

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

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PRESENTATION

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

All right. Good morning to those in the U.S. Good afternoon to our U.K. and European clients, and I guess good evening to -- I think we have a few folks joining us from Asia Pacific as well. My name is Manav Patnaik, I'm Barclays' business and information services analyst. And thank you all for joining us. Unfortunately, it's not in person. We'd love to be in London doing this in person, but it's a year or 2, again, virtual, hopefully next year back in person.

But either way, we're really happy to have with us today the C team from Thomson Reuters. We have Steve Hasker, who is the new CEO of the company; Mike Eastwood, who is the new CFO, but he's been at the company for a while. And then I'm sure a lot of you know Frank, who you can see on the screen as well. So thank you all, firstly, gentlemen, for being here.

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

Thanks, Manav. Good to be here.

QUESTIONS AND ANSWERS

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

So Steve, maybe I can just start with you first. This is actually not your first time at this conference, right? We were with you when you were at Nielsen before, but you're kind of a new face to Thomson Reuters. So perhaps maybe just an initial kind of overview on your journey to how you got to the current seat at Thomson Reuters.

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

Sure, Manav. So I've been at Thomson Reuters and the CEO since March 15, 2020, which is obviously for all of us, been an interesting period of time to say the least. Prior to that, I spent some time with TPG, run one of their portfolio companies. Prior to that, I was the COO at Nielsen. I spent 9 years at Nielsen doing a turnaround of the media business and running the media business and then had a stint as COO before leaving TPG. Prior to that, I spent almost 12 years at McKinsey in the media information practices, working with a number of the business information providers and also with a number of the media companies based out of New York but on a very global basis.

Originally I started my career at Pricewaterhouse. It was Pricewaterhouse at that point, PricewaterhouseCoopers now. So I'm a CPA and trained as an accountant, which I think gives me a pretty good understanding of the accounting unit side of our business.

So it's been a fantastic 14 months or so at Thomson Reuters. I think, obviously, just by way of -- prior to my arrival, the Financial & Risk division, subsequently renamed Refinitiv, was sold off and is now part of the London Stock Exchange Group. And that's really, I think, afforded us a fantastic opportunity to focus on the professional side of the business, the big 3.

So for those of you who are new to the story, we have a leading franchise in legal information, we've got a leading franchise in tax, accounting information and the same in serving corporates with both legal, tax, accounting and fraud risk compliance. 80% of our revenue's in the United States. I think we have an opportunity to grow internationally over time.

We also have a print business, global print business, which obviously has its growth challenges, but it's been very well managed here at Thomson Reuters over the last couple of years by Elizabeth Beaström. We have the Reuters news franchise. So that's the business we have today.

And I think just to conclude my comments and then we'll keep going. But I think we have a very big opportunity to transform the company. There's a transformation that other business information services companies have successfully undertaken, but it is to take our position as a leading content provider to become a content-driven technology company and also to adapt what was under Mike and my predecessors very much a portfolio or holding company approach to a true operating company approach. And in doing so, fundamentally improve the customer experience that we provide and reduce the cost to serve those customers.

And so we're pretty excited about where we sit. We laid that program out at our Investor Day, and we're busy executing.

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

Got it. Yes. I mean that definitely something we'll dig right into. But March 15, 2020, talk about perfect timing with the lockdown there.

Mike, maybe I can just bring you in here as well. You've obviously been at Thomson Reuters for a long time here. Maybe we can just -- if you can just help us talk a little bit about your journey into the CFO role and also just some perspective on what Steve alluded to, which was kind of the prior portfolio approach to now the operating company approach. I think you're probably best positioned to help us appreciate that drastic change.

Michael Eastwood - Thomson Reuters Corporation - CFO

Yes. Certainly, I mean I have an interesting journey at March 15 of last year that you just referenced. I think our first big decision was informing employees to be working from home. We thought it was for a couple of weeks or maybe a month or so at the time. And we all know the journey that we've been on.

What's different for me, Manav, is really focus -- intense focus on the customer and improving our customer experience. We spent a lot of time back in 2018, 2019 with the separation of -- from Refinitiv and standing up new businesses and doing things like eliminating stranded costs and I think really intense focus on the customer now and doing things once. Previously, with the more holding company or portfolio approach, we were oftentimes replicating similar work, including technology stacks, call centers, for each of our customer segments of businesses. And we're really focused now on doing things once and doing it in a very good global way.

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

Got it. And maybe just in terms of -- again to you, Mike, in terms of what you were focused on under kind of the prior portfolio approach versus today, could you just give us some perspective on the differences there?

Michael Eastwood - Thomson Reuters Corporation - CFO

Yes. Big difference, Manav, is in regards to the investment approach. I was heavily involved in it. We were applying investments more a peanut butter approach across all of our different business units. Now we have eliminated that more democratic approach, and we're more and more intensely focused in regards to deploying our capital to the highest growth initiatives.

We shared the 7 growth initiatives during our Investor Day. So we're very unapologetic now on not deploying capital to everyone, deploying it really, really focused on the 7 growth initiatives.

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

Got it. All right. And Steve, maybe back to you. You talked about how at Nielsen you were helping turn around the media business there, and perhaps that helped in your candidacy for this position. But just curious if there are any learning lessons or comparisons to be made. Or is this a little bit more unique?

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

Well, I think this is a much more diverse business. And I think, candidly, the franchises are stronger here. And then thirdly, the underlying customer markets are more robust. I mean Nielsen has -- had that [2 business as one]. One, a television audience measurement franchise. And you know sort of the challenges in the transformation of the television business is something [hard]. And the second was a CPG market share business, which -- the dynamics between the retailers and the manufacturers changed in a little way.

So we don't have those kinds of undercurrent here. We have a -- we serve more firms, (inaudible). And I think there's a tailwind there coming out of -- coming through and out of COVID, which is there isn't a law firm on the planet that hasn't realized, to varying degrees, that over time they spent too much on real estate and not on information and technology. And -- firstly.

And secondly, they're not of a mind and they're not structured to experiment with start-ups and multiple providers of core information and solutions. This is -- in most cases, it's [in part the] money. It may or may not be a Chief Technology Officer. They want to go with players they trust. Thomson Reuters is a player they trust. So if we execute both our product plans and our customer experience transformation well, I think we'll be very well placed to take advantage of a long-term sort of secular change in spending by law firms and more spend on information technology, firstly.

Secondly, in Tax & Accounting, we're already beneficiary of changes to the tax code and increasing complexity in the tax code. I think we all, I think, would acknowledge that, that is the world we now live in. There was not -- there were not very few changes to the U.S. tax code for many, many years. And yet, we had one in the last administration, and it looked like we're going to have another pretty significant set of changes in this administration. That sort of complexity and change (inaudible).

And then I think, thirdly, we have a really interesting starting position in risk, fraud and compliance with clear data set. It is performing well for us. It is a highly sought after and valued data set that helps companies fight cyberfraud, and it helps government agencies catch bad actors. And so that gives us confidence to really invest in behind that. It's both effective in serving corporations, but also effective in underpinning our very strong government -- growing government franchise.

So as I look across our businesses, I see tailwinds -- significant tailwinds in places, whereas I think what Nielsen faced and has continued to face is some very challenging end market dynamics.

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

Got it. That's helpful. So maybe we can turn to the Change Program that you alluded to. There were many different kind of layers of the Change Program, investing areas. So perhaps if you could just, for the benefit of the audience, kind of help walk through high level again what that Change Program is going to look like and then we can dig into some of the specifics.

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

Yes. So I just want to start by saying there's nothing in the Change Program that many, many, many companies, including many business information services providers, haven't done before. So we're not reinventing any wheels here, firstly. Secondly, we've assembled a team that have done these -- led these programs before, benefiting from what's been done at Thomson Reuters over time in previous administrations, but I think equally or more importantly, bringing in outside talent that have made these transformations.

I think what is ambitious about it is the time frame that we've set out and the fact that we are -- it is a full transformation of the company. There are very few places in the company that aren't going to be not affected by the Change Program.

So what is it? Well, as I said, it's driving this two-part change: content company to content-driven technology company, a holding company to operating company. It is, first and foremost, about transforming and fundamentally improving the customer experience we provide. I'd like to meet with at least 1 customer every day. And I'm lucky enough to do that. They love the company. And they tell me they love our content. And in some cases, they love our people. But they do not like the customer experience we provide. We have [350] products that are maintained and sold and built separately by and large. The customer experience in some of them is cloud native and contemporary and sleek. And in other cases, it's anything but.

And so we have a real opportunity to fundamentally increase our customer satisfaction and therefore to create a platform, better upsell and cross-sell to get more price and ultimately grow our end customer base in a pretty material way. So that is really the first and foremost focus. We brought someone in, in Kirsty Roth, who's done this before. She started at a much larger scale at HSBC and Credit Suisse. And she started under very, very different and more complex regulatory risk-related environment.

The second part of it is really to modernize our underlying operations and technology. So by the end of 2023, we'll have 95% of our estate in multi-tenant cloud, whereas today, it's closer to 20%. So we've got a long way to go, but we're very confident in executing against that plan. We're very confident in exploiting the opportunities that sit ahead of us in terms of outsourcing and offshoring and improving the quality of the underlying operations that have evolved in centers of excellence at a lower cost. So we're playing that. And that's obviously a very well-trodden path. There's nothing in that, that scares us.

And then the third is sort of optimizing our -- both our locations and our organizations. We will in the -- in June and then again in November, we're taking some actions on our workforce. And those are important, both in terms of getting the right talent in the right places and also at the right locations. So those are sort of the 3 components.

But the net of all this, Manav, will be, first and foremost, a transformed customer experience. Secondly, a fundamentally lower cost to serve and I think an organization that is very well positioned to execute on our increasing organic growth targets. We've made a good start. We're not naive. We have a lot of work ahead of us this year and next. But we've made a strong start.

And I think one of the things that I personally would like all of you to -- whether that's '23 or '24, look back and say, okay, Thomson Reuters assembled the single best team in the business information services sector. I think it's very important for us to have a team with a track record of execution and in order to successfully exceed our Change Program goals, as Mike has laid out. But secondarily, we, of course, have a very interesting sort of excess capital, a nice problem to have between the cash-generative capabilities of our core businesses and the increase in those with the Change Program. And then when the time comes, monetizing our stake in LSE. We think we've got sort of in the realm of about \$12 million in excess capital over the next 5 to 6 years.

And the objective that I talk a lot about with our team is we want to create a track record of execution and exceeding our -- the goals that we set up, so that we have the confidence to invest some of that excess capital in additional growth when the time comes and that our Board have that confidence, and most importantly, our investors have their confidence. That's very much part of what we're trying to do with the platform we're trying to create here.

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

Got it. All right. I do want to come back to some of those points. But maybe, Mike, I can jump to you real quickly. As part of the program, firstly, can you just remind the audience in terms of what the margin targets look like and the cost opportunity? And the cost opportunity does seem convincing and a true opportunity. And so kind of the follow-up question once you've done that is how come there's still so much. And I guess, was it just not a priority before under the portfolio? Or did really getting Refinitiv kind of out of the mix and being more dedicated helped with that effort?

Michael Eastwood - Thomson Reuters Corporation - CFO

Let me start at that point, Manav. Certainly, completing the transaction with Blackstone was very helpful on just focus and prioritization. We were spending a significant amount of time on the Financial & Risk Refinitiv business, prior to the transaction and then a hell of a lot of time actually with the separation that I mentioned a second ago. So it was certainly a big factor for us.

If you look at our guidance for '21 to '23, we remain very confident in achieving the guidance for the 3 years. So we get increasingly confident every day, every week. And that's the result of just continuous execution that Steve referenced earlier.

In regards to the margin question, our guidance for 2021 is 30% to 31%, increasing to 34% to 35% in '22 and then to 38% to 40% in 2023. That step change occurs as a result of the cumulative activities over the course of the 3 years. We're taking actions this year, and that will just continue into 2022. But culminating in the 38% to 40% in 2023, we're very confident in and likewise lowering our capital intensity and also achieving the free cash flow guidance that we provided.

Certainly, a key component of that is accelerating our organic growth for the total business, but specifically for the big 3. We'll achieve that in multiple facets. Within legal professionals, Westlaw Edge continues to perform very well, generating 100 basis points of growth for us each year. We'll have 60% to 65% penetration by the end of this year, and that continues into '22. So just with Westlaw Edge, sometime in 2022, we plan to launch Westlaw Edge 2.0 just to continue the progress there.

Our government business, which approaches \$500 million in annualized revenue, is included in legal professionals. That's continuing to grow very consistently at double-digit organic growth. The Practical Law acquisition that we did back in 2013, that's nearly \$400 million in revenue now, double digits. So just a few examples, Manav, of how we will not only address the cost base, but equally important and more importantly, drive the top line on a consistent basis.

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

Got it. And just to clarify the 38% to 40% in '23, should we think of that as kind of what the right starting point margin should be for Thomson Reuters, and then any growth on top of that will keep expanding the margins?

Michael Eastwood - Thomson Reuters Corporation - CFO

Yes. I think as we go beyond '23, we'll have continued opportunities to sustain and increase our margin, especially given the operating leverage that we have, Manav. I think that will allow us to have continued margin expansion beyond 2023.

One item to consider is the level of capital intensity. We will lower it to 6% to 6.5% in 2023. But if you look at the mix of our business, become more software, more SaaS, could the 6% to 6.5% change beyond 2023? Too early to tell, TBD there, but remain very confident in achieving the guidance for the 3-year horizon.

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

Got it. All right. That's helpful. Steve, just one of the questions we get -- again, there seems to be more comfort in getting the cost equation done, but it's more around the sustainability of the top line. And it sounds like the minute Refinitiv, again, got out of the portfolio, you had Westlaw Edge and growth started improving. And so I guess just from your perspective, since you've come in and you probably had a deep dive throughout the company, what do you think the main issue was for the lack of revenue growth before? And why you think you can sustain that mid-single-digit clip you've guided to for the foreseeable future?

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

Yes. Look, I think that Jim and Stephane, in a sense, had a very different set of challenges to face. The Financial & Risk business was about half of the total business. That was as big as what Mike and I have. So they had twice bigger business, firstly.

Secondly, it's a very different business. Going head-to-head with Bloomberg in that sort of terminal and data feed-oriented financial and risk base where the business can and does turn on a given quarter with one renewal with a major financial institution, they have a very different environment to the one that Mike and I face, where we have 0.5 million customers spread across law firms, tax and accounting for the corporations, government agencies and so forth.

So I think the way that manifested itself for Jim and Stephane was they managed the company as a whole together. So they issued targets at the start of the year and they monitor their performance. And then they've sort of kind of opened a little bit or closed it up depending on how those things are performing. But they were very democratic. So there was a sort of a peanut butter approach across the different businesses.

So inadvertently, I don't think we took advantage of scale. We allowed very, very different customer experiences to occur between the different products, let alone the different segments or silos. And I think what Mike and I have is a much, much simple portfolio to manage, where there's real consistency in terms of the customer needs across the big 3 segments. That affords us a great opportunity to make a set of product investments in things like Westlaw Edge, in HighQ, in Practical Law, in Onvio, in our Tax & Accounting franchise, in the risk area of building on our starting point in CLEAR and, obviously, the 7 growth initiatives we laid out, which I've named a few.

I think you look across those -- and the last comment I'd make, Manav, is we're not overly dependent on one play. So we like what Westlaw Edge has done. We've out-invested our competitors. We're going to continue to out-invest our competitors in and around Westlaw Edge. The team are working on the next version of Westlaw Edge, which we think will perform well again. But between Westlaw Edge and Practical Law, between the 7 growth and [Westlaw], firstly.

Secondly, we think that if we can improve our customer experience, we're going to see our retention tick up a little bit. We'll see our cross-sell and upsell, which is very, very modest today, tick up a little bit. It will strengthen or increase our ability to get price. Maybe most importantly, we aim to grow our net new customer count.

So a long way of saying, as I look at those -- that uptick in growth rate and to answer your question, is it sustainable, I think it's more than sustainable because we're not going to bed at night saying, okay, we've got 1 bet here. It's going to work or it's not, and that's going to carry us to those growth rates. We look across the different levers and say, okay, we don't need every single one of them [to fire]. We just need to fundamentally improve that customer experience and good things will happen.

So as we sit here today and on the back of a strong start to the year, I think as Mike said, we've got growing confidence around our ability to meet or exceed those targets.

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

Got it. And maybe just another follow-up. In terms of the new product pipeline or the new product innovation engine, however you want to phrase it, where does that stand today? And I guess, was it not functioning optimally when you first joined, Steve, and there's a long progress left there? Just to try and appreciate these different levers that you talked about.

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

Yes. I mean I think Mike can comment on whether it was functioning or not. I wasn't around, and I think it's always easy for the new guy to kind of be critical of prior periods. What I would say though is that the company had success around the development of Westlaw Edge. But it was a very lumpy development process insofar as there was sort of a period of a couple of years where it was developed and then launched and then marketed and so on and so forth.

So I think David Wong, our Chief Product Officer, who came from Facebook, I mean he has an opportunity to put in place a much more agile product development process that is much better geared to customer needs as they evolve. And David comes from an environment where that is a way of life. And he's recruited a number of folks into each team from the outside for whom that's a way of life.

And so whether that's sort of monthly releases of HighQ or improvements to the UX around CLEAR, Practical Law or whether it's fleshing out the road map for Onvio, I do think we have a big opportunity just to get better and better at this. And we're coming from a pretty modest place.

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

Got it. All right. That's helpful. One of the other areas you talked about was kind of just modernizing your technology, the underlying operations. Again, like you said, a lot of these things, other companies have done. So you're not reinventing the wheel, but we've seen many companies try to do it and perhaps not do it as well. So can you just talk about your confidence in your team with respect to that?

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

Yes. I mean, look, we have -- for any of you who spent time with Kirsty Roth, she's a very, very talented executive and a very experienced executive. And I think one of the things that we admire most about Kirsty is she sees problems as opportunities, and she really does have confidence that -- in our ability to solve these problems as we go. She's also very decisive. So she's very quick to say, okay, here's how I'm going to organize things across operations and technology. Here is the talent I need to replace. Here is the additional skills I need to build. Here's how I'm going to bring this sort of nascent capability around AI and machine learning through the TR labs and really scale that up.

And she went about a highly competitive RFP processes around expanding our multi-tenant cloud presence and the same for modernizing our underlying operations and content operations. And those things are now well advanced, and you'll see us through the rest of this year really get through the hard work of executing those plans.

So I think we've got someone who's done it all before at a much bigger scale, and we're seeing the benefits of that. And the rest of us, I think, have been involved in these things. So we know what to look for and we know what to ask about. And so far, the team -- I've been very pleased with the way the team has come together. And we've added lots of new talent from the outside. And we've elevated a whole bunch of folks who have been here for a long time and know TR very well. So far, the new and the old gelled really well to me.

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

Got it. If you look at the segments, it sounds like the legal business, obviously, with Westlaw -- Westlaw Edge, a lot of kind of the innovation you alluded to has already ticked up, doing well. The Tax & Accounting business clearly has good tailwinds and has been a good business for quite some time actually.

So I guess maybe just touching on Reuters real quick, you kept the business in there. Now you're talking about kind of the new potential subscription business. I think it makes sense, but how should we think about that particular line item?

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

Yes. So well, the first thing we did last year was we sort of reached a pretty obvious conclusion, which was we're the #1 provider of legal information and I think, arguably, the #1 provider of sort of global, independent, fact-based news, so certainly the largest sort of news agency business. And yet we were #4 in legal news. So in other words, we were not sort of really taking advantage of the journalistic and editorial talent that we have at Reuters for the benefit of our core legal customers. And so we've made an investment in that, and we're seeing really promising results, The customers love what we're producing.

So that was sort of the first thing to say, okay, does this asset belong in the portfolio and if it does, what benefit can it be. And I think it's now incumbent upon us to be really rigorous about just continuing to test that proposition and making sure that the assets are working together as best they can, first.

Secondly, as with many others, it wasn't lost for us that consumer propensity to pay for very high-quality news and content has changed and improved. And with that, that we decided we would launch the paywall in the course of time. It's very much a test for us. We're doing it. We want to learn from it. We want to understand what is the consumer propensity to pay, which part of our news bureaus are consumers most attracted to and which forms of content resonate, which price point work, for which consumer across the segment.

So we're going to do that. We're going to learn from it. But it's certainly not something that Mike is sort of aggressively baking into our financial guidance going forward. We think there might be some upside there, but we're going to be very modest and thoughtful about executing on that plan.

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

Got it. That's super helpful. Mike, I was hoping you could just -- again just remind investors in terms of your current stake in LSE through the Refinitiv transaction. You recently sold some shares, and I think that was for tax purposes. So maybe just if you could just allude to that as well. And then just the future plan and restrictions on that stake you currently own.

Michael Eastwood - Thomson Reuters Corporation - CFO

Sure. We sold \$1 billion, as you mentioned, back in March to cover the tax payment. We have a substantial stake that's remaining that's governed by lockup periods going into 2023, '24, '25. We hold the London Stock Exchange Group investment as a financial investment, not strategic. Meaning our intent would be to monetize, Manav, upon the respective lockup periods that are coming up. We certainly value the relationship we have with LSEG, but that's our viewpoint is intent to monetize. That monetization is included in the roughly \$12 billion of excess capital that Steve referenced earlier today.

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

Okay. Got it. And maybe just sticking with you, Mike, then, capital allocation priorities. I know you're limited on the buyback front at the moment. But just how should we think of that?

Michael Eastwood - Thomson Reuters Corporation - CFO

Sure. I would refer back to our value creation model Manav, starting first with our dividends. We've stated over the time horizon, we see dividends increasing symmetrical with free cash flow growth. We said it's 8% to 12%. We increased dividend 7% this year. I would anticipate for 2022 something

similar, but that's a decision we'll make on with the Board in January of next year. But as we get into the longer-term time horizon, I think dividends will increase along with free cash flow growth.

Then we get into M&A, as Steve touched earlier on and focusing that on the big 3. In regards to the buybacks, Woodbridge ownership today is 66%. Certainly, it's been higher in the past, but I think about 70% is the threshold there, Manav. So we're in the process of having only discussions with the Board in regards to the optimal mix of the excess capital that we'll have both from the core business and also the LSEG. So I think dividends, I would assume 7% increase as we go into 2022 and then increasing thereafter, in line with free cash flow growth. M&A, we'll remain very open but very rigorous in our assessments.

And then buybacks right now, 66% versus 70%. That means we can do about \$2 billion of buybacks to maintain that 70% ownership threshold. But we'll provide ongoing updates during our earnings calls as we have discussions with the Board, but in a very good position to say the least with the capital that we're going to have.

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

Got it. Steve, just on M&A. Before you joined, I think, Thomson Reuters had done a few, I guess, mid-sized deals, a collection of them. And that was a bunch after a long time realistically besides a few tuck-ins. So just what are your thoughts on M&A, your plans for M&A being in -- how much of a role does M&A play in this Change Program ultimately?

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

Yes. No, great question, Manav. Thank you. So look, we're focused, first and foremost, on running the business and execute the Change Program. So we're not going to get distracted against that. Having said that, we have a pretty active pipeline of deals that we constantly review. And they are very much focused on following the big 3. So you won't see us sort of veer out from the big 3 anytime soon.

Secondarily, acquisitions that are accelerants to the Change Program and additive to the customer experience that we're transforming. We're interested in deals that certainly help us automate core tasks for our customers. And I think as we move toward the conclusion of the Change Program, we'll probably cast more of an eye toward international growth opportunities for the big 3 and SMB-related growth opportunities. But for now, we've got a very high bar. I mean it's not lost on us that the multiple is pretty high at the moment. And we have to be convinced that we're an advantaged shareholder in anything we're going to buy and that there's value creation opportunities for our shareholders, not just selling shareholders.

And so look, I'm cautiously optimistic that we'll do a deal or 2 later this year and a deal or 2 next year that are sort of tuck-in and manageable in size. But look, if we don't, I won't apologize because we're not going to do them just to do them, and we're not going to overpay. We need to see the value.

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

Got it. We have a few minutes left. So maybe I'll ask two more questions. So the first one, Steve and Mike, either one, in terms of just the competitive environment, right? It doesn't feel like a lot of the players have changed. But clearly, each player seems to have their own PR efforts that talk about kind of this modernization and so forth. Maybe just from your perspective, from what you see day-to-day, if you could give us an update on what the competitive environment looks like.

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

Yes. Let me start, Mike, and then please add. Look, we have a huge amount of respect for our sort of traditional competitors. We think they've got a lot of great products and lots of talent. So we admire and respect them, and we enjoy competing with them. And one of the things that Mike and

I am doing is really sort of, I think, in hopefully a way trying to increase the competitive instincts of Thomson Reuters across our different businesses. So that's the first thing.

The second thing is we watch carefully the emerging players in our various spaces, in places like indirect tax and legal workflow software. We think there's a lot for us to learn more about those companies. But we have a plan here, and it's around the Change Program and focused very much on our customers. And we're confident that if we execute against that, we're going to be a leading business information services provider. And you'll be comparing us just as much to the true leaders in that space, the S&P Globals and so forth, as you will to some of our traditional competitors in legal and tax accounting.

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

Got it. And maybe just last question that I'll end with is, obviously, since you've announced it, I'm sure a majority of the questions are being directed to you at the Change Program and the changes that are being made. Is there any particular area that you feel people are underappreciating or not giving you the right credit you think you deserve at the moment?

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

Well, I'm interested in Frank and Mike's perspective because they are a lot longer than I am. But I think what Frank and Mike did was really lay it out in terms of here's what the program is and here's where it's focused. And maybe most importantly, for your clients, here's what we think the financial implications of that are going to be over 3 years. Very explicit, didn't leave a lot to the imagination, and that was our objective. Mike and I in our very first meeting sort of, we're just comparing notes about the way in which we like to go about things. And we both agreed we're not going to be cute. We're going to be really transparent and clear and all the way through. And I think Frank and Mike took that and really made sure that, that was a big part of the Change Program imprint.

So I think -- at least from my point of view, it seems to me that people have gotten it pretty well. They've sort of consumed that information in all its granularity. And a lot of the questions we get back, and I think really thoughtful, around where the degrees to -- where could we go faster, where are some of the opportunities and the reasons. And those are questions that we, of course, welcome.

Michael Eastwood - *Thomson Reuters Corporation - CFO*

Yes. Manav, my philosophy in regards to credit is you have to earn it. In regards to Q1, hopefully, we earned some chips with everyone. We'll continue to do that hopefully in Q2 and each quarter thereafter. And then when we identify potential assets that would help our customers and shareholders, we'll move quickly to acquire them and to add to our organic. But we'll let the results speak in regards to the credit and quite very, very confident in our team in regards to execution. And as we deliver on the top line, bottom line, free cash flow, we'll let everyone judge us based on that. But our confidence level is very high.

For '21 to '23, we're going to continue to make the organic investments that we need. We're going to continue to make the inorganic investments at the right time that are right for our customers and shareholders. And I think we're just in an enviable position in regards to the capital that we're going to have in the next 3, 4, 5 years, going to give us a lot of optionality to create a hell of a lot of value for our shareholders.

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

Got it. Well, I think we're out of time. So thank you, Steve, Mike and Frank. It sounds like clearly a lot of good change going on. And so looking forward to tracking the progress.

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

Thanks, Manav. Thanks for your time.

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

Thank you, everybody.

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

Bye-bye.

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