

FT Group

£ millions	2008	2007	CER growth	Underlying growth
Sales				
FT Publishing	390	344	9%	4%
Interactive Data	406	344	10%	9%
Total	796	688	9%	7%
Adjusted operating profit				
FT Publishing	74	56	9%	0%
Interactive Data	121	97	15%	13%
Total	195	153	13%	8%

Overview

The FT Group is a leading provider of essential information in attractive segments of the global business information market. These include insight and analysis through the *Financial Times*, FT.com and *The Economist*, and intelligence, valuations and indices through Mergermarket, FTSE and Interactive Data.

In recent years, the FT Group has significantly shifted its business towards digital and subscription revenues. We have sold our largely print and advertising-based national media companies (Recoletos in Spain, Les Echos in France, FT Deutschland in Germany); acquired digital businesses with international opportunities (Mergermarket, Exec-Appointments.com, Money-Media); and invested steadily in our global and digital businesses including the *Financial Times*, FT.com and Interactive Data.

As a result of this strategy, in 2008 digital services accounted for 67% of FT Group revenues, up from 28% in 2000; and in 2008 advertising accounted for 25% of FT Group revenues, down from 52% in 2000. On a continuing business basis, FT Group sales have increased at a headline compound average growth rate of 12% (from £504m in 2004 to £796m in 2008) and profits by 32% (from £65m to £195m).

Looking ahead, we believe that the FT Group's premium and global positions, combined with our digital and subscription businesses, put us in a good position to weather tougher economic conditions.

FT Publishing

Highlights in 2008 included:

FT Publishing benefited from a shift towards subscription and service-based revenues. FT Publishing sales were up 9% and operating profit up 9% to £74m (£56m in 2007) despite a tough advertising market, particularly in the fourth quarter.

Financial Times maintained worldwide newspaper circulation at approximately 435,000 (434,196 average for the June–December ABC period) and won both major UK press awards: Newspaper of the Year at the 2008 British Press Awards and Newspaper Awards. In the UK National Readership Survey, readership rose more than 16% to 418,000.

FT circulation revenues were up 16% as investment in content and demand for high-quality analysis of the global financial crisis supported an increase in pricing and quality of circulation.

FT Publishing advertising revenues declined 3%, with a weak advertising market in the fourth quarter as financial institutions, technology companies and recruiters reduced their marketing investment. In 2008, we took a series of actions to reduce costs and prepare for more difficult trading conditions in 2009.

FT.com benefited from its launch of an innovative access model involving registration for access to more than three articles per month. Subscribers grew 9% to 109,609, and registered users increased more than five-fold from approximately 150,000 at the end of 2007 to 966,000 at the end of 2008.

The *Financial Times* continued to invest in international expansion and fast-growing markets. It launched a new edition for the Middle East, and *Rui*, a lifestyle and wealth-management magazine for China's fast-growing business elite.

FT acquired Money-Media, which provides online news and commentary for the fund-management industry. Money-Media rolled out Ignites Europe, an online news service for people working with the European cross-border fund industry.

A strong performance from Mergermarket, benefiting from its digital subscription model, with contract renewal rates of almost 85%. The Mergermarket and Debtwire products performed particularly well, emphasising that the services remain valuable to customers throughout the cycle.

Mergermarket launched two new products, Debtwire ABS and Debtwire Restructuring Database, in response to growing levels of distressed asset sales and restructuring funds. It continued to expand and acquire new customers geographically in the US, Europe and Asia, launching its M&A event-driven product – dealReporter – in Russia, Poland, Turkey, the UAE and South Africa. Mergermarket also continued to build its Pharmawire product for financial institutions that support the pharmaceutical industry.

Mergermarket's conference business – Remark – had a strong year, with significant growth in the number of events, attendees and newsletter publications. It also increased its digital offering in this business through video, podcasts and live webcasts.

The Economist, in which Pearson owns a 50% stake, increased global weekly circulation by 6.4% to 1.39m (for the July–December 2008 ABC period).

FTSE, in which Pearson owns a 50% stake, announced several new indices including expansion of the FTSE Environmental Opportunities Index and introduction, in partnership with the Athens Exchange, of the FTSE/ATHEX Liquid Mid Index.

FT Publishing key performance measures

FT Publishing advertising revenue growth

Growth (%)



FT Publishing's year on year advertising sales growth (internal statistic).

FT circulation revenue growth

Growth (%)



The FT Newspaper's year on year growth in circulation revenue.

FT.com average monthly unique users for the year

Users (no.)



The average monthly number of unique users of FT.com for the year.

Interactive Data

Highlights in 2008 included:

Interactive Data revenues up 10% and operating profit up 15% to £121m (£97m in 2007) driven by strong new sales throughout the year and approximately 95% renewal rates within its Institutional Services segment.

Interactive Data continued to benefit from growth trends, including: heightened scrutiny around the valuation of securities; increasing regulation; increasing adoption of low latency data for algorithmic trading; and continuing need to differentiate wealth management offerings with bespoke web-based client solutions.

Pricing and Reference Data continued to generate good growth in North America and Europe. Growth is primarily organic, providing additional services to customers; and also benefited from bolt-on acquisitions, most recently the announced purchase of NDF, a leading provider of securities pricing, reference data and related services to most of the major financial institutions in Japan.

Real-Time Services saw strong growth in its real-time data feeds business and continued expansion of its Managed Solutions business in the US. Real-Time Services added a number of new market sources in North America and the Middle East. The Managed Solutions business announced that it had doubled the number of clients in the US during the past year to 80.

Continued investment in expanding the breadth and depth of the data covered and products offered, including a new alliance to provide complex derivatives and structured product valuation services; and in the capacity of its real-time infrastructure to allow for the anticipated growth in real-time market data volumes.

Interactive Data key performance measures

Interactive Data customer retention

Retention (%)



The number of customers renewing contracts as a percentage of total customer base.