



## Thomson Reuters Reports Third-Quarter 2011 Results

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- Revenues grew 5% before currency
- Underlying operating profit up 12%
- Underlying operating profit margin was 22.0%, up 80 basis points
- Adjusted earnings per share were \$0.56 vs. \$0.45 in third quarter 2010
- 2011 Outlook affirmed

**NEW YORK** - Thomson Reuters (TSX / NYSE: TRI), the world's leading source of intelligent information for businesses and professionals, today reported results for the third quarter ended September 30, 2011. The company reported ongoing revenues of \$3.3 billion, a 5% increase before currency (8% including currency), and underlying operating profit of \$717 million, up 12%.

Adjusted earnings per share (EPS) were \$0.56 compared to \$0.45 in the prior-year period.

"I am pleased with the performance of our business in the third quarter, a period during which we continued to grow revenues and expand margins," said Thomas H. Glocer, chief executive officer of Thomson Reuters.

"In the quarter we also initiated a set of strategic, product and organizational changes to address those parts of our current Markets division that are not performing up to our expectations. We expect the benefit of these changes will improve sales performance in 2012 and benefit 2013 revenue growth."

### Consolidated Financial Highlights

IFRS Financial Measures	Three Months Ended September 30, (Millions of U.S. dollars, except EPS and margins)		
	2011	2010	Change
Revenues	\$3,453	\$3,256	6%
Operating profit	\$659	\$356	85%
Diluted earnings per share (EPS)	\$0.44	\$0.32	38%
Cash flow from operations	\$576	\$476	21%

Non-IFRS Financial Measures*	2011	2010	Change	Change
				Before Currency
Revenues from ongoing businesses	\$3,258	\$3,030	8%	5%
Adjusted EBITDA	\$940	\$767	23%	20%
Adjusted EBITDA margin	28.9%	25.3%	360bp	370bp
Underlying operating profit	\$717	\$642	12%	10%
Underlying operating profit margin	22.0%	21.2%	80bp	90bp
Adjusted earnings per share (EPS)	\$0.56	\$0.45	24%	
Free cash flow	\$360	\$215	67%	

\* These and other non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measure in the tables appended to this news release. Additional information is provided in the explanatory note at the end of this news release.

- Revenues from ongoing businesses were \$3.3 billion, a 5% increase before currency. Strong growth across the Professional division, up 10%, and a 1% increase in Markets division revenues drove the overall increase.
- Adjusted EBITDA increased 23% and the corresponding margin was 28.9% versus 25.3% in the prior-year period.

Excluding currency, adjusted EBITDA increased 20% and the corresponding margin increased 370 basis points.

- Underlying operating profit increased 12% and the corresponding margin was 22.0% versus 21.2% in the same period in 2010. Excluding currency, underlying operating profit increased 10% and the corresponding margin increased 90 basis points.
- Adjusted EBITDA growth and underlying operating profit growth across both divisions were due to flow-through from higher revenues, integration savings and the benefit of currency.
- Adjusted EPS was \$0.56 compared to \$0.45 in the prior-year period. The increase was largely attributable to higher underlying operating profit and lower integration costs.

### Third-Quarter Business Segment Highlights

Unless otherwise noted, all revenue growth comparisons in this news release are before the impact of foreign currency as Thomson Reuters believes this provides the best basis to measure the performance of its business. All revenue growth and operating profit comparisons are based upon results from ongoing businesses and exclude the results of businesses that have been or are expected to be sold or closed.

#### Professional Division

#### Three Months Ended September 30,

(Millions of U.S. dollars, except margins)

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>Change Before Currency</u>
<b>Revenues</b>				
Legal	\$896	\$825	9%	8%
Tax & Accounting	\$272	\$226	20%	20%
Intellectual Property & Science	<u>\$215</u>	<u>\$193</u>	11%	10%
Professional Division Total	\$1,383	\$1,244	11%	10%
<b>Adjusted EBITDA</b>				
Legal	\$343	\$321	7%	
Tax & Accounting	\$77	\$62	24%	
Intellectual Property & Science	<u>\$79</u>	<u>\$64</u>	23%	
Professional Division Total	\$499	\$447	12%	11%
<b>Adjusted EBITDA Margin</b>	36.1%	35.9%	20bp	10bp
<b>Adjusted EBITDA Margin</b>				
Legal	38.3%	38.9%		
Tax & Accounting	28.3%	27.4%		
Intellectual Property & Science	36.7%	33.2%		
<b>Operating profit</b>				
Legal	\$270	\$252	7%	
Tax & Accounting	\$50	\$41	22%	
Intellectual Property & Science	<u>\$64</u>	<u>\$50</u>	28%	
Professional Division Total	\$384	\$343	12%	11%
<b>Operating profit Margin</b>	27.8%	27.6%	20bp	30bp
<b>Operating profit Margin</b>				
Legal	30.1%	30.5%		
Tax & Accounting	18.4%	18.1%		
Intellectual Property & Science	29.8%	25.9%		

- Revenues were up 10%, driven by solid growth across all businesses. Legal grew 8%, Tax & Accounting increased 20% and Intellectual Property & Science was up 10%.
- EBITDA increased 12% compared to the prior-year period. The corresponding margin was 36.1%, an increase of 20 basis points as flow-through from higher revenues was partly offset by the negative impact of the revenue mix in the Legal segment and the dilutive effect of acquisitions.
- Operating profit was up 12% compared to the prior-year period. The corresponding margin was 27.8%, 20 basis points higher than the prior-year period. Acquisitions negatively impacted the margin by 110 basis points.

#### Legal

- Revenues increased 8% compared to the prior-year period. US Law Firm Solutions grew 3% as a 17% increase in Business of Law (FindLaw and Elite) was offset by a 3% decline in research-related revenues. Corporate, Government & Academic and Risk & Compliance revenues increased 13% (3% organic and 10% from acquisitions). Global businesses grew 10% (4% organic and 6% from acquisitions) with strong growth in Latin America and Canada.

- EBITDA increased 7% and the associated margin was 38.3% compared to 38.9% in the prior-year period.
- Operating profit increased 7% and the associated margin was 30.1% compared to 30.5% in the prior-year period. The margin decrease was primarily due to a change in business mix and the dilutive effect of acquisitions.
- WestlawNext has been sold to over 29,000 customers since its launch in February 2010 – representing 46% of Westlaw's revenue base.

### Tax & Accounting

- Revenues were up 20% compared to the prior-year period, led by growth in income tax software sales and electronic filing of tax returns, strong growth in Checkpoint and acquisitions.
- EBITDA increased 24% and the related margin increased 90 basis points to 28.3% primarily driven by strong flow-through from revenues and the result of efficiency initiatives.
- Operating profit increased 22% and the related margin increased 30 basis points to 18.4%. The increase was due to strong flow-through from revenues and efficiency initiatives, partly offset by the dilutive effect of acquisitions.

### Intellectual Property & Science

- Revenues were up 10% compared to the prior-year period. Growth was driven by IP Solutions, which was up 12%, led by IP Management Services. Scientific & Scholarly Research grew 8% due to timing benefits related to significant backlog sales and growth in core information offerings. Life Sciences increased 9% due to continued demand for biology and disease analytics products and acquisitions.
- EBITDA was up 23% with the corresponding margin increasing 350 basis points to 36.7%.
- Operating profit was up 28% with the corresponding margin increasing to 29.8%. The increase in EBITDA and operating profit margins was primarily due to revenue flow-through and included timing benefits. The year-to-date operating profit margin of 27.6% is believed to be more reflective of the business segment's full-year performance.

### Markets Division

#### Three Months Ended September 30,

(Millions of U.S. dollars, except margins)

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>Change Before Currency</u>
<b>Revenues</b>				
Sales & Trading	\$936	\$886	6%	2%
Investment & Advisory	\$550	\$550	0%	-3%
Enterprise	\$309	\$273	13%	8%
Media	<u>\$83</u>	<u>\$79</u>	5%	0%
Markets Division Total	\$1,878	1,788	5%	1%
<b>Adjusted EBITDA</b>	\$525	\$473	11%	8%
<b>Adjusted EBITDA Margin</b>	28.0%	26.5%	150bp	170bp
<b>Operating Profit</b>	\$382	\$353	8%	4%
<b>Operating Profit Margin</b>	20.3%	19.7%	60bp	60bp

- Revenues increased 1%. Strong revenue growth in Enterprise and Tradeweb was partly offset by weakness in Investment Management and Exchange Traded Instruments. Revenue growth would have been 2% excluding a 5% decline in recoveries (pass-through revenues from third-party services such as exchange fees).
- Recurring subscription-related revenues were flat. Transactions-related revenues increased 15% due to the increase in the company's ownership in Tradeweb and higher transaction volumes. Outright revenues declined 9%.
- By geography, revenues in Asia increased 2%; revenues in Europe, Middle East and Africa (EMEA) were flat while revenues in the Americas increased 1%.
- EBITDA was \$525 million, up 11%, with a related margin of 28.0%. Excluding currency, EBITDA increased 8% and the related margin rose 170 basis points.
- Operating profit was \$382 million, up 8%, with a related margin of 20.3%. Excluding currency, operating profit increased 4% and the related margin rose 60 basis points due to flow-through of integration savings.
- Markets has sold or migrated more than 32,000 Thomson Reuters Eikon desktops since the launch of the new desktop offering in September 2010.
- A number of operational and organizational changes were made during the quarter that are intended to drive growth and capture operating efficiencies, including reorganizing the sales force, flattening the management structure and reprioritizing the product development roadmap.

### Sales & Trading

- Revenues were up 2% driven by 11% organic growth at Tradeweb and an increase in Thomson Reuters ownership in the

business. Revenue growth was partly offset by a 9% decline in recoveries. Excluding recoveries, revenues grew 4%.

- The Treasury business was up 1% in the quarter.
- Exchange Traded Instruments declined 6% due to planned shutdowns of low-margin products and the continued reduction of recoveries revenues as exchanges move to direct billing.

### Investment & Advisory

- Revenues declined 3%. A 4% increase in Corporates revenues and flat revenues in Investment Banking were offset by weak performance in Investment Management which declined 8%.
- Improving performance in Investment Management is a key objective of the recent reorganization of the Markets division.

### Enterprise

- Revenues grew 8% driven by the continuing trend among customers to invest in pricing and reference data, low-latency data feeds and hosting solutions.
- The Enterprise Content business grew 16%, driven by growth in pricing and reference data. Omgeo's revenues grew 12% due to higher equity volumes.
- Thomson Reuters Elektron continued to gain momentum as customers in established and emerging markets adopted its combination of hosted and deployed information and trading solutions. In total, 14 data hosting centers are up and running.

### Media

- Revenues were flat with a decline in the News Agency business offset by growth in the Consumer business.
- The News Agency business decreased 1% due to the planned shutdown of the Agency's studio business. The Consumer business was up 5% due to higher advertising sales in the Americas.

### Financial Highlights – Nine Months

<b><u>Nine Months Ended September 30,</u></b>				
<b>(Millions of U.S. dollars, except EPS and margins)</b>				
<b>IFRS Financial Measures</b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>Change</u></b>	
Revenues	\$10,230	\$9,612	6%	
Operating profit	\$1,888	\$1,112	70%	
Diluted earnings per share (EPS)	\$1.41	\$0.82	72%	
Cash flow from operations	\$1,655	\$1,669	-1%	
				<b><u>Change</u></b>
				<b><u>Before</u></b>
				<b><u>Currency</u></b>
<b>Non-IFRS Financial Measures*</b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>Change</u></b>	
Revenues from ongoing businesses	\$9,561	\$8,907	7%	4%
Adjusted EBITDA	\$2,548	\$2,167	18%	14%
Adjusted EBITDA margin	26.6%	24.3%	230bp	230bp
Underlying operating profit	\$1,922	\$1,745	10%	7%
Underlying operating profit margin	20.1%	19.6%	50bp	40bp
Adjusted earnings per share (EPS)	\$1.44	\$1.19	21%	
Free cash flow	\$933	\$852	10%	

- Revenues from ongoing businesses were \$9.6 billion, a 4% increase before currency. Strong growth across the Professional division, up 9%, and a 2% increase in the Markets division revenues contributed to the overall increase.
- Adjusted EBITDA increased 18%, and the corresponding margin was 26.6% versus 24.3% in the prior-year period primarily due to flow-through from higher revenues, integration savings and the benefit of currency. Excluding currency, EBITDA increased 14% and the corresponding margin increased 230 basis points.
- Underlying operating profit increased 10% and the corresponding margin was 20.1%, versus 19.6% in the same period in 2010. Excluding currency, underlying operating profit increased 7% and the corresponding margin increased 40 basis points.
- Adjusted EPS was \$1.44 compared to \$1.19 in the prior-year period. The increase was largely attributable to higher underlying operating profit and lower integration costs.
- Free cash flow was \$933 million, up 10% compared to the prior-year period. Corporate expenses were \$186 million versus \$161 million in the prior-year period.

### Integration Programs

At the end of the third quarter of 2011, Thomson Reuters had achieved combined run-rate savings of \$1.6 billion from the Reuters integration and legacy savings programs. An incremental \$65 million in run-rate-savings was achieved during the third quarter of 2011.

Integration-related costs totaled \$39 million in the third quarter and are forecast to be approximately \$200 million for the full-year

2011.

## **Business Outlook (Before Currency)**

*The information in this section is forward-looking and should be read in conjunction with the section below entitled "Special Note Regarding Forward-Looking Statements, Material Assumptions and Material Risks."*

Thomson Reuters today reaffirmed its business outlook for 2011 that was previously communicated in February. The business outlook is provided for ongoing businesses and is based on 2010 results that have been restated to remove the results of the Healthcare business as well as other disposals.

Thomson Reuters expects revenues to grow mid-single digits in 2011.

Thomson Reuters expects adjusted EBITDA margin to increase by at least 300 basis points in 2011 reflecting revenue growth and the completion of integration programs.

Thomson Reuters expects underlying operating profit margin to increase by at least 100 basis points in 2011.

The company expects that strong adjusted EBITDA growth in 2011 will contribute to a 20% - 25% increase in reported free cash flow.

## **Dividend and Share Repurchases**

As previously announced, Thomson Reuters increased its 2011 annual dividend by \$0.08 per share to \$1.24 per share. A quarterly dividend of \$0.31 per share is payable on December 15, 2011 to shareholders of record as of November 17, 2011.

As of October 31, 2011 the company has repurchased 10.8 million shares for an aggregate purchase price of \$325 million pursuant to its Normal Course Issuer Bid (NCIB). The NCIB program which was renewed on May 6, 2011, authorizes the company to purchase up to 15 million shares.

## **Recent Developments**

The company announced on September 28, 2011 that James C. Smith, former chief executive officer of the Professional division, was named chief operating officer of Thomson Reuters. In connection with the creation of this new role, the company announced that it will disband its current divisional structure (Markets and Professional divisions) and transition to a set of focused business units. For the balance of the year, the company will maintain its current financial reporting structure.

Separately, Robert D. Daleo, chief financial officer, informed the Board of his intention to retire in July 2012 when he turns 63 years old. Mr. Daleo has served as CFO since 1998. The company announced that Stephane Bello, currently chief financial officer of the Professional division, will succeed him as chief financial officer of Thomson Reuters, effective January 1, 2012, and Mr. Daleo will then serve as vice chairman of the company until his retirement.

## **Thomson Reuters**

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, healthcare and science and media markets, powered by the world's most trusted news organization. With headquarters in New York and major operations in London and Eagan, Minnesota, Thomson Reuters employs more than 55,000 people and operates in over 100 countries. Thomson Reuters shares are listed on the Toronto and New York Stock Exchanges (symbol: TRI). For more information, go to <http://thomsonreuters.com>.

## **NON-IFRS FINANCIAL MEASURES**

*Thomson Reuters prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).*

*This news release includes certain non-IFRS financial measures. Thomson Reuters uses these non-IFRS financial measures as supplemental indicators of its operating performance and financial position. These measures do not have any standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies, and should not be viewed as alternatives to measures of financial performance calculated in accordance with IFRS. Non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measures in the appended tables.*

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS, MATERIAL ASSUMPTIONS AND MATERIAL RISKS**

*Certain statements in this news release, including, but not limited to, statements in the "Integration Programs" and "Business Outlook (Before Currency)" sections and Mr. Glocer's comments, are forward-looking. These forward-looking statements are based on certain assumptions and reflect our company's current expectations. As a result, forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. There is no assurance that the events described in any forward-looking statement will materialize. A business outlook is provided for the purpose of presenting information about current expectations for 2011. This information may not be appropriate for other purposes. You are cautioned not to place undue reliance on forward-looking statements which reflect expectations only as of the date of this news release. Except as may be required by applicable law, Thomson Reuters disclaims any obligation to update or revise any forward-looking statements.*

*The material assumptions underlying the company's 2011 business outlook are based on various external and internal assumptions. Economic and market assumptions include, but are not limited to, positive global GDP growth led by rapidly developing economies and a continued increase in the number of professionals around the world and their demand for high quality information and services. Internal financial and operational assumptions include, but are not limited to, the successful execution of the company's ongoing product release programs, globalization strategy, other growth initiatives and efficiency programs.*

*Some of the material risk factors that could cause actual results or events to differ materially from those expressed in or implied by forward-looking statements in this news release include, but are not limited to, changes in the general economy; actions of competitors; increased accessibility to free or relatively inexpensive information sources; failure to develop new products, services, applications and functionalities to meet customers' needs, attract new customers or expand into new geographic markets; failure to maintain a high renewal rate for subscription-based services; failures or disruptions of network systems or the Internet; detrimental reliance on third parties for information and other services; changes to law and regulations, including the impact of the Dodd-Frank legislation and similar financial services laws around the world; failure to meet the challenges involved in operating globally; failure to protect the reputation of Thomson Reuters; impairment of goodwill and identifiable intangible assets; inadequate protection of intellectual property rights; threat of legal actions and claims; downgrading of credit ratings and adverse conditions in the credit markets; fluctuations in foreign currency exchange and interest rates; failure to recruit and retain high quality management and key employees; the effect of factors outside of the control of Thomson Reuters on funding obligations in respect of pension and post-retirement benefit arrangements; actions or potential actions that could be taken by the company's principal shareholder, The Woodbridge Company Limited; failure to fully derive anticipated benefits from future or existing acquisitions, joint ventures, investments or dispositions; and failure to achieve benefits from integration programs to the extent, or within the time period, currently expected. These and other factors are discussed in materials that Thomson Reuters from time to time files with, or furnishes to, the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission. Thomson Reuters annual and quarterly reports are also available in the "Investor Relations" section of <http://thomsonreuters.com>.*

**Thomson Reuters will webcast a discussion of its third-quarter 2011 results today beginning at 8:30 a.m. Eastern Daylight Time (EDT). You can access the webcast by visiting the "Investor Relations" section of <http://thomsonreuters.com>. An archive of the webcast will be available following the presentation.**

## **Contacts**

### **MEDIA**

#### **Calvin Mitchell**

Senior Vice President, Corporate Affairs

Tel: +1 646 223 5285

[Email](#)

### **INVESTORS**

#### **Frank J. Golden**

Senior Vice President, Investor Relations

Tel: +1 646 223 5288

[Email](#)