Reed Elsevier
Nick Baker

WWW2006 conference
Edinburgh, May 2006

Reed Elsevier

$9 billion revenues, focused on professional information

4 attractive growth markets:
science and medical, legal, education, business information

High quality content, strong brands, leading market positions

Sustained investment against online migration and new products

$3 billion revenues from fast growing online services

Leading Global Portfolio

ELSEVIER	• Scientific research • Medical reference • Pharma communications	$2.5bn
LexisNexis	• Legal research • Practice workflow solutions • Risk management • News and business	$2.4bn
Harcourt Education	• School textbooks • Supplementary teaching resources • Assessment	$1.6bn
Reed Business	• Business magazines • Online information services • Trade shows / exhibitions	$2.4bn

Online Growth Drivers

- 40% of journal contracts now e-only
- Article downloads increased by >20% in 2005
- Healthcare online revenue growth +30% in 2005
- 65% of revenues from electronic content
- 33% of international revenues electronic; increase of 16% in 2005
- Assessment products increasingly migrating to online platforms
- Harcourt leading in provision of online teaching aids and programmes for the classroom; growth of 30%
- Online revenues of $300 million in 2005;
- Online now accounts for 35% of RBI UK revenues

Accelerating demand for innovative online information services and productivity tools

4

Common Market Customer Changes

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Increasing need for professional information
- Customised
- "ROI" demonstrated for customers

Increasing need for networked component to information solutions

Increasing need for embedding into workflow solutions

Good enough (free/open source) alternatives eroding market opportunity

Online Growth Drivers

For the Customer

Increased utility

Wider access

Higher productivity

Activity cycle integration

More effective workflows

More effective professional

For Reed Elsevier

Expanded product range

Competitor superiority

Stronger relationships

Wider distribution

Growth and margin

More valued partner
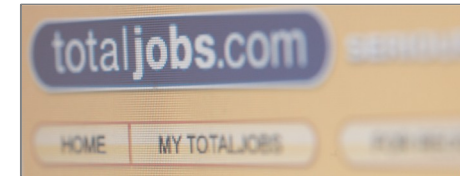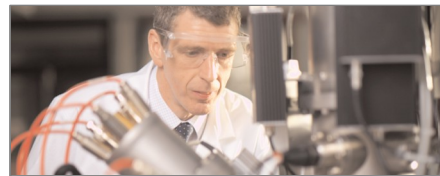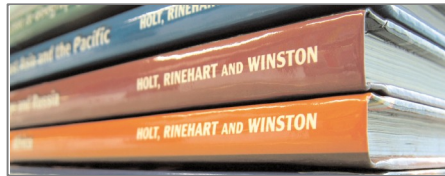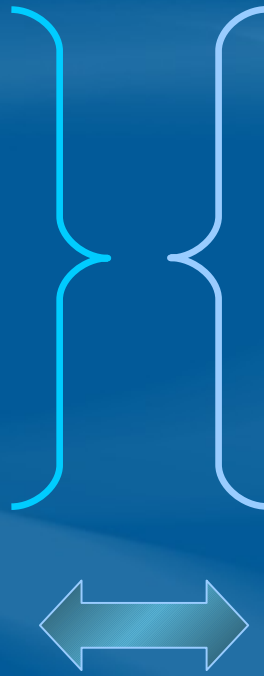
Online Drivers: Increased Utility

- Contains 25% of all articles published in 24 fields of science:
  - 7m articles
  - 1,800+ journals
  - 140 years of back issues

- Desktop/laptop access

- Quick browsing, reliable, ease of use

- Personalisation capability

- Integrated with full text, abstracts

- Crossref: linking to other

# Online Drivers: Increased Utility

Science Direct full text article downloads
Millions

300
200
10
0

1999   2001   2003   2005
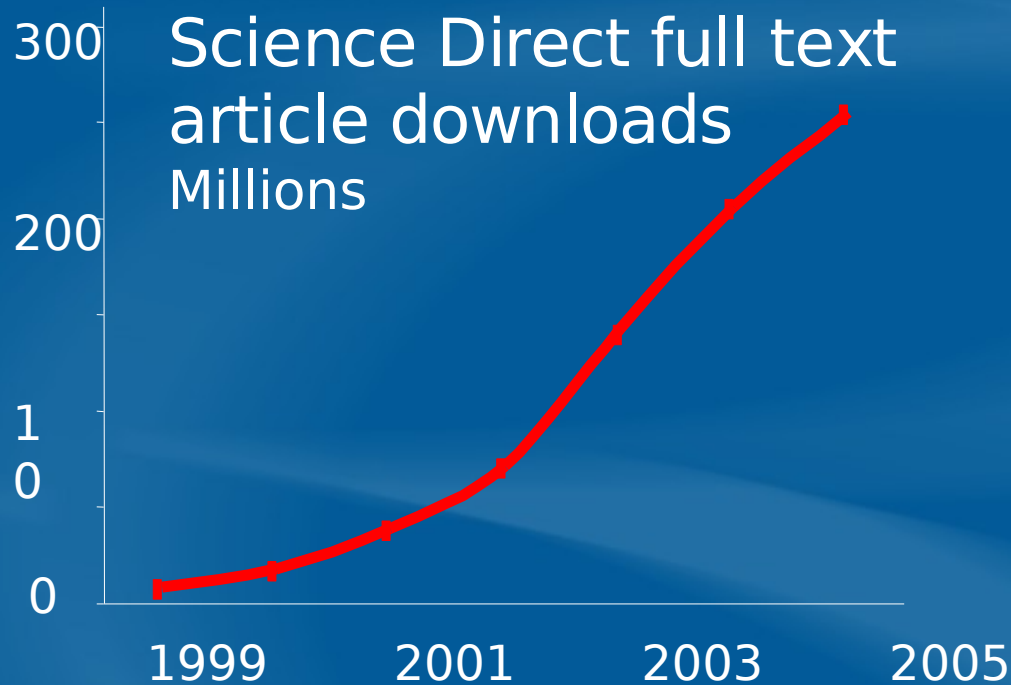
- Downloads: 14x increase, 18m to 250+m
- Year 2000 accounts: 20% growth p.a.
- Downloads per second per working day: 32

Online Drivers: Wider Access

LexisNexis

Successful rollout of global legal platform

France

Australia

Germany

UK

Others

Q1 04   Q3 04   Q1 05   Q3 05
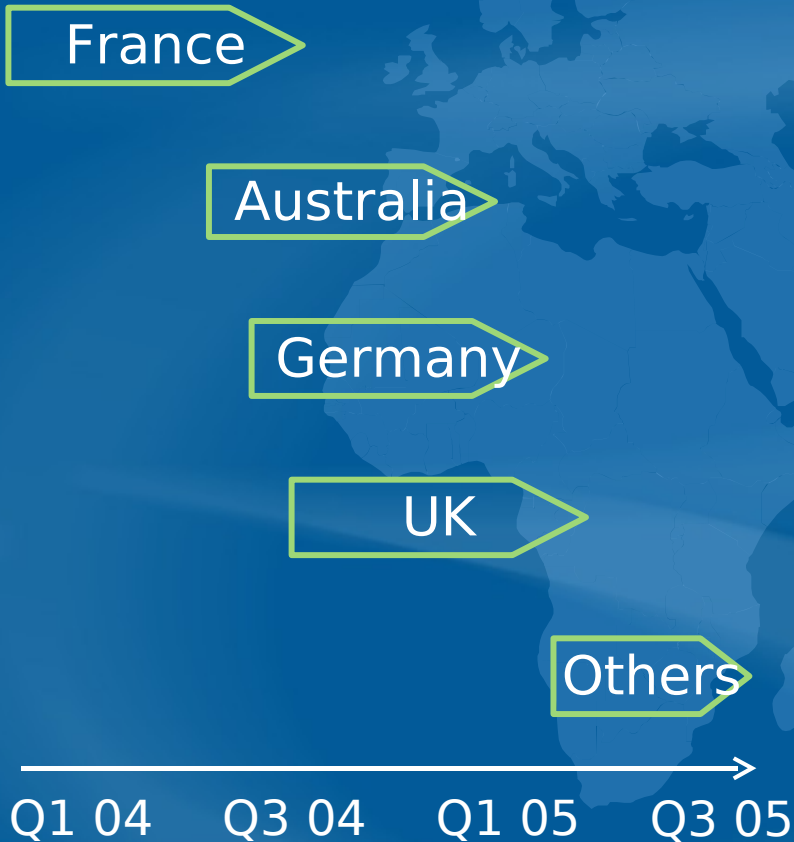
- **Enable Globalisation**
  - Replace legacy products with state-of-the-art platform
  - Content sharing
  - Localise country adaptations
  - Leverage common infrastructure

- **Exceptional Customer Value**
  - Drive value proposition and new products to customers
  - Upgrade organisational capabilities

Accelerate Online Performance

Online Drivers: Wider Access

New customers in France for Global Legal Platform

Number of fee earners since February 2004

Chart: monthly values from Feb 2004 to Mar 2006, y-axis 0 to 10000.

Timeline: 2004 — 2005 — 2006

Solo Practioners → Government Entities → Large Law Firms

Online Drivers: Higher Productivity

- Matching of CVs to job profiles

- Speed of searching and completion

- Immediate access to > 90,000 jobs

- Covering > 30 sectors

Online Drivers: Higher Productivity

totaljobs.com

Online applications

5.4m

4.2m

2.4m

1.6m

2002   2003   2004   2005

Online Drivers: Activity Cycle Integration

LexisNexis

2005 - $23bn market

1990

1970

PRINT (Books)

ONLINE
PRINT (Books)

TOOLS

ONLINE

PRINT (Books)

Legal Tools

Risk Management Tools

News & Business

Public Records

Caselaw, Codes, Commentary
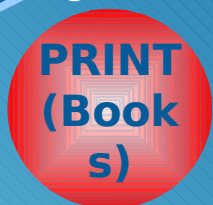
Client Development Tools

Online Drivers: Activity Cycle Integration

Electronic discovery

Client development

Supply chain

nexis.com®
LexisNexis® Publisher
LexisNexis® Purchasing
and Supply Chain Solutions

Electronic filing

Client development

Practice management

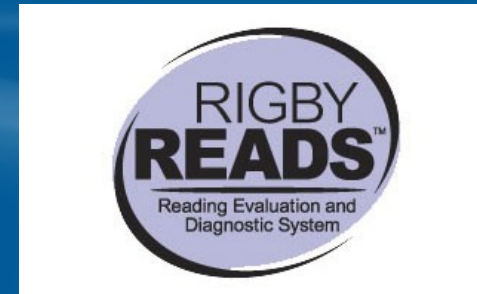Identity verification and location

Practice management

Practice management

Online Drivers: More Effective Workflows

- Online language proficiency diagnostics and scoring

- Integrated assessment platform
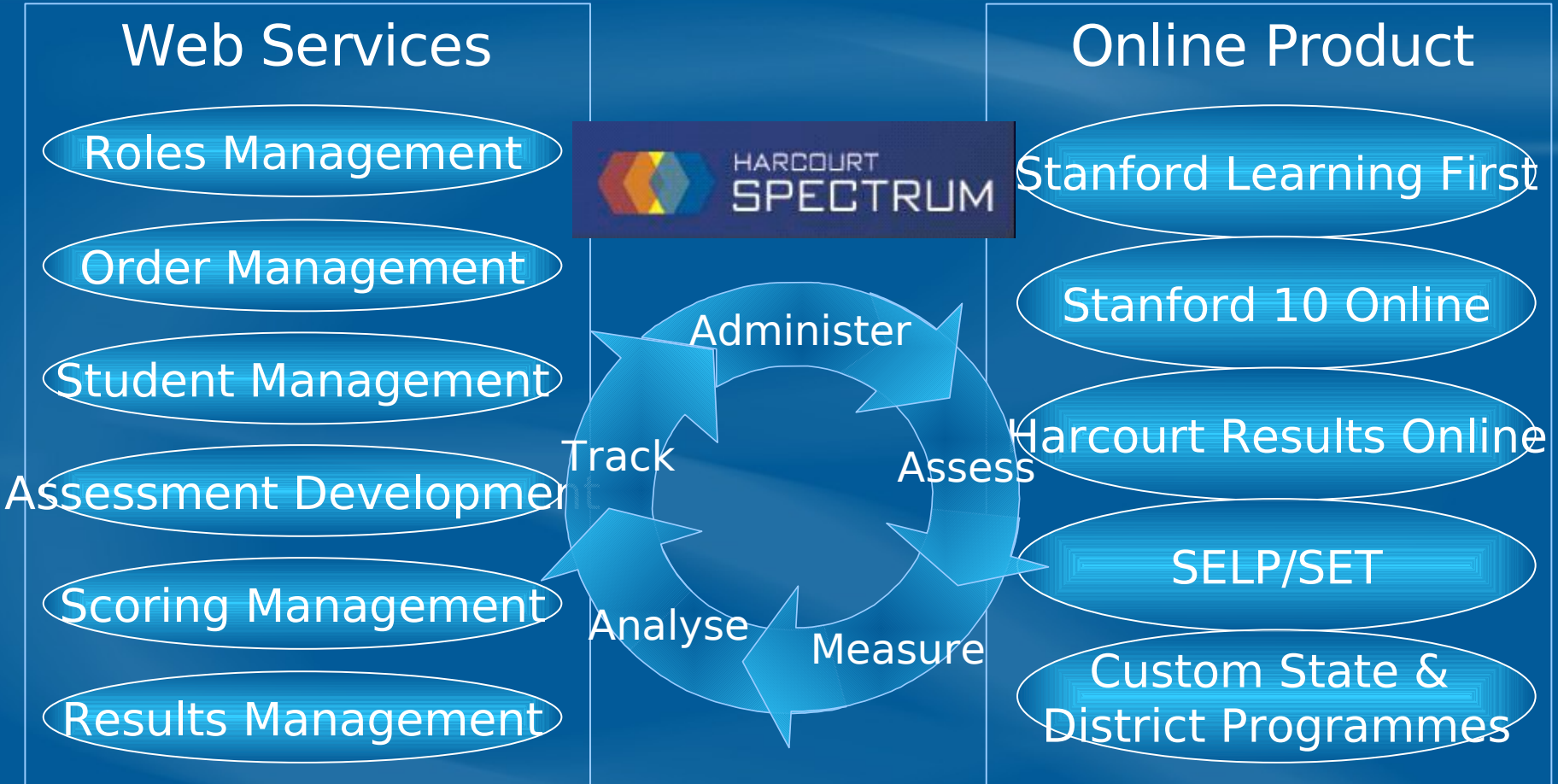
- Online diagnostic product to drive individual instruction

- Formative online assessment

Online Drivers: More Effective Workflows

Harcourt Unison ™
Integrated Global Assessment Platform

Web Services

- Roles Management
- Order Management
- Student Management
- Assessment Development
- Scoring Management
- Results Management

HARCOURT SPECTRUM

Administer
Assess
Measure
Analyse
Track

Online Product

- Stanford Learning First
- Stanford 10 Online
- Harcourt Results Online
- SELP/SET
- Custom State & District Programmes

Harcourt Education

powered by Harcourt unison ™

Business Transformation

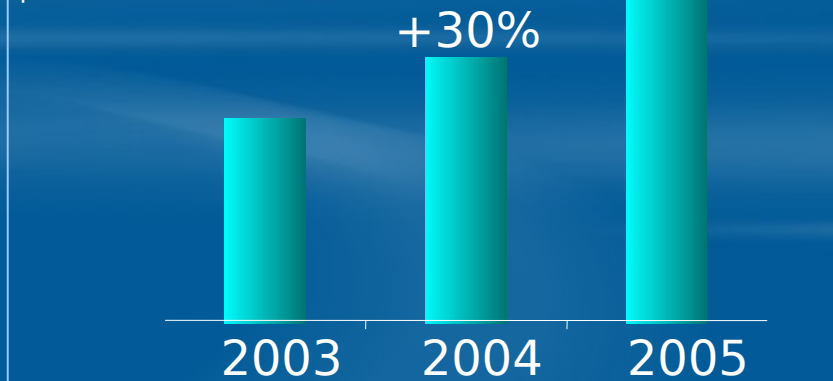|	**FROM**	**TO**
Strategy	Scale	Usage & Loyalty
Business Model	Sale/Subscription	License
Competitors	Rivals	Open Partners
Product Development	Static Products	Dynamic Solutions
Sales & Marketing	One-off 1Channel	Continuous Multiple

Business Transformation (cont/…)

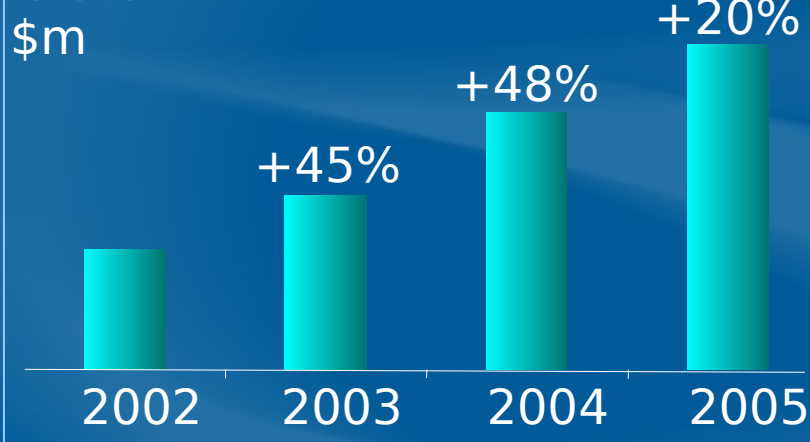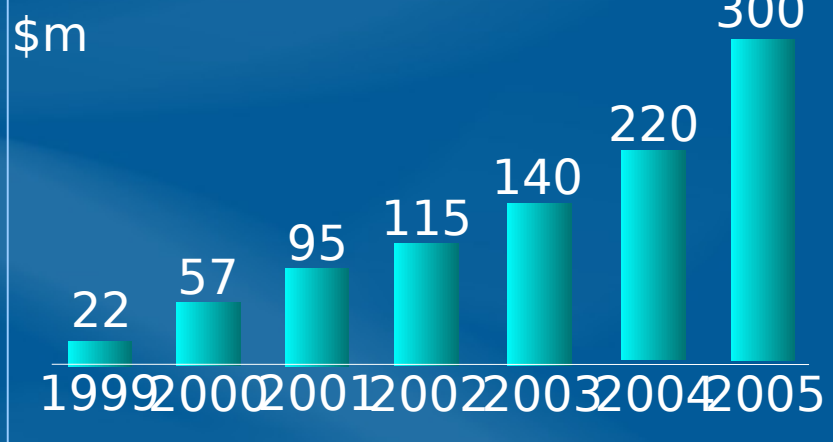|	FROM	TO
Customers	Institutions	End users
Customer Service	Supply	"ROI"
Back Office	Scale & Efficiency	Modularity & Flexibility
Skill Sets	Functional In house	Cross Functional Outsourced
Organisation Structure	Vertical Business Units	Horizontal Project Based

Online Driving Revenue and Margin

Applied Discovery

- 2002
- 2003 +40%
- 2004 +100%
- 2005 +16%

MD Consult $m

- 2003
- 2004 +30%
- 2005 +18%

Seisint $m

- 2002
- 2003 +45%
- 2004 +48%
- 2005 +20%

Reed Business online $m

- 1999: 22
- 2000: 57
- 2001: 95
- 2002: 115
- 2003: 140
- 2004: 220
- 2005: 300
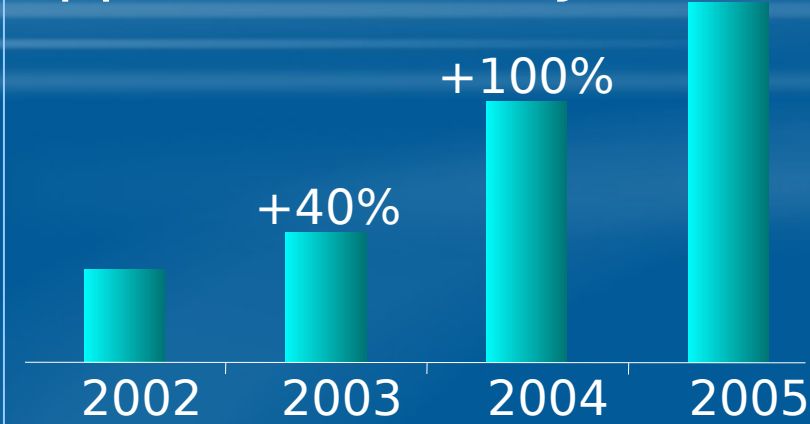
Reed Elsevier

Reed Elsevier: Electronic Revenues

Reed Elsevier

$bn

Year	Value
1999	1.1
2000	1.5
2001	1.8
2002	2.1
2003	2.4
2004	2.8
2005	3.3

- Average annual growth in electronic is >20%
- Now accounts for 35% of total Reed Elsevier

Reed Elsevier: Online is the Future

Reed Elsevier Online
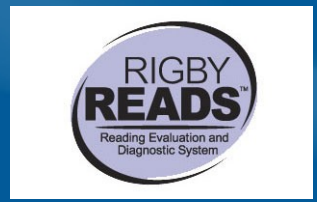
- **Customer demand** → Faster growth

- **Customer productivity** → Higher value

- **Embedded in customer workflow** → Stronger relationships

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