



**Q3 EARNINGS CALL  
NOVEMBER 5, 2019**

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### **Sally Shankland**

*President & Chief Executive Officer*

- CEO of Emerald Expositions since June 2019
- President of McGraw-Hill Higher Education from 2015 to 2017
- 27 year career with UBM; most recently CEO of UBM Americas from 2012 to 2015
- 30+ years' experience growing events and marketing services businesses

## **Speakers**



### **Brian Field**

*Chief Operating Officer*

- COO of Emerald Exhibitions since June 2019
- COO of UBM Americas from 2014 to 2019
- 20+ years' experience driving business success through the application of rigorous execution, technology, and data to the areas of marketing, customer experience, data-informed product development, operations, data services and sales operations



### **Philip Evans**

*Chief Financial Officer*

- CFO of Emerald Expositions since October 2013
- CFO of ProQuest from 2009 to 2013
- Previous roles at Reed Elsevier (RELX) and EY
- 30+ years' experience in financial roles

# Strategy Update

## State of the Business (June 2019)

### Strengths:

- ✓ Robust and attractive business model and good industry fundamentals
- ✓ Strong and diversified portfolio of brands with market leading positions
- ✓ Dedicated and passionate employees with close ties to their industries
- ✓ Opportunities to supplement organic growth with tuck-in M&A

### (Fixable) Weaknesses:

- ✗ Insufficient focus on customer satisfaction and ROI
- ✗ Lagging industry best practices in the use of technology and data, notably affecting marketing and sales effectiveness
- ✗ Lack of accountability, contributing to financial underperformance
- ✗ Limited attention to non-booth revenue streams, including poor leverage of content and Other Marketing Services assets

## Resetting the Table

- The transition is well underway
  - New management team
  - Redefined Vision and Mission
  - Strategy reset, driven by data and technology, focused on:
    - Improved customer satisfaction and engagement
    - Diversification of revenue streams and increased innovation
    - Greater discipline and accountability
- Employees are engaged and enthusiastic
- Initiatives in place to return Emerald to organic growth
- Management team is confident that our strategy reset and renewed focus on execution will drive improved financial performance over time



## New Management Team

<p><b>Brian Field</b> COO <i>(from 6/1)</i></p>	<ul style="list-style-type: none"> <li>• 20+ years of events and media experience</li> <li>• Previous experience: UBM, Turner Broadcasting, Omnicom, VOY, StarMedia</li> </ul>
<p><b>Lori Silva</b> EVP, Retail <i>(from 9/1)</i></p>	<ul style="list-style-type: none"> <li>• 30+ years of events and media experience</li> <li>• Previous experience: Informa/UBM, Blenheim</li> </ul>
<p><b>Jessica Blue</b> EVP, Connect <i>(from 8/12)</i></p>	<ul style="list-style-type: none"> <li>• 20+ years of events and media experience</li> <li>• Previous experience: Informa/ Advanstar, Miller Freeman</li> </ul>
<p><b>Angelique Carbo</b> EVP, People &amp; Culture <i>(from 7/23)</i></p>	<ul style="list-style-type: none"> <li>• 30+ years of human resources experience</li> <li>• Previous experience: Selective Insurance, ABM Industries, Merck, GE, Eli Lilly, Arthur Andersen</li> </ul>
<p><b>Amy Sklar</b> EVP, Customer Solutions <i>(from 9/1)</i></p>	<ul style="list-style-type: none"> <li>• 20+ years of events and media experience</li> <li>• Previous experience: Informa/UBM, CMP Media</li> </ul>



## Redefined Vision & Mission

### Vision

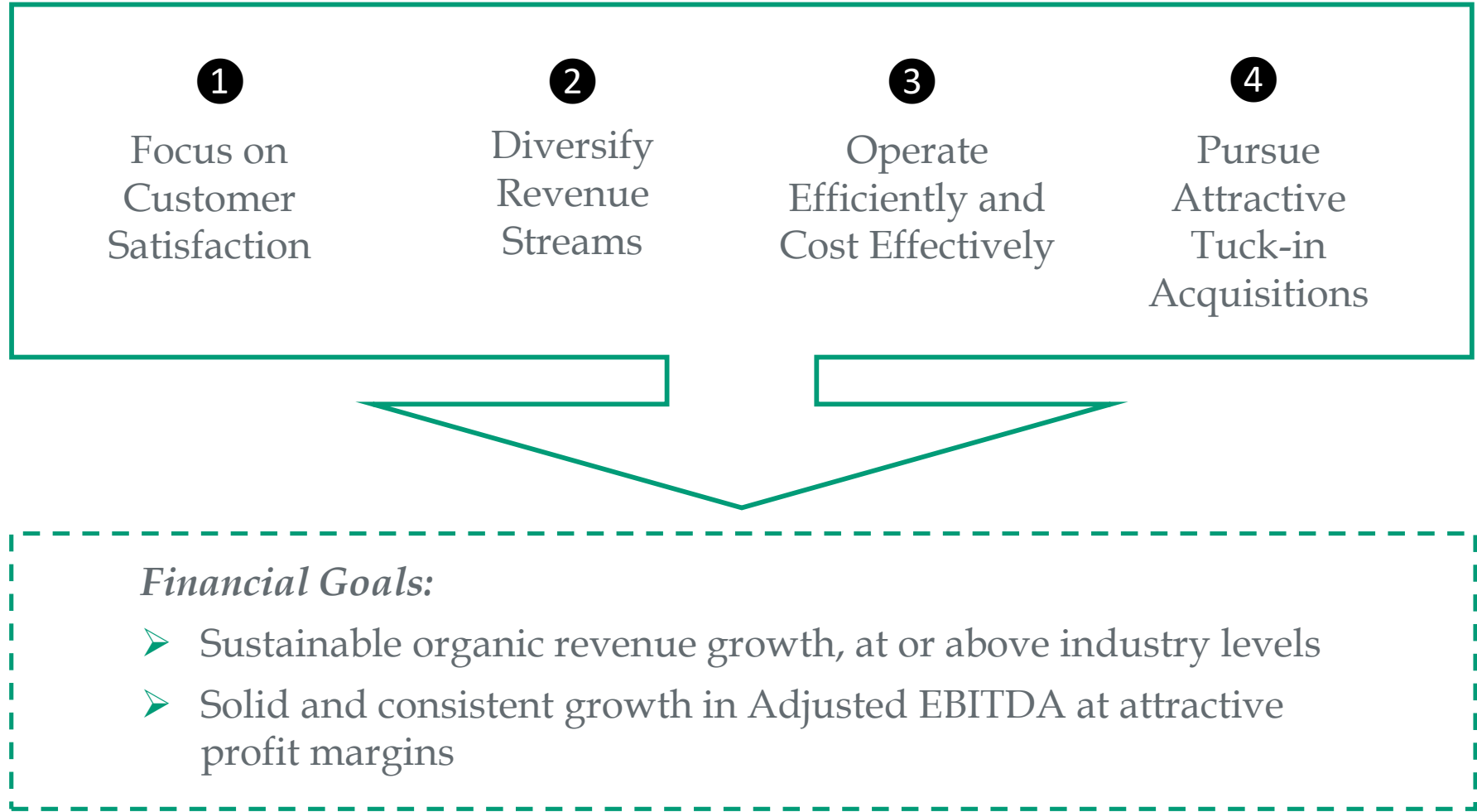
To fuel our customers' success, increasing prosperity for the businesses, people and markets we serve

### Mission

- ❖ To **be a year-round partner** to our customers – both buyers and sellers – nurturing them with valuable events and critical information and insights that make us a platform for their success
- ❖ To **inform, educate and connect** our customers, creating meaningful and memorable experiences in vibrant, real-world environments, facilitating sourcing, discovery and community
- ❖ To consistently **deliver more value than we take in**, from all of our exchanges
- ❖ To **advocate** for the markets we serve to increase their success as well as the success of the businesses and people within them
- ❖ To support the communities in which we live and work and to **be a preferred employer** wherever we operate



## Strategy Reset





## Growth Strategy #1:

### Focus on Customer Satisfaction

- Link senior management and staff compensation to Customer Satisfaction improvements
- Implement “Event Plans” that standardize marketing and sales plans
  - Track key customer and financial metrics to ensure improved performance
- Enhance post-event research and analysis
- Refine and expand attendee databases to improve quality and quantity
- Enhance the event experience, with an emphasis on measurable on-site experiences, education and curated matchmaking
- Leverage and expand our content assets to strengthen year-round engagement
- Migrate to a value-based pricing approach to improve transparency and customer satisfaction while driving yield improvement

## **Focal Point:**

## **Event Plans**

*Standard diagnostic and forecasting instrument for evaluating health of an event; tool for future planning and cross-functional build-up across key measures*

- Drives “outside in” approach and thinking that starts with the market sector and customer segment
- Provides management dashboard of “flags” for follow-up when any specific metric is sub-benchmark
- Creates rigor and transparency, from strategy down to tactical delivery
- Aligns team members, since it cannot be built in isolation
- After initial cycle can become tool for multi-year planning, improving budgeting process and reducing cycle time

## Focal Point:

## Value-Based Pricing (“VBP”)

*Research and analysis of live event pricing and promotion based on customers’ perceived values of available locations / packages*

- Pricing methodology beyond flat-rate increases to align with perceived customer value
  - Based on detailed data analysis of historical prices, customer behaviors and NPS scores
- Initial phase occurring across six shows (Outdoor Retailer, ASD, NY NOW, CEDIA Expo, Surf Expo and RetailX), with first implementations, based upon show cycles, for 2021 shows
- Rollout of program presents opportunity to deliver +4-8% on show revenue; which equates to a potential \$5-\$10 million in incremental yield just on above-named shows (based on 2019 revenues)

## Focal Point:

## Enhanced Post-Show Research

*Standardized process and toolset to design, deploy and measure customer surveys, coupled with post-event research*

- Ensures key customer sentiment questions are uniformly asked
- Provides continuity in edition-to-edition survey design and access to customer data
- Establishes more robust sentiment scoring overall, with integration of NPS, satisfaction, loyalty and importance metrics, plus internal and industry benchmarking across sentiment scores
- Individual customer sentiment tied to customer record in Salesforce (Q1 2020 implementation), enabling more meaningful customer conversations
- Facilitates accelerated research-to-action based upon collected data and industry knowledge, allowing us to identify key areas for change/development
- Currently 27 events integrated into platform; will be fully adopted by all events and media products by end of 2020



## Focal Point:

## Data Enrichment

*Augmenting  
customer-profile  
information through  
fusion of data sources  
to inform enhanced  
customer-led  
offerings*

- Emerald currently uses basic demographic and firmographic information in its marketing practices, such as: name, title, company information and size, and company revenues
- While helpful for broad segmentation, this is limited to what customers explicitly tell us and can create incomplete views and mismatched marketing messages
- Emerald houses a trove of deep information on customer activity that is unlinked and under-utilized, such as: publishing/ subscribing histories and online content behaviors
- Bringing these types of data together allows for refinement in messaging, segmentation strategy and customer insights
- We are currently designing the integration path for these data sets and expect to roll out the enriched data to our marketing teams over the course of 2020



## Growth Strategy #2:

## Diversify Revenue Streams

- Increase sponsorship and advertising revenues
  - Apply best practices and develop new products and packages
- Increase conference revenues
  - Improve quality, marketing effectiveness and operating efficiency
- Increase hosted buyer revenues
  - Continue to launch new and spin-off hosted buyer events
  - Leverage CPMG as the center of excellence for launches in other Emerald markets
- Add new categories and launch new events
  - More aggressive approach on developing new events/categories/products in existing and adjacent markets, potentially including B2C extensions



## Focal Point:

## Integrated Customer Solutions

*Focused effort on driving increased value for customers by creating integrated solutions beyond pure booth or conference programs*

- Blending sponsorship programs with digital and print solutions to reach desired customer targets
- Means of extending beyond “event days” to year-round opportunities for our customers (and us)
- Focused on standardization and scale vs one-off bespoke efforts to maximize opportunity for new, profitable-revenue growth
- Examples include:
  - At show, sponsorship of
    - Show guide
    - Content track in educational conference
    - Speed-dating pavilion
  - Non-show period / year-round opportunities
    - Section “take-over” of all display ads and digital wall-paper on website
    - Sponsored “belly band” of print magazine & ad pages
    - Extension of customer’s content as part of sponsored webinar series
    - Curated topical series sponsored year-round on website



## Growth Strategy #3:

## Operate Efficiently & Cost Effectively

- Improve financial rigor
- Introduce zero-based budgeting for 2020 Budget
  - Critically assess the impact/ROI of all spending and investments
  - Centralize activities to drive efficiencies
  - Review and renegotiate all major cost items
- Standardize procedures and share best practices
- Increase marketing and sales effectiveness through application of best practices, enhanced tools and skill upgrades



## **Growth Strategy #4: Pursue Attractive Tuck-in Acquisitions**

- Focus on acquisitions that either:
  - meaningfully strengthen one or more of our existing brands, or
  - where we bring considerable incremental value that will enhance the acquisition's rate of growth
- Develop rigorous acquisition theses, financial projections and integration plans to minimize integration risk and performance surprises
- Apply disciplined financial hurdles



## Case Study:

### G3 Communications

*Announced 11/4/19*

- Leading owner of conferences, online media, research and custom marketing services for the retail industry and the B2B marketing industry
- G3 is ideally situated to continue to provide essential information to an audience of both retailers and B2B marketers who are rapidly acknowledging their increasing educational and engagement needs
- In addition to the independent attractiveness of the G3 business, the acquisition provides Emerald with:
  - a cutting edge critical educational component regarding retail transformation for RetailX
  - a foundation for high value Emerald educational offerings to our collective audience of retailers across our entire portfolio of vertical retail events
  - strong B2B demand generation marketing events, content and expertise to leverage across our entire B2B exhibitor base
  - an online media model driving revenue through content projects, lead gen campaigns and special reports
  - a well-established scalable engine for the creation of custom content marketing programs for B2B clients



## Financial Objectives

- Return to sustainable organic revenue growth, at or above industry levels
  - Our target is mid single-digit percentage organic revenue growth by 2021
- Deliver solid and consistent growth in Adjusted EBITDA over time
  - Operate at strong profit margins
- Pursue a disciplined capital allocation strategy
  - Enhance organic growth through selective, accretive acquisitions
  - Reduce leverage, over time



## Timeline

- ✓ Assemble top quality senior team
- ✓ Deploy new event research tool
- ✓ Launch Event Plans
- Analyze and develop value-based pricing models
- Start to develop new revenue opportunities, including launches, new categories, sponsorships etc.
- Begin to integrate customer and attendee information to facilitate more sophisticated marketing
- Improve event execution
- Enhance conference experience
- Expand matchmaking

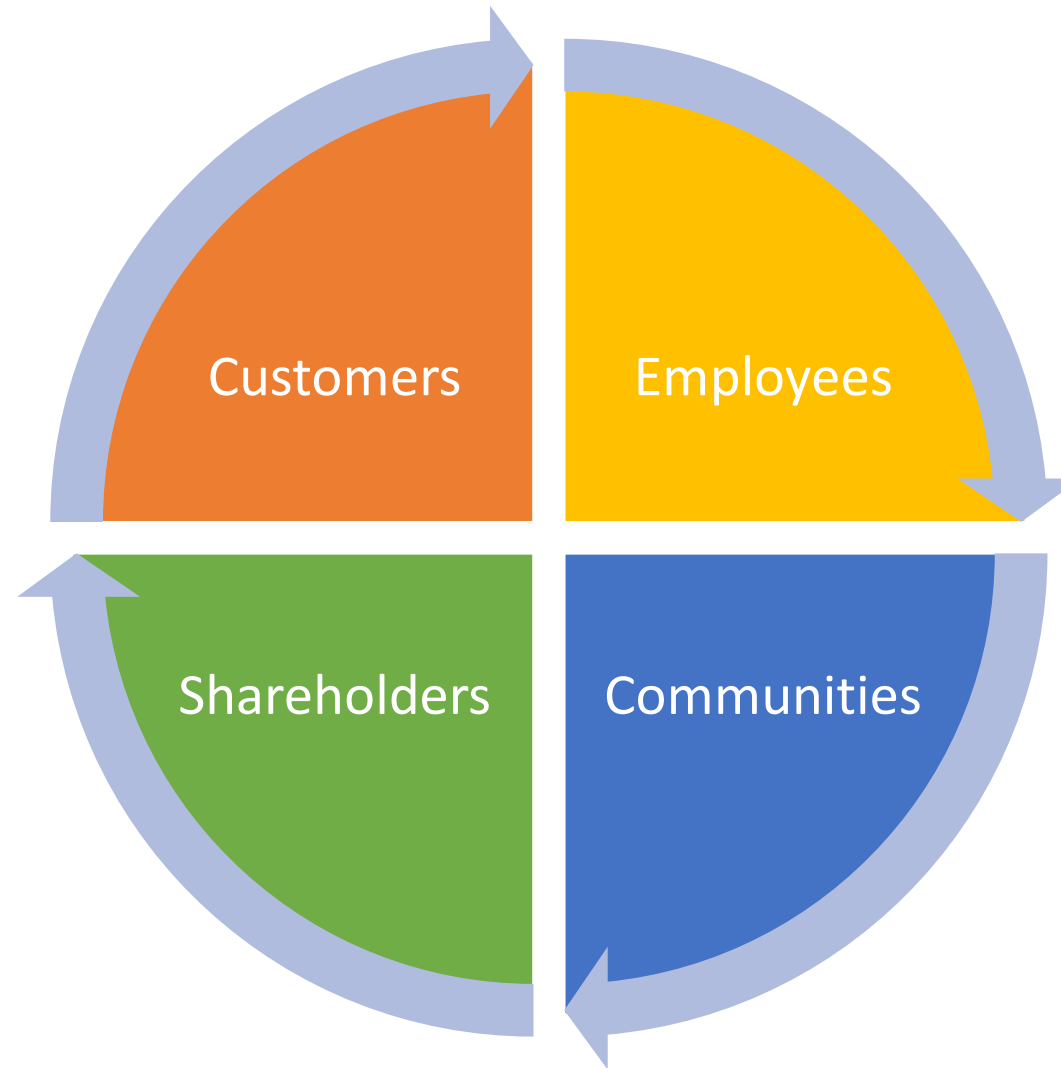
- Apply learnings from enhanced post-show research
- Event Plans become an integral part of the planning process
- Communication and adoption of value-based pricing approach
- Improved marketing efficiency and effectiveness
- Momentum on new revenue streams and on launches/new categories
- Improved exhibitor and attendee satisfaction begins to impact financial performance

- Organization has industry leading customer satisfaction and is constantly striving to exceed customer expectations
- Value-based pricing in place across entire portfolio

- **Return to sustainable organic revenue growth, at or above industry levels**
- **Deliver solid and consistent growth in Adjusted EBITDA**

- ❖ Develop a data-driven culture with increased accountability
- ❖ Instill a culture of efficiency and tight cost management
- ❖ Invest in the people, technology and data required to support market leadership

## Addressing the Four Key Constituencies needed for Success



# Q3 2019 Performance

## Key Q3 Shows

- **ASD Market Week** franchise stabilized
  - July show revenue flat: good growth in Value & Variety and Gift & Toy categories offsetting a decline in the Sourcing section driven by U.S./China trade tensions
  - Booth revenue for March 2020 show pacing positively
- **NY NOW Summer** low double-digit percentage revenue decline versus prior year, as expected; still work required to turn around the franchise
  - August show revenue down partly due to curation of the Gift section to allow co-location of JA Summer jewelry show; continued softness in the Home category
  - Booth revenue for February 2020 show behind last year as contracts released late
- **Surf Expo** cancelled due to Hurricane Dorian
  - Financial impact offset by event cancellation insurance
  - Booth revenue for January 2020 show pacing nicely
- **CEDIA Expo** revenue down by a mid single-digit percentage
  - Home tech industry affected by U.S./China trade tensions
  - Booth revenue for September 2020 show pacing slightly behind 2019



## Q3 Results

		2019	2018	Change \$	Change %
<i>\$ million, except EPS</i>					
<b>Revenues</b>	<b>Reported</b>	75.6	103.1	(27.5)	-26.7%
	Scheduling adjustments:				
	Events moved from Q3 to Q2 (net)		(19.3)		
	Events moved from Q4 to Q3 (net)		6.0		
	Scheduling adjustments (net)		(13.3)		
	Discontinued events		(5.3)		
	Anticipated revenues: Surf Expo/ISS Orlando	7.1			
	2018 Acquisitions - Incremental	(1.9)			
	<b>Organic Revenues</b>	<b>80.8</b>	<b>84.5</b>	<b>(3.7)</b>	<b>-4.4%</b>
	<b>Adjusted EBITDA</b>	<b>28.7</b>	<b>40.9</b>	<b>(12.2)</b>	<b>-29.8%</b>
	<b>Adjusted Net Income</b>	<b>12.6</b>	<b>24.2</b>	<b>(11.6)</b>	<b>-47.9%</b>
	<b>Adjusted Diluted EPS</b>	<b>\$ 0.17</b>	<b>\$ 0.32</b>	<b>\$ (0.15)</b>	<b>-46.9%</b>
	<b>Free Cash Flow</b>	<b>10.7</b>	<b>13.6</b>	<b>(2.9)</b>	<b>-21.3%</b>



## Q3 Cash Flows & Debt

\$M	<u>2019</u>	<u>2018</u>	<u>Change</u> \$
<b>Free Cash Flow</b>	<b>10.7</b>	<b>13.6</b>	<b>(2.9)</b>
Dividends	(5.4)	(5.3)	(0.1)
Acquisition of businesses	-	(27.8)	27.8
Borrowing on revolving credit facility	1.0	-	1.0
Repayment of principal on term loan	(1.4)	(1.4)	(0.0)
Debt related cash flows	(0.4)	(1.4)	1.0
Repurchase of common stock	(3.8)	-	(3.8)
Option proceeds	0.1	0.2	(0.1)
Equity related cash flows	(3.7)	0.2	(3.9)
<b>Net Increase/(Decrease) in Cash</b>	<b>1.2</b>	<b>(20.7)</b>	<b>21.9</b>
Cash at beginning of quarter	12.4	34.5	
<b>Cash at end of quarter</b>	<b>13.6</b>	<b>13.8</b>	
Debt at end of quarter	538.3	538.0	
<b>Net Debt at end of quarter</b>	<b>524.7</b>	<b>524.2</b>	



## 2019 Full Year Guidance Ranges

*\$ million, except EPS*

<b>Total revenue</b>	<b>\$362 - \$369</b>
<b>Organic revenue</b>	<b>-3.9% to -5.6%</b>
<b>Adjusted EBITDA</b>	<b>\$118 - \$125</b>
<b>Adjusted Net Income</b>	<b>\$64 - \$69</b>
<b>Adjusted Diluted EPS</b>	<b>\$0.88 - \$0.95</b>
<b>Free Cash Flow</b>	<b>\$60 - \$65</b>

- Cancellation of Surf Expo and ISS Orlando due to Hurricane Dorian reduced anticipated third quarter revenues by approximately \$7 million. As a result, management expects Total revenue to fall modestly below the low end of the guidance range

# Concluding Remarks

## The Table is Reset

- Despite recent disappointing financial performance, this business has significant potential over the medium to long term
- Portfolio is diversified and we have leading market positions
- Key is to deliver more value to our customers and to increase their satisfaction and ROI
- We will achieve this by applying proven approaches, including extensive use of data and technology, increasing accountability and by simply executing better
- Our growth strategies and financial objectives are set
- Our employees are engaged and enthusiastic
- While it will not change overnight, we are highly confident that Emerald can achieve its financial objectives

# Q&A