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Investor Day 2024

Michael Eastwood

Chief Financial Officer

Positioned to Deliver

Key Messages

1. **We delivered against the 2021 – 2023 targets we committed to in February 2021**
2. **We are increasing organic and inorganic investments in 2024 to take advantage of several opportunities**
3. **We are confident these investments will pay off through faster revenue growth and rising margins in 2025 – 2026**
4. **We estimate capital capacity of ~$8B by 2026 and will remain disciplined in deploying it**

2021 - 2023 Achievements: Building the Foundation

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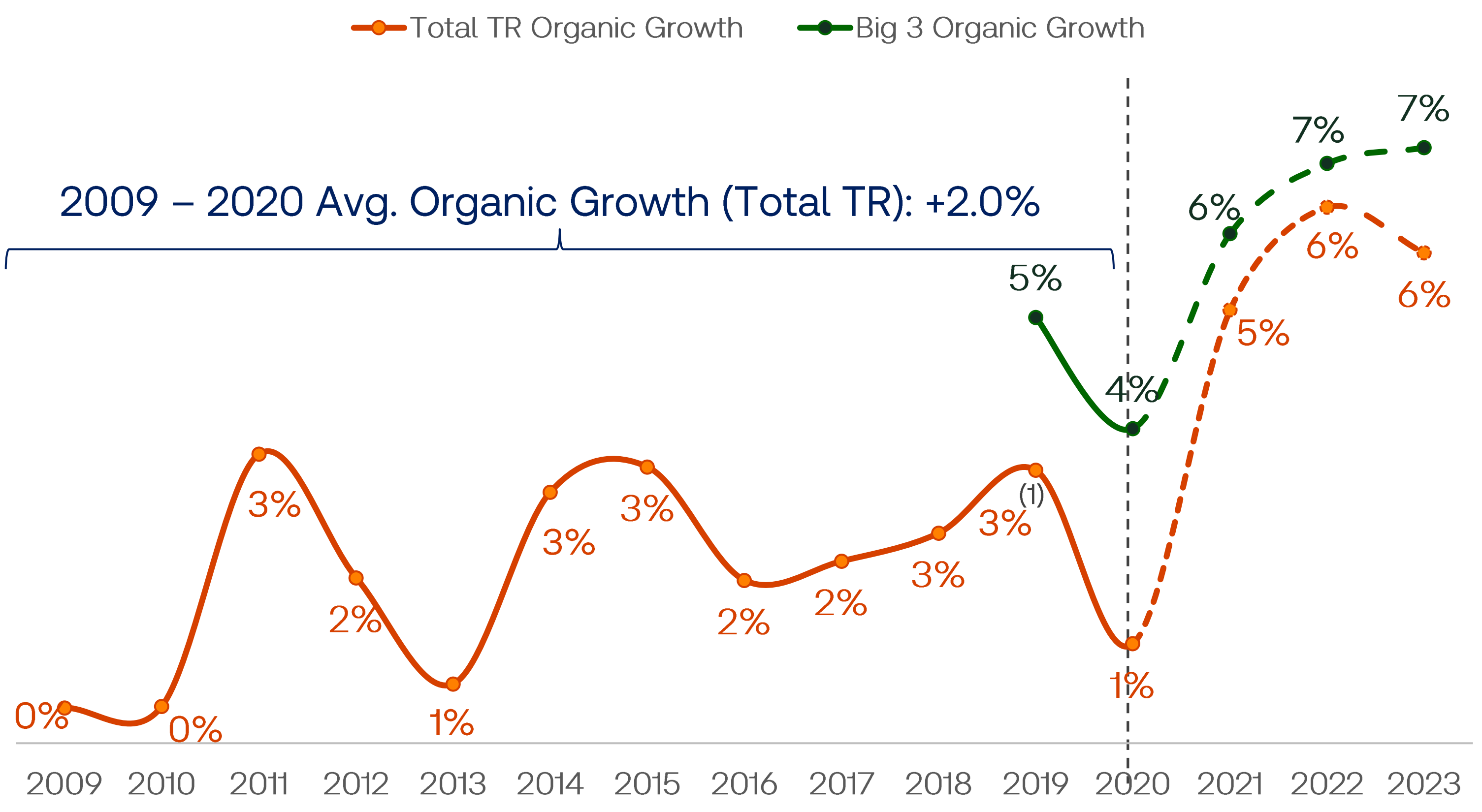
We Delivered Against our February 2021 Commitments

What we said in 2021	Where we are today
Accelerate Revenue Growth	• Organic revenue growth of ~6% in 2022 & 2023, up from 2% average in prior decade • Big 3 organic revenue grew ~7% in 2023 vs. 4% in 2020
Margin Expansion and Free Cash Flow Growth	• Increased Adjusted EBITDA margin from ~33% to ~39% • Achieved annual operating expense savings of $600M by 2023 (reinvested $200M) • Generated ~$1.9B in 2023 free cash flow; up ~$600M from 2020
Monetize LSEG	• Monetized ~93% of LSEG shares for gross proceeds of $7.6B • ~6M shares remain valued at ~$0.7B • Total value from monetizations / remaining stake of ~$8.3B vs. initial ~$3B value of equity stake
Put Capital Capacity to Work	• Returned $5.8B in capital to shareholders from 2021 - 2023 • Grew common dividend per share by 10% annually in 2022, 2023, and 2024 • Executed $2.2B of strategic M&A

Organic Revenue Growth has Accelerated Sharply

Organic Revenue Growth History



Acceleration Drivers

1. Strategic 7 Acceleration
2. Stronger Product Portfolio (Divestitures and Acquisitions)
3. Other Factors (Pricing, Reuters growth, declining Print mix)

(1) 2019 organic growth rate adjusted to normalize for an acceleration of Ultratax revenue related to the early release of state tax returns

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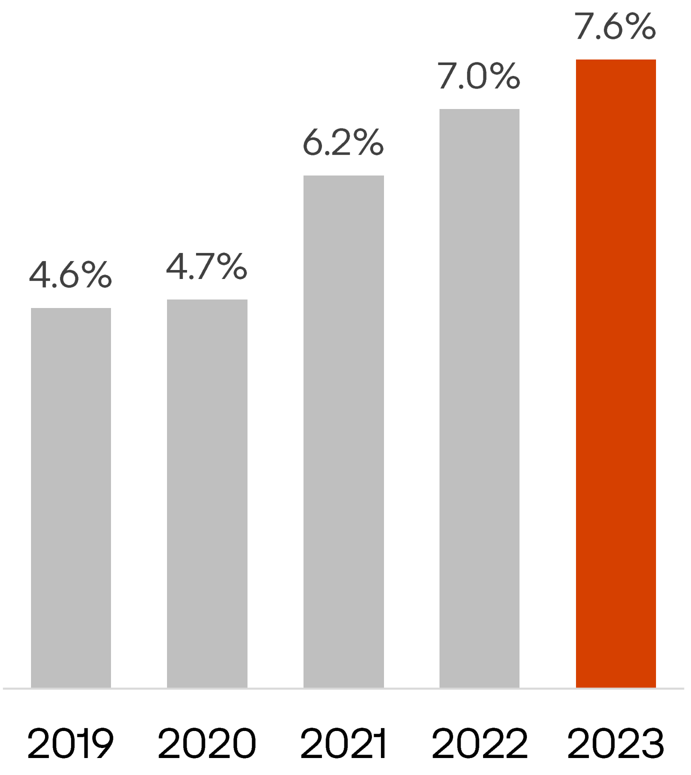
Increased Prioritization Driving Revenue Acceleration

Segment	#	Strategic Priorities	2020 Revenue	2023 Revenue
Legal[1]	1	Thomson Reuters Practical Law	~$400M	~$550M
Legal[1]	2	Thomson Reuters HighQ; Thomson Reuters Contract Express; casetext	~$200M	~$300M
Legal[1]	3	Thomson Reuters Westlaw	~$1,500M[4]	~$1,750M[4]
Government[2]	4	Thomson Reuters CLEAR; TRSS; Pondera Part of Thomson Reuters	~$400M	~$525M
Tax & Accounting	5	Thomson Reuters UltraTax CS; SurePrep	~$500M[3]	~$600M[3]
Tax & Accounting	6	Thomson Reuters Cloud Audit Suite; Confirmation Part of Thomson Reuters	~$100M[3]	~$160M[3]
Corporate Tax & Trade	7	Thomson Reuters Direct Tax; Thomson Reuters Indirect Tax	~$400M	~$500M
			~$3.4B	~$4.1B

Strategic 7 Organic Growth



(1) Products reported in Legal Professionals and Corporates Segments
(2) Government is reported within the Legal Professionals Segment
(3) Products reported in Tax & Accounting Professionals and Corporates Segments
(4) Includes ~$200M (2020) and ~$250M (2023) of Westlaw revenue also recorded in Government

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Portfolio Optimization Through M&A and Divestitures

Portfolio optimization efforts since 2021 leave a more focused, higher growth business entering 2024

	Divestitures	Acquisitions
	Elite THOMSON REUTERS 2022 Divestitures	SurePrep, imagen, ThoughtTrace (Part of Thomson Reuters), casetext, WESTLAW JAPAN, gestta, PAGERO, THE INSURER (Insurance Insight Intelligence), PLX AI
Revenues (Annualized)	~ $350 million	~ $200 million
Revenue Growth	~ 0%	~ 25%
Margin	~ 28%	Initial margin dilution, but expected to scale to total company levels over time

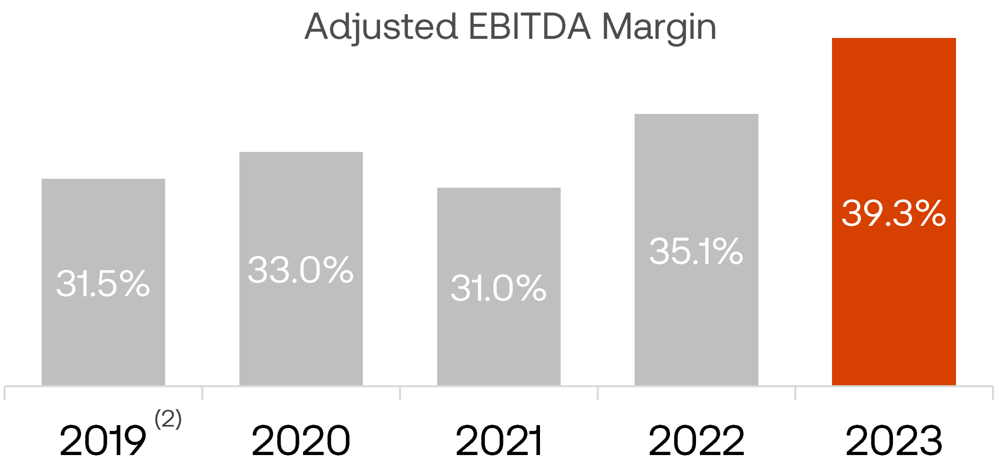
Notes: 1) Revenue is shown on a last 12 months (LTM) or next 12 months (NTM) basis in year of transaction; 2) Divestitures and M&A from 2022 onward

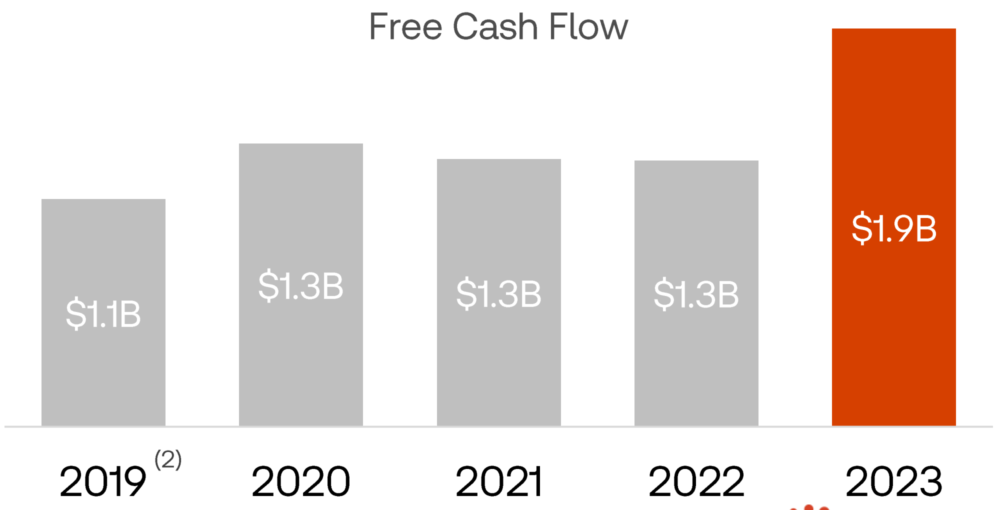
Simplification, Modernization and Efficiency Efforts Have Paid Off

Reducing Complexity…

	2020	2023
Revenue Available on the Cloud	~20%	~90%
Product Portfolio	~170	~110
Office Count	102	45
Workforce in Global Capability Centers (1)	31%	45%
Call Centers	50+	9

…to Improve Profitability & Free Cash Flow





(1) Reflects headcount in Global Capability Centers, Argentina and Brazil

(2) Excludes Stranded and Separation Costs and One-time Payments

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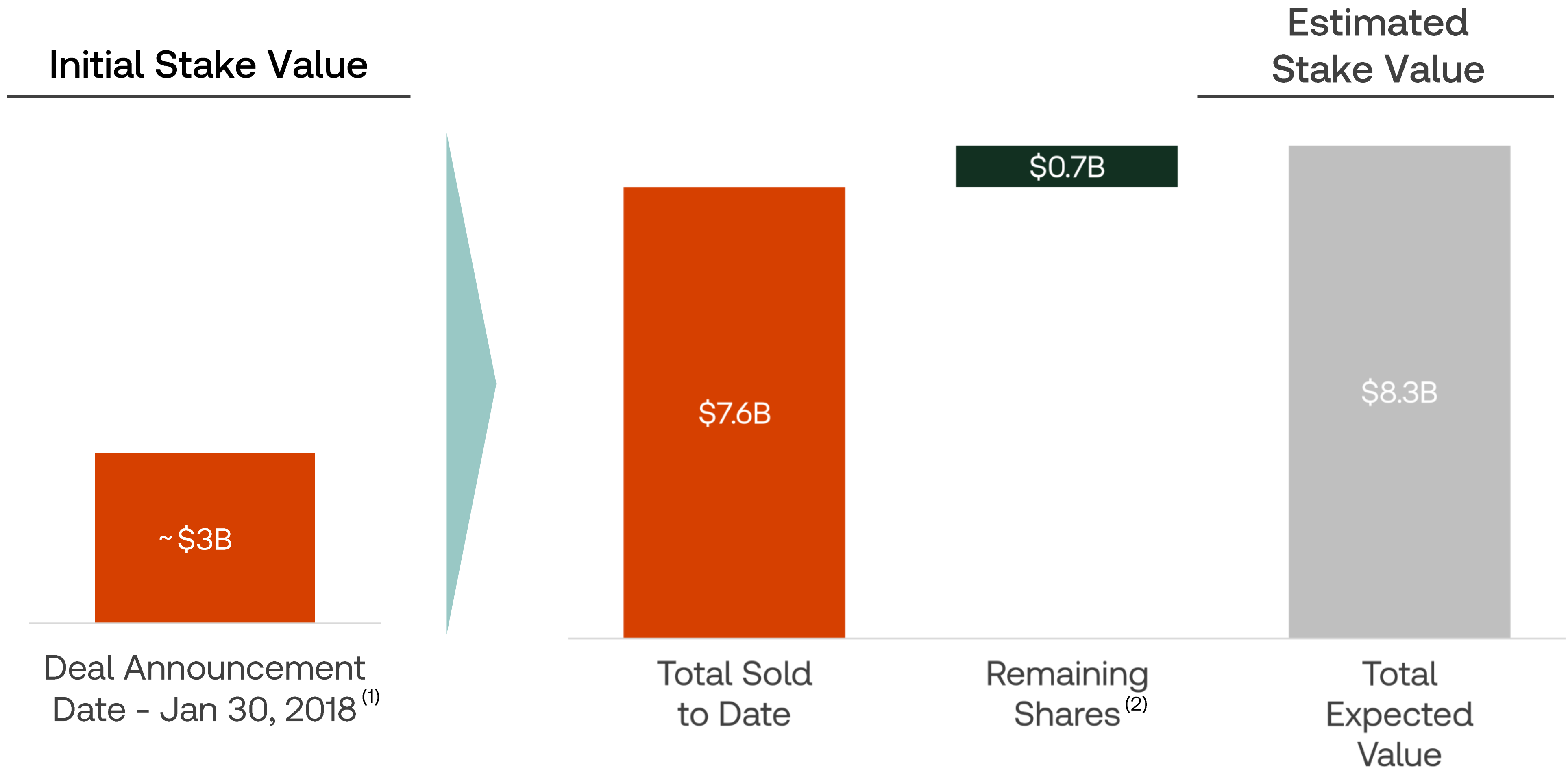
London Stock Exchange Group Monetization Success



(1) Date on which Thomson Reuters announced an agreement to sell a majority stake in its former Finance & Risk business to Blackstone.
(2) Estimated value based on closing prices on Mar 5, 2024

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Achieved 2021 - 2023 Targets for Growth, Profitability and Cash Flow

	2021		2022		2023	
	Feb. 2021 Outlook	Actuals	Feb. 2021 Outlook	Actuals	Feb. 2021 Outlook	Actuals
Organic Growth • Total TR • Big 3 Segments	3% - 4% 4.5% - 5.5%	5.2% ✓ 6.2%	4% - 5% 5.5% - 6.5%	6.5% ✓ 7.0%	5% - 6% 6% - 7%	5.9% ✓ 7.2%
Adj. EBITDA Margin	30% - 31%	31.0% ✓	34% - 35%	35.1% ✓	38% - 40%	39.3% ✓
Capital Intensity (Accrued CapEx as % of Revenue)	9.0% - 9.5%	8.5% ✓	7.5% - 8.0%	8.2% ✗	6.0% - 6.5%	7.8% ✗
Free Cash Flow	$1.0B - $1.1B	$1.3B ✓	$1.2B - $1.3B	$1.3B ✓	$1.8B - $2.0B	$1.9B ✓
Organic Growth Big 3 Segments						
Legal Professionals					5% - 6%	6% ✓
Corporates					7% - 9%	7% ✓
Tax and Accounting Professionals					6% - 8%	10% ✓

2024 Outlook:
Investing for Future Growth

2025 - 2026:
Primed for Acceleration

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2024 Outlook

Total Thomson Reuters	FY 2023 Reported	FY 2024 Outlook 2/8/24
Total Revenue Growth	3%	~ 6.5%
Organic Revenue Growth (1)	6%	~ 6%
Adjusted EBITDA Margin (1)	39.3%	~ 38%
Corporate Costs	$115 million	$120 - $130 million
Free Cash Flow (1)	$1.9 billion	~ $1.8 billion
Accrued Capex as % of Revenue (1)	7.8%	~ 8.5%
Depreciation & Amortization of computer software (2)	$628 million	$730 - $750 million
Interest Expense (P&L) (3)	$164 million	$150 - $170 million
Effective Tax Rate on Adjusted Earnings (1)	16.5%	~ 18%

Big 3 (1)	FY 2023 Reported	FY 2024 Outlook 2/8/24
Total Revenue Growth	3%	~ 8%
Organic Revenue Growth	7%	~ 7.5%
Adjusted EBITDA Margin	43.8%	~ 43%

(1) Non-IFRS financial measures. All measures reported for the “Big 3” segments are non-IFRS
(2) Includes Acquired Software Amortization, which is added-back in our definition of adjusted earnings, $72M for 2023 and ~$135M for 2024
(3) Full-year 2023 interest expense excludes a $12 million benefit from the release of a tax reserve that is removed from adjusted earnings

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Investing for Future Growth: 2023 - 2024 M&A

2023 - 2024 Acquisitions

SurePrep
Part of Thomson Reuters

casetext

PAGERO

imagen

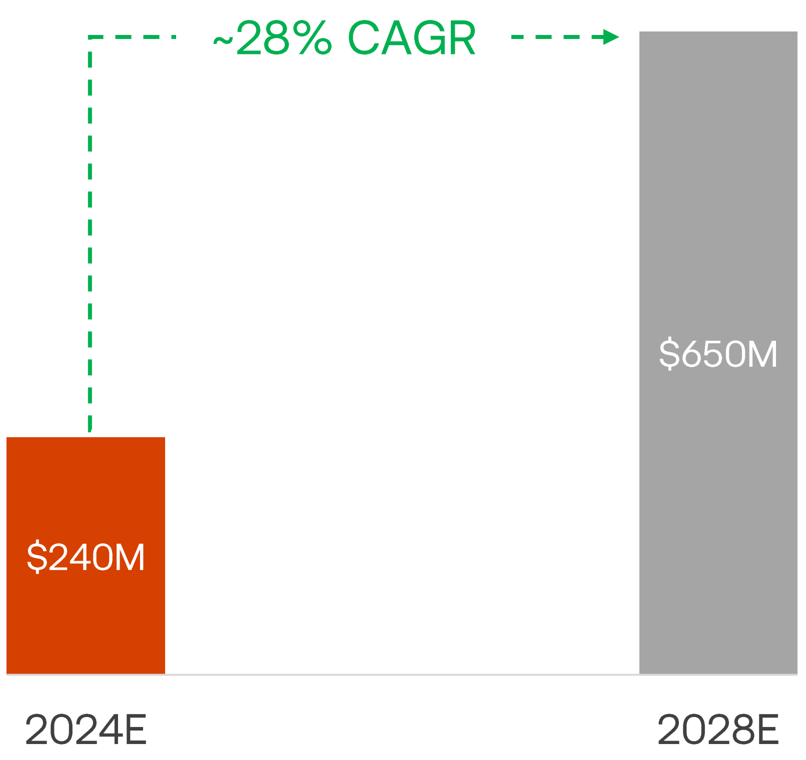
WESTLAW JAPAN

THE INSURER
Insurance Insight Intelligence

Short Term Dilution, Long Term Growth

- 2023 - 2024 acquisitions[1] expected to be ~120 basis points dilutive to 2024 margins
- However, they are expected to drive robust revenue growth in the next few years
- We expect margins from these acquisitions to approach TR-level margins over the long-term

Strong Revenue Potential



(1) Includes our M&A activity from mid-2023; SurePrep is excluded from margin impact commentary as it was in our full-year 2023 results

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Investing for Future Growth: 2024 Organic Investments

Given significant market opportunities, we plan to reinvest our 2024 operating leverage;
This investment is expected to expand our medium to longer term growth profile

Product Investments

- Gen AI Roadmap
- Other Product Initiatives
- International

Infrastructure Investments

- Generative AI platform
- Product Scalability / Stability
- Internal Gen AI applications

Go to Market Investments

- Partnerships
- Customer Experience (Digital, Design, Support)

2025 - 2026 Financial Framework

	2023A	2024E	Medium Term Targets (2025 - 2026)
Organic Growth • Total TR • Big 3 Segments	6% 7%	~ 6% ~ 7.5%	6.5% - 8.0% 8.0% - 9.0%
Adj. EBITDA Margin	39.3%	~ 38%	75 bps expansion in ‘25; 50+ bps expansion in ‘26
Capital Intensity (Accrued CapEx as % of Revenue)	7.8%	~ 8.5%	~ 8.0%
Free Cash Flow	$1.9B	~ $1.8B	$2.0 - 2.1B (2026)

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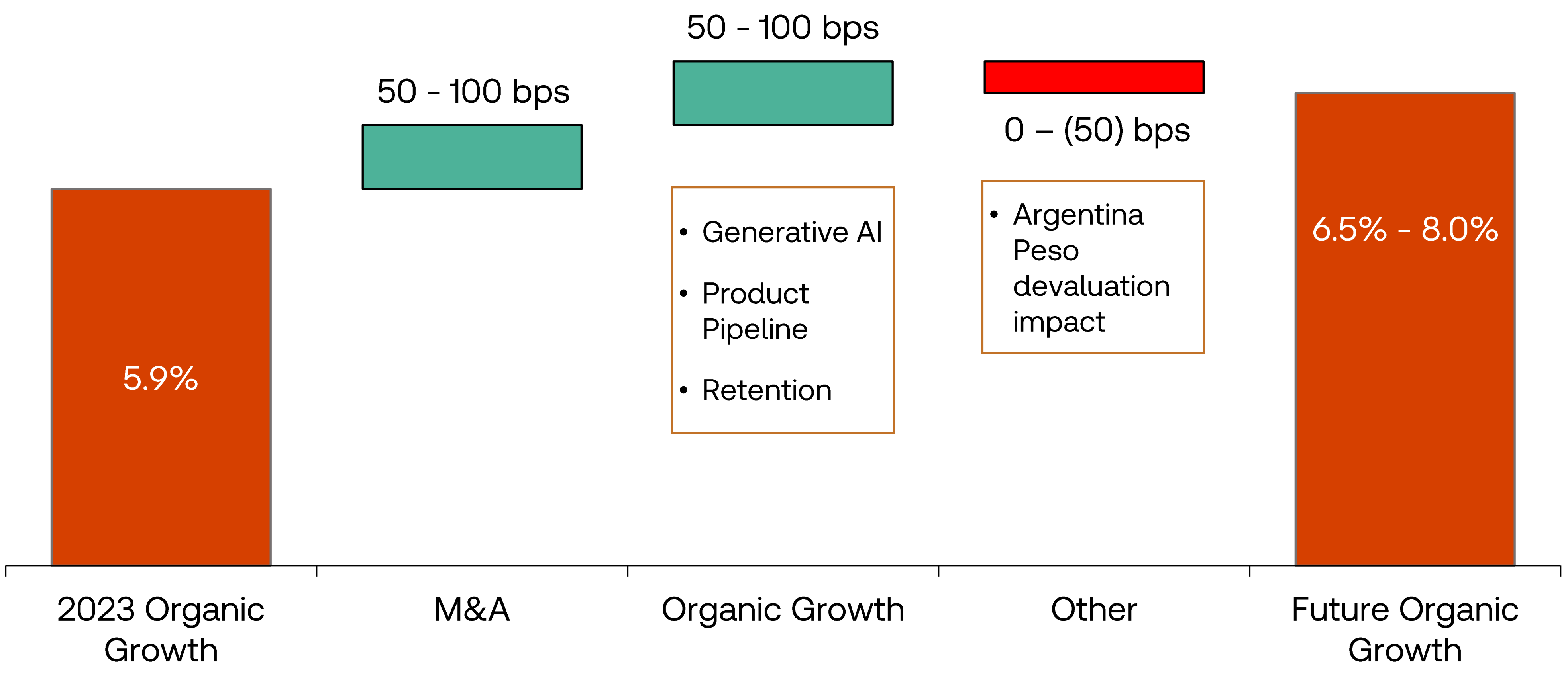
Multiple Levers for Future Revenue Acceleration



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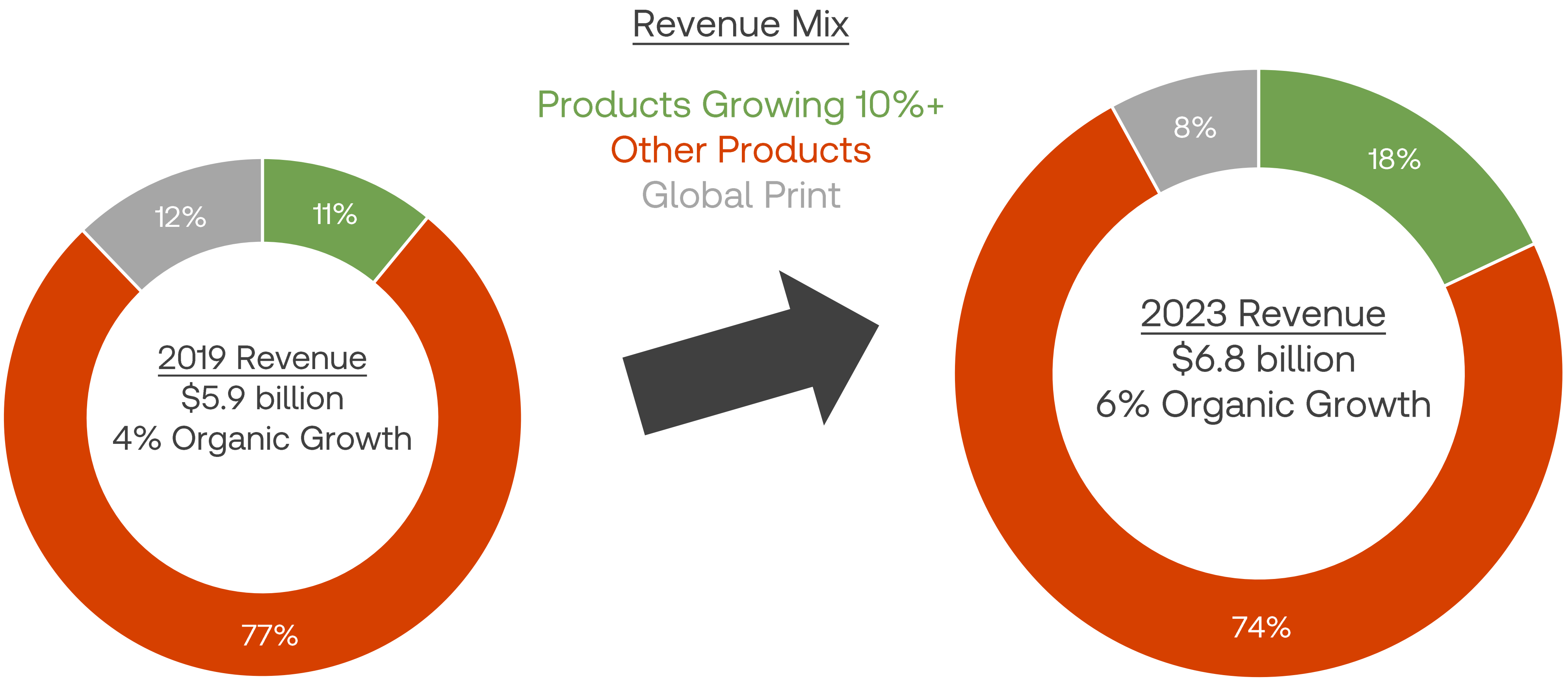
Improving Revenue Mix Contributing to Acceleration



Levers for Future Margin Expansion

Operating Leverage

- Predictable subscription revenue and high fixed costs (60-65%) drives healthy operating leverage
- "Build it once, sell many times" model

Efficiency Opportunities

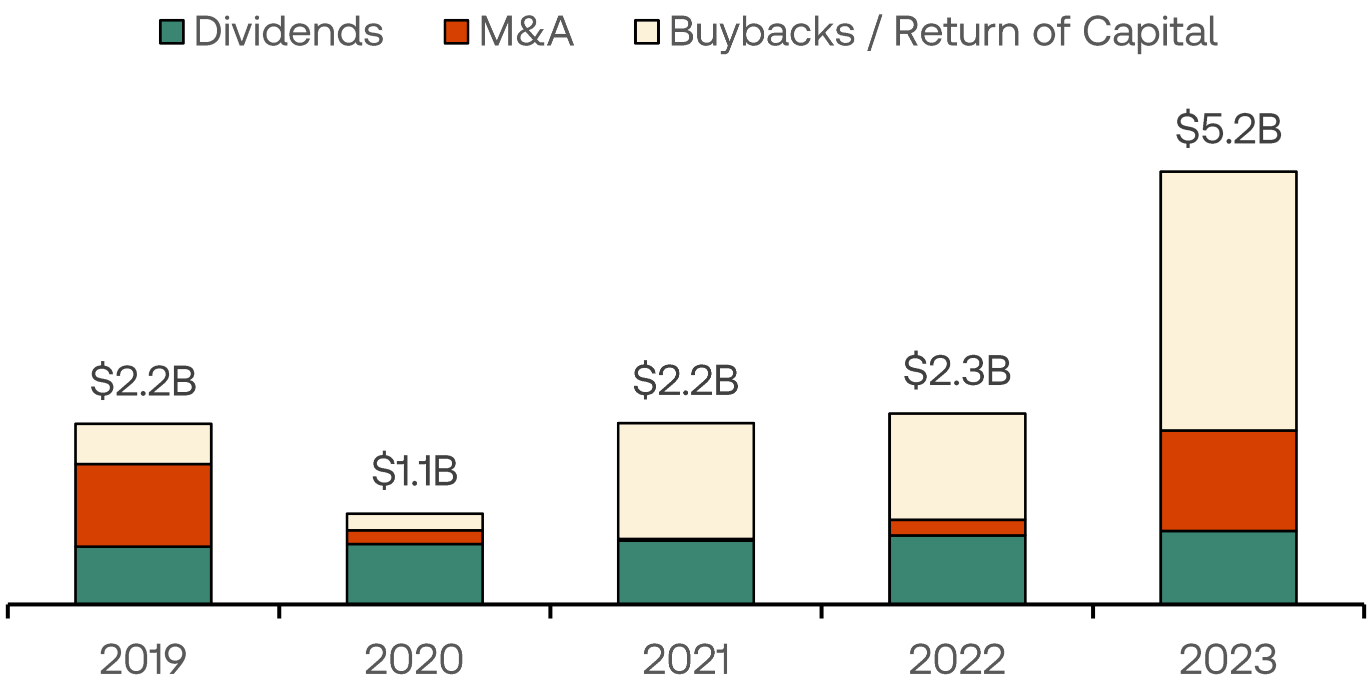
- Internal GenAI opportunities
- Further leveraging Global Centers
- Revenue retention improvement

Other Considerations

- M&A generally brings lower initial margins
- Profitability on M&A scales strongly over time

Capital Allocation Strategy & Results

Balanced Capital Allocation Approach and History



Total Return to Shareholders[1]				
111%[2]	70%	173%	158%	214%[3]

Capital Allocation Priorities

1. Organic Investment
2. Dividend Growth
3. Strategic M&A
4. Share Repurchases (NCIB)

(1) Defined as dividend payments plus share repurchases and/or returns of capital as a percentage of free cash flow
(2) For 2019, Comparable Free Cash is used as it added back one-time cash costs related to the F&R separation (Refinitiv)
(3) For 2023, the ratio was boosted by the $2B Return of Capital transaction, which was in addition to $1.1B of share buybacks and $0.9B of dividends

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Strategic M&A: Disciplined Approach, Proven "Playbook"

Disciplined Financial Approach

- 10-year IRR/NPV model
- Target IRR >2x WACC (risk adjusted)
- Other key financial considerations: payback period, accretion/dilution, organic growth impact

Focus Areas for M&A

- Legal Workflow
- Transactional Compliance
- Tax & Accounting Automation
- International Expansion
- Risk Fraud and Compliance / ESG

TR's Proven Acquisition "Playbook"

- Acquire high quality assets in our areas of expertise
- Invest in acquired offerings and new capabilities in combination with existing TR offerings
- Leverage TR's distribution and large customer reach to grow sales over a multi-year period

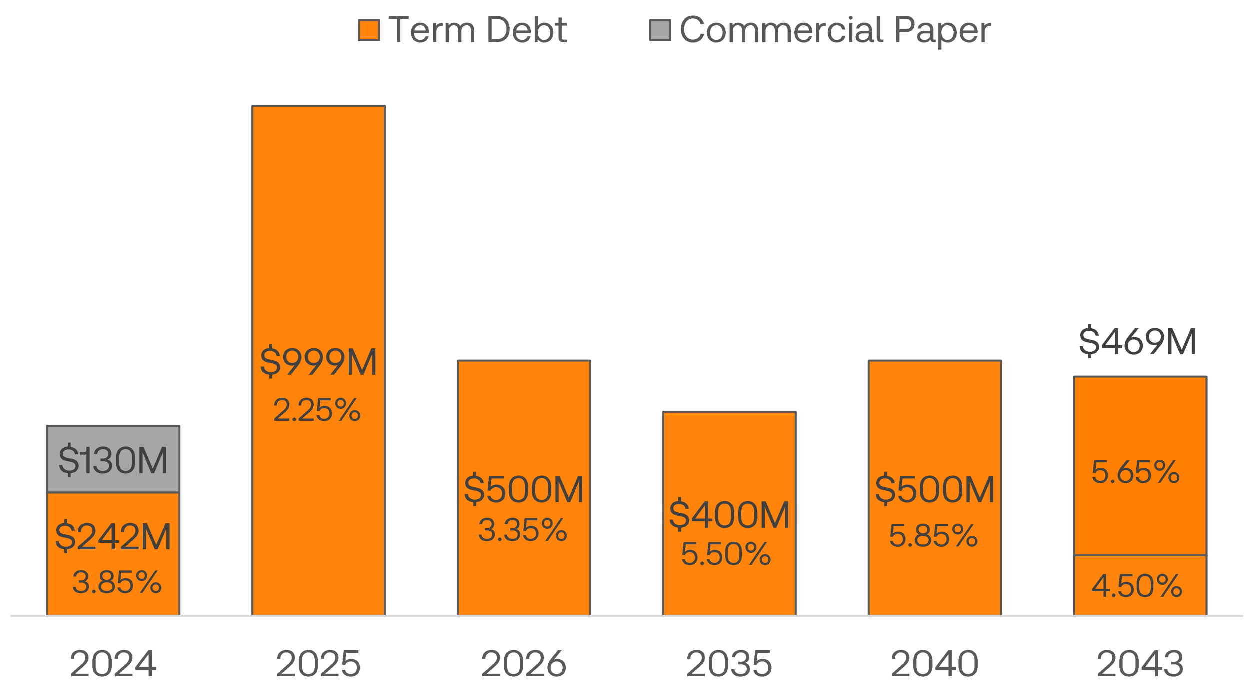
Revenue Growth Since Acquisition

Fortress Balance Sheet

Capital capacity expected to grow to ~$8B by 2026, following completion of current $1B NCIB and ~$800M Pagero acquisition;
Expected to provide significant organic and inorganic growth opportunities; continue to assess acquisition candidates

- Debt Outstanding @ 12/31/23 = $3.1B
- Commercial Paper Outstanding @ 12/31/23 = $0.1B
- Cash on Balance Sheet @ 12/31/23 = $1.3B
- Credit Revolver @ 12/31/23 = ~ $2.0B (undrawn)
- Avg. Interest Cost for Term Debt = 4.1%
- Avg. Term Debt Maturity Remaining = ~ 8.0 years
- Net Debt / Adj. EBITDA Ratio = 0.8x vs. 2.5x Target[1]

Debt Maturity



(1) Leverage ratio as of 12/31/2023. Leverage ratio of 0.7x when calculated under credit facility methodology, vs. maximum of 4.5x

Capital Strategy Metrics for 2024 - 2026

	2020 Year End	2023 Year End	Medium Term Targets
Net Debt Leverage	1.1x	0.8x	2.5x
Dividend Payout Ratio	55%	47%	50% - 60%
Capital Return Commitment [(1)]	70%	214%[(2)]	75%+
Return on Invested Capital	10.6%	15.8%	2x WACC

(1) Defined as dividend payments plus share repurchases and/or returns of capital as a percentage of free cash flow
(2) For 2023, the ratio was boosted by the $2B Return of Capital transaction, which was in addition to $1.1B of share buybacks and $0.9B of dividends

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Value Creation Model

Our customer-facing business model creates a virtuous cycle where organic growth leads to operating leverage and higher Free Cash Flow, which in turn enables us to reinvest in the business and grow returns to shareholders

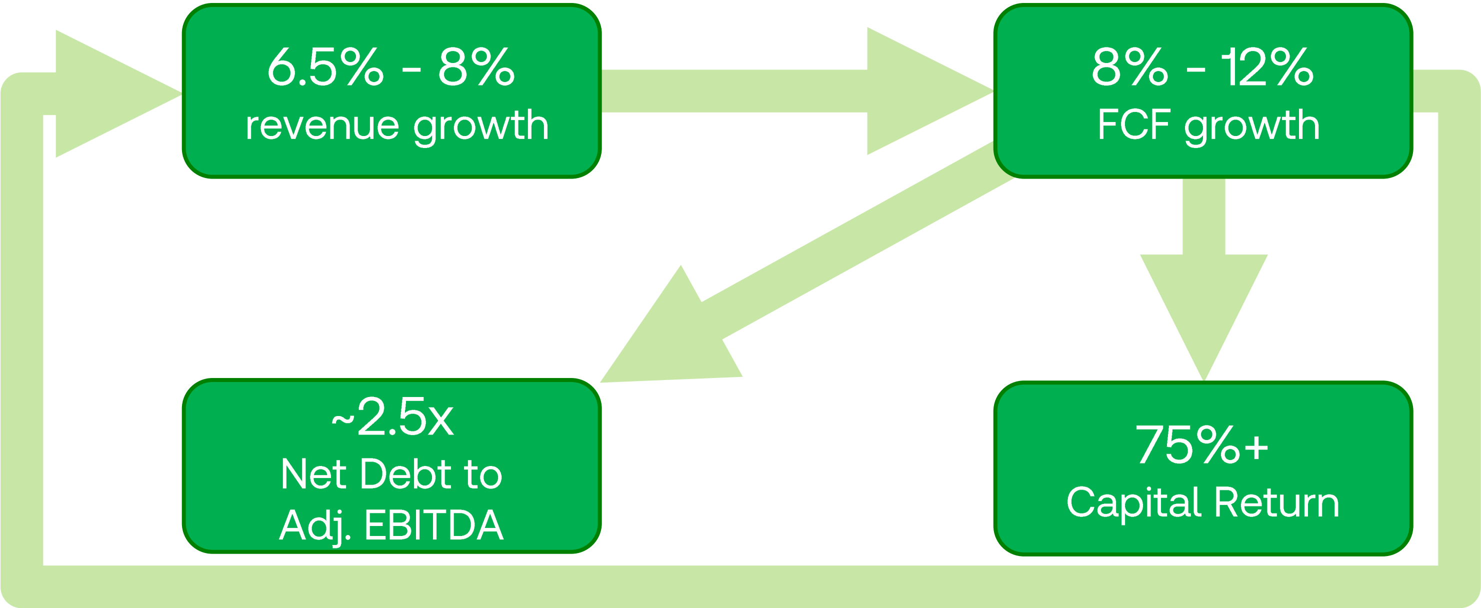
Revenue Growth

Prioritize capital to highest growth opportunities

Target 6.5% - 8% organic; M&A is incremental

FCF Growth

FCF = Lifeblood of future success/growth



Strong Capital Structure

Conservative given stable recurring revenue model

(Net Debt/Adj. EBITDA 12/31/23 = 0.8x)

Balance re-investment / returns

50% - 60% dividend payout target

Share repurchases (NCIB)

Thank you!