



Reed Elsevier Results 2012  
Erik Engstrom, CEO  
Duncan Palmer, CFO

#### 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 "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.

Duncan Palmer, CFO

## 2012 Financial highlights

- Underlying revenue growth +4% (+3% excluding biennial exhibition cycling)
- Underlying adjusted operating profit growth +6%
- Adjusted EPS: +8% at constant currencies; PLC +7% to 50.1p; NV +14% to €0.95
- Reported EPS: PLC +42% to 46.0p; NV +53% to €0.90
- Proposed full year dividend: PLC +7%; NV +7%
- Return on invested capital 11.9% (2011: 11.2%)

## 2012 Financial highlights continued

### Strong financial position

- Net debt / EBITDA: 2.2x\* (2011: 2.3x)
- Cash flow conversion: 94% (2011: 93%)
- £250m buybacks completed in 2012 reflecting gross disposal proceeds of £242m
- £100m buybacks completed in 2013 year to date

\* pensions and lease adjusted, unadjusted: 1.7x (2011: 1.8x)

## Profit and loss

Year to 31 December	2012 £m	2011 £m	change	change constant currency	change underlying
Revenue	6,116	6,002	+2%	+3%	+4%*
Adjusted operating profit	1,713	1,626	+5%	+6%	+6%
<i>Adjusted operating margin</i>	<i>28.0%</i>	<i>27.1%</i>	<i>+0.9%pts</i>		
Net interest expense	(216)	(235)			
Adjusted profit before tax	1,497	1,391	+8%	+8%	
Tax	(354)	(324)			
<i>Tax rate %</i>	<i>23.6%</i>	<i>23.3%</i>	<i>+0.3%pts</i>		
Minority interests	(5)	(7)			
Adjusted net profit	1,138	1,060	+7%	+8%	
Reported net profit	1,069	760	+41%	+40%	

\* ex-cycling: +3%

Adjusted figures are stated before amortisation of acquired intangible assets, acquisition related costs, disposal gains / losses 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

Reported to adjusted

Year to 31 December	2012 £m	2011 £m	change
Reported net profit	1,069	760	+41%
Adjustments (after tax):			
Amortisation of acquired intangible assets	336	355	
Acquisition related costs	16	33	
Disposals and other non operating items	(103)	16	
Exceptional prior year tax credit	(96)	-	
Deferred tax credits	(84)	(104)	
Adjusted net profit	1,138	1,060	+7%

## Adjusted earnings and dividends per share

	Reed Elsevier PLC		Reed Elsevier NV	
Adjusted earnings per share	50.1p	+7%	€0.95	+14%
Full year dividend per share*	23.0p	+7%	€0.467	+7%
Dividend cover	2.2x		2.0x	

\* Proposed equalised dividends per share; interim dividends equalised at €1.27:£1 (2011: €1.14:£1);  
final dividends equalised at €1.16: £1 (2011: €1.20:£1); average exchange rate for 2012 €1.23:£1 (2011: €1.15:£1)

## Revenue

Underlying growth in all five business areas

Year to 31 December	2012 £m	2011 £m	change constant currency	change underlying
Scientific, Technical & Medical	2,063	2,058	+1%	+2%
Risk Solutions	926	908	+1%	+6%
Business Information	663	695	-3%	+2%
Legal	1,610	1,634	-1%	+1%
Exhibitions	854	707	+25%	+15%*
Reed Elsevier	6,116	6,002	+3%	+4%**

\* Exhibitions ex-cycling: +7%

\*\* Reed Elsevier ex-cycling: +3%

## Adjusted operating profit

Underlying growth in all five business areas

Year to 31 December	2012 £m	2011 £m	change constant currency	change underlying
Scientific, Technical & Medical	780	768	+1%	+4%
Risk Solutions	392	362	+7%	+6%
Business Information	119	110	+10%	+10%
Legal	234	229	+4%	+4%
Exhibitions	210	167	+30%	+20%
Corporate costs	(47)	(44)		
Net pension financing credit	25	34		
Reed Elsevier	1,713	1,626	+6%	+6%

## Adjusted operating cash flow conversion

Year to 31 December	2012 £m	2011 £m
Adjusted operating profit	1,713	1,626
Capital expenditure	(333)	(350)
Depreciation	227	207
Working capital and other items	(4)	32
Adjusted operating cash flow	1,603	1,515
Cash flow conversion rate	94%	93%
EBITDA	1,940	1,833

## Capital expenditure by business

Year to 31 December	2012 £m	% of 2012 revenues	2011 £m	% of 2011 revenues
Scientific, Technical & Medical	102	5%	93	5%
Risk Solutions	21	2%	23	3%
Business Information	17	3%	17	2%
Legal	168	10%	198	12%
Exhibitions	25	3%	19	3%
Total capital expenditure	333	5.5%	350	5.8%
Depreciation total	227	3.7%	207	3.4%

## Free cash flow

Year to 31 December	2012 £m	2011 £m
Adjusted operating cash flow	1,603	1,515
Cash interest paid	(224)	(235)
Cash tax paid	(281)	(218)
Restructuring/acquisition integration*	(23)	(85)
Free cash flow before dividends	1,075	977
Dividends	(521)	(497)
Free cash flow after dividends	554	480

\*Net of cash tax repayments / relief

## Use of free cash flow

	2012 £m	2011 £m
Free cash flow after dividends	554	480
Acquisitions*	(323)	(557)
Disposals*	242	101
Share buybacks	(250)	-
Other**	(24)	(26)
Currency translation	107	24
Movement in net debt	306	22
Net debt at 31 December	(3,127)	(3,433)
Net debt / EBITDA (pensions and lease adjusted)	2.2x	2.3x
Net debt / EBITDA (unadjusted)	1.7x	1.8x

\* Gross cash amounts in year; includes borrowings in acquired businesses

\*\* Cash tax relief / payments and associated transaction costs on acquisitions / disposals, net share option exercise proceeds

## Debt management

### Debt at 31 December 2012

- Net debt: \$5.1bn (£3.1bn)
- Cash and financial instruments: \$1.2bn
- Gross debt: \$6.3bn

### 2012 refinancing activity

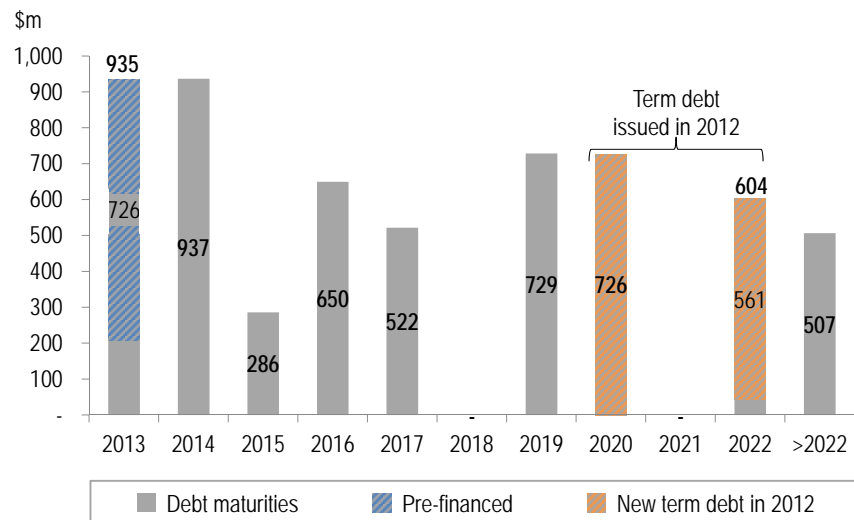
- Issued \$726m of 8 year euro-denominated notes with a coupon of 2.5%
- Issued \$561m of 10 year notes with a coupon of 3.125%
- Retired \$299m of high cost term notes maturing in 2014 and 2019

### Ample access to liquidity

- Cash of \$1.0bn and \$1.8bn of unused capacity in our bank facility
- Diversified sources of funding (e.g. CP, bonds)

## Debt maturities

At 31 December 2012



Term debt translated at 31 December 2012 exchange rates, stated at par value



## Debt management: 2013 and 2014

### 2013 maturities

- Refinancing substantially complete
- Finish with further new debt issues

### 2014 maturities

- Likely to be refinanced with mixture of CP and new bonds
- Expect to see new issues at lower interest rates than existing maturities

## Balance sheet

	2012 £m	2011 £m
Goodwill & acquired intangible assets	7,173	7,628
Internally developed intangible assets	647	595
Property, plant & equipment and investments	443	476
Net assets held for sale	201	27
Net pension obligations	(466)	(242)
Working capital	(1,139)	(1,060)
Net capital employed	6,859	7,424
Cumulative amortisation and other adjustments*	4,074	3,599
Invested capital at 2012 average exchange rates	10,933	11,023

\* Other adjustments: currency movements and exclusion of deferred tax gross up to goodwill

## Return on invested capital

	2012 £m	2011 £m
Invested capital at 2012 average exchange rates	10,933	11,023
Average invested capital	10,978	11,087
Adjusted operating profit after tax*	1,308	1,247
Return on average invested capital	11.9%	11.2%

\* Adjusted operating profit of £1,713m (2011: £1,626m) taxed at effective rate of 23.6% (2011: 23.3%)

## Summary of other financial matters

Impact of Elsevier hedging • 2012: £24m benefit to adjusted operating profit

Blended interest rate on average gross debt • 2012: 5.6% (2011: 5.8%); declining further in 2013

Effective tax rate • 2012: 23.6%; marginal increase in 2013

IAS19 (revised) • Net pension credit (£25m / €31m in 2012) eliminated from adjusted operating profit from 2013 onwards  
• Rebased 2012 adjusted EPS 49.4p / €0.94

		Average	At 31 December
2012 FX rates	£:\$	1.59	1.62
	£:€	1.23	1.23

Average shares outstanding in 2012 • Reed Elsevier PLC: 1,201m  
• Reed Elsevier NV: 734m

Erik Engstrom, CEO

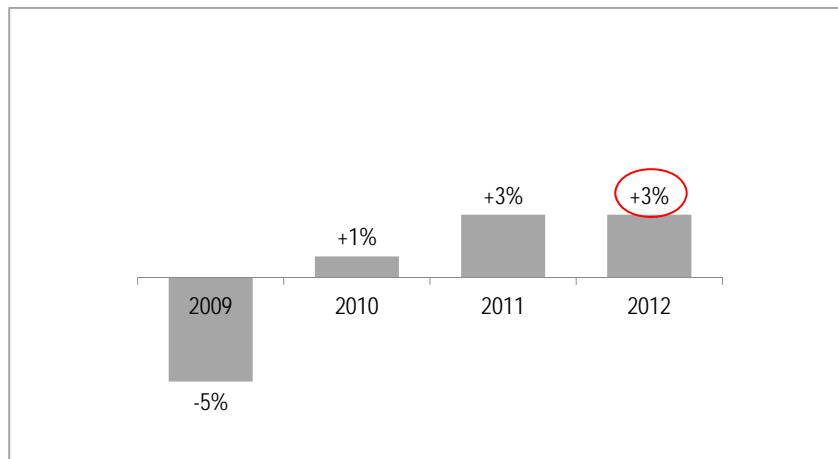
## Reed Elsevier 2012 progress

- Another year of improving performance
  - Positive revenue growth trajectory, improving earnings growth and ROIC
  - Underlying revenue and profit growth in all five business areas
- Continuing transformation of asset base and earnings quality
  - Organic development of digital platforms and new products
  - Portfolio reshaping towards more predictable revenues, higher growth profile, improving returns

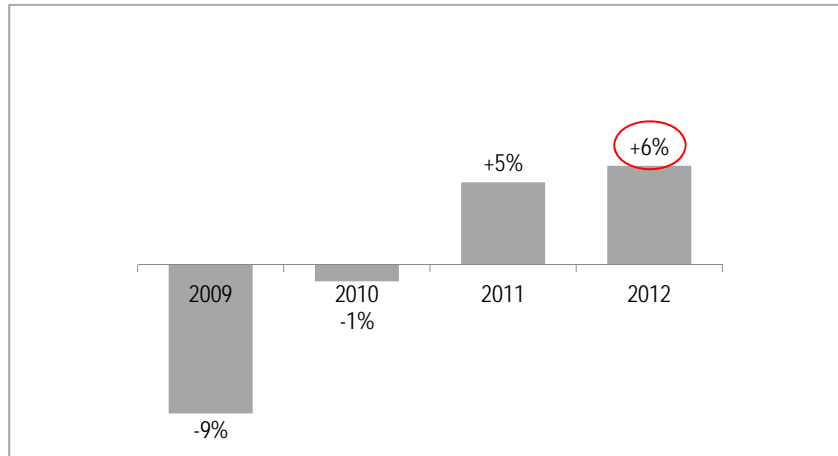
Positive underlying revenue growth trajectory  
Including biennial exhibition cycling



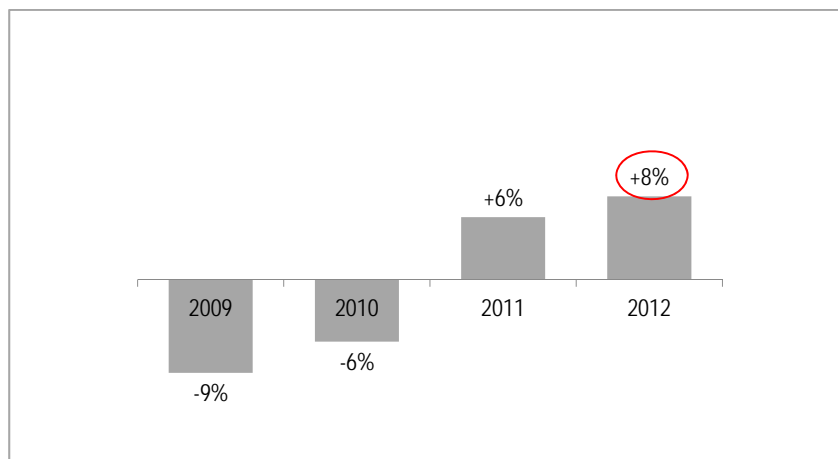
Positive underlying revenue growth trajectory  
Excluding biennial exhibition cycling



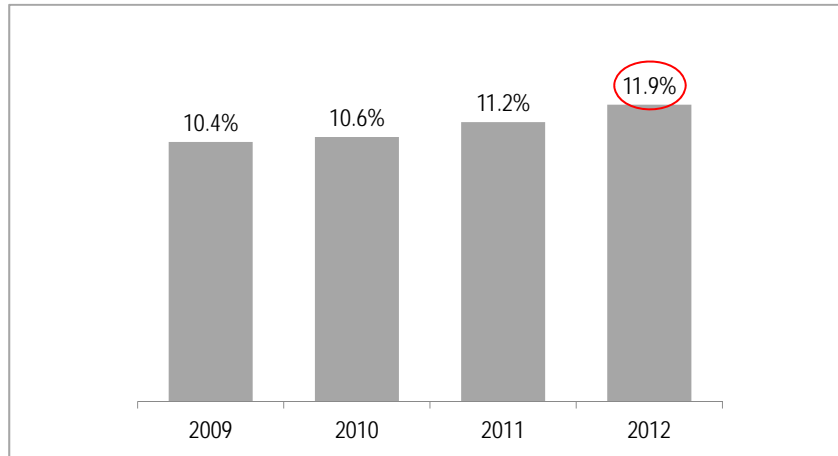
## Improved underlying adjusted operating profit growth



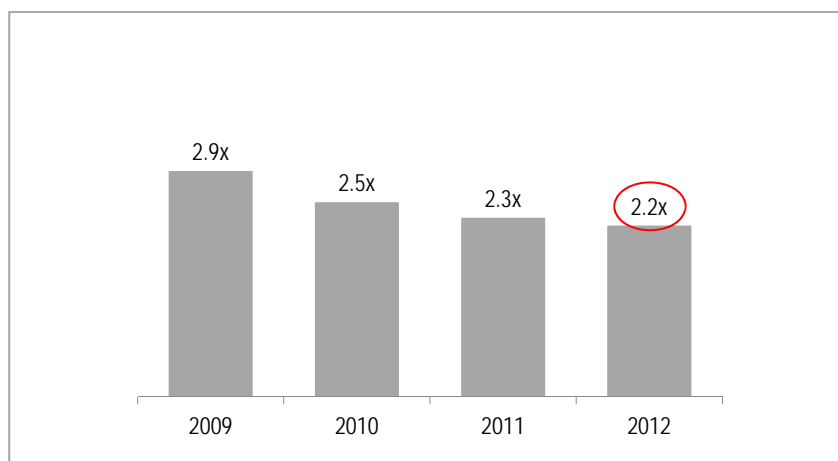
## Improved earnings per share growth Constant currency



## Increased return on invested capital

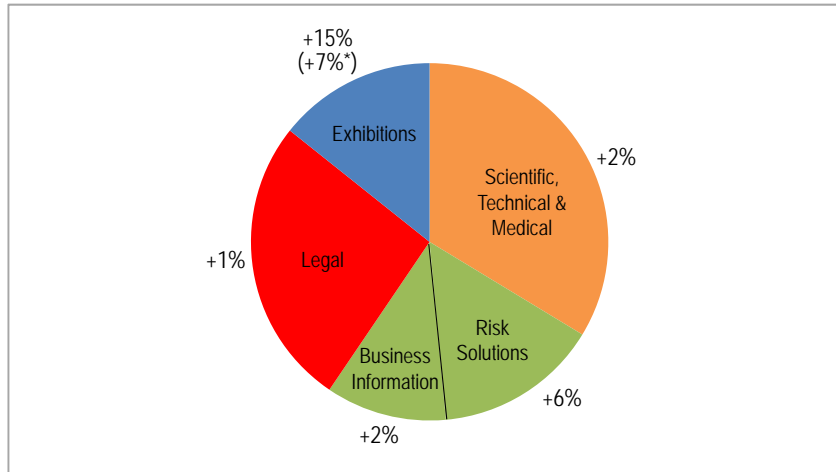


## Gradual reduction in net debt / EBITDA



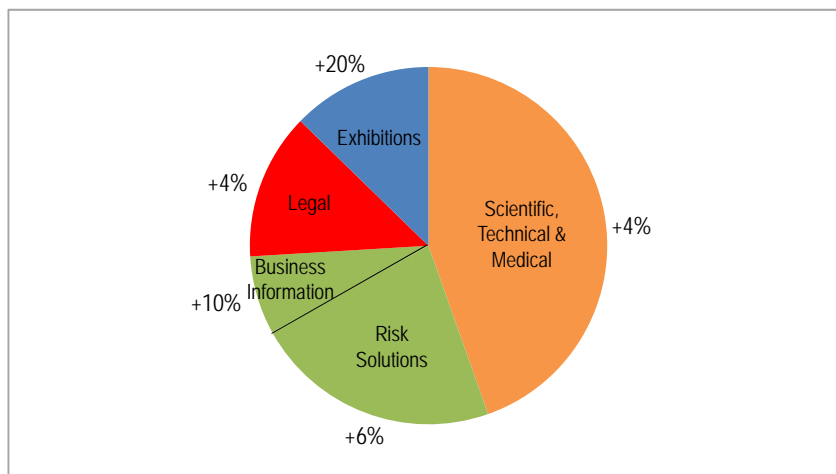
*Pensions and lease adjusted; calculated in US dollars; 2012 unadjusted net debt / EBITDA 1.7x*

## Underlying revenue growth across all five business areas

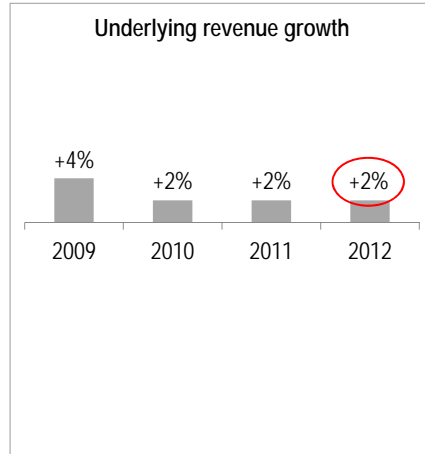


\*excluding cycling

## Underlying adjusted operating profit growth across all five business areas



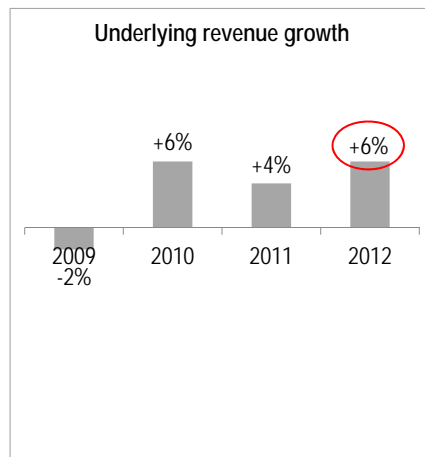
## Scientific, Technical & Medical



- Volume growth in science and medical research; double digit growth in article submissions and usage; strong growth in emerging markets
- Strong growth in electronic revenues across all segments; declines in print book and pharma promotion revenues
- Operating margin expansion reflecting process efficiencies and currency hedging benefits

**2013 Outlook:** Customer environment unchanged; volume growth in research; strong demand for electronic solutions; declines in print books and pharma. Continued modest underlying revenue growth overall

## Risk Solutions

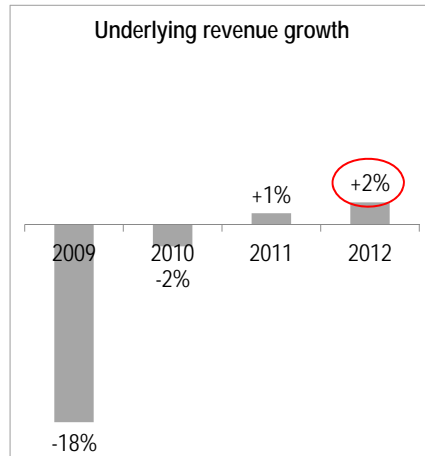


- Insurance growth +7%; product extensions across carrier workflow
- Business Services growth +7%; strong growth in financial services: anti-money laundering, fraud detection, temporary mortgage refinancing effects; receivables management business soft
- Return to growth in Government: State & Local, fraud detection
- Underlying cost growth in line with revenue growth reflecting spend on new product development

**2013 Outlook:** Strong market growth drivers; continued investment in new products; good growth in Insurance and Business Services; Government mixed



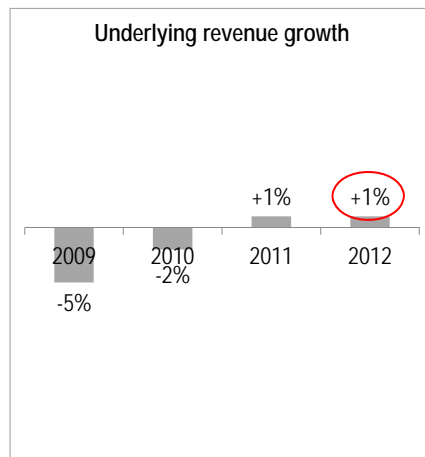
## Business Information



- Strong growth in most Major Data Services; double digit at BankersAccuity and ICIS
- Modest growth in Leading Brands and Marketing Solutions
- Moderating declines in Other Business Magazines & Services
- Portfolio transformation continued; further disposals completed; approximately 70% of revenue now user and subscription services
- Margin improvement to 18% reflects process efficiencies and benefits of portfolio development

**2013 Outlook:** Growing demand for data & analytics; continued good growth in Major Data Services; stable Leading Brands; weak print and advertising revenues; further benefits from portfolio reshaping

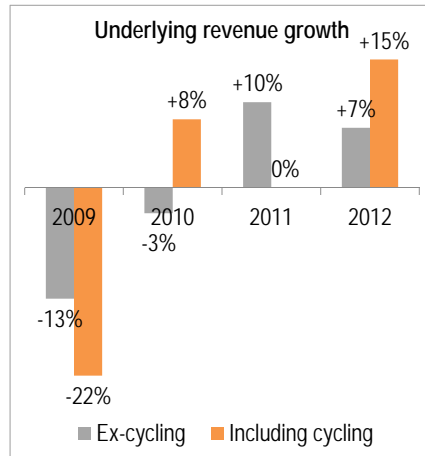
## Legal



- Positive underlying growth in subdued US and European markets; growth driven by electronic solutions
- Print declines continued reflecting format migration
- Releases of New Lexis platform and Lexis Advance applications on track and well received
- Modest margin improvement driven by process efficiencies

**2013 Outlook:** Continued roll out of new products and services; focus on process efficiencies. Customer markets remain subdued limiting scope for revenue and profit growth

## Exhibitions



- Strong underlying growth in the US and Japan; moderate growth in Europe, softness in southern Europe; double digit growth in emerging markets
- 30 new launches, mostly in high growth markets
- Targeted acquisitions and joint ventures; including Brazil and Turkey
- Margin improvement reflects positive biennial cycling and process efficiencies

**2013 Outlook:** Good growth in US and Japan; limited growth in Europe; strong growth in other markets. Cycling reduces underlying revenue growth by 5-6%pts

## Reed Elsevier strategic direction

### Where we are going

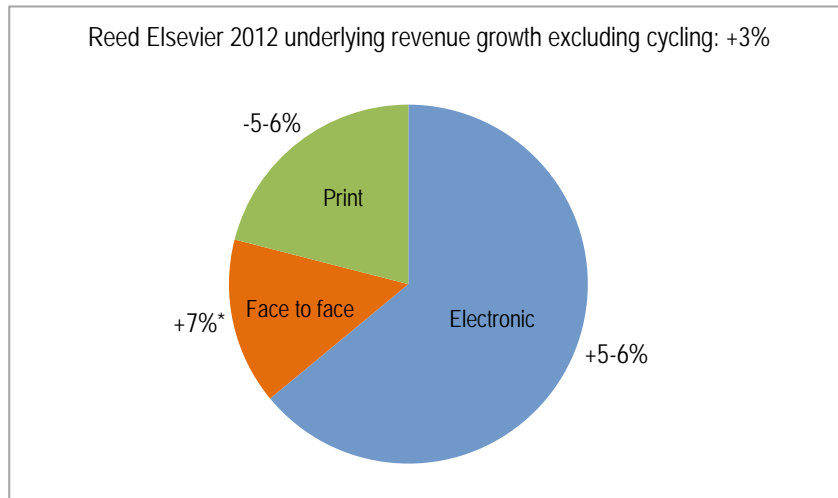
- Deliver improved outcomes to professional customers
- Combine content & data with analytics & technology in global platforms
- Build leading positions in long term global growth markets
- Leverage institutional skills, assets and resources across Reed Elsevier

### How we are getting there

- Organic investment in transforming core business
- Organic build-out of new products into adjacent markets and geographies
- Selective acquisitions
- Selective divestments

## Organic transformation

Example: underlying revenue growth by format



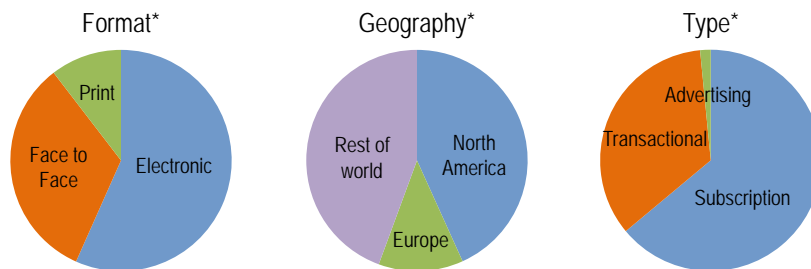
\*excluding cycling

Reed Elsevier

37

## Portfolio reshaping - Acquisitions

- Added data services and content sets across all business areas
- Expanded in high growth markets and geographies
- Three year average spend approximately £300m per annum



\*split of acquired revenue 2010-2013

Reed Elsevier

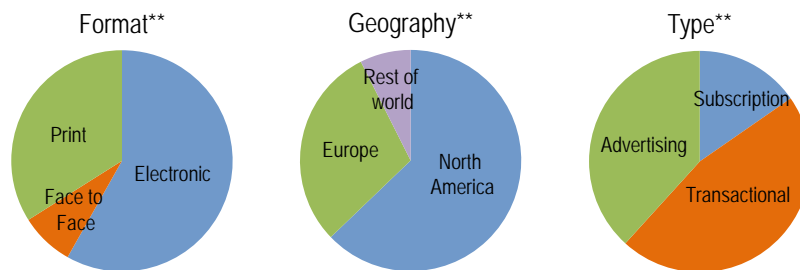
38

## Portfolio reshaping - Disposals

Exiting businesses where:

- Not likely to migrate towards professional information solutions
- No significant future value creation for Reed Elsevier
- Decision not to invest to pursue global leadership position

Approximately £600m\* of revenue exited over 3 years



\*completed or announced  
\*\*split of exited revenue 2010-2013

## Implications for Reed Elsevier business profile

Improving quality of earnings

- More predictable revenues
- Higher growth profile
- Improving returns

## Implications for use of cash

- Strong balance sheet and cash flow generation
- Average acquisition spend comfortably covered by cash flow
- Continuing to use gross proceeds from disposals for share buybacks

- £250m deployed on share buybacks in 2012
- Additional £100m completed 2013 year to date
- Further £300m to be deployed in remainder of 2013

## Summary

### 2012

- Progress on systematic transformation of business
- Improved financial performance

### 2013 Outlook

- *"In 2013 we will remain focused on the systematic transformation of our business and on improving the quality of our earnings. While the outlook for the macro environment, and its impact on our customer markets, is mixed, and 2013 will be a cycling out year for our exhibitions business, we have entered the year with positive momentum, and expect 2013 to be another year of underlying revenue, profit, and earnings growth."*

## Appendices

## Contents

### Further information

- 46 Revenue (year over year change)
- 47 Adjusted operating profit (year over year change)
- 48 Depreciation
- 49 Shares outstanding and buybacks
- 50 Dividend equalisation
- 51 STM growth and currency analysis
- 52 Exhibitions: cycling impact
- 53 Currency profile
- 54 Credit metrics
- 55 Cost of borrowings
- 56 Impact of IAS19 (revised)

### Financial information in Euros

- 58 Profit and loss
- 59 Reconciliation of net profit
- 60 Revenue
- 61 Adjusted operating profit
- 62 Adjusted operating cash flow conversion
- 63 Capital expenditure by business
- 64 Free cash flow
- 65 Use of free cash flow
- 66 Balance sheet
- 67 Return on invested capital
- 68 Impact of IAS19 (revised)

## Further information

## Revenue Year over year change

Year to 31 December	€m	% change	€m	% change
2011 Revenue	6,002		6,902	
Underlying growth	230	+4%	264	+4%
Acquisitions	148	+3%	171	+3%
Disposals	(201)	-4%	(231)	-4%
Currency effects	(63)	-1%	417	+6%
2012 Revenue	6,116	+2%	7,523	+9%

## Adjusted operating profit

Year over year change

Year to 31 December	€m	% change	€m	% change
2011 Adjusted operating profit	1,626		1,870	
Underlying growth	85	+6%	97	+6%
Acquisitions	35	+2%	40	+2%
Disposals	(22)	-2%	(25)	-2%
Currency effects	(11)	-1%	125	+7%
2012 Adjusted operating profit	1,713	+5%	2,107	+13%

## Depreciation

Year to 31 December	2012 €m	2011 €m
Scientific, Technical & Medical	82	69
Risk Solutions	23	26
Business Information	13	15
Legal	93	87
Exhibitions	16	10
Total	227	207



## Shares outstanding and buybacks

Shares outstanding at 31 December	2012	2011
Reed Elsevier PLC (m)	1,186.6	1,202.6
Reed Elsevier NV (m)	724.8	735.8

Shares bought back in year	2013*	2012
Reed Elsevier PLC (m)	8.1	23.3
Average price paid (p)	676p	610p
Reed Elsevier NV (m)	4.7	12.7
Average price paid (€)	€11.42	€10.60

\* To 27 February 2013

## Dividend equalisation

	Interim			Final		
	2012	2011	% change	2012	2011	% change
Reed Elsevier PLC (p)	6.00	5.65	+6%	17.00	15.90	+7%
UK tax credit rate	10%	10%		10%	10%	
Reed Elsevier PLC (p) (gross)	6.67	6.28		18.89	17.67	
Equalisation ratio	1.538	1.538		1.538	1.538	
Exchange rate (€:£)	1.27	1.14		1.16	1.20	
Reed Elsevier NV (€)	0.130	0.110	+18%	0.337	0.326	+3%

## Scientific, Technical & Medical Growth and currency analysis

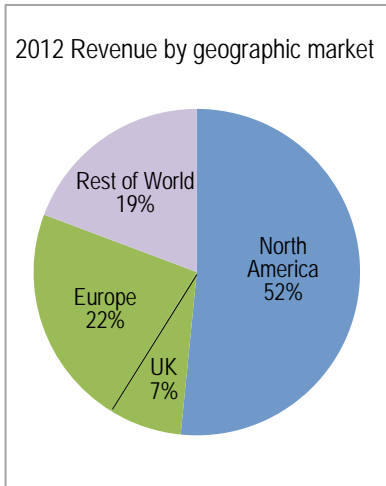
	Underlying	Acquisitions / disposals	Constant currency	Year on year change in hedge rates	Other currency	Total
Year to 31 December 2012						
Revenue	+2%	-1%	+1%	+1%	-2%	-
Adjusted operating profit	+4%	-3%	+1%	+3%	-2%	+2%
Adjusted operating margin	+0.4%	-0.3%	+0.1%	+0.7%	-0.3%	+0.5%
Year to 31 December 2011						
Revenue	+2%	-1%	+1%	+1%	0%	+2%
Adjusted operating profit	+4%	-1%	+3%	+3%	0%	+6%
Adjusted operating margin	+0.7%	0%	+0.7%	+0.8%	+0.1%	+1.6%

## Exhibitions: cycling impact

Revenue growth %	2007	2008	2009	2010	2011	2012
Total	+13%	+9%	-21%	+9%	+1%	+25%
Impact of acquisitions / divestments	+1%	-2%*	+1%	+1%	+1%	+10%
Underlying	+12%	+11%	-22%	+8%	0%	+15%
Impact of cycling shows	0%	+7%	-7%	+11%	-10%	+8%
Underlying excluding cycling	+12%	+4%	-15%	-3%	+10%	+7%

*\*Biennial defence shows sold in 2008, leading to greater net cycling effect*

## Currency profile



Average rates for year:	2012	2011
£		
US dollar	1.59	1.60
Euro	1.23	1.15
€		
US dollar	1.29	1.39
Sterling	0.81	0.87
Year end rates:	2012	2011
£		
US dollar	1.62	1.55
Euro	1.23	1.20
€		
US dollar	1.32	1.29
Sterling	0.81	0.83

## Credit metrics

	31 Dec 2012	31 Dec 2011
Net debt / EBITDA	2.2x	2.3x
Free operating cash flow / net debt	29.1%	24.0%
Retained cash flow / net debt	25.2%	19.9%
Net interest cover	7.3x	6.4x
Long term credit rating (S&P, Moody's, Fitch)	BBB+/Baa1/A-	BBB+/Baa1/A-

*Pensions and lease adjusted; calculations in US dollars*

## Cost of borrowings

Debt predominantly denominated in US dollars at 31 December 2012

- 66% of gross debt (2011: 66%)
- 77% of net debt (2011: 78%)

Majority of debt fixed at 31 December 2012

- 59% of gross debt (2011: 69%)

Blended interest rate on average gross debt (inc. amortising costs, swaps, redemption premium, etc):

- 2012 average 5.6%
- 2013 expected to decline further

Interest on balance of free cash flow at low marginal rates

*Percentage of debt in US dollars and fixed rate debt stated including impact of swaps*

## Impact of IAS19 (revised) – effective 1 January 2013 (£)

	Adjusted earnings measures			Reported figures		
	Year ended 31 December 2012			Year ended 31 December 2012		
	current IAS19 £m	pro forma change £m	revised IAS19 £m	current IAS19 £m	pro forma change £m	revised IAS19 £m
Operating profit	1,713	(25)	1,688	1,358	(25)	1,333
Net finance costs	(216)	-	(216)	(216)	(11)	(227)
Disposals and other non-operating	-	-	-	45	-	45
Profit before tax	1,497	(25)	1,472	1,187	(36)	1,151
Net profit after tax	1,138	(17)	1,121	1,069	(25)	1,044
<b>Earnings per share: PLC (p)</b>	<b>50.1</b>		<b>49.4</b>	<b>46.0</b>		<b>44.8</b>
<u>Calculation of net pension financing credit / (charge)</u>						
	Year ended 31 December 2012		Year ended 31 December 2011			
	current IAS19 £m	revised IAS19 £m	current IAS19 £m	revised IAS19 £m		
Expected return on scheme assets	221	185	235	192		
Interest on pension obligations	(196)	(196)	(201)	(201)		
	25	(11)	34	(9)		

## Financial information in Euros

## Profit and loss

Year to 31 December	2012 €m	2011 €m	change change	change constant currency	change underlying
Revenue	7,523	6,902	+9%	+3%	+4%*
Adjusted operating profit	2,107	1,870	+13%	+6%	+6%
<i>Adjusted operating margin</i>	<i>28.0%</i>	<i>27.1%</i>	<i>+0.9%pts</i>		
Net interest expense	(266)	(270)			
Adjusted profit before tax	1,841	1,600	+15%	+8%	
Tax	(435)	(373)			
<i>Tax rate %</i>	<i>23.6%</i>	<i>23.3%</i>	<i>+0.3%pts</i>		
Minority interests	(6)	(8)			
Adjusted net profit	1,400	1,219	+15%	+8%	
Reported net profit	1,315	874	+50%		

\* ex-cycling: +3%

Adjusted figures are stated before amortisation of acquired intangible assets, acquisition related costs, disposal gains / losses 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

Reported to adjusted

Year to 31 December	2012 €m	2011 €m	change
Reported net profit	1,315	874	+50%
Adjustments (after tax):			
Amortisation of acquired intangible assets	413	408	
Acquisition related costs	20	38	
Disposals and other non operating items	(127)	19	
Exceptional prior year tax credit	(118)	-	
Deferred tax credits	(103)	(120)	
Adjusted net profit	1,400	1,219	+15%

## Revenue

Underlying growth in all five business areas

Year to 31 December	2012 €m	2011 €m	change constant currency	change underlying
Scientific, Technical & Medical	2,538	2,367	+1%	+2%
Risk Solutions	1,139	1,044	+1%	+6%
Business Information	815	799	-3%	+2%
Legal	1,980	1,879	-1%	+1%
Exhibitions	1,051	813	+25%	+15%*
Reed Elsevier	7,523	6,902	+3%	+4%**

\* Exhibitions ex-cycling: +7%

\*\* Reed Elsevier ex-cycling: +3%

## Adjusted operating profit

Underlying growth in all five business areas

Year to 31 December	2012 €m	2011 €m	change constant currency	change underlying
Scientific, Technical & Medical	960	883	+1%	+4%
Risk Solutions	482	416	+7%	+6%
Business Information	146	127	+10%	+10%
Legal	288	263	+4%	+4%
Exhibitions	258	192	+30%	+20%
Corporate costs	(58)	(50)		
Net pension financing credit	31	39		
Reed Elsevier	2,107	1,870	+6%	+6%

## Adjusted operating cash flow conversion

Year to 31 December	2012 €m	2011 €m
Adjusted operating profit	2,107	1,870
Capital expenditure	(409)	(403)
Depreciation	279	238
Working capital and other items	(5)	37
Adjusted operating cash flow	1,972	1,742
Cash flow conversion rate	94%	93%
EBITDA	2,386	2,108

## Capital expenditure by business

Year to 31 December	2012 €m	% of 2012 revenues	2011 €m	% of 2011 revenues
Scientific, Technical & Medical	125	5%	107	5%
Risk Solutions	26	2%	26	3%
Business Information	21	3%	20	2%
Legal	206	10%	228	12%
Exhibitions	31	3%	22	3%
<b>Total capital expenditure</b>	<b>409</b>	<b>5.5%</b>	<b>403</b>	<b>5.8%</b>
Depreciation total	279	3.7%	238	3.4%

## Free cash flow

Year to 31 December	2012 €m	2011 €m
Adjusted operating cash flow	1,972	1,742
Cash interest paid	(275)	(270)
Cash tax paid	(346)	(251)
Restructuring/acquisition integration*	(27)	(98)
Free cash flow before dividends	1,324	1,123
Dividends	(641)	(572)
Free cash flow after dividends	683	551

\*Net of cash tax repayments / relief



## Use of free cash flow

	2012 €m	2011 €m
Free cash flow after dividends	683	551
Acquisitions*	(398)	(640)
Disposals*	298	116
Share buybacks	(308)	-
Other**	(30)	(30)
Currency translation	28	(73)
Movement in net debt	273	(76)
Net debt at 31 December	(3,846)	(4,119)
Net debt / EBITDA (pensions and lease adjusted)	2.2x	2.3x
Net debt / EBITDA (unadjusted)	1.7x	1.8x

\* Gross cash amounts in year; includes borrowings in acquired businesses

\*\* Cash tax relief / payments and associated transaction costs on acquisitions / disposals, net share option exercise proceeds

## Balance sheet

	2012 €m	2011 €m
Goodwill & acquired intangible assets	8,823	9,154
Internally developed intangible assets	796	713
Property, plant & equipment and investments	545	572
Net assets held for sale	247	32
Net pension obligations	(573)	(290)
Working capital	(1,401)	(1,271)
Net capital employed	8,437	8,910
Cumulative amortisation and other adjustments*	5,011	4,648
Invested capital at 2012 average exchange rates	13,448	13,558

\* Other adjustments: currency movements and exclusion of deferred tax gross up to goodwill

## Return on invested capital

	2012 €m	2011 €m
Invested capital at 2012 average exchange rates	13,448	13,558
Average invested capital	13,503	12,750
Adjusted operating profit after tax*	1,610	1,434
Return on average invested capital	11.9%	11.2%

\* Adjusted operating profit of €2,107m (2011: €1,870m) taxed at effective rate of 23.6% (2011: 23.3%)

## Impact of IAS19 (revised) – effective 1 January 2013 (€)

	Adjusted earnings measures			Reported figures		
	Year ended 31 December 2012			Year ended 31 December 2012		
	current IAS19 €m	pro forma change €m	revised IAS19 €m	current IAS19 €m	pro forma change €m	revised IAS19 €m
Operating profit	2,107	(31)	2,076	1,670	(31)	1,639
Net finance costs	(266)	-	(266)	(266)	(14)	(280)
Disposals and other non-operating	-	-	-	56	-	56
Profit before tax	1,841	(31)	1,810	1,460	(45)	1,415
Net profit after tax	1,400	(21)	1,379	1,315	(31)	1,284
<b>Earnings per share: NV (€)</b>	<b>0.95</b>		<b>0.94</b>	<b>0.90</b>		<b>0.87</b>
<u>Calculation of net pension financing credit / (charge)</u>	Year ended 31 December 2012			Year ended 31 December 2011		
	current IAS19 €m		revised IAS19 €m	current IAS19 €m		revised IAS19 €m
Expected return on scheme assets	272		227	270		221
Interest on pension obligations	(241)		(241)	(231)		(231)
	31		(14)	39		(10)