



## United Business Media

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### **UNITED BUSINESS MEDIA ANNOUNCES STRATEGY ON ACQUISITIONS, CAPITAL STRUCTURE AND DIVIDEND POLICY FOR THE PERIOD TO END 2009**

UNITED BUSINESS MEDIA PLC TODAY ANNOUNCES ITS STRATEGY ON ACQUISITIONS, CAPITAL STRUCTURE AND DIVIDEND POLICY FOR THE PERIOD UP TO THE END OF 2009.

OVER THE PAST THREE YEARS UBM HAS UNDERTAKEN A SUBSTANTIAL STRATEGIC TRANSFORMATION WHICH HAS CREATED SIGNIFICANT VALUE FOR SHAREHOLDERS AND HAS STRENGTHENED ITS BUSINESS. UBM HAS FOCUSED ON ITS NEWS DISTRIBUTION AND B2B ACTIVITIES. THE KEY ELEMENTS IN THIS TRANSFORMATION HAVE BEEN INVESTMENT IN FACE-TO-FACE MEDIA (EVENTS AND EXHIBITIONS) AND IN DATA BUSINESSES TO REBALANCE UBM'S PORTFOLIO; INVESTMENT IN ACQUISITIONS FOR, AND ORGANIC DEVELOPMENT OF, PR NEWswire; EXPANSION INTO NEW GEOGRAPHIES, PARTICULARLY EMERGING ECONOMIES; AND, DIVESTITURES AND CLOSURES. IN 2006 AROUND 85% OF UBM'S PROFITS WERE DERIVED FROM FACE-TO-FACE MEDIA, DATA BUSINESSES AND FROM PR NEWswire. UBM INTENDS TO CONTINUE TO IMPLEMENT THIS STRATEGY IN 2008 AND 2009.

CONSISTENT WITH THIS STRATEGY, IN FEBRUARY 2006 UBM SAID THAT BY MARCH 2008 IT WOULD COMPLETE £300M TO £500M OF ACQUISITIONS AND WOULD RETURN NO LESS THAN £300M OF CAPITAL TO SHAREHOLDERS, MARKET CONDITIONS PERMITTING. SINCE THE BEGINNING OF 2006, UBM HAS ACQUIRED 35 BUSINESSES FOR A TOTAL CONSIDERATION OF OVER £250M AND HAS RETURNED OVER £400M OF CAPITAL, INCLUDING £43M SINCE JULY 2007.

IN THE PERIOD 2002–2006, UBM GREW ITS EARNINGS PER SHARE BY 176% FROM 16.3P TO 43.8P AND ITS DIVIDENDS PER SHARE BY 157% FROM 7P TO 18P.

CONTINUING THE IMPLEMENTATION OF THE STRATEGY NOTED ABOVE, UBM IS NOW SETTING OUT ITS INTENTIONS WITH RESPECT TO ACQUISITIONS, CAPITAL STRUCTURE AND DIVIDEND POLICY FOR THE PERIOD UP TO THE END OF 2009. SUBJECT TO MARKET CONDITIONS, UBM INTENDS TO:

- CONTINUE ITS ACQUISITION PROGRAMME, TARGETING AN INVESTMENT OF £150M TO £250M PER YEAR IN 2008 AND 2009 ON ACQUISITIONS TO ENHANCE UBM'S B2B AND NEWS DISTRIBUTION BUSINESSES WHILE MAINTAINING ITS STRICT ACQUISITION CRITERIA, INCLUDING THE REQUIREMENT TO EXCEED AN 8% POST-TAX RETURN IN THE FIRST FULL YEAR OF OWNERSHIP;
- MOVE TOWARDS AN ONGOING LEVEL OF DIVIDEND COVER OF APPROXIMATELY TWO TIMES FOR THE PERIOD TO THE END OF 2009, REDUCING COVER FROM THE CURRENT 2.43 TIMES. THIS INCREASED DIVIDEND REFLECTS THE IMPROVED EARNINGS VISIBILITY AND PREDICTABILITY ARISING FROM THE CHANGED COMPOSITION OF

## UBM'S BUSINESSES;

- RETURN BETWEEN £200M AND £300M OF CAPITAL TO SHAREHOLDERS BY THE END OF 2009. THE LEVEL AND TIMING OF CAPITAL RETURNS WILL BE FLEXED RELATIVE TO THE PROGRESS OF UBM'S ACQUISITION PROGRAMME.

THROUGH THE ABOVE, IT IS EXPECTED THAT UBM WILL ACHIEVE A LEVERAGE POSITION OF APPROXIMATELY THREE TIMES NET DEBT TO EBITDA BY THE END OF 2009.

DAVID LEVIN, CHIEF EXECUTIVE OFFICER OF UNITED BUSINESS MEDIA, SAID:

"THE BUSINESS TO BUSINESS AND NEWS DISTRIBUTION MARKETS CONTINUE TO OFFER ATTRACTIVE ACQUISITION AND ORGANIC GROWTH OPPORTUNITIES FOR THE DEVELOPMENT OF UBM. WE INTEND TO TAKE FULL ADVANTAGE OF THESE OPPORTUNITIES WHILE MAINTAINING OUR DISCIPLINE IN THE USE OF OUR CAPITAL."

"WE CONTINUE TO DIRECT UBM TOWARDS HIGHER QUALITY BUSINESS MODELS WHILE ACCELERATING UNDERLYING REVENUE GROWTH THROUGH ORGANIC PRODUCT DEVELOPMENT AND ACTIVE PORTFOLIO MANAGEMENT. WE WILL INVEST IN MARKETS THAT OFFER SUSTAINABLE GROWTH OPPORTUNITIES AND MORE PREDICTABLE REVENUES AND EARNINGS AND IN ACQUISITIONS AND ORGANIC BUSINESS DEVELOPMENTS WHICH TAKE ADVANTAGE OF THE WORLDWIDE REACH OF UBM'S BUSINESSES."

"OUR CAPITAL STRUCTURE AND DIVIDEND POLICIES FOR 2008 AND 2009 REFLECT THE EXTENT TO WHICH WE HAVE RESHAPED UBM'S BUSINESSES OVER THE LAST THREE YEARS THROUGH ACQUISITIONS, DISPOSALS AND INVESTMENT IN ORGANIC BUSINESS DEVELOPMENT. OUR INTENTION TO MOVE TOWARDS TWO TIMES DIVIDEND COVER DEMONSTRATES OUR BOARD'S CONFIDENCE IN THE GROWING PROPORTION OF OUR BUSINESSES THAT PROVIDE MORE VISIBLE AND PREDICTABLE REVENUES WITH HIGHER GROWTH AND PROFITABILITY, SUCH AS OUR GLOBAL EXHIBITION PORTFOLIO, PR NEWswire AND OUR DATA BUSINESSES."

- ENDS -

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## **NOTES TO EDITORS**

### **1. ABOUT UNITED BUSINESS MEDIA PLC**

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