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Financial Review continued

Income Statement

In 2019, Informa delivered a further year of increased revenue and profit on an underlying, adjusted and statutory basis.

	Adjusted results 2019 £m	Adjusting items 2019 £m	Statutory results 2019 £m	Adjusted results 2018 £m	Adjusting items 2018 £m	Statutory results 2018 £m
Revenue	2,890.3	-	2,890.3	2,369.5	-	2,369.5
Operating profit/(loss)	933.1	(395.0)	538.1	732.1	(368.9)	363.2
(Loss)/profit on disposal	-	(95.4)	(95.4)	-	1.1	1.1
Net finance costs	(111.7)	(12.3)	(124.0)	(82.4)	0.2	(82.2)
Profit/(loss) before tax	821.4	(502.7)	318.7	649.7	(367.6)	282.1
Tax (charge)/credit	(156.1)	83.5	(72.6)	(116.2)	55.7	(60.5)
Profit/(loss) for the period	665.3	(419.2)	246.1	533.5	(311.9)	221.6
Adjusted operating margin	32.3%			30.9%		
Adjusted diluted EPS	51.3p		18.0p	49.2p		19.7p

Statutory Income Statement results

Statutory revenue increased by 22.0% to £2,890.3m, with growth including the full-year benefit of the UBM combination, the business's underlying growth and favourable currency benefits. In 2019, there was a first full-year of contribution from UBM, compared with just six and a half months' contribution in 2018.

Statutory operating profit increased by 48.2% to £538.1m, reflecting a £201.0m growth in adjusted operating profit. This also reflects UBM, underlying business growth and favourable currency impacts, partly offset by a £26.1m increase in adjusting items charged to operating profit. These were largely related to the UBM acquisition.

Statutory net finance costs rose £41.8m to £124.0m and comprised £134.1m of finance costs and £10.1m of investment income. The increase in finance costs reflects the full-year impact of the additional £1.2bn debt taken on to finance the UBM addition in June 2018, the adverse currency impact on our largely USD-denominated debt and the early repayment of borrowings to refinance and take advantage of favourable market conditions.

Statutory profit before tax increased by 13.0% to £318.7m, reflecting the £174.9m increase in operating profit, partly offset by the £96.5m increase in loss on disposals and the £41.8m increase in net finance costs.

The statutory tax charge for the year was £72.6m, representing an increase of £12.1m compared with 2018. This increase was due to the larger profit before tax and a higher statutory effective tax rate of 22.8% compared with 21.4% in 2018.

Statutory diluted earnings per share decreased by 8.6% to 18.0p (2018: 19.7p). This reflected a £174.9m increase in operating profit in the year, offset by four main factors: the £41.8m increase in finance costs; a £96.5m increase in losses on disposals; a £12.1m increase in the tax charge; and a £198.5m increase in the diluted average number of shares, reflecting the full-year effect of the shares issued in 2018 to part-fund the combination.

Measurement and adjustments

In addition to statutory results, adjusted results are prepared for the Income Statement. These include adjusted operating profit, adjusted diluted earnings per share and underlying measures, and a full definition of these metrics can be found in the glossary of terms on page 235. The divisional table provides a reconciliation between statutory operating profit and adjusted operating profit by Division.

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Underlying revenue and adjusted operating profit growth on an underlying basis are reconciled to reported growth as follows:

	Underlying growth	Phasing and other items	Acquisitions and disposals	Currency change	Reported growth
2019					
Revenue	3.5%	0.2%	15.3%	3.0%	22.0%
Adjusted operating profit	6.5%	2.1%	12.1%	6.8%	27.5%
2018					
Revenue	3.7%	(0.4%)	35.4%	(3.8%)	34.9%
Adjusted operating profit	2.3%	(0.1%)	37.6%	(5.4%)	34.4%

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Adjusting items

The items below have been excluded from adjusted results. The total charge against operating profit for adjusting items rose to £395.0m in 2019 (2018: £368.9m), mainly due to the increase in amortisation of acquired intangible assets following the UBM combination.

	2019 £m	2018 £m
Intangible amortisation and impairment:		
Intangible asset amortisation ¹	312.4	243.6
Impairment of acquisition intangibles and goodwill	4.7	9.8
Impairment of right of use assets	4.6	-
Acquisition costs	3.3	42.9
Integration costs	56.4	46.0
Restructuring and reorganisation costs:		
Redundancy and reorganisation costs	6.4	8.1
Vacant property costs	2.2	5.0
Remeasurement of contingent consideration	3.2	(0.1)
VAT charges	1.8	9.1
GMP equalisation	-	4.5
Adjusting items in operating profit	395.0	368.9
Loss/(profit) on disposal of subsidiaries and operations	95.4	(1.1)
Investment income	(1.2)	(1.2)
Finance costs	13.5	1.0
Adjusting items in profit before tax	502.7	367.6
Tax related to adjusting items	(83.5)	(55.7)
Adjusting items in profit for the year	419.2	311.9

1. Intangible asset amortisation is in respect of acquired intangibles and excludes amortisation of software and product development.

The £68.8m increase in intangible asset amortisation in 2019 primarily reflects an additional five and half months of amortisation of acquired intangibles relating to the UBM acquisition, which totalled £60.5m.

Intangible amortisation relates to book lists and journal titles, acquired databases, customer and attendee relationships and brands related to exhibitions, events and conferences. Intangible asset amortisation arising from software assets and product development is not treated as an adjusting item and so is not included in the table, as it is treated as an ordinary cost in the calculation of operating profit.

Integration costs of £56.4m included £42.4m relating to acquiring UBM, and consisted mainly of process, property and colleague-related reorganisation costs. This brings the cumulative UBM integration costs to £81.9m to date. The integration of other acquisitions, including the IHS Markit TMT Research and Intelligence portfolio, amounted to £14.0m.

Net finance costs of £12.3m largely relate to the incremental finance costs associated with the early repayment of borrowings in 2019, allowing us to take advantage of favourable market conditions for long-term refinancing.

The loss on disposal of £95.4m included a £35.6m profit relating to the disposal of the Agribusiness Intelligence portfolio on 30 June 2019 and a £120.6m loss associated with selling the Industry & Infrastructure media brands portfolio on 9 October 2019.

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Financial Review continued

Informa's updated divisional structure was launched at the start of 2019 and included new divisional names and the launch of a fifth Operating Division, Informa Tech. All five Operating Divisions posted underlying revenue growth in 2019, with Group underlying revenue growth of 3.5% and underlying profit growth of 6.5%, as shown in the following table:

	Informa Markets £m	Informa Connect £m	Informa Tech £m	Informa Intelligence £m	Taylor & Francis £m	Group £m
Revenue	1,450.2	275.6	256.2	348.7	559.6	2,890.3
Underlying revenue growth	4.3%	2.9%	2.0%	3.3%	2.4%	3.5%
Statutory operating profit	247.1	22.8	35.9	68.8	163.5	538.1
Add back:						
Intangible asset amortisation ¹	197.6	17.9	21.7	23.3	52.0	312.4
Impairment of acquisition intangibles and goodwill	4.7	-	-	-	-	4.7
Impairment right of use assets	1.4	-	-	0.9	2.3	4.6
Acquisition costs	0.7	-	2.0	0.3	0.3	3.3
Integration costs	38.6	4.6	10.2	3.0	-	56.4
Restructuring and reorganisation costs	3.0	0.2	0.6	4.8	-	8.6
Remeasurement of contingent consideration	(1.6)	1.7	-	3.1	-	3.2
VAT charges	1.8	-	-	-	-	1.8
Adjusted operating profit	493.3	47.2	70.4	104.1	218.1	933.1
Underlying adjusted operating profit growth	7.5%	(1.5%)	7.1%	11.3%	3.6%	6.5%

1. Intangible asset amortisation is in respect of acquired intangibles, and excludes amortisation of software and product development.

Adjusted net finance costs

Adjusted net finance costs, principally consisting of interest costs on US private placement loan notes, bond and bank borrowings, increased by £29.3m to £111.7m. The increase principally reflected the full-year effect of higher average debt levels following the addition of UBM. This increased net debt by £1,211.9m, reflecting the cash consideration of £643.5m and £568.4m of net debt acquired with the business. In addition, £3.1m of increased financing related to adverse currency movements, with the remainder largely related to IFRS 16 net finance costs of £13.5m. This reflects the inclusion in net debt of leases following the adoption of IFRS 16 *Leases* on 1 January 2019 (£329.2m net IFRS 16 finance lease debt added on 1 January 2019).

The reconciliation of adjusted net finance costs to the statutory finance costs and investment income is as follows:

	2019 £m	2018 £m
Investment income	(10.1)	(8.2)
Finance costs	134.1	90.4
Add back: Adjusting items relating to investment income	1.2	1.2
Add back: Adjusting items relating to finance costs	(13.5)	(1.0)
Adjusted net finance costs	111.7	82.4

Taxation

Approach to tax

The Group continues to recognise that taxes paid are part of the economic benefit created for the societies in which we operate, and that a fair and effective tax system is in the interests of taxpayer and society at large. We aim to comply with tax laws and regulations everywhere the Group does business. Informa has open and constructive working relationships with tax authorities worldwide and our approach balances the interests of stakeholders including Shareholders, governments, colleagues and the communities in which we operate.

The Group's effective tax rate reflects the blend of tax rates and profits in the jurisdictions in which we operate. In 2019, the effective tax rate was 10.0% (2018: 17.0%).

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The calculation of the effective tax rate is as follows:

	2019 £m	2018 £m
Adjusted tax charge	156.1	116.2
Adjusted profit before tax	821.4	649.7
Effective tax rate %	19.0%	17.9%

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Tax payments

During 2019, the Group paid £100.6m (2018: £82.4m) of corporation and similar taxes on profits, with the increase largely reflecting the full year of tax payments relating to UBM.

A breakdown of the main geographies in which the Group paid tax is as follows:

	2019 £m	2018 £m
UK	25.8	39.9
Continental Europe	10.7	7.7
United States	19.9	1.7
China	21.8	25.2
Rest of world	22.4	7.9
Total	100.6	82.4

The reconciliation of the adjusted tax charge to cash taxes paid is as follows:

	2019 £m	2018 £m
Tax charge on adjusted profit before tax per Consolidated Income Statement	156.1	116.2
Movement in deferred tax including US tax losses	(27.1)	(5.3)
Net current tax credits in respect of adjusting items	(20.1)	(29.4)
Movement in provisions for uncertain tax positions	4.3	5.6
Taxes paid in different year to charged	(12.6)	(4.7)
Taxes paid per statutory cash flow	100.6	82.4

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Earnings per share

Informa delivered an increase in adjusted earnings per share (EPS) of 4.3% to 51.3p (2018: 49.2p). This reflects a 24.0% increase in adjusted earnings to £644.7m (2018: £519.8m), more than offsetting the 18.8% increase in the average number of diluted shares in issue.

Reconciliation of adjusted profit after tax and adjusted diluted earnings per share is as follows:

	2019 £m	2018 £m
Statutory profit for the year	246.1	221.6
Add back: Adjusting items in profit for the year	419.2	311.9
Adjusted profit for the year	665.3	533.5
Non-controlling interests	(20.6)	(13.7)
Adjusted earnings	644.7	519.8
Weighted average number of shares used in diluted EPS (m)	1,255.7	1,057.2
Adjusted diluted EPS (p)	51.3p	49.2p

Statutory profit for the year	246.1	221.6
Non-controlling interests	(20.6)	(13.7)
Statutory earnings	225.5	207.9
Weighted average number of shares used in diluted EPS (m)	1,255.7	1,057.2
Statutory diluted EPS (p)	18.0p	19.7p

If we were to reflect a full 12 months' ownership of UBM, related finance costs and share issuance, and remove the impact of owning the Life Sciences media brands portfolio which was sold in January 2019, pro-forma adjusted diluted EPS grew by 16.1% from 2018 (51.3p in 2019 compared with the 2018 pro-forma amount of 44.2p, see table below). See the glossary of terms for a full definition of pro-forma diluted adjusted EPS measures.

	2019 £m	2018 Pro-forma £m
Adjusted profit for the year	665.3	533.5
Adjustment to 2018 profit (UBM and Life Sciences)	-	40.5
Non-controlling interests	(20.6)	(13.7)
Non-controlling interest adjustment (UBM and Life Sciences)	-	(4.8)
Adjusted earnings	644.7	555.5
Weighted average number of shares used in diluted EPS (m)	1,255.7	1,057.2
Weighted average number of shares adjustment	-	198.9
Adjusted diluted EPS (p)	51.3p	44.2p

Dividends

The Group's strong cash conversion and free cash flow generation supported further growth in dividends in 2019. The Board has proposed a final dividend of 15.95p per share (2018: 14.85p per share) representing a 7.4% increase on the final dividend in the prior year.

The final dividend is scheduled to be paid on 10 July 2020 to Ordinary Shareholders registered at the close of business on 19 June 2020. This will result in total dividends for the year of 23.5p (2018: 21.9p), a 7.3% year-on-year increase.

The growth in earnings in 2019 means dividend cover (see glossary of terms for definition) was 2.2 times (2018: 2.2 times), being adjusted diluted EPS of 51.3p (2018: 49.2p) divided by total dividends per share of 23.5p (2018: 21.90p). Our dividend payout ratio was 45.8%, being total dividends per share of 23.5p divided by adjusted EPS of 51.3p.

	2019	2018
Adjusted diluted EPS (p)	51.3	49.2
Dividends per share (p)	23.5	21.9
Dividend cover	2.2	2.2

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Balance Sheet

Details of the principal areas of our Balance Sheet are provided in Note 16 to the Consolidated Financial Statements for goodwill, Note 17 for other intangibles, Note 27 for net debt, Note 22 for deferred tax liabilities and Note 34 for retirement benefit obligations.

Currency impact

One of the Group's strengths is its international reach and balance, with businesses in most major regions. This means the Group generates revenues and costs in a mixture of currencies, with particular exposure to the US dollar and some exposure to the Euro and the Chinese renminbi.

In 2019, approximately 59% (2018: 61%) of Group revenue was received in USD or currencies pegged to USD, with 7% (2018: 6%) received in Euro and around 8% (2018: 7%) in Chinese renminbi.

Similarly, we incurred approximately 53% (2018: 53%) of our costs in USD or currencies pegged to USD, with 3% (2018: 2%) in Euro and around 7% (2018: 6%) in Chinese renminbi.

Each one cent (\$0.01) movement in the USD to GBP exchange rate has a circa £13m (2018: £11m) impact on annual revenue, and a circa £5m (2018: circa £4m) impact on annual adjusted operating profit.

For the purposes of testing Informa's leverage in accordance with the Group's bank covenants, both profit and net debt are translated using the average exchange rate during the relevant period.

The following rates versus GBP were applied during the period:

	2019		2018	
	Closing rate	Average rate	Closing rate	Average rate
US dollar	1.32	1.28	1.27	1.33
Euro	1.17	1.14	1.11	1.13
Chinese renminbi	9.17	8.80	8.73	8.82

Free cash flow

Cash generation remains a key priority and focus for the Group, providing the funds and flexibility for paying down debt, future organic and inorganic investment, and consistent Shareholder returns. Our businesses typically convert adjusted operating profit into cash at an attractive rate, reflecting the relatively low capital intensity of the Group.

The following table reconciles statutory operating profit to free cash flow. See glossary of terms for the definition of free cash flow.

	2019 £m	2018 £m
Statutory operating profit	538.1	363.2
Adjusting items	395.0	368.9
Adjusted operating profit	933.1	732.1
Depreciation of property and equipment	17.2	13.1
Depreciation of right of use assets¹	33.1	–
Software and product development amortisation	41.9	42.5
Share-based payments	10.4	8.1
Pension curtailment gain	–	(0.8)
Adjusted share of joint venture and associate results	(1.5)	(1.0)
Adjusted EBITDA²	1,034.2	794.0
Net capital expenditure	(49.8)	(59.4)
Working capital movement³	(13.6)	(62.3)
Pension deficit contributions	(5.4)	(4.4)
Operating cash flow	965.4	667.9
Restructuring and reorganisation	(9.9)	(18.1)
Net interest⁴	(132.8)	(64.2)
Taxation	(100.6)	(82.4)

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Share-based payments	10.4	8.1
Pension curtailment gain	–	(0.8)
Adjusted share of joint venture and associate results	(1.5)	(1.0)
Adjusted EBITDA ²	1,034.2	794.0
Net capital expenditure	(49.8)	(59.4)
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Restructuring and reorganisation	(9.9)	(18.1)
Net interest ⁴	(132.8)	(64.2)
Taxation	(100.6)	(82.4)
Free cash flow	722.1	503.2

1. Right of use assets arise on the adoption of IFRS 16 *Leases* from 1 January 2019.

2. Adjusted EBITDA represents adjusted operating profit before interest, tax, and non-cash items including depreciation and amortisation.

3. Working capital movement excludes movements on restructuring, reorganisation, acquisition and integration accruals.

4. Amount includes £13.5m of make-whole interest related to the early refinancing of bond and private placement debt.

Our focus on cash generation led to a consistently strong operating cash conversion in 2019 of 103.5% (2018: 91.2%).

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The calculation of operating and free cash flow conversion is as follows:

	Operating cash flow		Free cash flow	
	2019 £m	2018 £m	2019 £m	2018 £m
Operating cash flow/Free cash flow	965.4	667.9	722.1	503.2
Adjusted operating profit	933.1	732.1	933.1	732.1
Operating cash conversion	103.5%	91.2%	77.4%	68.7%

Net capital expenditure was £49.8m (2018: £59.4m), equivalent to 1.7% of 2019 revenue (2018: 2.5%). We expect full-year 2020 capital expenditure to be around 3% of revenue.

The working capital outflow of £13.6m was a £48.7m improvement on the £62.3m outflow in 2018. The smaller outflow in 2019 reflects a more normal performance after the prior year was impacted by the timing of the combination with UBM part-way through 2018.

Net cash interest payments were £132.8m. This was a £68.6m increase on the prior year, largely reflecting the full-year effect of the additional debt to acquire UBM.

The following table reconciles net cash inflow from operating activities, as shown in the Consolidated Cash Flow Statement to free cash flow:

	2019 £m	2018 £m
Net cash inflow from operating activities per statutory cash flow	719.6	486.3
Interest received	5.5	2.1
Purchase of property and equipment	(17.5)	(23.4)
Proceeds on disposal of property and equipment	-	0.4
Purchase of intangible software assets	(25.3)	(30.2)
Product development cost additions	(7.0)	(6.2)
Add back: Acquisition and integration costs paid	46.8	74.2
Free cash flow	722.1	503.2

Net cash inflow from operating activities increased by £233.3m to £719.6m, principally driven by the growth in adjusted operating profit.

The following table reconciles cash generated by operations, as shown in the Consolidated Cash Flow Statement, to operating cash flow shown in the free cash flow table above:

	2019 £m	2018 £m
Cash generated by operations per statutory cash flow	958.5	635.0
Net Capex paid	(49.8)	(59.4)
Add back: Acquisition and integration costs paid	46.8	74.2
Add back: Restructuring and reorganisation costs paid	9.9	18.1
Operating cash flow per free cash flow statement	965.4	667.9

The following table reconciles free cash flow to net funds flow and net debt, with net debt reducing by £24.3m to £2,657.6m during the year, including a £325.6m reduction in net debt before the adoption of IFRS 16 *Leases*. Net debt increased by £329.2m due to the introduction of IFRS 16, partly offset by favourable movement in the USD to GBP exchange rates. As the majority of our net debt is US dollar-denominated or swapped into USD (86.5% of net debt), the weakening of the USD against GBP reduced our net debt by £87.4m.

	2019 £m	2018 £m
Free cash flow	722.1	503.2
Acquisitions	(311.1)	(697.8)
Disposals	179.3	7.4
Dividends paid to Shareholders	(280.0)	(201.9)

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additional debt to acquire UBM.

The following table reconciles net cash inflow from operating activities, as shown in the Consolidated Cash Flow Statement to free cash flow:

	2019 £m	2018 £m
Net cash inflow from operating activities per statutory cash flow	719.6	486.3
Interest received	5.5	2.1
Purchase of property and equipment	(17.5)	(23.4)
Proceeds on disposal of property and equipment	-	0.4
Purchase of intangible software assets	(25.3)	(30.2)
Product development cost additions	(7.0)	(6.2)
Add back: Acquisition and integration costs paid	46.8	74.2
Free cash flow	722.1	503.2

Net cash inflow from operating activities increased by £233.3m to £719.6m, principally driven by the growth in adjusted operating profit.

The following table reconciles cash generated by operations, as shown in the Consolidated Cash Flow Statement, to operating cash flow shown in the free cash flow table above:


	2019 £m	2018 £m
Cash generated by operations per statutory cash flow	958.5	635.0
Net Capex paid	(49.8)	(59.4)
Add back: Acquisition and integration costs paid	46.8	74.2
Add back: Restructuring and reorganisation costs paid	9.9	18.1
Operating cash flow per free cash flow statement	965.4	667.9

The following table reconciles free cash flow to net funds flow and net debt, with net debt reducing by £24.3m to £2,657.6m during the year, including a £325.6m reduction in net debt before the adoption of IFRS 16 *Leases*. Net debt increased by £329.2m due to the introduction of IFRS 16, partly offset by favourable movement in the USD to GBP exchange rates. As the majority of our net debt is US dollar-denominated or swapped into USD (86.5% of net debt), the weakening of the USD against GBP reduced our net debt by £87.4m.

	2019 £m	2018 £m
Free cash flow	722.1	503.2
Acquisitions	(311.1)	(697.8)
Disposals	179.3	7.4
Dividends paid to Shareholders	(280.0)	(201.9)
Dividend paid to settle UBM acquisition liability	-	(59.0)
Dividends paid to non-controlling interests	(17.5)	(8.6)
Net share (purchase)/proceeds	(15.9)	2.0
Net funds flow	276.9	(454.7)
Borrowings acquired with acquisition of UBM	-	(702.6)
Non-cash movements	5.7	(0.6)
Foreign exchange	87.4	(150.9)
Net debt b/f	(2,681.9)	(1,373.1)
Net finance lease additions in the year	(16.5)	-
IFRS 16 leases at 1 January 2019	(343.6)	-
IFRS 16 finance lease receivable at 1 January 2019	14.4	-
Net debt	(2,657.6)	(2,681.9)

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Financial Review continued

The calculation of the interest cover is as follows:

	2019 £m	2018 £m
Adjusted EBITDA	1,034.2	794.0
Adjusted net finance costs	111.7	82.4
Interest cover reported value	9.3	9.6
Interest cover covenant EBITDA adjustment ratio ¹	0.1	(0.1)
Interest cover per debt covenant	9.4	9.5

1. Refer to the glossary of terms for details of the nature of debt covenant adjustments to EBITDA for interest cover.

Corporate development

Informa has a proven track record in creating value through identifying, executing and integrating complementary businesses effectively into the Group, and we continue to target attractive businesses in specialist markets. In 2019, cash invested in acquisitions was £311.1m (2018: £697.8m), with £232.1m relating to acquisitions (2018: £623.6m), £46.8m (2018: £74.2m) relating to acquisition and integration costs and £32.2m relating to the cash settlement on the exercise of an option relating to minority interests in certain Fashion shows in the US. Net proceeds from disposals amounted to £179.3m (2018: £7.4m).

Acquisitions

On 4 January 2019 the Group acquired the Centre for Asia Pacific Aviation Pty Ltd (CAPA) for cash consideration of £15.0m (AUD 24.8m), net of cash acquired. The business forms part of the specialist Aviation portfolio in **Informa Markets**.

On 1 August 2019 the Group acquired the TMT Research and Intelligence portfolio from IHS Markit for £123.3m consideration. This business forms part of **Informa Tech** and its newly launched Omdia business.

Disposals

Through the Progressive Portfolio Management programme within the *AIP*, the Group made several divestitures during 2019, leaving us more focused on specialist markets with the strongest future growth prospects for our brands.

This included the sale of the Life Sciences media brands portfolio, completed on 31 January 2019, for a consideration of £79.3m, with £67.3m received in cash and £12.0m of deferred consideration. The profit on disposal was £10.8m.

On 30 June 2019 we completed the sale of the Agribusiness Intelligence portfolio within **Informa Intelligence** to IHS Markit. This was sold for cash consideration of £102.8m and completed on 30 June 2019, with a profit on disposal of £35.6m.

On 9 October 2019 the Group completed the divestiture of the Industry & Infrastructure media brands portfolio for a consideration of £42.4m, including £12.3m cash consideration, recording a loss on disposal of £120.6m.

On 15 November 2019 the Group sold a small portfolio of non-core US event brands, which were part of **Informa Markets**. The consideration was £6.6m, and the loss on disposal was £13.3m.

Pensions

The Group continues to meet all commitments to its pension schemes, which consist of six defined benefit schemes. At 31 December 2019, the Group had a net pension liability of £30.1m (31 December 2018: £33.0m), represented by a pension deficit of £35.0m (31 December 2018: £37.5m) and a pension surplus of £4.9m (31 December 2018: £4.5m). Gross liabilities were £730.8m at 31 December 2019 (31 December 2018: £679.2m).

The net deficit remains manageable and relatively small compared with the size of the Group's Balance Sheet. All schemes are closed to

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Consolidated Income Statement for the year ended 31 December 2019

	Notes	Adjusted results 2019 £m	Adjusting items 2019 £m	Statutory results 2019 £m	Adjusted results 2018 £m	Adjusting items 2018 £m	Statutory results 2018 £m
Revenue	5	2,890.3	-	2,890.3	2,369.5	-	2,369.5
Net operating expenses	7	(1,958.7)	(395.0)	(2,353.7)	(1,638.4)	(368.9)	(2,007.3)
Operating profit/(loss) before joint ventures and associates		931.6	(395.0)	536.6	731.1	(368.9)	362.2
Share of results of joint ventures and associates	20	1.5	-	1.5	1.0	-	1.0
Operating profit/(loss)		933.1	(395.0)	538.1	732.1	(368.9)	363.2
(Loss)/profit on disposal of subsidiaries and operations	21	-	(95.4)	(95.4)	-	1.1	1.1
Investment income	11	8.9	1.2	10.1	7.0	1.2	8.2
Finance costs	12	(120.6)	(13.5)	(134.1)	(89.4)	(1.0)	(90.4)
Profit/(loss) before tax		821.4	(502.7)	318.7	649.7	(367.6)	282.1
Tax (charge)/credit	13	(156.1)	83.5	(72.6)	(116.2)	55.7	(60.5)
Profit/(loss) for the year		665.3	(419.2)	246.1	533.5	(311.9)	221.6
Attributable to:							
- Equity holders of the Company	15	644.7	(419.2)	225.5	519.8	(311.9)	207.9
- Non-controlling interests	37	20.6	-	20.6	13.7	-	13.7
Earnings per share							
- Basic (p)	15	51.5		18.0	49.4		19.7
- Diluted (p)	15	51.3		18.0	49.2		19.7

1. 2018 restated for finalisation of UBM acquisition accounting (see Note 4).

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Share capital £m	Share premium account £m	Translation reserve ¹ £m	Other reserves £m	Retained earnings ¹ £m	Total ¹ £m	Non- controlling interests £m	Total equity ¹ £m
At 31 December 2017	0.8	905.3	(56.5)	(1,568.7)	2,936.8	2,217.7	11.3	2,229.0
Profit for the year	-	-	-	-	207.9	207.9	13.7	221.6
Exchange gain on translation of foreign operations ¹	-	-	233.5	-	-	233.5	2.5	236.0
Exchange loss on net investment hedge debt	-	-	(91.3)	-	-	(91.3)	-	(91.3)
Loss arising on derivative hedges	-	-	(22.4)	-	-	(22.4)	-	(22.4)
Foreign exchange recycling of disposed entities	-	-	-	-	-	-	-	-
Actuarial loss on defined benefit pension schemes	-	-	-	-	(14.3)	(14.3)	-	(14.3)
Tax relating to components of other comprehensive income	-	-	-	-	1.3	1.3	-	1.3
Total comprehensive income for the year	-	-	119.8	-	194.9	314.7	16.2	330.9
Dividends to Shareholders	-	-	-	-	(201.8)	(201.8)	-	(201.8)
Dividends to NCI	-	-	-	-	-	-	(8.6)	(8.6)
Share award expense	-	-	-	8.1	-	8.1	-	8.1
Issue of share capital	0.5	-	-	3,546.8	-	3,547.3	-	3,547.3
Own shares purchased	-	-	-	(3.5)	-	(3.5)	-	(3.5)
Transfer of vested LTIPs	-	-	-	(3.9)	3.9	-	-	-
NCI arising from purchase of subsidiary	-	-	-	-	-	-	176.8	176.8
Adjustment to NCI arising from exercise of put option	-	-	-	(4.3)	-	(4.3)	(2.3)	(6.6)
Disposal of NCI	-	-	-	-	-	-	-	-
At 31 December 2018 ¹	1.3	905.3	63.3	1,974.5	2,933.8	5,878.2	193.4	6,071.6
Effect of initial application of IFRS 16 (see Note 38) on 1 January 2019	-	-	-	-	4.1	4.1	-	4.1
At 1 January 2019 as restated for initial application of IFRS 16	1.3	905.3	63.3	1,974.5	2,937.9	5,882.3	193.4	6,075.7
Profit for the year	-	-	-	-	225.5	225.5	20.6	246.1
Exchange loss on translation of foreign operations	-	-	(233.6)	-	-	(233.6)	0.1	(233.5)
Exchange gain on net investment hedge debt	-	-	73.1	-	-	73.1	-	73.1
Loss arising on derivative hedges	-	-	(21.2)	-	-	(21.2)	-	(21.2)
Foreign exchange recycling of disposed entities	-	-	1.2	-	-	1.2	-	1.2
Actuarial loss on defined benefit pension schemes	-	-	-	-	(1.6)	(1.6)	-	(1.6)
Tax relating to components of other comprehensive income	-	-	-	-	0.7	0.7	-	0.7
Total comprehensive income for the year	-	-	(180.5)	-	224.6	44.1	20.7	64.8
Dividends to Shareholders	-	-	-	-	(280.3)	(280.3)	-	(280.3)
Dividends to NCI	-	-	-	-	-	-	(17.5)	(17.5)
Share award expense	-	-	-	10.4	-	10.4	-	10.4
Issue of share capital	-	-	-	-	-	-	-	-
Own shares purchased	-	-	-	(15.9)	-	(15.9)	-	(15.9)

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hedge debt	-	-	(91.3)	-	-	(91.3)	-	(91.3)
Loss arising on derivative hedges	-	-	(22.4)	-	-	(22.4)	-	(22.4)
Foreign exchange recycling of disposed entities	-	-	-	-	-	-	-	-
Actuarial loss on defined benefit pension schemes	-	-	-	-	(14.3)	(14.3)	-	(14.3)
Tax relating to components of other comprehensive income	-	-	-	-	1.3	1.3	-	1.3
Total comprehensive income for the year	-	-	119.8	-	194.9	314.7	16.2	330.9
Dividends to Shareholders	-	-	-	-	(201.8)	(201.8)	-	(201.8)
Dividends to NCI	-	-	-	-	-	-	(8.6)	(8.6)
Share award expense	-	-	-	8.1	-	8.1	-	8.1
Issue of share capital	0.5	-	-	3,546.8	-	3,547.3	-	3,547.3
Own shares purchased	-	-	-	(3.5)	-	(3.5)	-	(3.5)
Transfer of vested LTIPs	-	-	-	(3.9)	3.9	-	-	-
NCI arising from purchase of subsidiary	-	-	-	-	-	-	176.8	176.8
Adjustment to NCI arising from exercise of put option	-	-	-	(4.3)	-	(4.3)	(2.3)	(6.6)
Disposal of NCI	-	-	-	-	-	-	-	-
At 31 December 2018 ¹	1.3	905.3	63.3	1,974.5	2,933.8	5,878.2	193.4	6,071.6
Effect of initial application of IFRS 16 (see Note 38) on 1 January 2019	-	-	-	-	4.1	4.1	-	4.1
At 1 January 2019 as restated for initial application of IFRS 16	1.3	905.3	63.3	1,974.5	2,937.9	5,882.3	193.4	6,075.7
Profit for the year	-	-	-	-	225.5	225.5	20.6	246.1
Exchange loss on translation of foreign operations	-	-	(233.6)	-	-	(233.6)	0.1	(233.5)
Exchange gain on net investment hedge debt	-	-	73.1	-	-	73.1	-	73.1
Loss arising on derivative hedges	-	-	(21.2)	-	-	(21.2)	-	(21.2)
Foreign exchange recycling of disposed entities	-	-	1.2	-	-	1.2	-	1.2
Actuarial loss on defined benefit pension schemes	-	-	-	-	(1.6)	(1.6)	-	(1.6)
Tax relating to components of other comprehensive income	-	-	-	-	0.7	0.7	-	0.7
Total comprehensive income for the year	-	-	(180.5)	-	224.6	44.1	20.7	64.8
Dividends to Shareholders	-	-	-	-	(280.3)	(280.3)	-	(280.3)
Dividends to NCI	-	-	-	-	-	-	(17.5)	(17.5)
Share award expense	-	-	-	10.4	-	10.4	-	10.4
Issue of share capital	-	-	-	-	-	-	-	-
Own shares purchased	-	-	-	(15.9)	-	(15.9)	-	(15.9)
Transfer of vested LTIPs	-	-	-	(5.7)	5.7	-	-	-
NCI arising from purchase of subsidiary	-	-	-	-	-	-	-	-
Adjustment to NCI arising from exercise of put option	-	-	-	-	-	-	-	-
Disposal of NCI	-	-	-	1.3	-	1.3	(0.5)	0.8
At 31 December 2019	1.3	905.3	(117.2)	1,964.6	2,887.9	5,641.9	196.1	5,838.0

1. 2018 restated for finalisation of UBM acquisition accounting (see Note 4).

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Five year summary

	2019 £m	2018' £m	2017 £m	2016 £m	2015 £m
Results from operations					
Revenue	2,890.3	2,369.5	1,756.8	1,344.8	1,212.2
Adjusted operating profit	933.1	732.1	544.9	415.6	365.6
Statutory operating profit	538.1	363.2	344.7	198.6	236.5
Statutory profit before tax	318.7	282.1	268.2	178.1	219.7
Profit attributable to equity holders of the parent	225.5	207.9	310.8	171.5	171.4
Free cash flow	722.1	503.2	400.9	305.7	303.4
Net assets					
Non-current assets	10,000.3	10,328.7	4,356.6	4,542.3	2,731.9
Current assets	722.2	715.1	460.5	489.3	327.9
Current liabilities	(1,583.8)	(1,530.8)	(1,117.7)	(1,048.8)	(650.0)
Non-current liabilities	(3,300.7)	(3,441.4)	(1,470.4)	(1,795.0)	(1,141.7)
Net assets	5,838.0	6,071.6	2,229.0	2,187.8	1,268.1
Key statistics from continuing operations (in pence)					
Earnings per share	18.0	19.7	37.7	23.6	24.3
Diluted earnings per share	18.0	19.7	37.6	23.6	24.3
Adjusted earnings per share	51.5	49.4	46.2	42.2	39.5
Adjusted diluted earnings per share	51.3	49.2	46.0	42.1	39.5
Dividends per share	23.50	21.90	20.45	19.30	18.50

1. 2018 net assets restated for finalisation of UBM acquisition accounting (see Note 4).