Euromoney Institutional Investor PLC

Preliminary Announcement

September 30 2002

Euromoney Institutional Investor PLC

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Euromoney Institutional Investor PLC

Chairman's statement

Highlights	**2002**	**2001**	**change**
Turnover	£179.7 m	£204.8 m	-12%
Operating profit*	£29.1 m	£28.1 m	+4%
Profit before tax, goodwill and exceptional items	£25.2 m	£22.9 m	+10%
Profit before tax	£20.6 m	£13.7 m	+50%
Adjusted diluted earnings per share*	24.3 p	20.1 p	+21%
Dividend	14.75 p	14.75 p	=
Net debt	£62.8 m	£73.2 m	-14%

* (Before goodwill amortization and exceptional items)

Euromoney Institutional Investor PLC, the international publishing, conferences and training group, increased profits before tax, goodwill and exceptional items by 10% to £25.2 million in the year to September 30 in spite of a 12% drop in revenues to £180 million. The directors recommend a final dividend of 9.75p, making a total for the year of 14.75p, the same as the previous year.

Adjusted diluted earnings a share increased by 21% to 24.3p, helped by a lower tax charge. The dividend cover rose from 1.4 times to 1.6 times.

The results benefited from a series of reorganization initiatives begun during the previous year, and from strong controls on costs, against a background of some of the worst trading conditions in the company's history. Around two-thirds of group revenues arise from the financial sector. Its financial publishing and training businesses were hit by cost cuts at global investment banks and by the drop in the number of delegates travelling to attend training courses following September 11. Advertising revenues fell by 11% across the group, and advertising in the financial titles fell by a fifth. The US was particularly affected, with advertising in *Institutional Investor* falling by 30%, against a fall of 22% at *Euromoney*.

The company's priority during the year was to remain as profitable as possible and to continue to position the group for future growth. In spite of cutbacks by some financial institutions, ISI, the emerging markets information service, which is subscription-based, continued to gain clients, particularly in the public sector, and increased its revenues by 8% during the year. It made its first monthly profit in September, and its cash flow was positive from January onwards.

A further encouraging sign for the group was a drop in debt of £10.4 million, helped by a weaker dollar, to £62.8 million at year-end, increasing the capacity of the company to make further acquisitions.

Training revenues fell a fifth 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, 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.

A rigorous cost reduction programme was implemented during the first half, following 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. These actions contributed savings of £2.7 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 reduction in headcount was completed during the first half. Space commitments were cut and other costs were reduced through renegotiations with suppliers.

Operating profits before goodwill increased £1 million to £29.1 million. The operating margin improved from 13.7% to 16.2%. Profits from financial publishing fell from £20.1 million to £13.9 million, but even in these tough conditions, titles such as *Euroweek*, *Global Investor* and *Project Finance* managed to increase their profits.

Business Publishing, which mainly covers the legal, energy, pharmaceutical and travel sectors, performed relatively well, with profits increasing by 6% to £6.3 million. Both Legal Publishing and Engel Publishing, the pharmaceutical publishing 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 from the impact of September 11 and also increased profits.

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

Chairman's statement *continued*

Conferences and seminars was the best performing part of the group. 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 the group's conferences rely on sponsorship fees rather than paying delegates. Sponsorship proved to be a 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, although financial conference sponsorship revenues now show signs of weakness. In the past couple of years the company has invested in two new event streams, business meetings and awards dinners, and both of these achieved strong revenue growth.

Databases and information services contributed a profit of £1.8 million against a loss of £2.7 million. Most of the improvement came from ISI, which reduced its losses by £3.7 million, but Capital Data and Capital Net also did well. The performance at ISI in the second half was much stronger than in the first. Government agencies and corporates have been the main source of growth, and financial customers now only account for 43% of revenues. The cost base of ISI is relatively fixed and the infrastructure is in place to develop new revenue streams.

Group profit before tax increased from £13.7 million to £20.6 million after lower financing charges and exceptional profits of £1.5 million following the first half receipt of the final proceeds from the sale of the 100% Design exhibition in 1999. The previous year's results included an exceptional charge of £3.3 million to cover the cost of closing three loss-making businesses.

There was an exceptional tax credit of £6.8 million, which arose from the release of prior year tax provisions for items now agreed with the relevant tax authorities. The full year effective tax rate, before goodwill and exceptional items, is 16% against 22% in 2001, partly as a result of the full adoption in the year of FRS 19 Deferred Taxation.

During the year the group received £1.8 million from the final tranche of proceeds from the sale of 100% Design. In October 2001 the group spent £300,000 acquiring the assets of Tempest Consulting and further investments were made in ISI. A start-up loan of £400,000 to the associate entity, Capital Net, was repaid from the cash flows from the successful database products it has launched. Net financing costs fell by £1.2 million to £4.2 million due to a combination of lower interest rates, favourable exchange rates, and strong cash flows. Capital expenditure included fitting out costs of £5.4 million for Institutional Investor, which moved to new offices in April.

The recession in financial markets has continued into the current year, particularly in the US, and group profits are likely to be lower in the first quarter. Revenues in some businesses, including *Euromoney*, show some signs of recovery. The first half should continue to benefit from last year's reorganization and cost reductions.

The group believes that it will emerge strongly when the financial cycle begins an upswing and, as a result, plans to increase spending on subscription marketing. It continues to focus on new business investment and to seek acquisitions, particularly in business publishing.

END

Background note: Euromoney Institutional Investor PLC is listed on the London and Luxembourg stock exchanges. It is a constituent of the FTSE 250 Index. Daily Mail and General Trust plc owns 72% of the company.

Padraic Fallon
Chairman
November 20 2002

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Euromoney Institutional Investor PLC

Group Profit & Loss Account

for the year ended September 30 2002

	Note	**2002 £000's**	2001 £000's
Turnover	2		
Closed businesses		**372**	3,341
Other continuing operations		**179,362**	201,442
Total turnover		**179,734**	204,783
Operating profit before goodwill amortization	2		
Closed businesses		**373**	(2,248)
Other continuing operations		**28,691**	30,366
		29,064	28,118
Goodwill amortization		**(6,125)**	(5,949)
Operating profit	2	**22,939**	22,169
Share of operating profit in associates		**413**	169
Exceptional profit/(loss) on disposal/closure of businesses	3	**1,533**	(3,250)
Profit on ordinary activities before interest and tax		**24,885**	19,088
Interest receivable		**589**	1,248
Interest payable and similar charges		**(4,828)**	(6,665)
Profit on ordinary activities before tax		**20,646**	13,671
Tax on profit on ordinary activities	4	**(3,961)**	(5,025)
Release of prior years' tax provisions	4	**6,754**	-
Total tax credit/(charge) on profit on ordinary activities		**2,793**	(5,025)
Profit on ordinary activities after tax		**23,439**	8,646
Equity minority interests		**38**	(217)
Profit for the financial year		**23,477**	8,429
Dividends paid and proposed	8	**(12,941)**	(12,939)
Retained profit/(loss) for the financial year		**10,536**	(4,510)
Basic earnings per share	9	**26.76**	9.61
Diluted earnings per share	9	**26.76**	9.61
Adjusted diluted earnings per share before goodwill amortization and exceptional items	9	**24.29**	20.10
Dividend per share	8	**14.75**	14.75

All results arose from continuing operations.

Euromoney Institutional Investor PLC

Group Balance Sheet

as at September 30 2002

	2002 £000's	2001 £000's
Fixed assets		
Intangible assets	**24,685**	31,049
Tangible assets	**9,893**	6,970
Investments	**195**	472
	34,773	38,491
Current assets		
Debtors	**40,007**	49,064
Cash at bank and in hand	**35,633**	30,286
	75,640	79,350
Creditors: amounts falling due within one year	**(55,612)**	(67,581)
Net current assets	**20,028**	11,769
Total assets less current liabilities	**54,801**	50,260
Creditors: amounts falling due after more than one year	**(98,350)**	(102,742)
Provisions for liabilities and charges	**(127)**	(1,169)
Deferred income	**(31,946)**	(38,920)
Net liabilities	**(75,622)**	(92,571)
Capital and reserves		
Called up share capital	**219**	219
Share premium account	**33,743**	33,739
Capital redemption reserve	**8**	8
Profit and loss account	**(109,775)**	(126,884)
Equity shareholders' deficit	**(75,805)**	(92,918)
Equity minority interests	**183**	347
	(75,622)	(92,571)

Euromoney Institutional Investor PLC

Group Cash Flow Statement

for the year ended September 30 2002

	Note	2002 £000's	2001 £000's
Cash inflow from continuing operating activities			
Net cash inflow before exceptional items	5	30,033	33,574
Outflow related to exceptional items		-	(438)
Net cash inflow from continuing operating activities		30,033	33,136
Returns on investments and servicing of finance			
Interest received		589	1,288
Interest paid		(4,769)	(6,717)
Dividends paid to minorities		(126)	(790)
		(4,306)	(6,219)
Taxation			
UK tax paid		(3,288)	(1,339)
Overseas tax paid		(1,090)	(2,035)
UK tax received		57	1,985
Overseas tax received		647	490
		(3,674)	(899)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(6,251)	(2,169)
Sale of tangible fixed assets		162	-
		(6,089)	(2,169)
Acquisitions and disposals			
Purchase of unincorporated businesses		(379)	(420)
Purchase of subsidiary undertakings		-	(7,503)
Purchase of additional interests in subsidiary undertakings		(43)	(2,611)
Cash acquired with subsidiary undertakings		-	120
Proceeds on sale of subsidiary undertaking		1,772	-
		1,350	(10,414)
Equity dividends paid		(12,941)	(12,932)
Cash inflow before financing		4,373	503
Financing			
Issue of new ordinary share capital		4	161
Redemption of secured loan stock		(35)	-
Bank loans repaid		-	(120)
Repayment of loan by associate		398	-
Revolving credit facilities:			
Increase in borrowings		34,236	43,069
Repayment of borrowings		(31,759)	(42,743)
Loan (repaid to)/received from DMGT group company		(12,163)	12,536
Loan received from/(repaid to) to DMGT group company		12,163	(12,536)
Receipt on forward hedge		533	43
		3,377	410
Increase in cash during the year	6,7	7,750	913

Euromoney Institutional Investor PLC

Statement of Total Recognized Gains and Losses
for the year ended September 30 2002

	2002 £000's	2001 £000's
Profit for the financial year	**23,477**	8,429
Foreign exchange translation differences	**6,801**	(806)
Tax on foreign exchange translation differences	**(740)**	179
Total recognized gains and losses for the year	**29,538**	7,802

Reconciliation of Movements in Shareholders' Funds
for the year ended September 30 2002

	2002 £000's	2001 £000's
Profit for the financial year	**23,477**	8,429
Dividends paid and proposed	**(12,941)**	(12,939)
	10,536	(4,510)
Proceeds from exercise of share options	**4**	161
Reinstatement of goodwill	**512**	2,002
Other recognized gains and losses relating to the year	**6,061**	(627)
Net decrease/(increase) in shareholders' deficit	**17,113**	(2,974)
Opening shareholders' deficit	**(92,918)**	(89,944)
Closing shareholders' deficit	**(75,805)**	(92,918)

Euromoney Institutional Investor PLC

Notes to the Preliminary Announcement 2002

1 Basis of Preparation

The financial information set out in this announcement does not constitute the company's statutory accounts for the years ended September 30 2002 but is derived from those accounts. Statutory accounts for 2001 have been delivered to the Registrar of Companies, and those for 2002 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their report was unqualified and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

The financial information for the year ending September 30 2002 has been prepared in accordance with the accounting policies set out in the group's 2001 annual report, except for the adoption of discounting deferred tax balances as allowed by FRS 19 'Deferred Tax' . The prior year effect of this change is not material.

2 Segmental analysis

	United Kingdom		**North America**		**Rest of World**		**Total**	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
	£000's	£000's	**£000's**	£000's	**£000's**	£000's	**£000's**	£000's
Turnover								
By destination:								
Other continuing businesses	**32,406**	32,840	**71,558**	88,952	**75,398**	79,650	**179,362**	201,442
Closed businesses	**59**	659	**272**	2,220	**41**	462	**372**	3,341
	32,465	33,499	**71,830**	91,172	**75,439**	80,112	**179,734**	204,783

	United Kingdom		**North America**		**Rest of World**		**Total**	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
	£000's	£000's	**£000's**	£000's	**£000's**	£000's	**£000's**	£000's
Turnover								
By activity and source:								
Financial publishing	**26,118**	31,514	**40,492**	50,508	**1,502**	2,163	**68,112**	84,185
Business publishing	**22,606**	27,207	**11,193**	6,472	**3,425**	3,762	**37,224**	37,441
Training	**13,982**	16,950	**6,236**	8,580	**2,194**	2,730	**22,412**	28,260
Conferences and seminars	**14,786**	13,693	**15,199**	16,628	**7,793**	8,204	**37,778**	38,525
Databases and information services	**4,312**	4,285	**3,156**	2,570	**6,368**	6,176	**13,836**	13,031
Closed businesses	**105**	302	**267**	3,039	**-**	-	**372**	3,341
	81,909	93,951	**76,543**	87,797	**21,282**	23,035	**179,734**	204,783

2 Segmental analysis continued

	United Kingdom		North America		Rest of World		Total	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
	£000's	£000's	**£000's**	£000's	**£000's**	£000's	**£000's**	£000's
Operating profit								
By activity and source:								
Financial publishing	**7,866**	10,196	**5,831**	9,443	**173**	413	**13,870**	20,052
Business publishing	**4,650**	4,962	**1,379**	1,213	**305**	(177)	**6,334**	5,998
Training	**2,923**	4,163	**1,137**	1,926	**389**	679	**4,449**	6,768
Conferences and seminars	**3,584**	2,994	**3,087**	2,183	**1,712**	773	**8,383**	5,950
Databases and information services	**3,347**	2,924	**(983)**	(2,780)	**(606)**	(2,874)	**1,758**	(2,730)
Closed businesses	**(11)**	(642)	**384**	(1,606)	**-**	-	**373**	(2,248)
Unallocated corporate costs	**(6,026)**	(5,622)	**(77)**	(50)	**-**	-	**(6,103)**	(5,672)
	16,333	18,975	**10,758**	10,329	**1,973**	(1,186)	**29,064**	28,118
Goodwill amortization	**(328)**	(319)	**(5,776)**	(5,630)	**(21)**	-	**(6,125)**	(5,949)
Operating profit after goodwill amortization	**16,005**	18,656	**4,982**	4,699	**1,952**	(1,186)	**22,939**	22,169

The goodwill amortization of £6,125,000 (2001: £5,949,000) can be allocated as follows; Business publishing, £754,000 (2001: £409,000); Conferences and seminars, £190,000 (2001: £383,000); and Databases and information services, £5,181,000 (2001: £5,157,000).

3 Exceptional profit/(loss) on disposal/closure of businesses

In March 1999, the group sold its investment in 100% Design Limited for a cash consideration of £743,000 and a performance based deferred consideration. During 2002, the group received the final element of the deferred consideration amounting to £1,772,000.

The group closed its Technology + Media Limited business in the period, which resulted in a goodwill write off of £239,000.

During the previous year the group closed three of its non-performing businesses resulting in an exceptional charge of £3,250,000.

Notes to the Preliminary Announcement 2002 *continued*

4 Tax on profit on ordinary activities

	2002 £000's	2001 £000's (as restated)*
United Kingdom		
Corporation tax at 30% (2001: 30%)	**4,320**	4,489
Associates	**125**	53
Release of prior years provisions	**(6,754)**	-
Over provision in respect of prior years	**(403)**	(604)
	(2,712)	3,938
Foreign tax		
Overseas taxation	**766**	1,104
Under provision of overseas taxation in respect of prior periods	**335**	(17)
Total current tax	**(1,611)**	5,025
Deferred tax		
Origination and reversal of asset timing differences	**(720)**	(22)
Origination and reversal of liability timing differences	**2,989**	3,195
Increase in discount	**(2,923)**	(3,173)
Over provision of deferred taxation in respect of prior periods	**(528)**	-
Total deferred tax	**(1,182)**	**-**
Tax on profit on ordinary activities	**(2,793)**	5,025

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2001: 30%). The current tax charge for the year is different from 30% of profit before tax for the reasons set out in the following reconciliation:

	2002 £000's	2001 £000's (as restated)*
Profit on ordinary activities before tax	**20,646**	13,671
Tax at 30%	**6,194**	4,101
Factors affecting (credit)/charge:		
UK goodwill amortization	**1,838**	1,785
Non-taxable items and additional deductible UK items	**(1,836)**	-
US goodwill amortization	**(3,184)**	(1,250)
US state taxes	**270**	524
Disallowable expenditure	**2,590**	764
Depreciation in excess of capital allowances	**20**	56
Lower rates of tax on overseas profits	**(149)**	(531)
Utilization of losses brought forward	**(532)**	(169)
Overseas losses for which no relief is currently available	**-**	366
Over provisions in prior years	**(6,822)**	(621)
Current tax (credit)/charge for the year	**(1,611)**	5,025

Included within the corporation tax (credit)/charge for the year is a tax credit of £Nil (2001: £121,000) in respect of exceptional items shown in the profit and loss account after operating profit (see note 3). The exceptional items in 2002 do not give rise to any tax charge or credit due to the availability of brought forward capital losses and the non-deductible nature of UK goodwill amortization on share acquisitions. The tax credit in 2001 arises on closure costs in relation to UK businesses.

The prior year over provision of £6,754,000 relates to a release of tax provisions no longer required following agreement of certain open issues with the UK Inland Revenue in relation to the group's US acquisition structure.

* see note 1.

Notes to the Preliminary Announcement 2002 *continued*

5 Reconciliation of operating profit to net cash inflow from operating activities

	2002 £000's	2001 £000's
Group operating profit	22,939	22,169
Amortization of goodwill	6,125	5,949
Goodwill reinstated on disposal of titles	512	-
Depreciation of tangible fixed assets	2,827	3,168
Loss on sale of tangible fixed assets	32	-
Decrease in debtors	9,091	4,202
Decrease in creditors	(10,646)	(293)
Utilization of property rental provision	(847)	(1,621)
Net cash inflow from continuing operating activities before exceptional items	30,033	33,574

6 Reconciliation of net cash flow to movement in net debt

	2002 £000's	2001 £000's
Increase in cash during the year	7,750	913
Cash inflow from change in debt finance	(2,442)	(12,742)
Decrease in net amounts due from DMGT group undertakings	-	12,536
	5,308	707
Other non-cash items:		
Currency translation differences	5,075	(438)
Movement in net debt in the year	10,383	269
Net debt at October 1	(73,229)	(73,498)
Net debt at September 30	(62,846)	(73,229)

7 Analysis of changes in net debt

	At October 1 2001 £000's	Cash flow £000's	Exchange movements £000's	At September 30 2002 £000's
Cash at bank and in hand	30,286	7,148	(1,801)	35,633
Bank overdrafts	(685)	602	7	(76)
	29,601	7,750	(1,794)	35,557
Debt due within one year	(12,335)	35	801	(11,499)
Debt due in more than one year	(102,742)	(2,477)	6,869	(98,350)
	(115,077)	(2,442)	7,670	(109,849)
Amounts owed by DMGT group undertakings	12,247	-	(801)	11,446
Total	(73,229)	5,308	5,075	(62,846)

Notes to the Preliminary Announcement *continued*

8 Dividends

	2002 £000's	2001 £000's
Interim paid 5p per share (2001: 5p)	**4,390**	4,388
Final proposed 9.75p per share (2001: 9.75p)	**8,560**	8,560
	12,950	12,948
Employees' Share Ownership Trust dividend	**(9)**	(9)
	12,941	12,939

The final dividend of 9.75p (2001: 9.75p) will be paid on January 24 2003 to shareholders on the register on November 29 2002. It is expected that the shares will be marked ex-dividend on November 27 2002. Holders of International Depositary Receipts can receive their dividend on January 24 2003 by presentation of coupon number 31 to Banque Internationale a Luxembourg or to one of their agents.

9 Earnings per share

	2002 £000's	2001 £000's
Basic earnings	**23,477**	8,429
Goodwill amortization	**6,125**	5,949
Exceptional (profit)/loss on disposal/closure of businesses (note 3)	**(1,533)**	3,250
Provision release in respect of prior period tax (note 4)	**(6,754)**	-
Adjusted earnings before goodwill amortization and exceptional items	**21,315**	17,628
	Number 000's	Number 000's
Weighted average number of shares	**87,793**	87,757
Shares held by the Employees' Share Ownership Trust	**(59)**	(59)
	87,734	87,698
Effect of dilutive share options	**1**	4
Diluted weighted average number of shares	**87,735**	87,702
	Pence per share	Pence per share
Basic earnings per share	**26.76**	9.61
Effect of dilutive share options	**-**	-
Diluted earnings per share	**26.76**	9.61
Effect of goodwill amortization	**6.98**	6.78
Effect of (profit)/loss on sale of closed businesses	**-1.75**	3.71
Effect of prior years provision release	**-7.70**	-
Adjusted diluted earnings per share before goodwill amortization and exceptional items	**24.29**	20.10

The adjusted diluted earnings per share figure has been disclosed since the directors consider it to give a more meaningful indication of the underlying trading performance.