Reed Elsevier H1 2014 progress

- Continued positive trends
 - Underlying revenue and profit growth across all major business areas
 - Further improvement in profitability
 - Strong financial position and cash generation

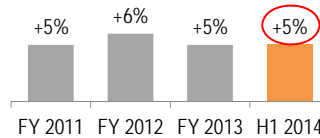
- Further improvement in business profile and earnings quality
 - Continued business transformation, primarily through organic development
 - Build out of leading platforms, and addition of datasets and analytics
 - Further migration of reference products towards electronic decision tools

Financial performance

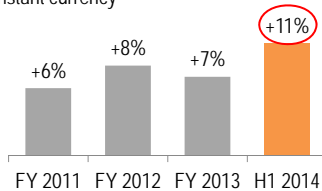
Underlying revenue growth
Excluding biennial exhibition cycling



Underlying adjusted operating profit growth



Earnings per share growth
Constant currency

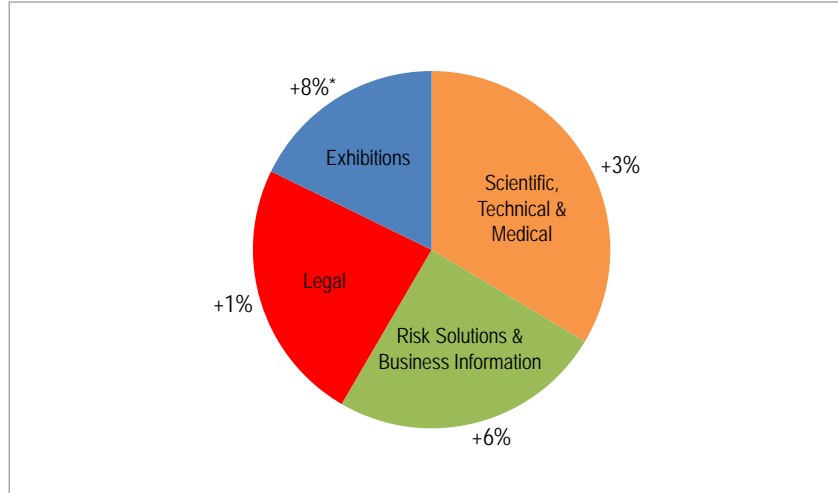


Net debt / EBITDA*
12 month trailing



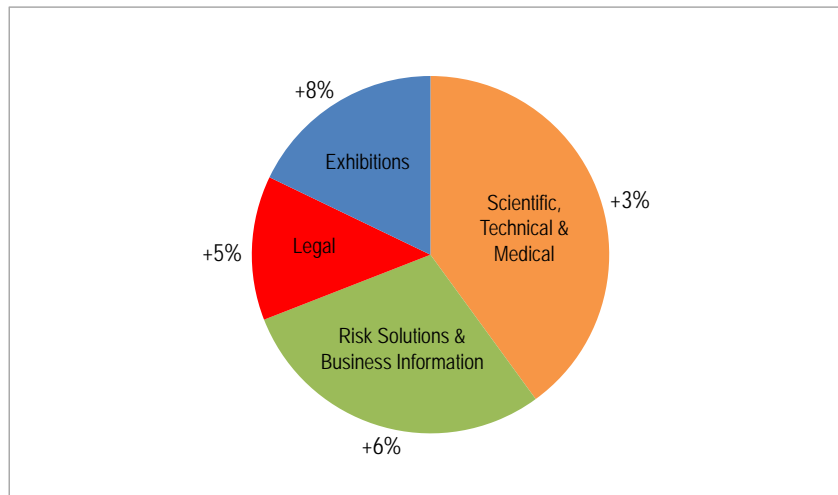
* Pensions and lease adjusted; H1 2014 unadjusted net debt / EBITDA 1.8x

Underlying revenue growth across business areas



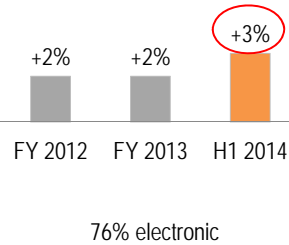
**including around 2 percentage points of positive biennial exhibition cycling and timing effects*

Underlying adjusted operating profit growth across business areas



Scientific, Technical & Medical

Underlying revenue growth

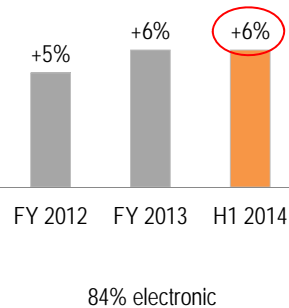


- Overall underlying revenue growth accelerated slightly in H1
- Primary research article submission and usage growth strong; subscription revenue growth rate around half percentage point higher
- Good growth in scientific databases & tools and electronic clinical solutions
- Declines in print book sales moderated, stabilisation in H1 nursing education
- Pharma promotion declines continued, in line with prior year

Full year 2014 outlook: Improvement in subscription revenue growth rates to continue; some uncertainty remains around trajectory of book sales in H2

Risk Solutions & Business Information

Underlying revenue growth

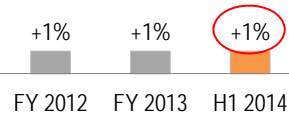


- Insurance growth driven by new products and services and expansion into adjacent market verticals
- Business Services growth driven by demand for identity authentication and fraud detection solutions; lower mortgage refinancing volumes
- State & local government growth strong; federal government new sales returning to normal levels after prior year slowdown
- Major Data Services maintained strong growth; Leading Brands and Other Magazines and services stable

Full year 2014 outlook: Fundamental growth drivers remain strong; we expect underlying revenue growth trends to continue

Legal

Underlying revenue growth



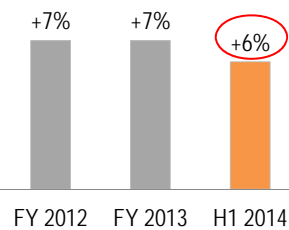
79% electronic

- Overall revenue trends unchanged; growth in online solutions largely offset by print declines
- US and European markets remain subdued; other international markets saw good growth
- New product releases and rollouts continued; adoption and usage progressing well
- H1 margin expansion reflects timing, process innovation, infrastructure decommissioning, and portfolio reshaping

Full year 2014 outlook: Continue roll out of platforms and products and maintain focus on process improvement. Customer markets remain subdued, limiting scope for underlying revenue growth

Exhibitions

Underlying revenue growth*



* Excluding cycling and timing

- Underlying growth rates maintained in most geographies
- US and Japan continued to achieve strong growth
- In Europe, good growth in international events; modest growth overall
- Growth rates in some emerging markets slightly below prior year levels
- 20 new launches; 2 small acquisitions

Full year 2014 outlook: First half trends in underlying revenue growth to continue; positive impact of cycling around two percentage points of growth

Reed Elsevier strategic direction: unchanged

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

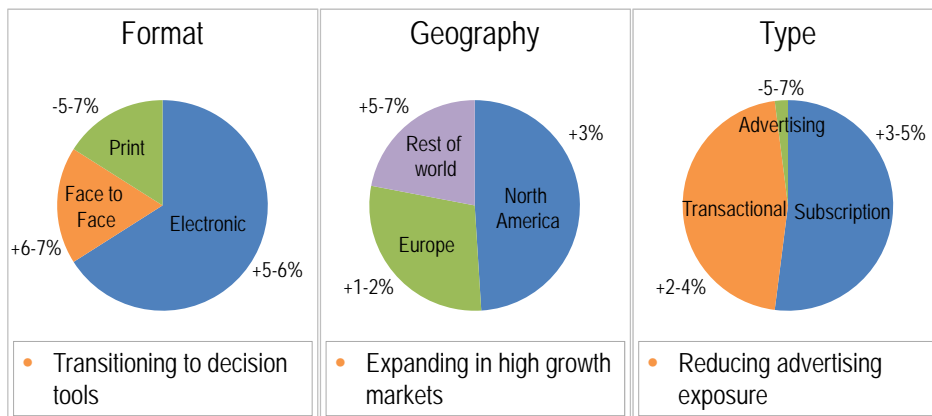
How we are getting there

- 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 transformation: number one priority H1 underlying revenue growth rates in line with recent trends*



**Growth rates over prior 24 months excluding biennial exhibition cycling*

Portfolio reshaping: supporting organic growth strategy

H1 2014

Selective acquisitions: Focus on data sets, analytics and high growth markets

- Including Innovata, Tracesmart, Wunelli, Amirsys, AFG Group
- 10 transactions; total consideration £95m

Selective disposals: Further exits from marketing services

- Including BuyerZone, eMedia, and minor JV stakes
- 6 transactions; total consideration £26m

Use of cash

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

- Long term dividend growth in line with earnings per share growth at constant currencies
- On track for £600m of share buybacks in 2014
 - £400m of share buybacks completed year to date
 - £200m to be completed in remainder of 2014

Summary

H1 2014

- Continued positive trends
- Further improvement in business profile and earnings quality

FY 2014 Outlook

- *"Underlying trends in our business continue to be positive as we enter the second half, and we remain confident that we will deliver another year of underlying revenue, profit, and earnings growth in 2014".*

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Further information

Revenue Year over year change

6 months to 30 June	€m	% change	€m	% change
2013 Revenue	3,025		3,570	
Underlying growth	108	+4%	127	+4%
Acquisitions	35	+1%	41	+1%
Disposals	(126)	-4%	(149)	-4%
Currency effects	(195)	-7%	(116)	-4%
2014 Revenue	2,847	-6%	3,473	-3%

Adjusted operating profit

Year over year change

6 months to 30 June	€m	% change	€m	% change
2013 Adjusted operating profit	870		1,027	
Underlying growth	44	+5%	51	+5%
Acquisitions	7	+1%	8	+1%
Disposals	(6)	-1%	(7)	-1%
Currency effects	(55)	-6%	(30)	-3%
2014 Adjusted operating profit	860	-1%	1,049	+2%

Dividend equalisation

	Interim		
	2014	2013	% change
Reed Elsevier PLC (p)	7.00	6.65	+5%
UK tax credit rate	10%	10%	
Reed Elsevier PLC (p) (gross)	7.78	7.39	
Equalisation ratio	1.538	1.538	
Exchange rate (€:£)	1.26	1.16	
Reed Elsevier NV (€)	0.151	0.132	+14%

Scientific, Technical & Medical Growth and currency analysis

	Underlying	Acquisitions / disposals	Constant currency	Period change in hedge rates	Other currency	Total
Six months ended 30 June 2014						
Revenue	+3%	-1%	+2%	0%	-6%	-4%
Adjusted operating profit	+3%	-1%	+2%	+1%	-4%	-1%
Adjusted operating margin	+0.0%	+0.1%	+0.1%	+0.2%	+0.5%	+0.8%
Year to 31 December 2013						
Revenue	+2%	-1%	+1%	+1%	+1%	+3%
Adjusted operating profit	+3%	-1%	+2%	+2%	+2%	+6%
Adjusted operating margin	+0.4%	0.0%	+0.4%	+0.3%	+0.3%	+1.0%

Risk Solutions and Business Information

- Risk Solutions and Business Information have now been combined into one business area. Had the businesses remained separate, the first half results would have been as follows:

	£			€			Change at constant currencies	Underlying growth rates
	2014 £m	2013 £m	Change	2014 €m	2013 €m	Change		
Revenue								
Risk Solutions	466	473	-2%	569	558	+2%	+7%	+7%
Business Information	252	286	-12%	307	338	-9%	-9%	+5%
Adjusted operating profit								
Risk Solutions	200	205	-2%	244	242	+1%	+6%	+7%
Business Information	53	55	-4%	65	65	+0%	-1%	+5%

Exhibitions: cycling impact

Revenue growth %	2010	2011	2012	2013	H1 2014
Total	+9%	+1%	+25%	+2%	+9%
Impact of acquisitions / divestments	+1%	+1%	+10%	0%	+1%
Underlying	+8%	0%	+15%	+2%	+8%
Impact of cycling shows	+11%	-10%	+8%	-5%	+2%*
Underlying excluding cycling	-3%	+10%	+7%	+7%	+6%*

* And timing

Summary of other financial matters

		At 30 June 2014	Average H1 2014	Average H1 2013
FX rates	£:\$	1.71	1.67	1.54
	£:€	1.25	1.22	1.18
Shares outstanding	Reed Elsevier PLC:	1,138m	1,148m	1,180m
	Reed Elsevier NV:	699m	705m	721m

Financial information in Euros

Profit and loss

6 months to 30 June	2014 €m	2013 €m	change	change constant currency	change underlying
Revenue	3,473	3,570	-3%	+1%	+4% / +3%*
Adjusted operating profit	1,049	1,027	+2%	+5%	+5%
<i>Adjusted operating margin</i>	<i>30.2%</i>	<i>28.8%</i>			
Adjusted net interest expense	(84)	(109)			
Adjusted profit before tax	965	918	+5%	+8%	
Adjusted tax	(227)	(217)			
<i>Tax rate %</i>	<i>23.5%</i>	<i>23.5%</i>			
Minority interests	(2)	(3)			
Adjusted net profit	736	698	+5%	+9%	
Reported net profit	554	601	-8%		

*Excluding biennial exhibition cycling

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

Reconciliation of net profit

Adjusted to reported

6 months to 30 June	2014 €m	2013 €m	change
Adjusted net profit	736	698	+5%
Adjustments (after tax):			
Amortisation of acquired intangible assets	(184)	(192)	
Net financing cost on pension schemes	(7)	(7)	
Acquisition related costs	(11)	(16)	
Disposals and other non operating items	(20)	(3)	
Other deferred tax credits	40	121	
Reported net profit	554	601	-8%

Revenue

Underlying growth in all business areas

6 months to 30 June	2014 €m	2013 €m	change	change constant currency	change underlying
Scientific, Technical & Medical	1,184	1,190	-1%	+2%	+3%
Risk Solutions & Business Information	876	896	-2%	+1%	+6%*
Legal	815	912	-11%	-7%	+1%
Exhibitions	598	572	+5%	+9%	+8%**
Reed Elsevier	3,473	3,570	-3%	+1%	+4%

*Under prior reporting structure: Risk Solutions +7%, Business Information +5%

** Including around 2 percentage points of positive biennial exhibition cycling and timing

Adjusted operating profit

Underlying growth in all business areas

6 months to 30 June	2014 €m	2013 €m	change	change constant currency	change underlying
Scientific, Technical & Medical	425	417	+2%	+2%	+3%
Risk Solutions & Business Information	309	307	+1%	+4%	+6%*
Legal	135	129	+5%	+10%	+5%
Exhibitions	185	177	+5%	+12%	+8%
Unallocated items	(5)	(3)			
Reed Elsevier	1,049	1,027	+2%	+5%	+5%

**Under prior reporting structure: Risk Solutions +7%, Business Information +5%*

Adjusted operating cash flow conversion

6 months to 30 June	2014 €m	2013 €m
Adjusted operating profit	1,049	1,027
Capital expenditure	(150)	(179)
Depreciation	139	150
Working capital and other items	(108)	(126)
Adjusted operating cash flow	930	872
Cash flow conversion rate	89%	85%
EBITDA	1,188	1,177

Free cash flow

6 months to 30 June	2014 €m	2013 €m
Adjusted operating cash flow	930	872
Cash interest paid	(59)	(101)
Cash tax paid	(162)	(201)
Acquisition integration / other*	(9)	(14)
Free cash flow before dividends	700	556
Dividends	(498)	(466)
Free cash flow after dividends	202	90

*Net of cash tax relief

Uses of free cash flow

6 months to 30 June	2014 €m
Free cash flow after dividends	202
Disposals: total consideration	32
Acquisitions: total consideration	(116)
Share buybacks	(488)
Cash taxes on disposals	2
Other*	16
Currency translation	(59)
Movement in net debt	(411)
Net debt at 30 June	(4,097)
Net debt / EBITDA (pensions and lease adjusted)	2.3x
Net debt / EBITDA (unadjusted)	1.8x

* Includes option proceeds, acquisition and disposal timing effects

Balance sheet

	30 June 2014 €m	31 Dec 2013 €m
Goodwill & acquired intangible assets	8,366	8,376
Internally developed intangible assets	895	864
Property, plant & equipment and investments	537	545
Net assets held for sale	32	21
Net pension obligations	(584)	(455)
Working capital	(1,306)	(1,387)
Net capital employed	7,940	7,964