

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

TRI.TO - Thomson Reuters Corp at Barclays Americas Select Franchise Conference

EVENT DATE/TIME: MAY 09, 2023 / 8:00AM GMT

## CORPORATE PARTICIPANTS

**Matthew Keen**

**Stephen John Hasker** *Thomson Reuters Corporation - President, CEO & Director*

## CONFERENCE CALL PARTICIPANTS

**Manav Shiv Patnaik** *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

## PRESENTATION

**Manav Shiv Patnaik** - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

We've seen, of course, last year was the first time pre-COVID. But for those of you who don't know, my name is Manav Patnaik. I'm Barclays' business and information services analyst. We have a great lineup here, of course, but happy to get this started with Thomson Reuters. We have Steve Hasker, who's the CEO here with us; and Matt Keen as well, who's Head of International. So really happy to have both of you guys here. Appreciate it.

---

**Stephen John Hasker** - *Thomson Reuters Corporation - President, CEO & Director*

Thanks, Manav.

---

**Manav Shiv Patnaik** - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

Technically, this is Thomson Reuters' second time at the conference, but the last time, it was under the now Refinitiv business. And this is also Steve's second time at the conference, but he was at another company the last time he came. So it's kind of the first time to see Steve and the newco, if you call it, here. So I think it's very timely, a lot of new stuff has gone on here.

---

## QUESTIONS AND ANSWERS

**Manav Shiv Patnaik** - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

So Steve, maybe just get kick-started, a lot has changed, and you basically call the whole change the Change Program.

---

**Stephen John Hasker** - *Thomson Reuters Corporation - President, CEO & Director*

Yes.

---

**Manav Shiv Patnaik** - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

So in that context, just to set the stage for the audience, just to walk through what all has changed, what the new portfolio looks like, just to set the stage and what we can talk about.

---

**Stephen John Hasker** - *Thomson Reuters Corporation - President, CEO & Director*

Yes. So for those of you who have followed us for a while, in 2018, we divested the Financial & Risk business. That became Refinitiv. That's now a big part of London Stock Exchange Group. So that's no longer part of Thomson Reuters.

Thomson Reuters is now 3 -- the Big 3 sort of franchises in the main. And that's our Legal business, Legal Professionals; Tax & Accounting; and Corporates. And so we focus on 3 different areas. One is content-driven software for lawyers, whether that's in-house firms or general counsels; content-driven software technology for tax and accounting professionals and the same for risk professionals. We also have a legacy print business, and we have, of course, the Reuters News Agency. So that's sort of the business today.

I joined the company early 2020, and we quickly launched what we call the Change Program. We finished it last year. We spent just shy of [\$600 million in onetime] investment in driving \$600 million in costs out of the business but, more importantly, equipping ourselves to now accelerate our growth. So we guided 5.5% to 6% organic growth this year. And we think we're well-placed to increase that over the next few years.

The Change Program was really focused on an end-to-end modernization of the tech stack, including a migration to the cloud. It was focused on building a digital and omnichannel front end and a set of data and analytics capabilities to support our technology sales.

And so we're happy with the results. It was a very, very broad and deep transformation done during an accelerated period of time. And we really sort of made the most of COVID in a sense, both in design and in program and also taking advantage of the fact that our customers are increasingly open to spending more on content-driven technology and less on real estate, amongst other things, and also are using self-service and omnichannel tools more and more.

So as we sit here today, we've completed that program. We've still got a number of work streams to sort of -- that will be ongoing. But by and large, it's complete, and we think we're equipped to now, in sort of '24, '25, '26, improve our growth rate going forward.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

And just I think there were 2 pieces of Change Program, the kind of the shared services stand-up, which I think is pretty straightforward. But to your point on modernizing the tech stack, where are we in that? You're never obviously fully modernized, right? You have to keep investing. So what's the next step, next phase from where you are today?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. I mean the longest pole in the tent was migrating our major products into the cloud. And so by the end of this year, we'll have 90% of all our revenues available in the cloud, which will enable us to do a lot more in the AI space. It will enable us to do a lot more in terms of product integration and innovation.

So we've set an aspiration to be the most innovative company in the business information services context, which is we think a pretty high bar given some of the folks you've got here today. But I would sort of modestly say that we're well on track to get there with recent launches of Westlaw Precision and Practical Law Dynamic, a new version of CLEAR coming out. So there's a whole series of big product launches. But more importantly, our ability to add features and functionality on a monthly and soon weekly basis to our major product groups is really where we're focused.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And we're definitely going to talk on AI and data in a second. But before that, just to get kind of the macro updates out of the way, perhaps if you -- however way you want to cut it, whether it's by legal and tax separately, but you talked about lengthening sales cycle, some end market pressures. Can you just elaborate a bit more on that?

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So as you know, Manav, we've got -- close to 80% of our business is recurring revenues, multiyear contracts. So we're about as stable as you can be. We have some revenue streams that are a bit more volatile like print, like the events and advertising side of Reuters and the transaction revenues, but it's by far and away in the minority.

So when we stepped up and announced the Change Program, we gave 3 years of guidance, '21, '22, '23. And our '23 guidance was 5.5% organic revenue growth and a 39 -- 38% to 40% margin. We're guiding 5.5% to 6% on the top line and a 39% EBITDA margin. So we've been able to sort of maintain that trajectory as we envisaged it when inflation was 1.3%. And I think that's a testament to the strength of the business.

The thing we've talked about for a few quarters now which doesn't alter our guidance but nevertheless we're watching with some vigilance is a lengthening of the sales cycles, particularly in Corporates. So what we're not seeing is deals fall out of the pipeline. And these are big sort of software installations, corporate tax, Direct Tax, Indirect Tax, products like HighQ into the general counsel's office in corporations.

And we're seeing some of those move from 1 quarter to the next as there's a little bit more caution amongst the corporate customer base, but again, not enough to knock us off our guidance or cause us any sort of undue concern.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

And you go around, obviously, meeting a lot of your clients and CEOs. So is there any nuances within the legal and the tax side of the equation that you foresee in terms of continued pressures?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

No, I mean I think -- certainly, as I talk to managing partners of law firms, those that have big corporate practices with sort of debt and equity issuance more or less off the table and the M&A volumes down, the corporate practices have definitely softened. But a product like Westlaw is driven by the litigation environment, which, if anything, has ticked up a little bit.

So the bigger diversified firms are doing okay. They're not going to have the kind of year they had in 2021, but they're doing okay. Those that are sort of very heavily focused toward corporates are starting to feel it a bit more to sort of the corporate finance side of things. But again, our product portfolio is diversified. So it's not really flowing through as it was.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Yes. And you have a big Government business, too.

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

We do.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Any changes there at all?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So the Government business has been -- over the last sort of 3 to 4 years has been one of the attractive parts of our portfolio, and it was growing at double digits. We saw that soften in the second half of last year, particularly in the U.S. with some of the budgetary issues.

So a number of the big law enforcement agencies and other government agencies pulled back a little bit in terms of their spending against the major RFPs. And that hit us and hit everybody else. We're starting to see that open back up again. I think it will take a while to get back to its sort of full strength.

But I was in D.C. last week, and I think there are real sort of signs of optimism that the purse strings are starting to be loosened a little bit. And we're optimistic that we'll see a return to that double-digit growth toward the back end of this year.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And then one last one in terms of regional differences. The legal business is very much a U.S.-skewed business. But since we are in the U.K., EU area, any different dynamics on the macros perhaps you want to call out there?

---

**Matthew Keen**

Well, I mean our legal business in the U.K. and in Europe is more focused on the Corporates side, so there's a little bit of an impact there. But there's also more willingness to adopt new technologies and take a transformation. So on the HighQ and on some of the other software solutions we've got, actually, you sort of see that playing out all the time. So no -- there's a different balance, but overall, still quite strong.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it.

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

I think there's a -- for us that -- your comment, Manav, about the Government business, within the Government business is a product called CLEAR, which is a highly differentiated data set that's used by government agencies, particularly law enforcement and increasingly by corporates in terms of those with e-commerce businesses and ones that want sort of advanced transaction monitoring.

We see an opportunity to take that asset and our sort of brand and reputation for handling highly sensitive information and building a bigger Risk, Fraud & Compliance business internationally. And that will be a truly global opportunity for us.

So unlike legal, which tends to be a little focused on sort of common law countries like the U.S., U.K., Australia, New Zealand, Canada, the Risk, Fraud & Compliance opportunity is a global one, just as the Tax & Accounting one.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. Okay. Talking about differentiated data, let's move to kind of the AI, the hot topic out there in the market so far. So the view obviously is OpenAI, ChatGPT is going to do everything. Next year, there will be a deepfake version of me doing the fireside chat with you up here.

But -- so I guess 2 parts. One, on the call last week, you guys had a slide -- a couple of slides on your AI journey. So maybe for the benefit of the audience that was not listening, maybe you could just refresh us on the AI journey and what's going on at Thomson Reuters today.

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So I'd make a couple of points just to reiterate and expand a bit on what I said last week during our earnings call. The first is we have been at the forefront of machine learning and AI for 30 years. So Thomson Reuters had a version, had a highly successful search algorithm in the mid-'90s attached to the Westlaw franchise, and that was something that was developed in-house. We have been applying increasing amounts of AI ever since then.

And so the latest version of Westlaw, which is Westlaw Precision that we've been selling since September last year, and we've sold over -- had over 1,400 sales, and that continues to accelerate.

That has -- the attorney editors who did the work had access to an enormous amount of machine learning. And so as we think about generative AI and the opportunities that it affords us, this is not new news for us. We have hundreds of experts in AI who have turned their mind to generative AI. So that's the first thing.

The second thing is across our different franchises, legal, tax and risk, customers are increasingly interested in working with us to understand how can you take your existing products and how much better do they get with generative AI. So what we're not hearing from them is, are we going to -- we can just go and take an alternative.

And so let me just double-click on legal for a second. So the idea that in a high-stakes litigation, which is where Westlaw operates, that a litigator is going to be able to survive a hallucination by a large language model is not going to happen. The stakes are extraordinarily high, firstly.

Secondly, our customers have access to client proprietary data and, in some cases, PII. And that information cannot be just thrown into a large language model, right? The stakes are too high, the risks are too high from that happening that they'll expose their clients in some way that they really can't afford to do.

So they're coming to us and saying, look, we realized through the pandemic we spent too much on real estate. And in some cases, we're too highly dependent on hiring the best talent and putting them through an apprenticeship. We need to spend more on technology. So what have you got, TR?

And there's only a couple of players that they truly trust, and we're one of them. So we see it as an opportunity to take our leadership position in research through products like Westlaw Precision and Practical Law Dynamic and extend that into workflow software in meaningful ways.

And we think that generative AI -- and we'll do this in partnership. We don't have to do it all by ourselves. Generative will enable us to accelerate that integration and, in doing so, enable us to help transform the legal profession to be more dependent on technology, to be more efficient and effective and more accurate. And so for us, we look at this as a pretty exciting opportunity.

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And I think on the deck, you had this commitment of \$100 million plus of AI spend every year. Can you just give us some context on that \$100 million as a percentage or size of your overall kind of tech spend? And \$100 million feels a lot, but maybe it's not a lot either, but just some context there.

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. I mean it's certainly something that we can absorb within our sort of existing financial envelope. It is a step-up from where we are today, and we think that's the right thing to do. And we certainly have line of sight under David Wong's leadership into exactly the kinds of things we want to do in legal, in tax and in risk.

And it's worth mentioning that over and above this, we have about \$10 billion in dry powder. And so thinking about the balance between inorganic activity and returning that to shareholders, we've obviously done a big buyback and announced a return of capital, which we'll execute in July.

And so we've got quite a lot of room to move in terms of pursuing acquisitions in the pipeline to build on the last 3 or 4 acquisitions, which have all been in the AI area. So if you look at Pondera that we bought in the sort of Risk, Fraud & Compliance space, you look at ThoughtTrace, which is a legal document analysis, AI-driven, and SurePrep, which is in Tax & Accounting in terms of document ingestion, all of those have been AI-dependent, and I would say the next 3 or 4 will be AI-driven as well.

So look

(technical difficulty)

and which is sort of the CapEx and OpEx that we will dedicate out of ordinary operations and \$10 billion in dry capital. We're pretty excited about the value we can add to our customers through a sort of hopefully skillful combination of those 2 things.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And AI has been around for some time. And I think the view has always been, it should clearly be a cost advantage at least and a potential revenue advantage. But now generative AI seems to make the case that it should be both for sure, like there's no debate around it. How do you think about the cost versus revenue? And if you have any examples on that.

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. I mean certainly, as we think about our own cost base, the work we did to create Westlaw Precision, so we've had hundreds of reference attorney or attorney editors who have been working now for decades in adding value to the case law information. We added another couple of hundred to develop Westlaw Precision.

Now had we not had machine learning, we would have had to add more than 1,000. So just in terms of the cost of developing that product and the network effects of applying machine learning over a period of time, that has been a significant advantage, firstly.

Secondly, as we think about bringing out the next version of Westlaw with AI and the next version of Practical Law and, maybe more importantly, seamlessly integrating those into an environment in which a lawyer is creating a work product with document, AI-driven document analysis, we think that's a revenue opportunity.

And we'll take our time to sort of figure out how to price that and what the value is to our customers. And we're always focused on making sure that there's a disproportionate amount of value to those customers.

But certainly, our experience with Westlaw, WestlawNext, Westlaw Edge, Westlaw Precision is that where we add sufficient value and we increase the accuracy and save time for customers, they're prepared to pay for it, and they'll pay us that premium. And if you look at the sort of growth of our Westlaw franchise, you see that in spades.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. Just to wrap this conversation up, just to focus on the data that you have, okay, let me just play devil's advocate for a bit. I understand the lead you have in the technology, but let's just say it's all going to be off the shelf.

So the differentiation is going to come down to access to data. So can you give us some perspective on -- you talked about CLEAR, you mentioned briefly earlier, but just some perspective maybe by legal, tax, corporate if that's the way, where your data comes from, how much is within walled

gardens, proprietary. You talked about client data is not going to be just given to large language models. So just some flavor there because that's the big debate here.

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So in each of those franchises, there's an element of sort of what I would loosely call publicly available data, whether that's case law, whether that's the tax accounting regulations or whether that's sort of information on individuals that's in the public domain.

But that's a tiny fraction of the value. So the value comes from the editorial enhancements, in the annotations, the KeyCite numbering system and the sort of classification and codification in the legal area. The value comes in Practical Law, which is hundreds of attorney editors developing the very, very best clauses and constantly refining those with the help of machine learning.

In Tax & Accounting, it really is client proprietary, right? This is -- you run the UltraTax or the ONESOURCE software and producing tax returns. That is proprietary to an individual client. And so there's nothing sort of that's necessarily public other than the application of the relevant laws to that tax return.

And then the magic of CLEAR is the fact that it aggregates thousands of data sets to provide a point of view on a particular individual, which is invaluable to law enforcement, invaluable to an e-commerce provider.

So I think there's a sort of a narrative, which is well, a lot of this data is publicly available. It is a fraction of the value that's created. And these values could be created over a long period of time, firstly.

Secondly, the magic comes when we combine our data with clients' proprietary data. And as I said before, this is highly sensitive information. So the idea that that's just going to get thrown into large language models and be freely available is very, very difficult to see, right? That's in no one's interest.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it.

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Other than potentially a large language model start-up who's sort of trying to build out their model and their business. It's certainly not in the interest of the end clients, let alone the professional services companies that are providing services. And obviously, they are our customers.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. Okay. That's helpful. So maybe just to transition into the Big 3, legal, corporate and tax, has been growing roughly 7% organically, which is a big change from what we're used to seeing, right, from Thomson Reuters. And you just -- I think earlier, you said you're confident that continues.

So can you -- I think the one thing to help appreciate that, can you help just break it out in terms of pricing, new products, cross-sells? And then I just want to get into what the innovation pipeline looks like.

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. Do you want to take a crack at it, and I'll talk about the innovation pipeline?

---

**Matthew Keen**

Yes. So you sort of mentioned that historic rates. So we used to be growing those franchises like 2%, and we're now up to that sort of 6%, 7% range. And that's driven by a combination of that cross-sell, upsell, so both new products to existing customers and cross-selling products across the house from legal to tax or from tax to legal. And so both of those things plus price have all sort of helped to drive up to that position.

---

**Manav Shiv Patnaik** - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

And how much has price been in that like 7% camp?

---

**Stephen John Hasker** - *Thomson Reuters Corporation - President, CEO & Director*

So it varies depending on the different segments. So in Tax & Accounting, it's about 5. In Corporates, it's about 3. And in Legal, it's about 2.

---

**Manav Shiv Patnaik** - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

Okay.

---

**Stephen John Hasker** - *Thomson Reuters Corporation - President, CEO & Director*

And the argument that we often get is, well, given our market position, why aren't the price increases higher? And I would say, particularly in legal, I would say 2 things. One is multiyear contracts in legal. So it tends to be sort of less ability in a high inflation environment to sort of kick in price increases where we've got a 3- or 4-year Westlaw deal, as an example.

And secondarily, we always want to be focused on making sure that our customers are getting more value than we are. And that's one of our sort of core principles, both in the way we innovate, the way we deliver and support our products and also the way we price them.

In terms of the innovation pipeline, what I would suggest has sort of driven us from, as Matt said, the 2% or 3% growth to 7% in the Big 3 has really been a withdrawal of democracy. What I would say, and I wasn't around, but I think TR had a very sort of democratic view of capital and OpEx allocation, so sort of program spend in that everybody got a bit.

And one of the things that Mike Eastwood and I have done with the help of Matt and others is we are quite ruthless about where we invest. We want to see the end market. We want to see a healthy end market. We want to see opportunity -- a big growing TAM and opportunity for us to create differentiated positions.

And so we put money into Big 7 initiatives, and we announced those back at the start of our Change Program at Investor Day. And we're continuing to invest in those areas, areas like Westlaw and Practical Law, Risk, Fraud & Compliance, Indirect Tax and so forth. And that's really got us to where we are now.

I think having done all the work in the Change Program, the focus going forward is on that innovation. And so we think there's a pretty big tailwind here for us, and it's the following. The complexity of compliance in legal, in tax and in risk continues to go up. I defy you to find any marketplace in the world where that complexity is coming down.

And it's going up at such a rate that if you're the general counsel, you're the head of tax or the head of risk and compliance, you cannot manage this complexity by just adding more people. You have to adopt content-driven technology.

And we think there's only a couple of players in the world, we being the leader in this space, we would modestly suggest, that can help those 3 customer personas navigate this environment. So there's a pretty big tailwind when we get our product set right.

And that's why we're putting additional sort of incremental investment into product development. That's why we've got a world-class Head of Product in David Wong. And he's rebuilt his team over the last 3 years, and they are really starting to perform extremely well.

So what you're going to see from us over the next 2 to 3 years is a marked acceleration in the number of new products that we release and we hope the success in the marketplace of those products based on the impact they have for our customers. And that's what we're exhaustively focused on.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. All right. Let's move to capital allocation. You mentioned earlier, you're going to have \$10 billion of capital basically to deploy. So just for context, how do we get that \$10 billion? Can you talk about the LSE stake and just how you build up to that number?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So that's a number sort of between now and 2025, and it comes from 2 places. The first is the sort of expansion in the free cash flow generation of our core businesses. And the second is a sell-down over time of our stake in the London Stock Exchange Group, where, as those of you who remember, we traded the Refinitiv or Financial & Risk asset to London Stock Exchange Group in return for shares.

And the lockup started to expire earlier this year, and there's another tranche in '24 and another tranche in '25. So you'll see us sort of in an orderly way monetize that investment because for us, that's a financial stake, not a strategic stake. That's where the \$10 billion come from.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

And then just to touch on each use of capital, so let's start with dividend. What's the plan on the dividend there?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

So the last couple of years, we've increased our dividend payout by 10%, so double digits each year. I'm not here to announce anything. That's something that the Board have to sort of approve. But I would see us being able to do something in that order of magnitude on an ongoing basis.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And then buybacks, that's one of the more -- one of the areas of discussion, I would say. And that's because, because of the Thomson family ownership, you're limited to a certain extent on buybacks. So what's the messaging around that front?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. I mean we've done a sort of a combination of traditional buybacks and a return of capital, the return of capital that The Woodbridge do participate in because it's tax-effective in Canada, amongst other reasons. So the family and the family office company of Woodbridge are 100% supportive of that. So I think you'll see them continue to participate as we roll through that strategy.

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And so even with the dividend and the buybacks, you're still going to be sitting on a lot of money here. So just for the benefit of the audience, I mean you've talked to us before about it, but priorities in terms of deploying that capital, like what specific areas are you looking for in terms of doing deals?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So to my point about this increasing in compliance-related complexity, we think there's a lot of opportunity for us within our Big 3. We don't think we need to sort of go and do things that will cause any of you to scratch your heads.

So we think there's opportunity for us to invest in legal workflow software, in simplifying and automating the Tax & Accounting processes, whether that's in tax returns or in audit. And we think there's a pretty big opportunity for us to extend our Risk, Fraud & Compliance. As we look at the Risk, Fraud & Compliance space, we think that when the dust settles, there will be 3 or 4 major players. And we certainly aim to be one of them.

So those are the areas that we'd like to invest. We'd very much like to invest behind that and growing our presence internationally. Today, sort of 80% of our revenues are in the United States. We think there's a big opportunity for us to take these franchises and our expertise to a more global footprint. So that's where you'll see us deploy. Everything we buy will have an element of or a large element of AI and will be focused on those customer sets.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And all the deals you mentioned previously as examples, they were, I guess, more tuck-in. Maybe 1 or 2 were midsize. But you're going to have way more cash than that sitting. So maybe can you give us a flavor of what your pipeline looks like in terms of the big deals, medium deals and tuck-in deals?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So if there's a -- the deals we've done have been smaller in size so far. And I think if there's a problem, it's not in the sort of quality of the pipeline or the number of potential deals in the pipeline. It's that we apply a very rigorous set of criteria.

So the first is our financial criteria. The second is it needs to be additive to the customer experience. So we need to be able to sort of very simply explain to our customer sets what's in it for them.

Thirdly, we don't want to buy tech debt. So we want things that are cloud-native, that are in good shape that we can integrate into our -- having done so much work to clean up our tech stack through the Change Program, we don't want to go back and do another one of those.

And then lastly, we look at the culture of the business. And that's not to say that our culture can't be improved by bringing in new talent. I would point to the ThoughtTrace acquisition, small Houston-based AI-driven contract analysis firm. Nick Vandivere, Joel Hron and their teams have been a fantastic addition to our existing AI talent.

And so we look for companies that are going to be additive to our culture, but it's not going to create some big culture clash. And when you put those 3 or 4 criteria together, the bar is really high, and it's going to stay there. We're not afraid of paying full prices, but we need to see value for our shareholders, not just value for the outgoing shareholders.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. That's fair enough. And then on the reverse side, you've been cleaning up your portfolio quite a bit. Last year, it was a bunch of small things that added up. This year, Elite was bigger than everything you did last year. So maybe just some perspective on what you're doing on that side and how much is left perhaps.

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So I think we've done -- we've probably done as much as we're going to do this year in terms of portfolio and divestitures and so forth. And we'll revisit it again next year. And the reason we're doing this, obviously, well prior to my time and probably very early in Matt's tenure, there were a lot of acquisitions made.

There was sort of, I think, 20 or 30 a year for a period of time. And so it was very fragmented. A lot of them weren't integrated. So what we've done through the Change Program is integrated a lot of them. And those that don't fit the strategy of content-driven tech and aren't part of the operating company and we don't think are additive to this play, then we look to divest them.

And so a prime example was Elite, which is the leading ERP software for law firms, and it is a premier asset in the space. But we looked at it and said, this is technology. It's not content-driven technology. So it's a little bit different than that, which we're really focused on. And so we went out and spoke with a couple of potential buyers about that. And in the end, the folks at TPG stepped up.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And now how about the print business? It's been this drag on growth for you and your peers for a long time. Like maybe just for some perspective, what is that print business? And I'm guessing it's good cash flow, but does it -- is it an essential part of the mix?

---

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. So this is a business that's obviously under sort of a long-term secular decline. We've predicted that it declines by sort of 3%, 4%, 5% a year as far as the eye can see.

Our print business under Jen Prescott's leadership, it focuses on a couple of things. Firstly, printing the legal titles that we own the rights to. And secondly, a degree of third-party print where we see sort of high-quality book publishers that need very high-quality printing.

And it's performing well under Jen's leadership. But like any part of the portfolio, it will be constantly reviewed. And so certainly no new news today. But like any part of the portfolio, we'll continue to look at it and make sure that it fits and that it's performing.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. I just wanted to pause for a second and see if anybody in the audience had any specific questions or anything for the management team. We have about a few minutes left here. So okay. If you do, just raise your hand.

But -- so Steve, maybe -- we've talked a lot. You've gone through a lot of change. I think we talked about it earlier, some people, when you hear Thomson Reuters, still think of the -- what's now the Refinitiv asset. But what are the next -- what's kind of your top priority list in terms of taking the company to the next level here?

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Yes. I mean I think one of the things we haven't talked about this morning is just some of the cultural change that we've driven. I think perhaps in the previous incarnations, Thomson Reuters was a pretty sort of traditional corporate with sort of a friendly look and feel and so forth. We'd like to continue that.

We've certainly made a lot of noise about our purpose as a company, which is to inform the way forward. So we help customers uphold the rule of law, provide access to justice, create functioning taxation systems, catch bad actors and report the news where it's difficult and dangerous to do so. That's been very energizing to young talent.

So when we've gone in the marketplace and we're competing with some of the big tech players for great AI talent or great software engineering talent, we have gone close to batting a thousand, to use the American term. We have been able to get the talent that we wanted to get. And that's been instrumental, I think, to my confidence and our confidence in terms of that product innovation pipeline. So we'll continue to focus on that.

We're continuing to create a culture, which is very egalitarian, right? There are no private jets, there are no big black limousines, and we're all in this together. I don't have an office set out in the middle of the floor in Toronto. And if you go through the company, that's what you see. We're in it for the benefit of our customers and the communities in which we operate. And that's also an important part of what we're planning to do.

And all this adds up to us being the world's leading content-driven tech company. So we will be frugal and scrappy, and we will move very quickly. We'll be prepared to experiment, test and learn. We'll be prepared to do more and more partnerships, particularly with providers who have distribution and access that will benefit some of the products that we're developing.

And then last but not least, under Matt's leadership, we'd very much like to see us expand that international footprint. The Reuters brand is very, very strong outside of the United States. It occupies a special place in sort of news consumers' minds in countries like Japan and Southeast Asia, through Latin America, Eastern Europe. And we'd like to build upon that in the Big 3 by taking advantage of that brand recognition and build that out. And we think we can see some accelerated growth through that.

So not to say that we're not vigilant about tech disruptions and so forth. I think we've sort of got a healthy vigilance and even paranoia about that, but certainly very focused on that rate of innovation and the associated growth.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. And maybe just to wrap it up on that topic, Matt, just from your perspective, you've been here at Thomson Reuters much longer. So I think we've also noticed the change that Steve's talked about, but you've obviously lived through it. So any perspective from your end?

---

**Matthew Keen**

Yes. I mean we didn't talk about it now because we're sort of prioritizing the Change Program. The sort of move from this holding company to operating company that we've been through is -- we've talked about it before, but we never really lived it, whereas now you can really see the difference in how we're making decisions.

Steve talked about the difficult calls we have to make when we prioritize. Those types of things just didn't happen before, and we can see the benefit of that and things like our NPS improving and things like that. And that's a result of the changes that we've been through in the last couple of years.

---

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

Got it. All right, unless there's any other questions, I think we're just going to wrap it up here. But thank you, Steve and Matt. Appreciate it.

**Stephen John Hasker** - Thomson Reuters Corporation - President, CEO & Director

Thanks, Manav. Thanks, everybody.

**Manav Shiv Patnaik** - Barclays Bank PLC, Research Division - Director & Lead Research Analyst

All right. Thank you, everybody.

**DISCLAIMER**

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All Rights Reserved.