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CORPORATE PARTICIPANTS

Gary Bisbee *Thomson Reuters Corp - Head of Investor Relations*

Steve Hasker *Thomson Reuters Corp - President, Chief Executive Officer, Director*

Michael Eastwood *Thomson Reuters Corp - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Scott Fletcher *CIBC World Markets Inc. - Analyst*

Tim Casey *BMO Capital Markets - Analyst*

George Tong *Goldman Sachs & Company, Inc. - Analyst*

PRESENTATION

Operator

Good day, everyone, and welcome to the Thomson-Reuters fourth-quarter earnings call. Today's conference is being recorded. At this time, I'd like to turn the call over to Gary Bisbee, Head of Investor Relations. Please go ahead.

Gary Bisbee - *Thomson Reuters Corp - Head of Investor Relations*

Thanks, Jenny. Good morning, and thank you all for joining us today for our fourth-quarter 2024 earnings call. I'm joined by our CEO, Steve Hasker; and our CFO, Mike Eastwood, each of whom will discuss our results and take your questions following their remarks.

(Event Instructions) Throughout today's presentation, when we compare performance period-on-period, we discuss revenue growth rates before currency as well as on an organic basis. We believe this provides the best basis to meter the underlying performance of our business.

Today's presentation contains forward-looking statements and non-IFRS and other supplementary financial measures discussed on this special note slide. Actual results may differ materially due to a number of risks and uncertainties discussed in reports and filings that we provide to regulatory agencies. You may access these documents on our website or by contacting our Investor Relations department.

Let me now turn it over to Steve Hasker.

Steve Hasker - *Thomson Reuters Corp - President, Chief Executive Officer, Director*

Thank you, Gary, and thanks to all of you for joining us today. 2024 was a year of continued progress at Thomson Reuters. So let me start by reviewing some of our key accomplishments. First, we delivered another year of good financial results, meeting or exceeding key financial targets. Full year organic revenue grew 7%, up from 6% in the prior year. The Big 3 segments also accelerated, growing 9% for the year versus 7% in 2023.

Amid organic and inorganic investments, our margins eased year-over-year, as expected, but came in modestly ahead of our expectations, and we delivered just over \$1.8 billion of free cash flow. We continue to see healthy momentum from many areas in our portfolio. Uptake of our generative AI offerings remains strong, with Westlaw Precision and CoCounsel momentum continuing. And we have many other products and regions delivering double-digit revenue growth, including Practical Law, Confirmations, SurePrep, Indirect Tax and our International businesses.

2024 saw significant and important progress from an innovation perspective as we continue to work to deliver on the product vision we shared at our 2024 Investor Day. We had several important product launches last year featuring generative AI capabilities, including CoCounsel 2.0, CoCounsel Drafting and Checkpoint Edge with CoCounsel. We also had dozens of other enhancements across the portfolio, and we're progressing with efforts to drive more seamless integration between our products.

We continued with our Build, Partner, Buy approach to investing in AI, including the strategic bolt-ons of Safe Sign and Materia, which bolstered AI capabilities for our Legal and Tax & Accounting businesses. All in, our investments in AI grew meaningfully to more than \$200 million in 2024, a pace we expect to continue in 2025 and beyond. This continued AI investment is included in our outlook and financial framework that Mike will discuss later.

Our capital capacity and liquidity remain a key asset that we are focused on deploying to create shareholder value, and we made strong progress on this during 2024. We completed the monetization of our LSEG stake in May, repurchased \$639 million of our shares and we'll raise our common dividend by 10% in 2025, the fourth consecutive year at this pace.

Since the beginning of 2024, we have invested approximately \$1.6 billion in five acquisitions, including Pagero and SafeSend. We also completed the FindLaw divestiture and sold two smaller non-core businesses in December. These moves bolster key franchises, improve the quality and growth prospects of our portfolio. Looking forward, our conviction around the medium-term growth potential for Thomson Reuters remains strong.

As Mike will discuss in more detail, we are guiding for organic revenue growth of 7% to 7.5% in 2025, and updating our financial framework for 2026 to 7.5% to 8%, an improvement over the 6.5% to 8% for 2025 and 2026 that we discussed one year ago. We're also raising the 2026 revenue growth targets for each of the Big 3 segments by 1% from our prior view.

Now to the results for the quarter. Fourth quarter organic revenues grew by 5%, organic recurring revenues grew 8% and transactions revenue decreased 4%, while print revenues declined 6% in line with expectations. A tough comparison at Reuters from significant transactional generative AI licensing revenue in the prior year impacted growth rates.

Adjusted EBITDA increased 2% to \$718 million, reflecting a 130 basis point margin decline to 37.6%. This lower profitability was expected and resulted from investments to position the company for improving growth and the difficult comparison at Reuters. As I previously mentioned, we achieved our full year 2024 EBITDA margin outlook.

Turning to the fourth quarter results by segment. The Big 3 segments delivered 8% organic revenue growth. This is the fifth consecutive quarter of 8% or better growth for the Big 3. Legal organic revenue grew 7%, driven by continued momentum from Westlaw Precision and CoCounsel. Corporates organic revenue grew 10%, driven by offerings from our Legal, Tax and Risk portfolios.

Tax & Accounting organic revenues grew 7%. Our Latin American business and tax compliance offerings were key contributors. Reuters News organic revenues declined 3% driven by the difficult comparison to the prior year period. Lastly, Global Print organic revenues met our expectations declining 6% year-on-year. In summary, we're pleased with our results.

Full year organic revenues grew 7%. Organic recurring and transactional revenue grew 8% and 10%, respectively, while print revenues declined 7%, in line with expectations. Adjusted EBITDA increased 4% to \$2.8 billion, yielding a margin of 38.2%. And adjusted earnings per share for the year was \$3.77, compared to \$3.51 per share in the prior year.

Let me finish on the results for the full year by noting we met or exceeded nearly all of our 2024 guidance metrics. A lone exception was the Big 3 adjusted EBITDA margin, which fell slightly short amid investments, including dilutive M&A and other higher incentive compensation based on the strong 2024 performance.

Now I'll spend a few minutes discussing our Tax & Accounting Professionals business, including the recent SafeSend acquisition. Our Tax & Accounting Professionals segment, which we refer to as TAP, is a great business that one could argue we haven't discussed enough with you.

It has been our fastest-growing segment for many years, driven by a large and attractive market opportunity, deeply embedded offerings and market leadership positions in both the US and Brazil. At our Investor Day last March, we detailed a favorable industry backdrop that benefits our TAP business.

CPA firms faced ongoing talent shortages, increasing regulatory complexity and growing demand, including for advisory services. This is fueling a relentless drive for efficiency and automation, and rising technology investments by our customers as they transform their practices.

Our organic product investments, M&A strategy and open ecosystem approach are focused squarely on helping our customers thrive in this complex environment by automating tax and audit workflows, bringing enhanced efficiency and freeing up time for higher value work.

One important aspect of Tax & Accounting growth has been its strong track record of M&A, as is illustrated through the success of Dominio, Confirmation and SurePrep acquisitions. In the 10, 5, and 2 years since we acquired these businesses, all three have compounded their revenue in excess of 20% growth annually.

Given this history of success, we are very excited about the latest additions to our TAP portfolio, Materia, which we discussed last quarter; and SafeSend, which we acquired on January 2. SafeSend is a best-in-class provider of tax workflow automation software. It's cloud-native SaaS offerings automate the last mile of the tax return workflow, including assembly, review, e-signature and secure delivery for both the individual and entity returns.

We see SafeSend as a compelling strategic fit that continues our tax automation strategy, building on the successful 2023 acquisition of SurePrep, which provides first-mile automation. Similar to SurePrep, SafeSend solves key pain points for our customers and their clients by eliminating time-consuming manual tasks through the use of modern software. We expect SafeSend to deliver approximately \$60 million of 2025 revenue (technical difficulty) fair value adjustment to acquired deferred revenue that Mike will discuss in a few minutes.

SafeSend is also solidly profitable for integration costs and expected growth investments. We're focused on executing our proven TR acquisition playbook to drive significant growth from SafeSend over time. Let me now discuss the forward product vision for our TAP business and why we remain bullish on its growth prospects. This slide shows key steps in the tax preparation workflow and how our offerings help with each step.

SurePrep and SafeSend have brought important first mile and last mile automation capabilities, which, in combination with our leading research and compliance software, allows us to provide a truly automated end-to-end tax workflow solution that is unmatched in the market.

The October acquisition of Materia, which has developed agentic and generative AI capabilities for tax, audit and accounting meaningfully accelerates our road map and will power CoCounsel for the TAP segment. We are especially excited about Materia's agentic capabilities, which we see as a key to enhancing and connecting our leading content and software offerings into a unified, automated, and intelligent customer experience across tax, audit and advisory workflows.

This provides several opportunities for further innovation that we believe will increase the value we provide to customers. In 2025, we expect to pilot a new review ready offering that brings significant automation to the tax workflow, addressing some of the most time consuming tasks for tax professionals and their clients. We also plan to introduce additional AI-powered audit automation capabilities, building on our 2020 launch of Border, Intelligence, Analyze.

As we free up our customers from manual value tasks, we plan to bring additional advisory capabilities, starting with tax planning later this year through our agentic AI assistant, that allows our customers to provide incremental value to their clients while generating additional revenue for their practices.

Looking forward, we have a number of growth opportunities to continue the strong item from our TAP franchise. This includes executing our M&A playbook on Materia and SafeSend, and delivering on a deep innovation road map across our tax and audit businesses, to both enhance existing capabilities and extend into new product categories like Advisory Services.

Our Dominio business in Brazil remains a key contributor, both as it grows its core offerings to CPAs and also introduces new adjacent capabilities. We're focused on executing against these opportunities, and believe our Tax & Accounting segment is positioned to continue double-digit revenue growth and strong profits over the next few years. I'll now turn it over to Mike to review our financial performance.

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Thanks, Steve. Thanks again, for joining us today. As a reminder, I will talk to revenue growth before currency and on an organic basis. Let me start by discussing the fourth quarter revenue performance for our Big 3 segments. Organic revenue grew 8% for the fourth quarter, continuing the trend of 8% or better growth we have delivered in recent quarters.

Legal Professionals organic revenue grew 7%. Key drivers from a product perspective remain Westlaw, CoCounsel, Practical Law and our International businesses. Government grew 4% in the quarter. Legal Professionals revenue growth continued to benefit from the migration of customers from a Global Print product to Westlaw. This added nearly \$5 million to year-over-year revenue growth in the quarter.

Our Corporate segment had another strong quarter with organic revenue growth of 10%. Recurring revenues grew 10%, while transactions rose 12%. Practical Law, Direct Tax, Indirect Tax, Pagero, Trust and our International businesses were key contributors.

Tax & Accounting organic revenue increased 7%. In addition to the expected impact of revenue mix seasonality, TAP's growth was also affected by the unfavorable revenue adjustment. This adjustment enacted growth by approximately 2% in the quarter. Recurring and transactions revenue grew 5% and 21%, respectively. Our Latin America business and UltraTax were key drivers.

Moving to Reuters News. Organic revenue decreased 3% for the quarter driven by a difficult comparison to the prior year period, which included \$18 million of generative AI-related transactional content licensing revenue. Adjusting for this, Reuters organic revenue increased approximately 6%.

On a full year basis, we have reported \$34 million of transactional revenue from the AI content licensing agreements, up from \$18 million in 2023. As a reminder, we will face difficult comparisons for Reuters and for total TR in the first quarter of 2025, as we lap \$25 million of transaction revenue that occurred in the first quarter of 2024.

Lastly, Global Print organic revenues declined 6% or 4% when excluding the impact of the migration of customers from a Global Print product to West Law. This was in line with our expectations. On a consolidated basis, fourth quarter organic revenues increased 5%.

At year-end, the percent of our annualized contract value, or ACV, from products that are GenAI enabled was 18%, up from 15% last quarter. As a reminder, we began to provide this metric with our Q3 results as a way to help you assess our success at bringing GenAI capabilities to our portfolio.

One point of the sequential increase resulted from divestitures being removed from the calculation with the remainder from growth, most notably at Westlaw Precision and CoCounsel. Turning to our profitability. Adjusted EBITDA for the Big 3 segments was \$648 million, up 4% from the prior year period with a 41.7% margin.

The lower year-over-year margin results from organic and inorganic investments we made in 2024 to position the company for improving profitable revenue growth, in addition to higher incentive compensation costs driven by 2024 performance. Moving to Reuters News. Adjusted EBITDA was \$45 million with a margin of 20.8%. Global Print's adjusted EBITDA was \$55 million with a margin of 38.2%. In aggregate, total company adjusted EBITDA was \$718 million, a 2% increase versus Q4 2023.

Earnings per share, adjusted EPS, was \$1.01 for the quarter versus \$0.98 in the prior year period. Currency had a \$0.02 positive impact on adjusted EPS in the quarter. Let me now turn to our free cash flow. For the full year 2024, our free cash flow was \$1.83 billion, meeting our approximately \$1.8 billion outlook. The slight year-over-year decline in free cash flow resulted from higher cash taxes and CapEx, and lower LSEG dividends as we had previewed at the beginning of the year.

I will now provide an update on our capital structure and several capital allocation items. From a liquidity and capital structure standpoint, we remain in an enviable position with below target leverage and healthy cash flow. This strong financial position is illustrated by our December 31 capitalization.

We had \$2 billion of cash on hand at year-end. We have an undrawn \$2 billion revolving credit facility and also have \$2 billion available for issuance under our commercial paper program. Our December 31 leverage ratio was 0.4 times, below our 2.5 times internal target, as noted in our value creation model.

When we pro forma for the \$600 million of cash paid on January 2 to complete the SafeSend acquisition, our leverage remains well below our target at 0.6 times. And we continue to estimate approximately \$10 billion of capital capacity through 2027 after accounting for the SafeSend acquisition.

We remain focused on value creation and we expect to continue with our balanced capital allocation approach that includes annual dividend growth, strategic M&A and capital returns. We have ample capacity to pursue all three of these strategies in 2025 and beyond.

In the first half of 2024, we acquired \$639 million of our shares, completing the \$1 billion NCIB we had announced in November 2023. For the year, we returned 87% of our 2024 free cash flow through dividends and buybacks, meeting the 75% return commitment we made last February. Our focus since completing the NCIB has been on strategic M&A, and we are excited about the Safe Sign, Materia and SafeSend acquisitions.

While strategic M&A remains a key focus, we are likely to repurchase shares in the future which along with our dividend, would allow us to deliver to the 75% capital return we discussed at the 2024 Investor Day. And finally, today, we announced a 10% increase in our annual dividend to \$2.38 per share, up \$0.22 from \$2.16 in 2024. This marks the 32nd consecutive year of annual dividend increases for the company and the fourth consecutive 10% increase. The increase will be effective with our Q1 dividend payable next month.

I will conclude with a few thoughts on the financial impact of recent M&A and our outlook. As Steve mentioned, we closed the SafeSend acquisition on January 2. We expect SafeSend to deliver approximately \$60 million of revenue in 2025. However, due to the timing of their collections, there is a meaningful fair value adjustment to acquire deferred revenue. We estimate this haircut will reduce the reported revenue in 2025 by approximately \$22 million.

As a reminder, we add back this haircut to our adjusted profit metrics, and it is excluded from our organic revenue growth calculation. We already have been recognizing the approximately \$5 million of revenue from commission-sharing agreement with our partnership with SafeSend. As a result of these two items, we expect the acquisition to add approximately \$30 million to \$35 million of incremental revenue in 2025, rising in 2026 as the deferred revenue haircut is lapped.

SafeSend is solidly profitable, though with expected integration costs and investments, we expect it to be roughly neutral to adjusted EBITDA this year. We expect healthy profits from the business in 2026, with its margins rising towards the overall TR level over the next few years.

Moving beyond SafeSend, I am happy to confirm the FindLaw divestiture closed on December 2. Note, we also completed two much smaller divestitures at year-end, both in Corporates, which contributed approximately \$30 million to full year 2024 revenue. Lastly, following the success of our Thomson Reuters Ventures team, I am pleased to announce we will be launching a \$150 million second fund.

Now I will turn to our outlook. Starting with 2025, we forecast organic revenue growth in a range of 7% to 7.5%. We see total revenue growth of 3% to 3.5%, below the organic growth rate, primarily due to the FindLaw divestiture. We see the Big 3 segments growing revenue by approximately 9%, which is at the high end of the framework we provided last February, or 8% to 9% growth in 2025 and 2026.

Our outlook calls for continued modest organic revenue growth acceleration again in 2025. This acceleration will be driven by underlying improvement from our GenAI initiatives, scaling revenue from acquisitions and a slight benefit from the FindLaw divestiture.

These tailwinds more than offset a tough comparison from the meaningful GenAI content licensing transactional revenue of \$34 million earned in 2024. This tough comp is expected to be a roughly 50 basis point drag to our year-over-year revenue growth in 2025.

We are forecasting a 2025 adjusted EBITDA margin of approximately 39%, up 75 basis points from 38.2% in 2024 and in line with our prior outlook. The improving profitability comes despite continued investment, including dilution we have absorbed from the strategic tuck-ins of Safe Sign, Materia and SafeSend.

As I mentioned last quarter, we expect our effective tax rate to rise this year from approximately 18% in 2024 due to the full impact of the global minimum tax regulations. We have refined our forecast and now expect a 2025 and 2026 tax rate of approximately 19% from the prior 19% to 19.5% view. We continue to expect our cash tax rate to be approximately 5% below this book tax rate.

Moving to capital intensity. We see 2025 accrued CapEx as a percent of revenue of approximately 8%, down slightly from 2024, but broadly in line with the trend in recent years. This level of investment is supportive of our continued focus on investing in product innovation as we strive to deliver stronger revenue growth.

We expect 2025 free cash flow to be approximately \$1.9 billion, up modestly from 2024, as growing profitability and stable capital intensity more than offset higher cash taxes, the impact of the FindLaw divestiture and higher incentive compensation based on 2024 performance.

Looking beyond 2025, we have sharpened our financial framework for 2026 and now see organic revenue growth of 7.5% to 8%, driven by Big 3 growth of approximately 9.5%. This is the upper end of prior 6.5% to 8% range for total TR and above the prior 8% to 9% range for the Big 3.

We continue to expect 50 basis points or more of adjusted EBITDA margin expansion in 2026. I would note this is an organic outlook and could be affected by future M&A. We expect our capital intensity to remain at approximately 8%, and we continue to expect our free cash flow to be in a range of \$2 billion to \$2.1 billion in 2026. This is in line with our initial view provided last February, despite the FindLaw divestiture reducing our free cash flow.

I would also like to provide an update on the 2026 organic revenue growth targets that our Big 3 segments provided at our 2024 Investor Day. We are raising the initial ranges for each of the Big 3 segments by 1%, and now see 2026 Legal Professionals growth of 8% to 9%, Corporates of 9% to 11%, and Tax & Accounting Professionals of 11% to 13%.

Turning to the first quarter, we expect organic revenue growth in the range of 5% to 6% and our adjusted EBITDA margin to be approximately 40%. As a reminder, Q1 revenue growth will be impacted by more than 1% from a tough comparison driven by \$25 million of orders generative AI transactional content licensing revenue recognized in the first quarter of 2024.

Let me now turn it back to Gary for questions.

QUESTIONS AND ANSWERS

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Thanks, Mike. Jenny, we'd like to begin the Q&A session.

Operator

Thank you. (Operator Instructions)

Scott Fletcher, CIBC.

Scott Fletcher - *CIBC World Markets Inc. - Analyst*

Hi, good morning, thanks for the details on the 2025 and 2026, outlooks. I want to ask on the '26 outlook, you're taking the organic growth numbers up 1% in each of the segments. Can you just dig into what's giving you the confidence to take those numbers up?

Michael Eastwood - *Thomson Reuters Corp - Chief Financial Officer*

Sure, Scott. I'm happy to start there. Certainly, the foundation is the performance in 2024. That 2024 performance is not only the revenue, but more importantly, as we look into '25 and '26 is the underlying book of business or net sales. We're very pleased with the overall book of business and net sales for each of the Big 3 segments as we closed out December.

As I've been saying in prior calls, Scott, Q4 in December is always a heavy quota period for us, and each of our teams did a terrific job there. You couple that in regards to the overall demand and what our customers are needing and seeking, especially in this GenAI enabled world, we're quite optimistic with it. Certainly, take nothing for granted with it. But coupled with our underlying results in 2024 book of business, our forecast for 2025, both sales and renewals and ongoing conversations with our customers, those are the level of optimism. Steve?

Steve Hasker - *Thomson Reuters Corp - President, Chief Executive Officer, Director*

Well said, Mike.

Scott Fletcher - *CIBC World Markets Inc. - Analyst*

Okay thanks. And then sort of a follow-up on the GenAI piece of that adoption. Can you sort of give us has anything changed since we spoke last in terms of what customers are looking for, what they're reacting to positively as they sort of take a look get a better look at your product suite?

Steve Hasker - *Thomson Reuters Corp - President, Chief Executive Officer, Director*

Scott, no. We continue to be pleased with the adoption of our GenAI products and our translation of those into revenue growth. So specifically, as we've talked about, Westlaw Precision AI ACV is now up above 40%. CoCounsel and CoCounsel Drafting adoption has been exciting for us since we launched and improved those products.

And GenAI, more broadly across our customer segment, sits at about adoptions sits about 18% of the ACV book of business, and that's picked up from the last time we reported out. So for each of our GenAI offerings, we like the trajectory and the customer uptake and the feedback we're getting. The only sort of additional color I'd provide is, as we said at our Investor Day in March of last year, the thing that's uncertain is the sort of broader pace of change management within the professional services that we serve.

In terms of them morphing their business models and broadly adopting technologies, changing their practices, that remains a work on for most of our customers. Some are moving very quickly. Some are more cautious. And so I don't think we have full visibility into sort of what that broader adoption curve looks like. But certainly, as I said, for the specific offerings that we've put into the marketplace, we're very pleased with the traction take and the trajectory of those offerings.

Michael Eastwood - *Thomson Reuters Corp - Chief Financial Officer*

Scott, I would just supplement. If you look at the adoption products Steve mentioned, and I would just add Checkpoint with Coke CoCounsel in the market, we're pleased with the adoption. And to further supplement that were incremental investments in 2025 and what we refer to as customer success, who will work directly with our customers on the adoption and usage of our GenAI-enabled products.

Scott Fletcher - *CIBC World Markets Inc. - Analyst*

Okay, great color. I appreciate it.

Steve Hasker - *Thomson Reuters Corp - President, Chief Executive Officer, Director*

Thanks, Scott.

Operator

Tim Casey, BMO.

Tim Casey - *BMO Capital Markets - Analyst*

Thanks. Steve, could you talk a little bit about if you're seeing any or expecting any increased demands given what appears to be an accelerated pace of change from the new administration in Washington? I realize we're in the usual cycle and every new administration brings change. But I'm wondering if you think that is going to be at an accelerated pace and that will work its way back to demand for you?

And second question is you've talked about 2025 as a year of execution, that there's items that you would like to do better at internally. And I'm just wondering how you'll measure success on that initiative in 2025. Thank you.

Steve Hasker - *Thomson Reuters Corp - President, Chief Executive Officer, Director*

Yeah, thanks, Tim. Appreciate the questions. So look, we're cautiously optimistic that as we always are when there's a change of administration and a whole slew of you new rules and regulations and stance toward taxation and global trade and so forth. So I would say cautiously optimistic, but it is too early to tell. I think similar to the other folks that you follow, we're all sort of in that stance of understanding how this is going to play out.

But certainly, as an example, our offerings in and around global trade, a very, very important for companies that have a changing tariff environment. Our content in and around taxation schema in various countries is critical to Tax & Accounting Professionals as they serve their clients in a changing environment. And then the sort of broader offerings that we serve the US government and certainly on issues of security, we see some potential there.

So I would say, yes, Tim, but too early to tell. In terms of better execution, we are very focused, as you know, for example, customer success, supporting our software offerings across the portfolio. We're very focused on increasing our rate of product innovation. And we're very focused on rolling GenAI out across our entire employee base and being able to improve the productivity and efficiency of everything we do.

We're going to apply the same sort of rigor of execution in each of those, amongst others, that we have been in the change program. So as you know, Kirsty Roth oversaw that program, and this is world-class at sort of putting the right metrics in place and holding each and every one of us accountable. And Mary Alice Vuicic will support that process in her role as Chief People Officer.

So it's really the same playbook for us as we think about executing in 2025 and beyond as it was in '21 and '22. And we've got a bit of confidence around that. I hope not over-confidence, but we've got some confidence that we'll keep each other accountable and make the improvements that we need to make.

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah, Tim, I would just add two additional items in that year of execution and laser focus. Certainly, our retention is, which is not a new topic for us. And also solutions selling, which is being led by Laura Clayton, McDonnell, who leads our Corporates segment. That applies across TR, but she's been the leader there.

Tim Casey - BMO Capital Markets - Analyst

Thank you.

Operator

George Tong, Goldman Sachs.

George Tong - Goldman Sachs & Company, Inc. - Analyst

Hi, thanks, good morning. You've talked about in the past the goal to drive an acceleration in Legal organic revenue growth. Can you just elaborate on some of the traction you're seeing with that acceleration? I know with rounding and reporting, it's difficult to see just based on reported numbers of 7%. But talk about that and how you expect the acceleration curve to play out over the next one to two years?

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Sure, George. Happy to start there. Certainly, in Q4 and in the second semester of 2024, on a rounded basis, Legal Professionals was stable at 7%. We did see a modest improvement in the recurring revenue with Legal Professionals. Full transparency, there were two drags to Legal Professionals organic revenue in Q4.

First, we had a slight decrease in transactional revenue. Second, we did sunset two small products. But if you look at it in the big and take a step back, excluding the impact of migrating that global print product to online, year-over-year, Legal Professionals improved 40 basis points in Q4 '24 versus Q4 '23. And on a full year basis, it's about 95 basis points improvement, call it, 100 basis points year-over-year. So that provides momentum. That provides confidence.

Certainly, as we go into 2025, we're optimistic Legal revenue growth will continue to accelerate in 2025, really driven by some of the points Steve mentioned earlier with our GenAI offerings and the continued adoption of the Westlaw Precision an AI-enabled product. I think Steve mentioned 40%-plus. I'll be a little more precise, 43% penetration there, which is very comparable. If you go back to the Westlaw Edge product, on a time line basis, it's very comparable and with regards to adoption. So more runway there, George.

George Tong - Goldman Sachs & Company, Inc. - Analyst

That's helpful context. And then your Corporates segment has now sustained double-digit growth for several quarters. Can you talk about the sustainability of that growth trajectory and what you think are the top tailwinds that should sort it?

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah, I'll start with the leadership there within Corporates with Laura Clayton, McDonnell, who I just mentioned, did an amazing job leading the group. In 2024, we had 300 basis points improvement in Corporates, going from 7% organic in 2023, up 10%. Given, George, that we increased the 2026 range earlier in my prepared remarks, our confidence remains in that sustainability.

From our perspective, there's no meaningful change in the external environment. We talked many quarters ago about the prolonged sales cycle. Has the external environment changed meaningfully? Probably not. What has changed is Laura's leadership in driving the internal operational improvement, which includes really rigorous daily management of our sales pipeline, improved connections with our customers.

Additionally, George, you'll remember that we acquired Pagero, one year ago, so we did get modest benefit in 2024 from the Pagero acquisition, that will continue into 2025. So we're quite confident and optimistic on the continued trajectory of the corporate segment.

George Tong - *Goldman Sachs & Company, Inc. - Analyst*

Very helpful. Thank you.

Steve Hasker - *Thomson Reuters Corp - President, Chief Executive Officer, Director*

Yeah. Thanks, George.

Operator

Jason Haas, Wells Fargo.

Unidentified Participant

Hey, good morning. This is [Audie] on for Jason Haas. Thanks for taking our questions. I appreciate the color you guys gave around the ACV penetration across total TR and then for the Westlaw. Can you just give us a sense for how your ACV penetration varies across the different client sizes? And then just any sort of update on your ability to price with these GenAI products, level of pricing that you guys have taken historically? Thanks.

Michael Eastwood - *Thomson Reuters Corp - Chief Financial Officer*

Sure. If you look at the -- I'll call it, the life cycle kind of value change in regards to the launches, when we launch something like Westlaw Precision, normally the penetration is strongest and earliest with what we refer to as our large law within Legal Professionals. As a reminder, we break it between large law, medium law, small law based on the number of attorneys and the given firm.

So we have consistently historically, and even now with Westlaw Precision and GenAI enhancement, we see adoption and penetration first in the largest law firms. That's holding through today, followed by mid-law and small wall. So we do follow the penetration curves and adoptions by a subsegment and then even a more granular level there. So again, that's very consistent with what we saw with the Westlaw Edge adoption.

What we're seeing now with some of the GenAI-enabled products, you'll see a smoother adoption across the different sizes of the firms, and it's not as much differentiated with the newer products. Steve, you want to add?

Steve Hasker - *Thomson Reuters Corp - President, Chief Executive Officer, Director*

Just to add to that. I mean I think the we're sort of cautiously optimistic, and I think we're seeing positive signs in the marketplace around the pricing, the ability to sort of get more price from our GenAI offerings. And one of the primary reasons for that is they enable us to play an expanded role in the success of our customers. So let me give you a couple of examples.

If you think about Westlaw Edge, Westlaw Edge Precision, one of the big innovations that Mike Dahn has driven he's the, as you know, the product leader for the Westlaw franchise. One of the big things done, he and his team have done, is to extend to the Westlaw Precision AI research framework. So in other words, instead of providing the synthesized and most accurate list relevant case law, the product now, which is a first draft for the reseller, so that's an big role for us.

That's a big time saver for litigators and legal researchers, and enables us to drive more value within our customer base. That's one example. The extension of [Practical Law] among other tools into drafting is another example. Previously, haven't been in the drafting space. And obviously drafting is very important for legal practitioners.

So that enables us to charge accordingly. And then on the Tax & Accounting side with the acquisition of Materia, as I mentioned in my prepared remarks, our customer base is looking to automate every piece of the tax accounting workflow or the tax preparation workflow that they can in order to meet increasing demand from their clients to provide advisory services. And so Materia is a key piece of enabling us to play an expanded role in that growth that tax accounting practitioners will experience. And that's the basis on which we're able to increased our prices in sensible ways.

Unidentified Participant

Got it, appreciate the color there. It's super helpful. And then just had a follow-up on the back of some of the comments you guys gave earlier for your expectations under the new administration. Can you maybe just remind us, of your government exposure, both within Legal and I think maybe some Print, and sort of why you guys would or wouldn't be concerned about this business under the new administration with DOGE? Thank you.

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah, I think if you look at our Government business, overall, we'll approach nearly \$600 million in revenue for full year 2024. If you look forward, we're looking at about 8% organic growth, would be our expectations for 2025 and 2026. As a reminder, if you look at the Government business, it is great diverse in regards to the product offering that we provide our government customers, which are at the federal, state and local level. By far, the largest portion of that is within Westlaw, our legal research product offering there.

We also have a sizable position of Print within Government business. And we also have our Thomson Reuters Special Services business that is a component there, along with our Risk, Fraud & Compliance with CLEAR. So we have quite a diverse product portfolio offerings within Government overall. So hopefully, that's helpful.

Unidentified Participant

Yes, it's definitely helpful. And congrats on the strong results and updated forward outlook.

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Thank you.

Operator

(Operator Instructions)

And I have no questions in the queue at this moment.

Steve Hasker - Thomson Reuters Corp - President, Chief Executive Officer, Director

All right. Thanks, everyone. Thank you.

Operator

And this will conclude today's call. Thank you for your participation. You may now disconnect.

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