



# Thomson Reuters

## 2024 Third-Quarter Results

November 5, 2024

---

# Agenda

- **Welcome / Introduction**

**Gary Bisbee**

- **Third-Quarter 2024 Highlights  
Innovation and Product Update**

**Steve Hasker**

- **Financial Review  
Third-Quarter 2024 Results  
2024 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 2024 outlook, the expected full-year 2025 effective tax rate and cash tax rate 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 timing of closing of the FindLaw transaction and the company's expectations regarding its liquidity and capital resources. 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 2024. 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.

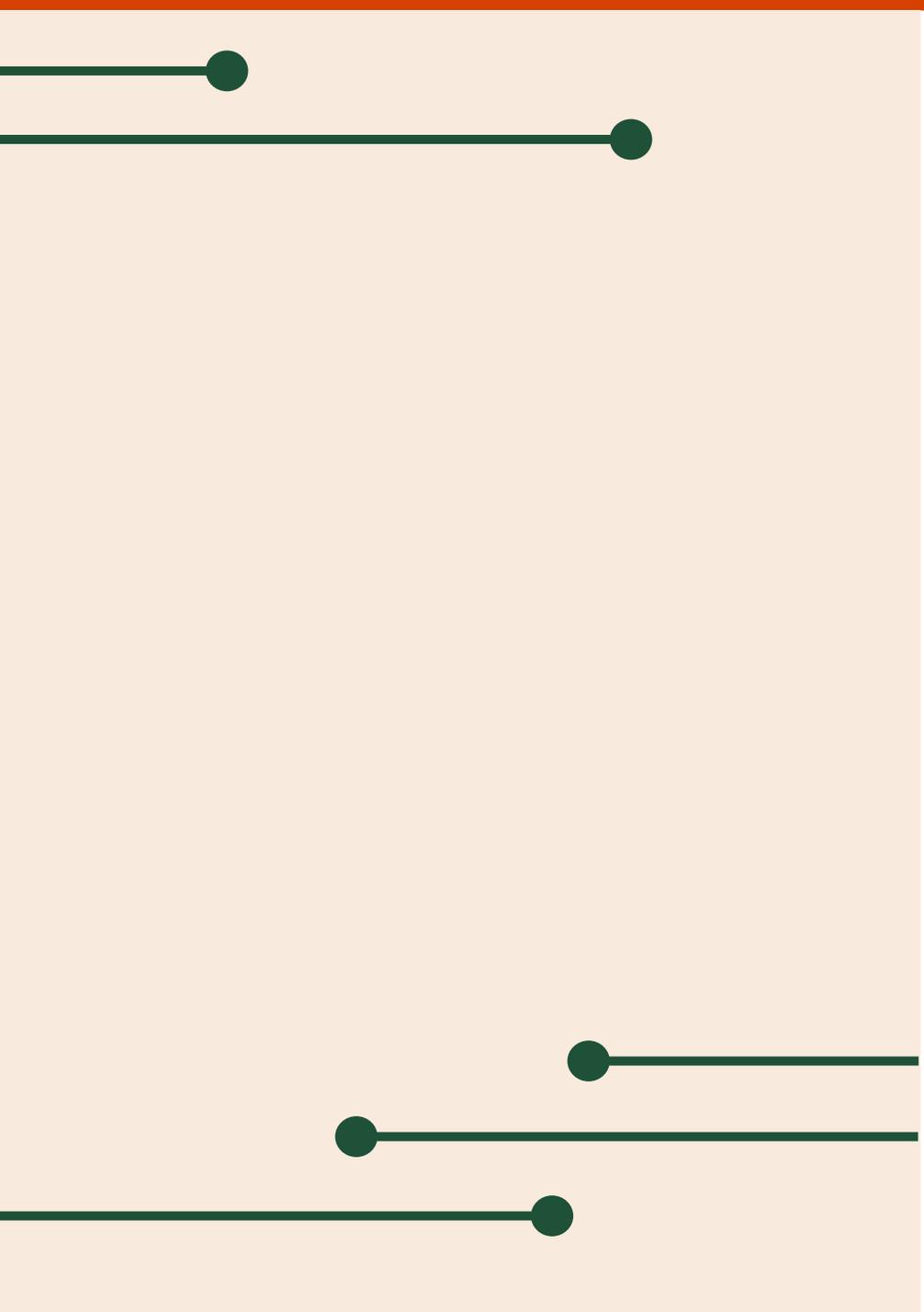
The company's business outlook is based on information currently available to the company and is based on various external and internal assumptions made by the company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the company believes are appropriate under the circumstances. Please refer to the second quarter management's discussion and analysis and our earnings release dated November 5, 2024, each of which is available on [www.tr.com](http://www.tr.com), for a discussion of material assumptions and material risks related to our business outlook.

## Non-IFRS and Other Supplementary Financial Measures

This presentation contains disclosures of certain non-IFRS financial measures. These measures include adjusted EBITDA and the related margin (other than at the customer segment level), 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".

Please see our earnings release dated November 5, 2024 and our leverage ratio calculation, which are available on [www.tr.com](http://www.tr.com), for a reconciliation of each of Thomson Reuters' measures to the most directly comparable IFRS financial measure.

As discussed in this presentation, Generative AI as a percent of our annualized contract value (ACV) is a supplementary financial measure that is intended to provide a measurement of the adoption of Generative AI across our product offering. ACV is the annualized value of all active subscription product contracts at a particular point in time. Generative AI enabled products are those that have such capabilities embedded as part of the offering.



**Thomson Reuters**

**Third-Quarter 2024  
Highlights**

**Steve Hasker  
President & CEO**

---

# Third-Quarter 2024 Highlights

## 1. Good momentum continues with Q3 results exceeding expectations

- Q3 organic revenue growth of 7%, driven by 8% recurring revenue growth
  - “Big 3” (Legal, Corporates, and Tax & Accounting) organic revenue growth of 9%
- Modest Q3 adjusted EBITDA margin upside vs. expectations as planned investments continue

## 2. Raised FY 2024 organic revenue guidance

- Total TR organic revenue growth outlook raised to ~7.0% (from ~6.5%); “Big 3” organic revenue growth raised to ~8.5% (from ~8.0%)
- All other guidance metrics remain unchanged

## 3. Continue to execute on “Build, Partner, Buy” growth strategy; TR is now investing \$200M+/year in AI

- Launched CoCounsel 2.0 in August, bringing faster speeds, deeper insights, and integration with client documents
- Recently completed strategic bolt-ons of Safe Sign and Materia, bolstering AI capabilities for Legal and Tax & Accounting

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

- Robust capital position with net leverage of 0.5x at September 30 and strong liquidity
- We now estimate ~\$10B of capital capacity by 2027
- Announced agreement to sell FindLaw to Internet Brands; Transaction is expected to close in Q4

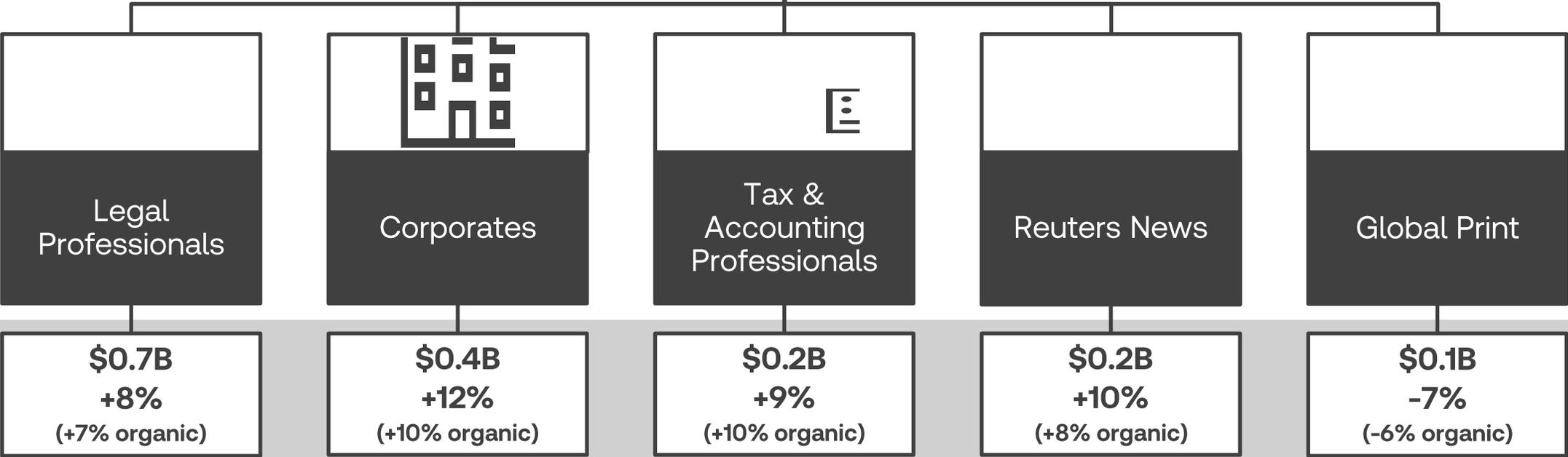
## Third-Quarter 2024 Consolidated Results

IFRS Financial Measures (\$ millions)	2024	2023	Change
Revenues	\$1,724	\$1,594	Up 8%
Operating profit	\$415	\$441	Down 6%
Diluted earnings per share (EPS)	\$0.67	\$0.80	Down 16%
Cash flow from operations	\$756	\$674	Up 12%

Non-IFRS Financial Measures (\$ millions)	2024	2023	Change	Change at Constant Currency	Organic Growth
Revenues	\$1,724	\$1,594	Up 8%	Up 9%	Up 7%
Adjusted EBITDA	\$609	\$632	Down 4%	Down 4%	
<i>Adjusted EBITDA margin</i>	<i>35.3%</i>	<i>39.6%</i>	<i>Down 430 bps Down 450 bps</i>		
Adjusted EPS	\$0.80	\$0.82	Down 2%	Down 2%	
Free cash flow	\$591	\$529	Up 12%		

# Third-Quarter 2024 Revenue Growth by Segment

**Reported revenues up 8% to \$1.7 billion**  
**Organic revenues up 7%**  
**Organic recurring revenues up 8%**



**“Big 3” grew 9% organically (81% total revenues)**

# Innovation and Product Update

# Innovation and Product Update

## Organic Product Initiatives

### CoCounsel 2.0

- Works **three times faster** than the first generation of CoCounsel
- Accessible from within TR products (Westlaw, Practical Law) and from **within Office 365 applications** (Word, Teams and Outlook)
- Integration with leading third-party legal data storage solutions allows **direct access to customer documents**

### CoCounsel Drafting

- End-to-end drafting solution that streamlines and improves the drafting process for legal professionals **within Microsoft Word**
- Leverages **Practical Law content and the Law Firm's own documents**

### Checkpoint with CoCounsel

- Gen AI chat-based search for tax professionals, enabling them to quickly get answers to complex research questions, **saving them time and increasing their efficiency**

### Westlaw Claims Explorer

- Enables legal professionals to enter facts and identify applicable claims or counterclaims, **using generative AI to simplify claims research**

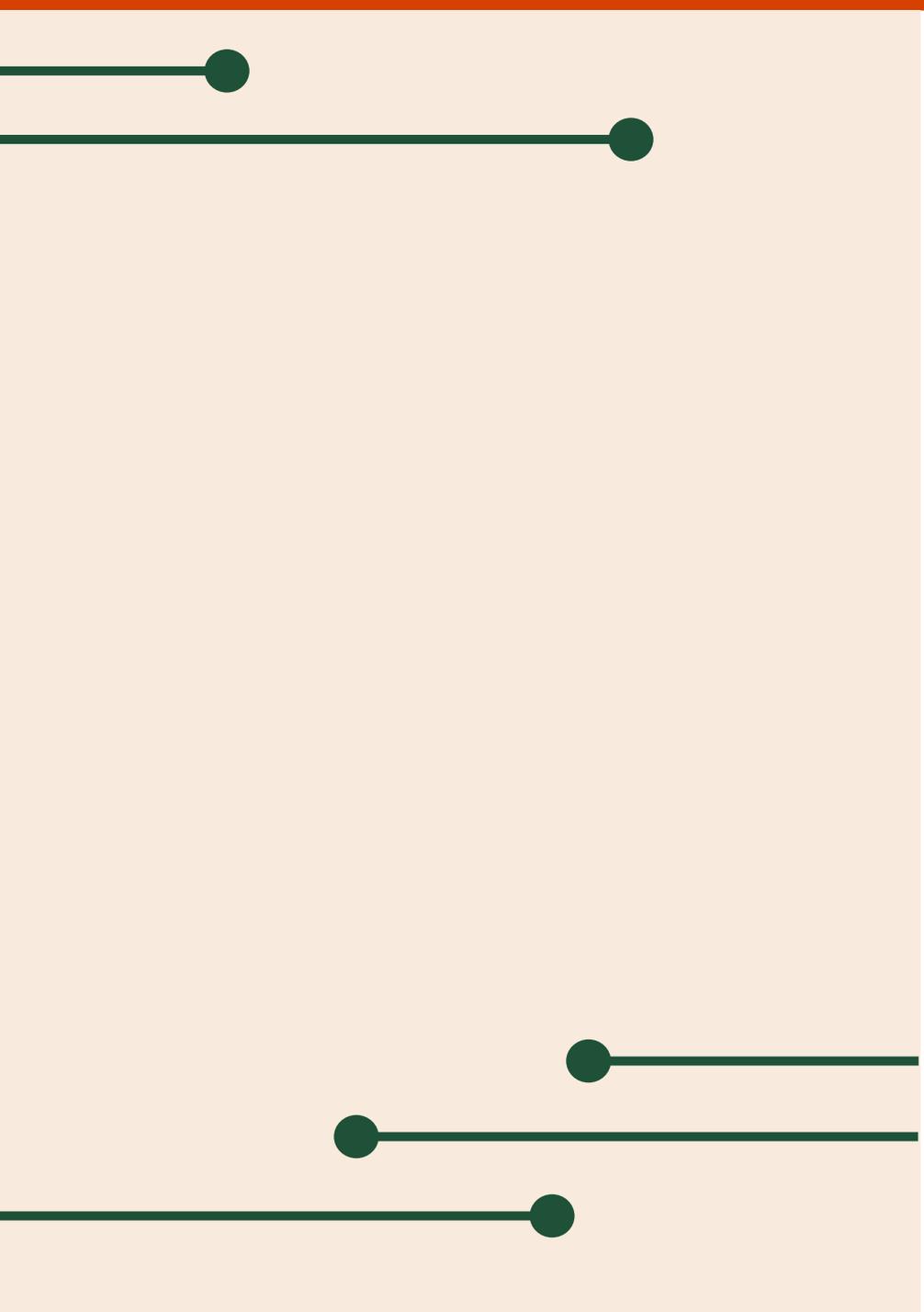
## Strategic Acquisitions



- A TR Ventures investment, Materia is a US-based startup developing the leading Gen AI platform for professionals in Tax, Audit and Accounting industries
- Materia will accelerate TR's AI execution roadmap in Tax and Accounting markets



- Safe Sign is a UK-based startup developing proprietary legal-specific language models, trained on foundational properties of legal reasoning by world leading Legal and AI experts
- Safe Sign's LLMs have potential to bring performance and/or cost benefits to our legal AI offerings



# Financial Review Third-Quarter 2024 Results Updated 2024 Outlook

**Mike Eastwood**  
Chief Financial Officer

---

# Third-Quarter 2024 Legal, Corporates, Tax & Accounting Professionals Revenues

(\$ millions)

	Third Quarter					Nine Months				
	2024	2023	Total	Constant Currency	Organic	2024	2023	Total	Constant Currency	Organic
<b>Revenues</b>										
Legal Professionals	745	688	+8%	+8%	+7%	2,193	2,107	+4%	+4%	+7%
Corporates	437	391	+12%	+12%	+10%	1,386	1,218	+14%	+14%	+10%
Tax & Accounting Professionals	221	203	+9%	+11%	+10%	799	714	+12%	+14%	+12%
<b>“Big 3” Revenues</b>	<b>1,403</b>	<b>1,282</b>	<b>+9%</b>	<b>+10%</b>	<b>+9%</b>	<b>4,378</b>	<b>4,039</b>	<b>+8%</b>	<b>+9%</b>	<b>+9%</b>

# Third-Quarter 2024 Consolidated Revenues

(\$ millions)

Revenues	Third Quarter					Nine Months				
	2024	2023	Total	Constant Currency	Organic	2024	2023	Total	Constant Currency	Organic
Legal Professionals	745	688	+8%	+8%	+7%	2,193	2,107	+4%	+4%	+7%
Corporates	437	391	+12%	+12%	+10%	1,386	1,218	+14%	+14%	+10%
Tax & Accounting Professionals	221	203	+9%	+11%	+10%	799	714	+12%	+14%	+12%
<b>“Big 3” Revenues</b>	<b>1,403</b>	<b>1,282</b>	<b>+9%</b>	<b>+10%</b>	<b>+9%</b>	<b>4,378</b>	<b>4,039</b>	<b>+8%</b>	<b>+9%</b>	<b>+9%</b>
Reuters News	199	180	+10%	+10%	+8%	614	549	+12%	+12%	+9%
Global Print	128	137	-7%	-6%	-6%	375	408	-8%	-8%	-8%
Eliminations / Rounding	(6)	(5)				(18)	(17)			
<b>Total Revenues</b>	<b>1,724</b>	<b>1,594</b>	<b>+8%</b>	<b>+9%</b>	<b>+7%</b>	<b>5,349</b>	<b>4,979</b>	<b>+7%</b>	<b>+8%</b>	<b>+8%</b>

# Third-Quarter 2024 Consolidated Adjusted EBITDA

(\$ millions)	Third Quarter				Nine Months			
Adjusted EBITDA	2024	2023	Total	Constant Currency	2024	2023	Total	Constant Currency
Legal Professionals <i>Margin</i>	334 44.9%	338 49.1%	-1%	-1%	1,003 45.7%	1,001 47.5%	-	-
Corporates <i>Margin</i>	162 36.8%	164 41.9%	-1%	-2%	518 37.2%	481 39.4%	+8%	+7%
Tax & Accounting Professionals <i>Margin</i>	59 26.8%	64 31.2%	-7%	-5%	331 41.5%	302 41.6%	+10%	+11%
“Big 3” Adjusted EBITDA <i>Margin</i>	555 39.5%	566 44.0%	-2%	-2%	1,852 42.3%	1,784 44.0%	+4%	+4%
Reuters News <i>Margin</i>	40 20.4%	37 20.4%	+10%	+14%	151 24.6%	111 20.1%	+37%	+39%
Global Print <i>Margin</i>	43 33.1%	55 39.6%	-22%	-21%	133 35.5%	158 38.6%	-16%	-16%
Corporate Costs	(29)	(26)			(75)	(82)		
Total Adjusted EBITDA <i>Margin</i>	609 35.3%	632 39.6%	-4%	-4%	2,061 38.5%	1,971 39.5%	+5%	+5%

# Adjusted Earnings Per Share (EPS)

(\$ millions except per share amounts & share count)

	Third Quarter			Nine Months		
	2024	2023	% Change	2024	2023	% Change
<b>Adjusted EBITDA</b>	<b>609</b>	<b>632</b>	<b>-4%</b>	<b>2,061</b>	<b>1,971</b>	<b>+5%</b>
Depreciation & Amortization of Computer Software	(181)	(160)		(545)	(464)	
Add back: Acquired Software Amortization	34	21		109	48	
Interest Expense <sup>(1)</sup>	(21)	(44)		(97)	(133)	
Income Tax	(81)	(73)		(277)	(235)	
Dividend declared on preference shares	(1)	(1)		(4)	(4)	
<b>Adjusted Earnings</b>	<b>359</b>	<b>375</b>		<b>1,247</b>	<b>1,183</b>	
<b>Adjusted EPS</b>	<b>\$0.80</b>	<b>\$0.82</b>	<b>-2%</b>	<b>\$2.76</b>	<b>\$2.53</b>	<b>+9%</b>
<i>Foreign Currency Impact</i>	-			0.01		
<i>Diluted Weighted Average Common Shares</i>	450.5M			451.4M		

(1) 2023 amounts exclude a \$12 million benefit from the release of a tax reserve that is removed from adjusted earnings

# Consolidated Free Cash Flow

(\$ millions)	Third Quarter			Nine Months		
	2024	2023	Change	2024	2023	Change
<b>Net Cash from Operations, before change in WC</b>	<b>550</b>	<b>417</b>	<b>133</b>	<b>1,641</b>	<b>1,219</b>	<b>422</b>
Changes in working capital and other items	206	257	(51)	252	417	(165)
<b>Net Cash Provided by Operating Activities</b>	<b>756</b>	<b>674</b>	<b>82</b>	<b>1,893</b>	<b>1,636</b>	<b>257</b>
Capital Expenditures	(149)	(145)	(4)	(446)	(412)	(34)
Other Investing Activities	-	14	(14)	6	82	(76)
Payments of Lease Principal	(15)	(13)	(2)	(46)	(44)	(2)
Dividends Paid on Preference Shares	(1)	(1)	-	(4)	(4)	-
<b>Free Cash Flow</b>	<b>\$591</b>	<b>\$529</b>	<b>\$62</b>	<b>\$1,403</b>	<b>\$1,258</b>	<b>\$145</b>

# 2024 Outlook Update



# M&A and Divestitures Update



Close Expected in Q4 2024



Materia  
Close Date: October 21<sup>st</sup>, 2024



Close Date: August 21<sup>st</sup>, 2024

## Business Description

FindLaw is a premier destination for legal assistance and a key marketing platform for law firms.

A TR Ventures investment, Materia is a US-based startup that is developing an agentic AI assistant for the tax, audit and accounting profession.

Safe Sign Technologies is a UK-based startup that is developing legal-specific language models, led by a team of world-class Law and AI experts.

## Financial Impact

- ~\$300 million annual revenue
- Divestiture expected to be ~30 bps accretive to annualized organic revenue growth
- Expected to be neutral to TR margins (including stranded costs)

Materia launched an agentic AI assistant for Tax and Accounting professionals in June 2024.

Safe Sign's is developing legal-specific LLMs that in the future could bring performance and/or cost benefits for our Gen AI offerings.

We plan to absorb early-stage investments in both businesses within the framework we've discussed for delivering 75 basis points of margin expansion in 2025.

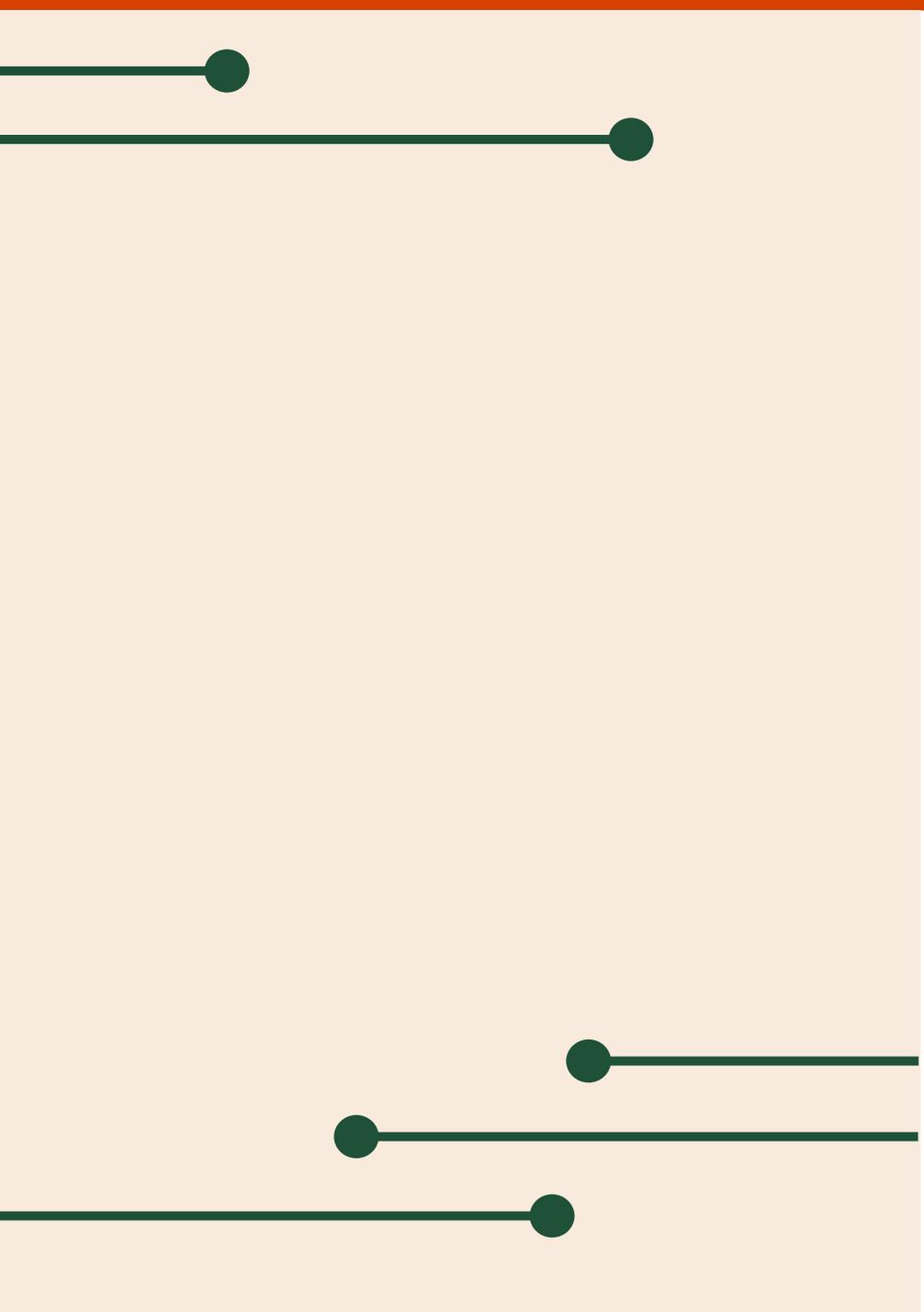
# 2024 Updated Outlook

<b>Total Thomson Reuters</b>	<b>FY 2023 Reported</b>	<b>FY 2024 Outlook <sup>(3)</sup> 2/8/24</b>	<b>FY 2024 Outlook <sup>(3)</sup> 5/2/24</b>	<b>FY 2024 Outlook <sup>(3)</sup> 8/1/24</b>	<b>FY 2024 Outlook <sup>(3)</sup> 11/5/24</b>
Total Revenue Growth	3%	~ 6.5%	6.5% - 7.0%	~ 7.0%	Unchanged
Organic Revenue Growth <sup>(1)</sup>	6%	~ 6%	6.0% - 6.5%	~ 6.5%	~ 7.0%
Adjusted EBITDA Margin <sup>(1)</sup>	39.3%	~ 38%	Unchanged	Unchanged	Unchanged
Corporate Costs	\$115 million	\$120 - \$130 million	Unchanged	Unchanged	Unchanged
Free Cash Flow <sup>(1)</sup>	\$1.9 billion	~ \$1.8 billion	Unchanged	Unchanged	Unchanged
Accrued Capex as % of Revenues <sup>(1)</sup>	7.8%	~ 8.5%	Unchanged	Unchanged	Unchanged
Depreciation & Amortization of Computer Software	\$628 million	\$730 - \$750 million	Unchanged	Unchanged	Unchanged
Depreciation & Amortization of Internally Developed Software	\$556 million	\$595 - \$615 million	Unchanged	\$580 - \$600 million	Unchanged
Amortization of Acquired Software	\$72 million	~ \$135 million	Unchanged	~ \$150 million	Unchanged
Interest Expense (P&L) <sup>(2)</sup>	\$164 million <sup>(2)</sup>	\$150 - \$170 million	Unchanged	\$125 - \$145 million	Unchanged
Effective Tax Rate on Adjusted Earnings <sup>(1)</sup>	16.5%	~ 18%	Unchanged	Unchanged	Unchanged
<b>Big 3 <sup>(1)</sup></b>	<b>FY 2023 Reported</b>	<b>FY 2024 Outlook <sup>(3)</sup> 2/8/24</b>	<b>FY 2024 Outlook <sup>(3)</sup> 5/2/24</b>	<b>FY 2024 Outlook <sup>(3)</sup> 8/1/24</b>	<b>FY 2024 Outlook <sup>(3)</sup> 11/5/24</b>
Total Revenue Growth	3%	~ 8%	8.0% - 8.5%	~ 8.5%	Unchanged
Organic Revenue Growth	7%	~ 7.5%	7.5% - 8.0%	~ 8.0%	~ 8.5%
Adjusted EBITDA Margin	43.8%	~ 43%	Unchanged	Unchanged	Unchanged

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

(2) Full-year 2023 interest expense excludes a \$12 million benefit from the release of a tax reserve that is removed from adjusted earnings

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



## Q&A

