

Thomson Reuters 2023 Third-Quarter Results

November 1, 2023



Agenda

- **Welcome / Introduction**

Gary Bisbee

- **Third-Quarter 2023 Highlights**
Casetext Integration and Generative AI Updates

Steve Hasker

- **Financial Review**
Third-Quarter 2023 Results
2023 Full-Year Outlook Update

Mike Eastwood

- **Q & A**

Special Note

Special Note Regarding Forward-Looking Statements, Material Assumptions and Material Risks

This presentation consists of these slides and the associated remarks and comments, which are related and intended to be presented and understood together.

Certain statements in this presentation and discussion are forward-looking, including, but not limited to, statements regarding the company's full-year 2023 outlook and other expectations regarding the future financial and operational performance of the company and its individual business segments, the company's strategic priorities, initiatives and opportunities, the company's expectations regarding the monetization of its investment in LSEG, the company's expectations regarding its liquidity and capital resources, statements regarding the company's plan to repurchase up to US\$1.0 billion of its common shares, its intention related to future share repurchases and statements regarding the potential impact of the company's recent acquisitions on the financial performance of the company and the application and impact of generative AI in current and future products. While the company believes that it has a reasonable basis for making forward-looking statements in this presentation, they are not a guarantee of future performance or outcomes and there is no assurance that any of the events described in any forward-looking statement will materialize. Forward-looking statements are subject to a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from current expectations. Many of these risks, uncertainties and assumptions are beyond our company's control and the effects of them can be difficult to predict. Some of the factors that could cause actual results to differ materially from current expectations are discussed in the "Risk Factors" section of our annual report and in other materials that we from time to time file with, or furnish to, the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

Our company has provided a business outlook for the purpose of presenting information about current expectations for full-year 2023. 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 presentation. Except as may be required by applicable law, Thomson Reuters disclaims any obligation to update or revise any forward-looking statements.

The company's business outlook is based on information currently available to the company and is based on various external and internal assumptions made by the company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the company believes are appropriate under the circumstances. Please refer to third quarter 2023 management's discussion and analysis and our earnings release dated November 1, 2023, each of which will be made available on www.tr.com, for a discussion of material assumptions and material risks related to our business outlook.

Non-IFRS Financial Measures

This presentation contains disclosures of certain non-IFRS financial measures. These measures include adjusted EBITDA (other than at the customer segment level) and the related margin, free cash flow, adjusted earnings, adjusted EPS, effective tax rate on adjusted earnings, accrued capital expenditures expressed as a percentage of revenues, net debt to adjusted EBITDA leverage ratio, selected measures excluding the impact of foreign currency, changes in revenues computed on an organic basis as well as all financial measures for the "Big 3".

As of September 30, 2023, Thomson Reuters amended its definition of adjusted earnings to exclude amortization from acquired computer software. Prior period amounts have been revised for comparability. Our company has also provided revised adjusted earnings and adjusted EPS measures for years ended December 31, 2022 and December 31, 2021, and for each quarter ended period from March 31, 2022 thru June 30, 2023 on its website at www.tr.com. Reconciliations of these non-IFRS measures to most of the comparable IFRS measures for each period are also provided.

Please see our earnings release dated November 1, 2023, which is available on www.tr.com, for a reconciliation of each of Thomson Reuters' non-IFRS measures to the most directly comparable IFRS financial measure.



THOMSON REUTERS

**Third-Quarter 2023
Highlights**

**Steve Hasker
President & CEO**

Third-Quarter 2023 Highlights

1. Solid Q3 broadly meets expectations

- Q3 organic revenue growth of 6%, driven by 7% recurring revenue growth; “Big 3” Business Segments (Legal, Corporates and Tax & Accounting) revenues grew 7% organically
- Q3 adjusted EBITDA margin upside largely driven by expense timing, which is expected to normalize in the fourth quarter

2. Based on Q3 performance, maintained FY 2023 outlook for organic revenue, adjusted EBITDA margin and free cash flow

- Interest expense and Depreciation & Amortization outlooks are updated; all other metrics are unchanged

3. Generative AI momentum continues with Casetext close, product roadmap progress

- Casetext acquisition closed in August; Integration efforts and joint product roadmap work off to a strong start
- Commercial release of Westlaw’s AI-driven Legal Research Memo planned for mid-November

4. Robust liquidity and capital capacity to support additional M&A and shareholder returns

- Sold approximately 15M shares of LSEG in Q3 for gross proceeds of approximately \$1.5B
- Closed on previously announced acquisition of Casetext and announced and closed acquisitions of Imagen and Westlaw Japan
- On November 3, we plan to launch a new \$1B share repurchase program (NCIB)

5. Maintain leadership Positions in Historically Stable & Attractive Markets

- Resilient business with ~80% Recurring Revenue, strong cash flow, and significant capital capacity

Third-Quarter 2023 Consolidated Results

IFRS Financial Measures (\$ millions)	2023	2022	Change
Revenues	\$1,594	\$1,574	Up 1%
Operating profit	\$441	\$398	Up 11%
Diluted earnings per share (EPS)	\$0.80	\$0.47	Up 70%
Cash flow from operations	\$674	\$531	Up 27%

Non-IFRS Financial Measures (\$ millions)	2023	2022	Change	Change at Constant Currency	Organic Growth
Revenues	\$1,594	\$1,574	Up 1%	Up 1%	Up 6%
Adjusted EBITDA	\$632	\$535	Up 18%	Up 17%	
<i>Adjusted EBITDA margin</i>	<i>39.6%</i>	<i>34.0%</i>	<i>Up 560 bps</i>	<i>Up 550 bps</i>	
Adjusted EPS	\$0.82	\$0.58 ⁽¹⁾	Up 41%	Up 41%	
Free cash flow	\$529	\$386	Up 37%		

Third-Quarter 2023 Revenue Growth by Segment

Reported revenues up 1% to \$1.6 billion
Organic revenues up 6%
Organic recurring revenues up 7%



Legal Professionals

\$0.7B
-2%
(+6% organic)



Corporates

\$0.4B
+5%
(+7% organic)



Tax & Accounting Professionals

\$0.2B
+7%
(+12% organic)



Reuters News

\$0.2B
+6%
(+3% organic)



Global Print

\$0.1B
-6%
(-4% organic)

Reported Revenues

“Big 3” grew 7% organically (80% total revenues)



Casetext Integration and Generative AI Updates

Casetext Integration Updates

The combination of Casetext with Thomson Reuters offers a **compelling strategic fit** that will provide meaningful benefits for our customers and strong long-term value creation for our shareholders

Key Strategic Benefits



Accelerates Generative AI solutions to legal market



Expand Generative AI capabilities **beyond legal research**



Accelerates our vision of **blending legal content with legal workflows**



Apply Generative AI capabilities outside of legal

Principles of Casetext Integration

Legal Research Memo

Taking a **“best of” approach** to bring a single Generative AI legal research capability, leveraging core TR and Casetext

Branding

Legal Generative AI solutions to be **branded under “CoCounsel” name**

Distribution

Working to **embed and distribute** CoCounsel capabilities where attorneys work, across our Legal offerings and third-party applications

CoCounsel User Experience

CoCounsel AI assistant as delivery vehicle for Generative AI capabilities provides enhanced user experience

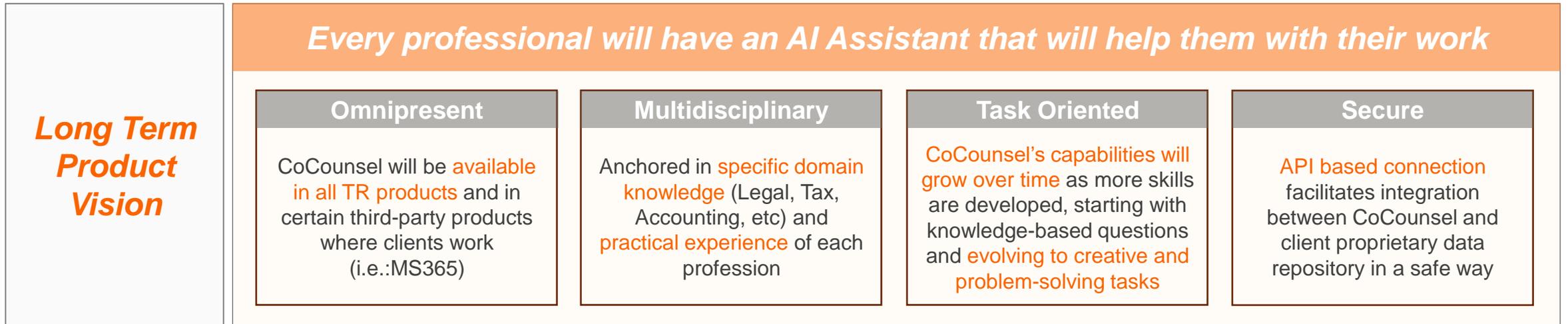
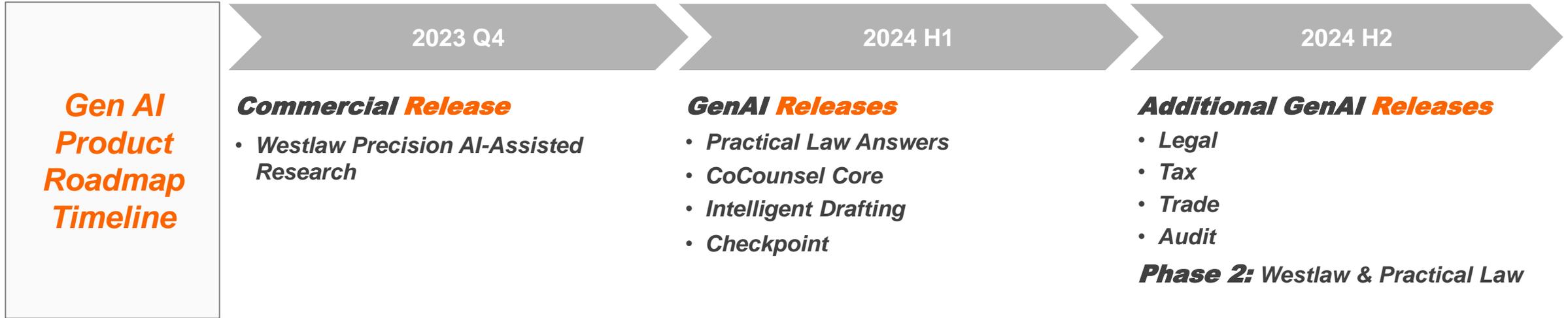
Invest in Skills

Investing **aggressively** to expand the number and impact of CoCounsel’s “non research” skills, which will be sold as a bundle or standalone offering

One Technology Platform

Building a **common “skills factory” platform** to deliver Generative AI capabilities in a more scalable, faster way

Generative AI Product Roadmap





Financial Review
Third-Quarter 2023 Results
Updated 2023 Outlook

Mike Eastwood
Chief Financial Officer

Third-Quarter 2023

Legal, Corporates, Tax & Accounting Professionals Revenues

(\$ millions)

Third Quarter

Nine Months

Revenues	Third Quarter					Nine Months				
	2023	2022	Total	Constant Currency	Organic	2023	2022	Total	Constant Currency	Organic
Legal Professionals	688	701	-2%	-2%	+6%	2,107	2,099	-	+1%	+6%
Corporates	391	373	+5%	+4%	+7%	1,218	1,157	+5%	+5%	+7%
Tax & Accounting Professionals	203	190	+7%	+8%	+12%	714	660	+8%	+9%	+11%
Big 3 Revenues	1,282	1,264	+1%	+1%	+7%	4,039	3,916	+3%	+4%	+7%

Third-Quarter 2023 Consolidated Revenues

(\$ millions)

Third Quarter

Nine Months

Revenues	Third Quarter					Nine Months				
	2023	2022	Total	Constant Currency	Organic	2023	2022	Total	Constant Currency	Organic
Legal Professionals	688	701	-2%	-2%	+6%	2,107	2,099	-	+1%	+6%
Corporates	391	373	+5%	+4%	+7%	1,218	1,157	+5%	+5%	+7%
Tax & Accounting Professionals	203	190	+7%	+8%	+12%	714	660	+8%	+9%	+11%
Big 3 Revenues	1,282	1,264	+1%	+1%	+7%	4,039	3,916	+3%	+4%	+7%
Reuters News	180	171	+6%	+5%	+3%	549	535	+3%	+2%	+2%
Global Print	137	146	-6%	-5%	-4%	408	430	-5%	-4%	-3%
Eliminations / Rounding	(5)	(7)				(17)	(19)			
Total Revenues	1,594	1,574	+1%	+1%	+6%	4,979	4,862	+2%	+3%	+6%

Third-Quarter 2023 Consolidated Adjusted EBITDA

(\$ millions)

	Third Quarter				Nine Months			
	2023	2022	Total	Constant Currency	2023	2022	Total	Constant Currency
Adjusted EBITDA								
Legal Professionals <i>Margin</i>	338 49.1%	324 46.2%	+4%	+3%	1,001 47.5%	933 44.5%	+7%	+7%
Corporates <i>Margin</i>	164 41.9%	147 39.2%	+12%	+11%	481 39.4%	443 38.2%	+9%	+9%
Tax & Accounting Professionals <i>Margin</i>	64 31.2%	59 31.0%	+8%	+10%	302 41.6%	262 39.7%	+15%	+16%
Big 3 Adjusted EBITDA <i>Margin</i>	566 44.0%	530 41.9%	+7%	+6%	1,784 44.0%	1,638 41.8%	+9%	+9%
Reuters News <i>Margin</i>	37 20.4%	33 19.7%	+10%	+6%	111 20.1%	114 21.4%	-3%	-10%
Global Print <i>Margin</i>	55 39.6%	50 34.4%	+9%	+8%	158 38.6%	153 35.6%	+3%	+3%
Corporate Costs (including Change Program)	(26)	(78)			(82)	(209)		
Total Adjusted EBITDA <i>Margin</i>	632 39.6%	535 34.0%	+18%	+17%	1,971 39.5%	1,696 34.9%	+16%	+16%

Adjusted Earnings Per Share (EPS)

(\$ millions except per share amounts & share count)	Third Quarter			Nine Months		
	<u>2023</u>	<u>Change</u>	<u>% Change</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
Adjusted EBITDA	\$632	\$97		\$1,971	\$275	
Depreciation & Amortization ⁽¹⁾	(\$139)	\$7		(\$416)	\$21	
Interest Expense ⁽²⁾	(\$44)	\$4		(\$133)	\$12	
Income Tax	(\$73)	(\$12)		(\$235)	(\$31)	
Dividend declared on preference shares	(\$1)	-		(\$4)	(\$2)	
Adjusted Earnings	\$375	\$96		\$1,183	\$275	
Adjusted EPS	\$0.82	\$0.24	+41%	\$2.53	\$0.66	+35%
<i>Foreign Currency Impact</i>	-			\$0.01		
<i>Diluted Weighted Average Common Shares</i>	<i>456.1M</i>			<i>466.8M</i>		

(1) As of September 30, 2023, Thomson Reuters amended its definition of adjusted earnings to exclude amortization from acquired computer software. As a result, Depreciation & Amortization now excludes all acquired intangible amortization expense. Prior period amounts have been revised for comparability.

(2) Interest Expense excludes a \$12 million benefit recognized in Q3/23 from the release of a tax reserve that is removed from adjusted earnings.

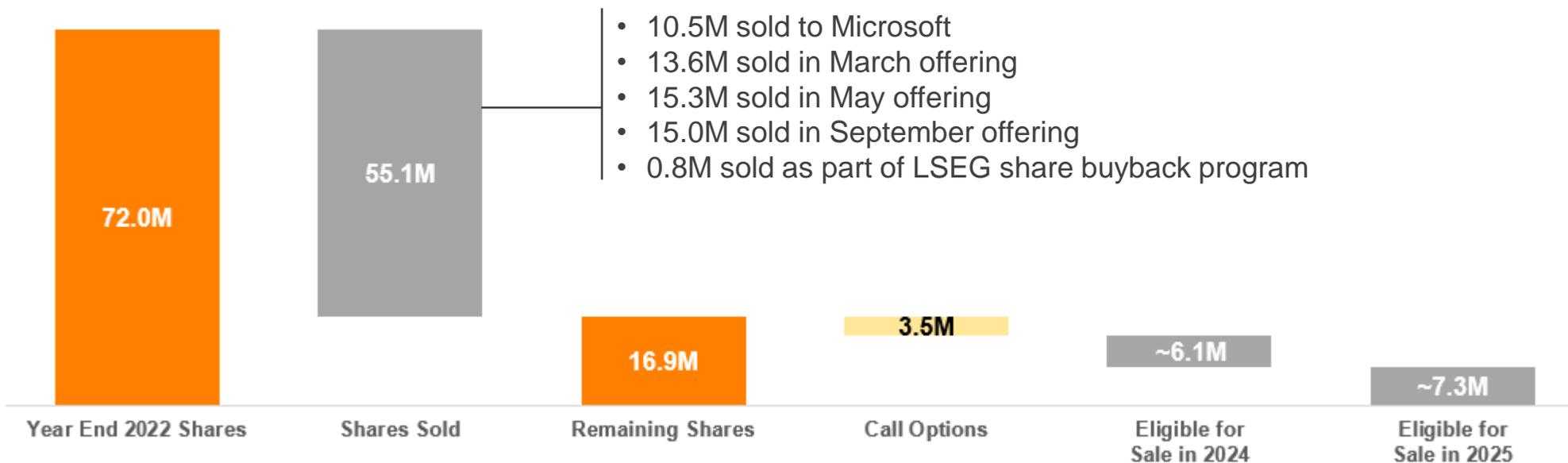
Consolidated Free Cash Flow

(\$ millions)

	Third Quarter			Nine Months		
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Comparable Free Cash Flow (Continuing Operations)	\$512	\$470	\$42	\$1,314	\$1,155	\$159
Other Items (Change Program Costs)	(\$6)	(\$89)	\$83	(\$80)	(\$275)	\$195
Free Cash Flow (Continuing Operations)	\$506	\$381	\$125	\$1,234	\$880	\$354
Free Cash Flow – Discontinued Operations	\$23	\$5	\$18	\$24	(\$66)	\$90
Free Cash Flow	\$529	\$386	\$143	\$1,258	\$814	\$444

London Stock Exchange Group Stake – 16.9M Shares Remain

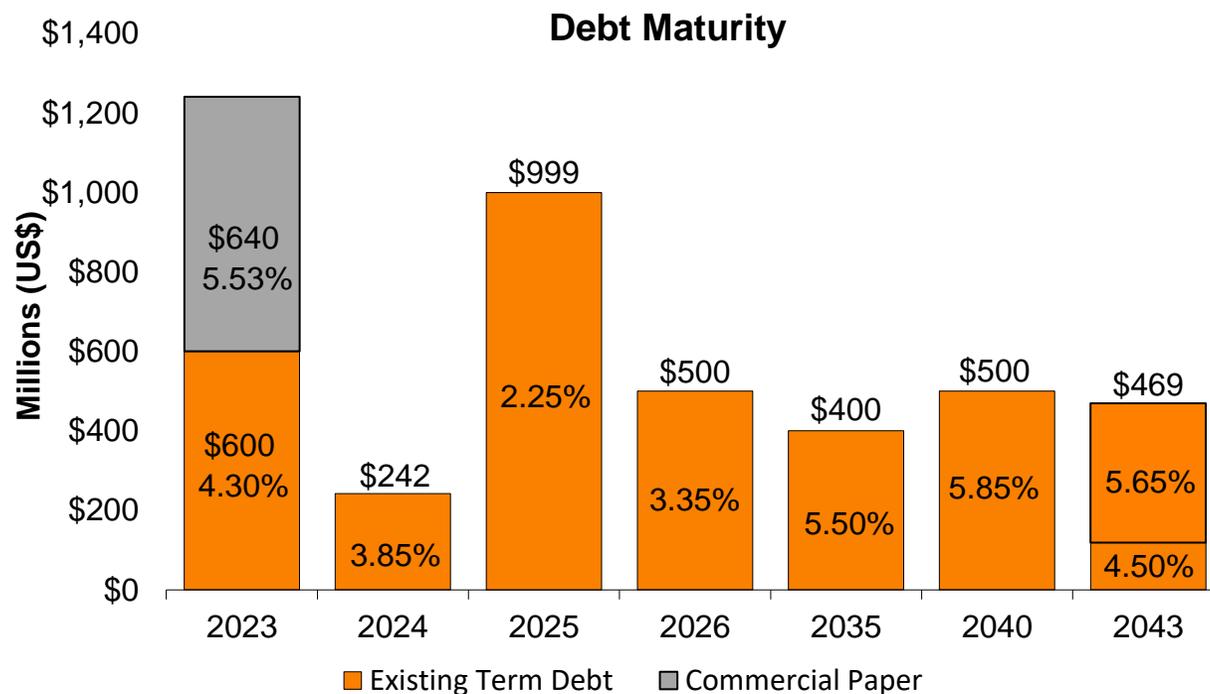
- Thomson Reuters has sold approximately 55M shares in 2023, primarily via 4 large transactions - a private sale to Microsoft in January and 3 open market block trades (March, May, September)
- Of the remaining 16.9M shares, 3.5M shares could be sold through Call Options, with ~6.1M and ~7.3M eligible for sale in 2024 and 2025, respectively



Significant Financial Capacity - Ready to Put to Work

- **Capital structure and liquidity position remain strong:**
 - Capital capacity expected to grow to ~\$10B by 2026, before announced \$1B NCIB
 - Expected to provide significant organic and inorganic growth opportunities; continue to assess acquisition candidates
- **Current Net Debt / Adjusted EBITDA Ratio of 0.8x vs. 2.5x Target (0.7x calculated under credit facility vs. maximum of 4.5x)**
- **Next debt maturity in November 2023 (\$600M) - to be paid with cash on hand**

- **Debt Outstanding @ 9/30/23 = \$3.7B**
- **CP Outstanding @ 9/30/23 = \$0.6B**
- **Cash on Balance Sheet @ 9/30/23 = \$2.5B**
- **Credit Revolver @ 9/30/23 = ~\$2.0B (undrawn)**
- **Avg. Interest Cost for Term Debt = 4.1%**
- **Avg. Term Debt Maturity Remaining = ~6.9 years**





2023 Outlook Update



M&A Update



CoCounsel

Close Date: August 17th, 2023



Close Date: July 14th, 2023



Close Date: November 1st, 2023

Business Description

Casetext, through its CoCounsel Generative AI powered legal AI assistant, is a leading provider of tools that empower legal professionals to work more efficiently and provide higher-quality representation to their clients.

Imagen is a cloud-native media asset management platform built to manage, enrich and distribute large-scale, mission-critical digital assets and drive more value from content.

Westlaw Japan, now wholly owned by Thomson Reuters, is a leading provider of comprehensive legal information services, featuring the largest case law database in the Japanese market.

Purchase Price

~ \$700 Million, Financed with Cash on Hand

2024E Revenue

\$60M+, Growing Strong Double-Digits

Adj. EBITDA Margin

**~ 80bps Annualized Dilution, including ~30bps from integration-related expenses
Phasing: ~ 30bps dilution in 2023 and ~ 50bps incremental dilution in 2024**

2023 Updated Outlook

Total Thomson Reuters	FY 2022 Reported	FY 2023 Outlook⁽³⁾ 2/9/23	FY 2023 Outlook⁽³⁾ 5/2/23	FY 2023 Outlook⁽³⁾ 8/2/23	FY 2023 Outlook⁽³⁾ 11/1/23
Total Revenue Growth	4%	4.5% - 5.0%	3.0% - 3.5%	3.0% - 3.5%	Unchanged
Organic Revenue Growth ⁽¹⁾	6%	5.5% - 6.0%	5.5% - 6.0%	5.5% - 6.0%	Unchanged
Adjusted EBITDA Margin ⁽¹⁾	35.1%	~ 39%	~ 39%	~ 39%	Unchanged
Corporate Costs	\$293 Million	\$110 - \$120 Million	\$110 - \$120 Million	\$110 - \$120 Million	Unchanged
Core Corporate Costs	\$122 Million	\$110 - \$120 Million	\$110 - \$120 Million	\$110 - \$120 Million	
Change Program OpEx	\$171 Million	n/a	n/a	n/a	
Free Cash Flow ⁽¹⁾	\$1.3 Billion	~\$1.8 Billion	~\$1.8 Billion	~\$1.8 Billion	Unchanged
Accrued Capex as % of Revenue ⁽¹⁾	8.2%	~7%	~7%	~8%	Unchanged
Real Estate Optimization Spend ⁽²⁾	n/a	\$30 Million	\$30 Million	n/a	n/a
Depreciation & Amortization	\$625 Million	\$595 - \$625 Million	\$595 - \$625 Million	\$595 - \$625 Million	\$625 - \$635 Million
Depreciation & Amortization of Internally Developed Software	\$586 Million	\$545 - \$565 Million	\$545 - \$565 Million	\$545 - \$565 Million	\$555 - \$560 Million
Amortization of Acquired Software	\$39 Million	\$50 - \$60 Million	\$50 - \$60 Million	\$50 - \$60 Million	\$70 - \$75 Million
Interest Expense (P&L) ⁽⁴⁾	\$196 Million	\$190 - \$210 Million	\$190 - \$210 Million	~\$190 Million	\$170 - \$180 Million
Effective Tax Rate on Adjusted Earnings ⁽¹⁾	17.7%	~18%	~18%	~17%	Unchanged
“Big 3” Segments ⁽¹⁾	FY 2022 Reported	FY 2023 Outlook⁽³⁾ 2/9/23	FY 2023 Outlook⁽³⁾ 5/2/23	FY 2023 Outlook⁽³⁾ 8/2/23	FY 2023 Outlook⁽³⁾ 11/1/23
Total Revenue Growth	5%	5.5% - 6.0%	3.5% - 4.0%	3.5% - 4.0%	Unchanged
Organic Revenue Growth	7%	6.5% - 7.0%	6.5% - 7.0%	6.5% - 7.0%	Unchanged
Adjusted EBITDA Margin	42.4%	~44%	~44%	~44%	Unchanged

(1) Non-IFRS financial measures. All measures reported for the “Big 3” segments are non-IFRS

(2) In February and May 2023 outlooks, real estate optimization spend was incremental to the Accrued Capex as a percent of revenue outlook

(3) Before currency and excludes the impact of future acquisitions / dispositions

(4) Interest guidance excludes a \$12 million benefit recognized in Q3/23 from the release of a tax reserve that is removed from adjusted earnings



Q&A

