



# THOMSON REUTERS

## 2019 FIRST-QUARTER RESULTS

May 8, 2019

# Agenda

Welcome / Introduction

Frank Golden

First-Quarter 2019 Results

Jim Smith

Financial Review

Stephane Bello

Q & A

# Special Note

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

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 including, but not limited to, statements about the company's 2019 and 2020 outlook, its strategic priorities and initiatives, timing expectations for the company's planned sale of its Legal Managed Services business and Refinitiv's run-rate savings targets are forward-looking. 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 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 2018 annual report as well as 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 2019 and 2020. 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 2019 and 2020 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 our 2018 annual report and our earnings release dated May 8, 2019, which are available on [www.thomsonreuters.com](http://www.thomsonreuters.com), for a discussion of material assumptions related to our business outlook.

## Non-IFRS Financial Measures

This presentation contains disclosures of certain non-IFRS financial measures. These measures include adjusted EBITDA and the related margin, free cash flow, adjusted earnings and adjusted EPS, selected measures before the impact of currency and changes in revenues computed on an organic basis.

Please see our earnings release dated May 8, 2019, which is available on [www.thomsonreuters.com](http://www.thomsonreuters.com), for a reconciliation of each of these measures to the most directly comparable IFRS financial measure. You can also find IFRS reconciliations in the "Investor Relations" section of our website.

**THOMSON REUTERS**

**FIRST-QUARTER 2019 HIGHLIGHTS**

**JIM SMITH  
PRESIDENT & CEO**

# First Quarter 2019 – Consolidated Results

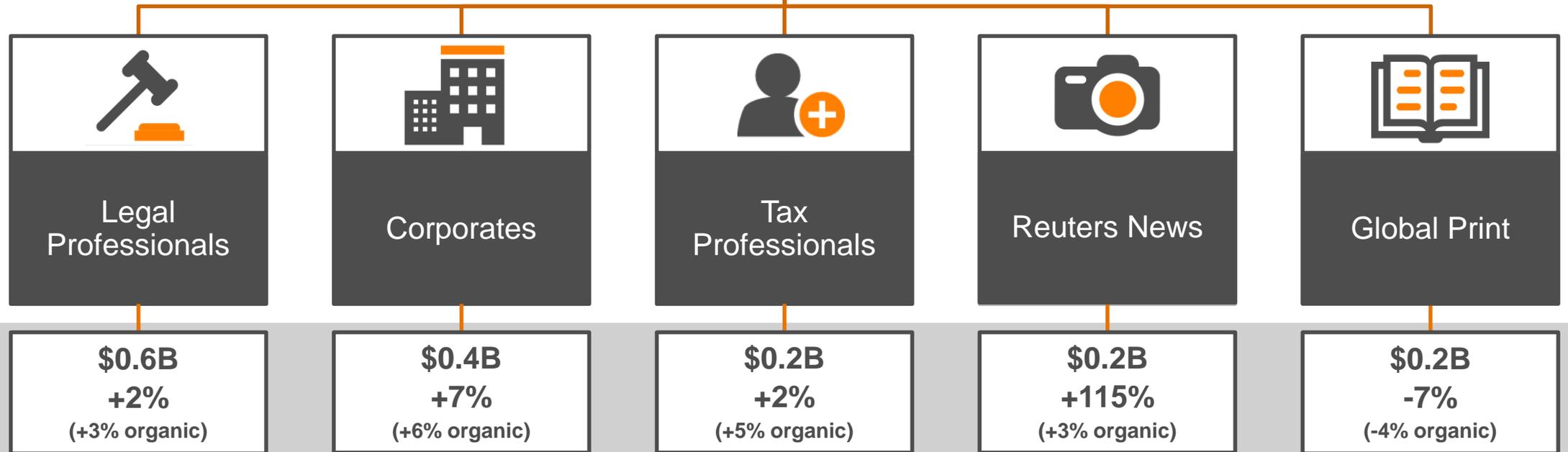
(Excludes Refinitiv)

	<b>Reported Results</b>	<b>Change at Constant Currency</b>	<b>Organic Growth</b>
Revenues vs prior-year period	Up 8%	Up 10%	Up 3%
Adjusted EBITDA	Down 8%	Down 8%	
<i>Q1 2019 Margin: 26.7%</i>	<i>Down 440 bp</i>	<i>Down 520 bp</i>	
Adjusted EPS	Up 29%	Up 25%	
<i>Q1 2019: \$0.36</i>	<i>Up \$0.08</i>	<i>Up \$0.07</i>	

**Affirming Full Year 2019 & 2020 Outlook**

# First-Quarter 2019 Revenue Growth by Segment

Reported Revenues up 8% to \$1.5 billion  
Organic revenues up 3%



79% of TRI revenues grew 4% organically

Recurring revenues grew 6% organically  
(85% of 3 Core segments)

# On Track Toward Achieving our 2019 – 2020 Outlook

## 2019 is off to a solid start

- Revenue growth tracking to plan with strong recurring revenue growth
- Strong Q1 net sales and building book-of-business
- Improving underlying margin trajectory from revenue flow through and efficiency initiatives

## Building on our strengths to achieve target revenue growth of 3.0% - 3.5% in 2019 / 3.5% - 4.5% in 2020

1. We are a leader in **highly valuable professional** markets that are **healthy, stable and growing**
2. Our customers **seek to leverage** technology and **look to us** for support and to partner
3. We are **experts at adding value** to content thanks to our legal, tax and regulatory domain specialists
4. We are **simplifying** - accelerating platform consolidations, adding new capabilities, sunsetting products and disposing of non-core businesses

# **FINANCIAL REVIEW**

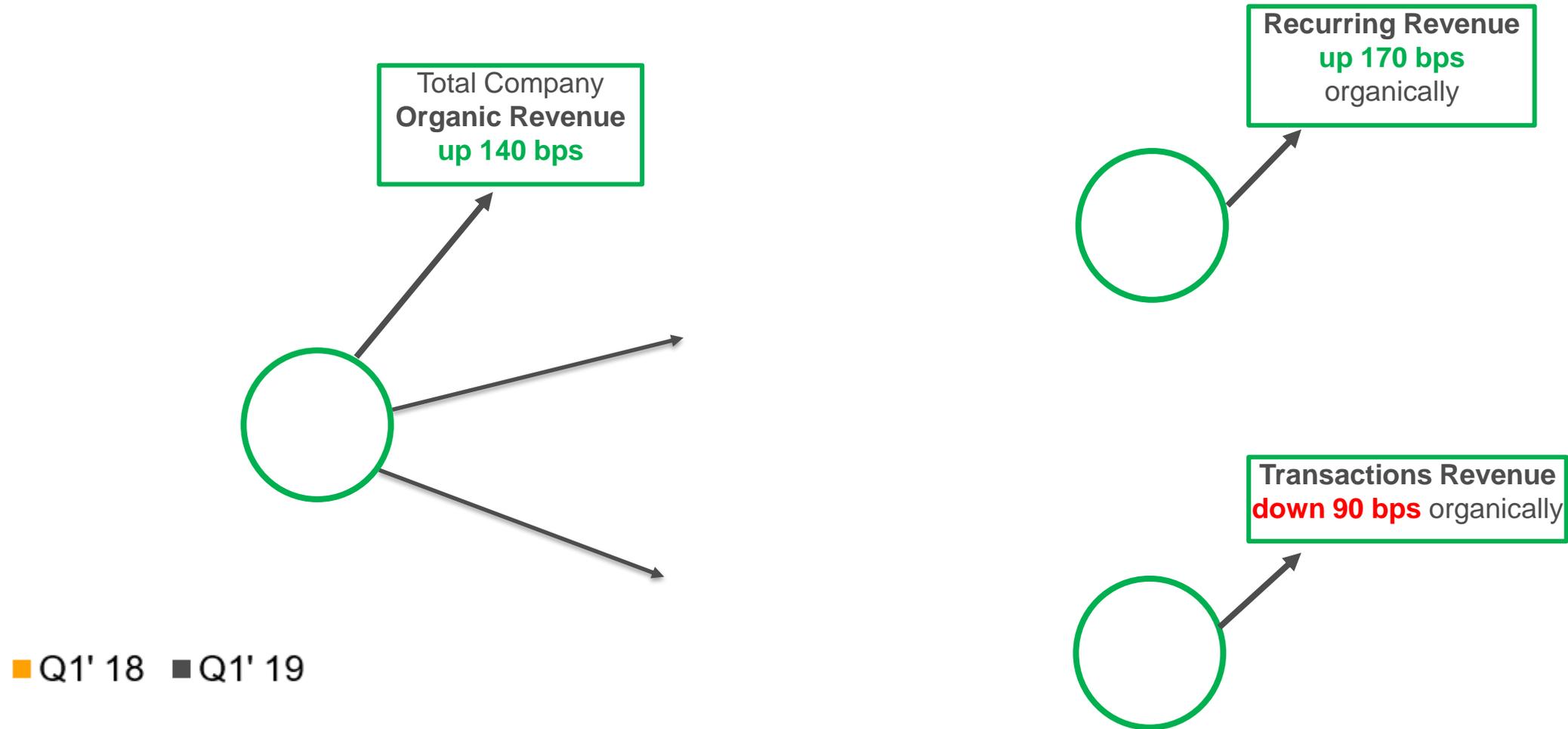
**STEPHANE BELLO**  
**CHIEF FINANCIAL OFFICER**

# Consolidated Results

(Excludes Refinitiv)

(\$ millions)	First-Quarter			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	1,487	1,379	+8%	+10%
<i>Recurring</i>	1,137	1,005	+13%	+15%
<i>Transactions</i>	186	198	-5%	-3%
<i>Global Print</i>	165	177	-7%	-4%
Adjusted EBITDA	397	430	-8%	-8%
<i>Adjusted EBITDA Margin</i>	<i>26.7%</i>	<i>31.1%</i>	<i>-440 bp</i>	<i>-520 bp</i>

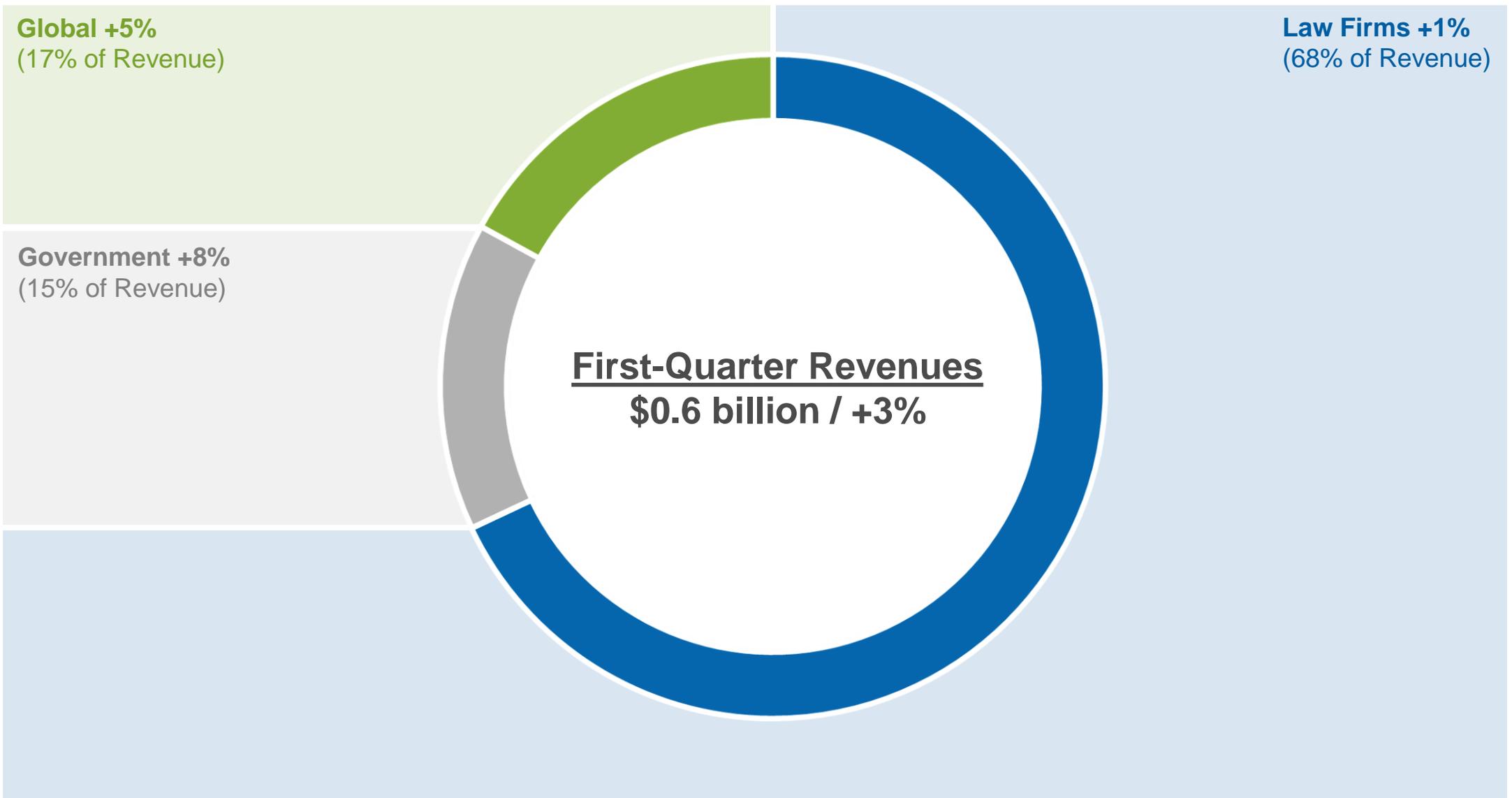
# First-Quarter 2019 vs. First-Quarter 2018 Organic Revenue Growth Details



# Legal Professionals

(\$ millions)	First-Quarter			Change Before Currency
	<u>2019</u>	<u>2018</u>	<u>Change</u>	
Revenues	594	585	+2%	+3%
<i>Recurring</i>	550	533	+3%	+4%
<i>Transactions</i>	44	52	-15%	-13%
Adjusted EBITDA	227	191	+19%	+19%
<i>Adjusted EBITDA Margin</i>	<i>38.2%</i>	<i>32.6%</i>	<i>+560 bp</i>	<i>+520 bp</i>

# Legal Professionals Revenues

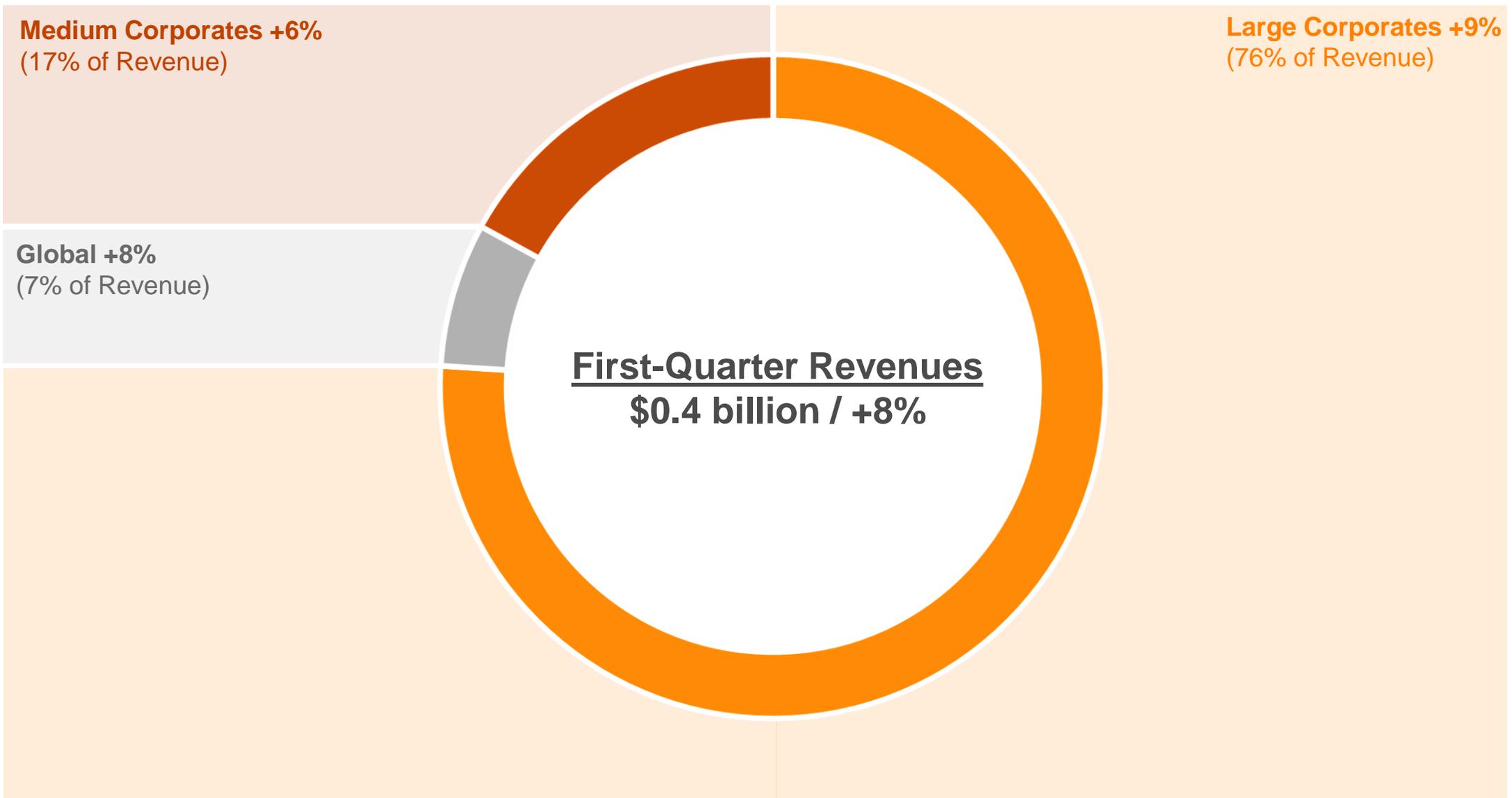


Above chart reflected at constant currency rates

# Corporates

(\$ millions)	First-Quarter			Change Before Currency
	<u>2019</u>	<u>2018</u>	<u>Change</u>	
Revenues	352	329	+7%	+8%
<i>Recurring</i>	269	243	+10%	+12%
<i>Transactions</i>	83	86	-3%	-2%
Adjusted EBITDA	118	111	+6%	+5%
<i>Adjusted EBITDA Margin</i>	<i>33.6%</i>	<i>33.8%</i>	<i>-20 bp</i>	<i>-90 bp</i>

# Corporates Revenues

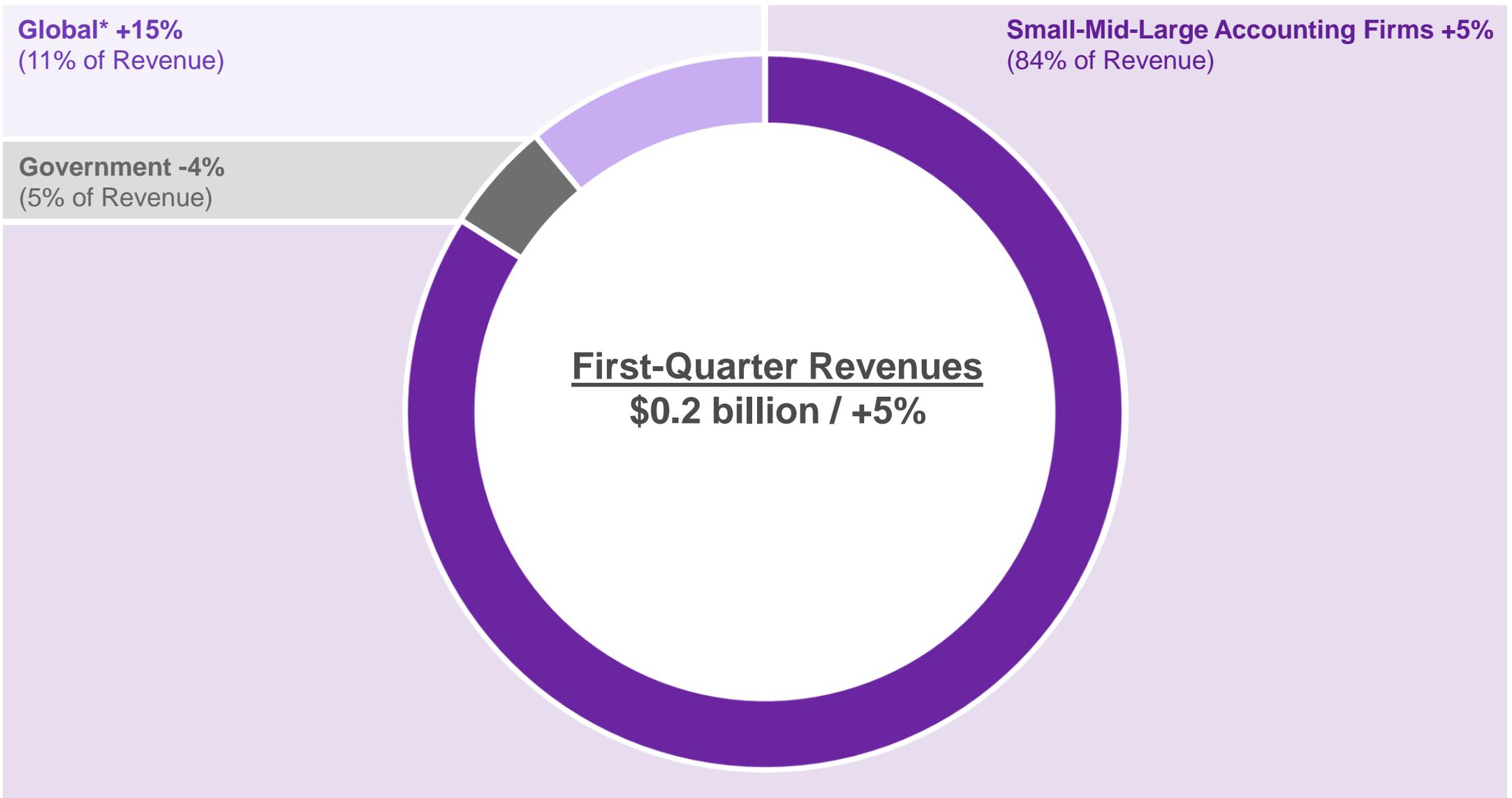


Above chart reflected at constant currency rates

# Tax Professionals

(\$ millions)	First-Quarter			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	222	217	+2%	+5%
<i>Recurring</i>	173	167	+4%	+7%
<i>Transactions</i>	49	50	-2%	+0%
Adjusted EBITDA	93	80	+16%	+21%
<i>Adjusted EBITDA Margin</i>	<i>41.9%</i>	<i>37.1%</i>	<i>+480 bp</i>	<i>+530 bp</i>

# Tax Professionals Revenues



Above chart reflected at constant currency rates

\*Global includes Latin America & Asia regions

# Reuters News

(\$ millions)	First-Quarter			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	155	72	+115%	+121%
Adjusted EBITDA	16	8	+97%	+82%
<i>Adjusted EBITDA Margin</i>	<i>10.3%</i>	<i>11.3%</i>	<i>-100 bp</i>	<i>-210 bp</i>

# Global Print

(\$ millions)

First-Quarter

	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	165	177	-7%	-4%
Adjusted EBITDA	74	81	-9%	-8%
<i>Adjusted EBITDA Margin</i>	<i>44.8%</i>	<i>45.7%</i>	<i>-90 bp</i>	<i>-180 bp</i>

# Refinitiv

(\$ millions)	First-Quarter			
	<u>2019</u> (Reported by Refinitiv)	<u>2018</u> (Reported by Thomson Reuters)	<u>Change</u>	Change Before Currency
Revenues	1,567	1,583	-1%	+3%
Adjusted EBITDA	557			
<i>Adjusted EBITDA Margin</i>	<i>35.5%</i>			
Capital Expenditures	\$132			
Free Cash Flow	(\$341)			
Debt Outstanding <sup>(1)</sup>	\$12,906			
Preferred Equity	\$1,073			

**ADJUSTED EARNINGS PER SHARE**

**FREE CASH FLOW**

**CORPORATE COSTS**

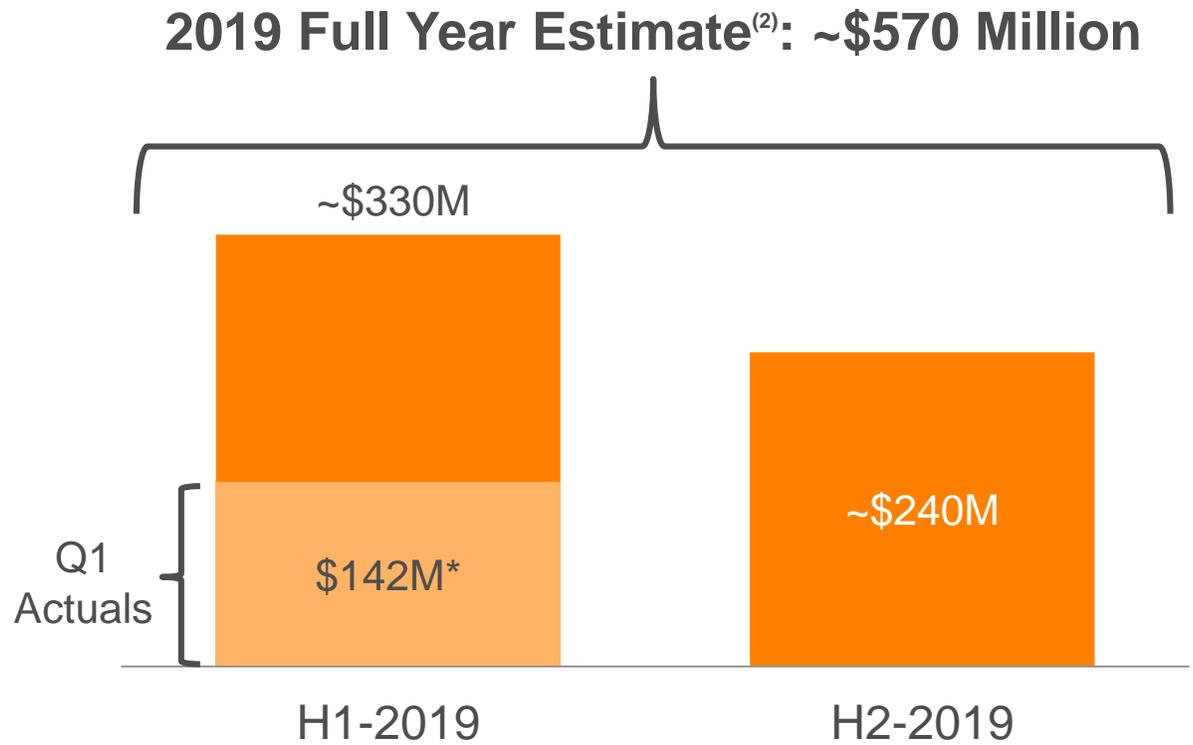
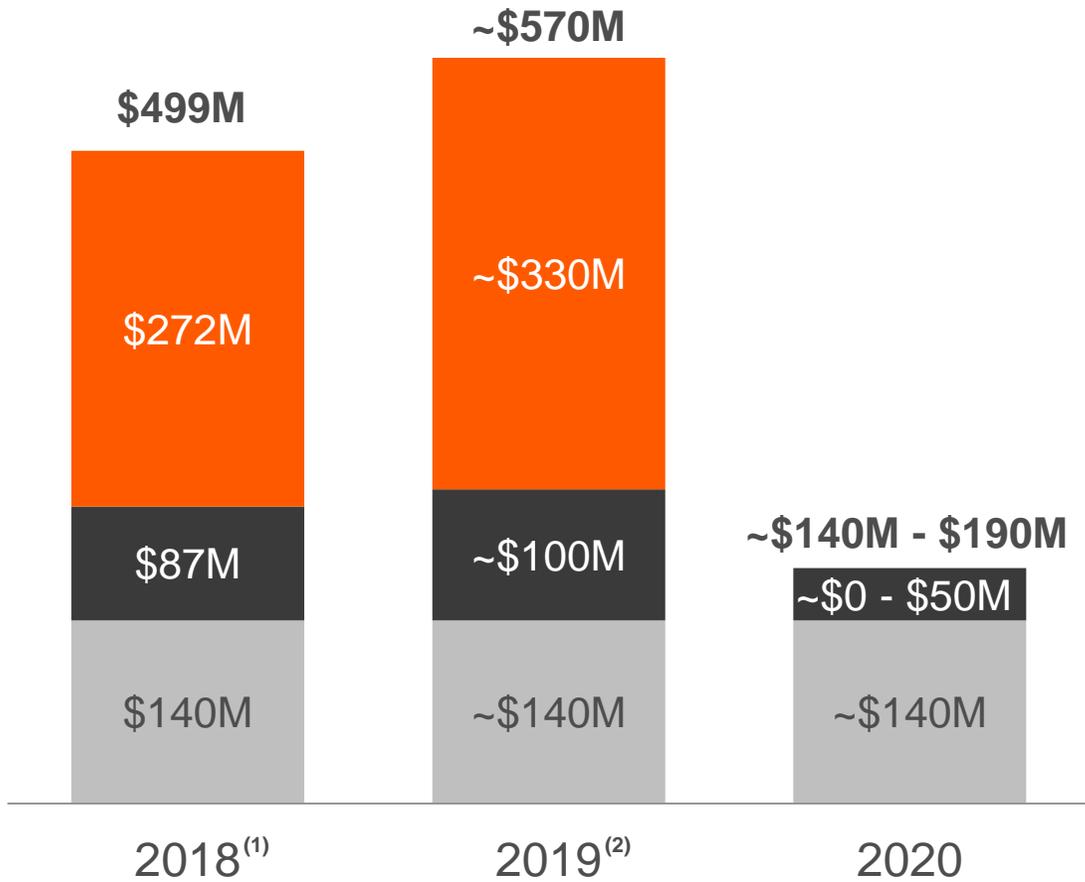
# Adjusted Earnings Per Share (EPS)

(\$ millions except per share amounts & share count)	First-Quarter		
	<u>2019</u>	<u>Change</u>	<u>% Change</u>
<b>Adjusted EBITDA</b>	<b>\$397</b>	<b>(\$33)</b>	
Depreciation & Amortization	(\$139)	(\$11)	
Interest Expense	(\$35)	\$43	
Income Tax	(\$41)	(\$15)	
Dividend declared on preference shares	(\$1)	\$0	
<b>Adjusted Earnings</b>	<b>\$181</b>	<b>(\$16)</b>	
<b>Adjusted EPS</b>	<b>\$0.36</b>	<b>\$0.08</b>	<b>+29%</b>
<i>Currency Impact</i>	<i>\$0.01</i>		
<i>Diluted Weighted Average Common Shares</i>	<i>503.6M</i>		

# Consolidated Free Cash Flow

(\$ millions)	First-Quarter		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
<b>Comparable Free Cash Flow (Continuing Operations)</b>	<b>\$159</b>	<b>\$30</b>	<b>\$129</b>
Other Items (Q1-19 pension contribution and F&R separation costs)	\$279	\$1	(\$278)
<b>Free Cash Flow (Continuing Operations)</b>	<b>(\$120)</b>	<b>\$29</b>	<b>(\$149)</b>
Free Cash Flow – Refinitiv related/F&R	(\$57)	\$91	(\$148)
<b>Free Cash Flow</b>	<b>(\$177)</b>	<b>\$120</b>	<b>(\$297)</b>

# Corporate Costs



■ One-Time Costs 
 ■ Stranded Costs 
 ■ Core Corporate Costs

Note: Q1 – Q3 2018 reflects a restatement of -\$8 million to segments from Corporate Center

(1) Includes \$33 million of Capital Expenditures

(2) Includes Capital Expenditures

\*Includes \$11 million of Capital expenditures

# Reaffirming 2019 & 2020 Outlook

	2018 Reported	2019 Outlook Before Currency	2020 Outlook Before Currency
Revenue Growth	4% <sup>(1)</sup>	7% - 8.5% <sup>(2)</sup>	3.5% - 4.5%
Adjusted EBITDA	\$1.4 billion (\$1.3 billion before currency)	\$1.4 - \$1.5 billion <sup>(3)</sup>	30.0% - 31.0% <sup>(3)</sup>
Corporate Costs	\$499 million	~\$570 million	\$140 - \$190 million
Core Corporate costs	\$140 million	~\$140 million	~\$140 million
Stranded costs	\$87 million	~\$100 million	~\$0 - \$50 million
One-Time costs	\$272 million	~\$330 million	-
Free Cash Flow	\$1.1 billion	\$0 - \$300 million	\$1.0 - \$1.2 billion
Capital Expenditures % of Revenue	~10%	~9%	7.5% - 8.0%
Depreciation & Amortization of computer software	\$510 million	\$600 - \$625 million <sup>(3)</sup>	TBD
Interest Expense (P&L)	\$260 million	\$150 - \$175 million	TBD
Effective Tax Rate on Adjusted Earnings	15%	16% - 19%	~20%

(1) 2018 Organic revenue growth was 2.5%.

(2) 2019 Organic revenue growth is expected to be 3% - 3.5%

(3) The impact of the new lease accounting standard (IFRS 16) is expected to increase both adjusted EBITDA and depreciation and amortization of computer software by an estimated \$40 million in 2019 and \$50 million in 2020 and is reflected in this Outlook. IFRS 16 has no impact on free cash flow.

# Q&A