

Thomson Reuters **2023 Second-Quarter** **Results**

August 2, 2023



Agenda

- **Welcome / Introduction**

Gary Bisbee

- **Second-Quarter 2023 Highlights**
Generative AI Update, TR Labs Review

Steve Hasker

- **Financial Review**
Second-Quarter 2023 Results
2023 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 2023 outlook 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 monetization of its investment in LSEG, the company's expectations regarding its liquidity and capital resources and statements regarding the proposed Casetext transaction. 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 2023. 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 first quarter 2023 management's discussion and analysis and our earnings release dated August 2, 2023, each of which is available on www.tr.com, for a discussion of material assumptions and material risks related to our business outlook.

Non-IFRS Financial Measures

This presentation contains disclosures of certain non-IFRS financial measures. These measures include adjusted EBITDA (other than at the customer segment level) and the related margin, free cash flow, adjusted earnings, adjusted EPS, effective tax rate on adjusted earnings, accrued capital expenditures expressed as a percentage of revenues, 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 August 2, 2023, which is available on www.tr.com, for a reconciliation of each of Thomson Reuters' measures to the most directly comparable IFRS financial measure. You can also find IFRS reconciliations for ROIC in the MD&A section of the company's previously filed annual reports.



THOMSON REUTERS

**Second-Quarter 2023
Highlights**

**Steve Hasker
President & CEO**

Second-Quarter 2023 Highlights

1. Solid Q2 broadly meets expectations

- Q2 organic revenue growth of 5%, driven by 6% recurring revenue growth; “Big 3” Business Segments (Legal, Corporates and Tax & Accounting) revenues grew 7% organically
- Q2 adjusted EBITDA margin upside largely driven by expense timing, which is expected to normalize in 2H23

2. Based on Q2 performance, maintained FY 2023 outlook for organic revenue, adjusted EBITDA margin and free cash flow

- Tax rate, interest expense and accrued capex as a % of revenue outlooks are updated; all other metrics are unchanged

3. Generative AI ‘Build, Partner, Buy’ momentum continues with Microsoft collaboration, Casetext acquisition

- May 2 – Announced **organic build** strategy supported by \$100M+ annual investment commitment to bring GenAI to our markets
- May 23 – Announced collaboration with **Microsoft** to deliver Legal contract drafting solution leveraging Westlaw, Practical Law and Document Intelligence
- June 26 – Announced intention to acquire **Casetext** to accelerate our GenAI progress and expand our market potential

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

- Sold approximately 15.5M shares of LSEG in Q2 for gross proceeds of approximately \$1.6B
- Completed \$2.0B return of capital transaction (with concurrent share consolidation) in late June, reducing share count by 15.8M (3.4%)
- Announced intention to acquire Casetext for \$650M; Completed sale of majority stake in Elite to TPG at a firm value of \$500 million

5. Maintain leadership Positions in Historically Stable & Attractive Markets

- Resilient business with ~80% Recurring Revenue; Change Program benefits bolstering financial results

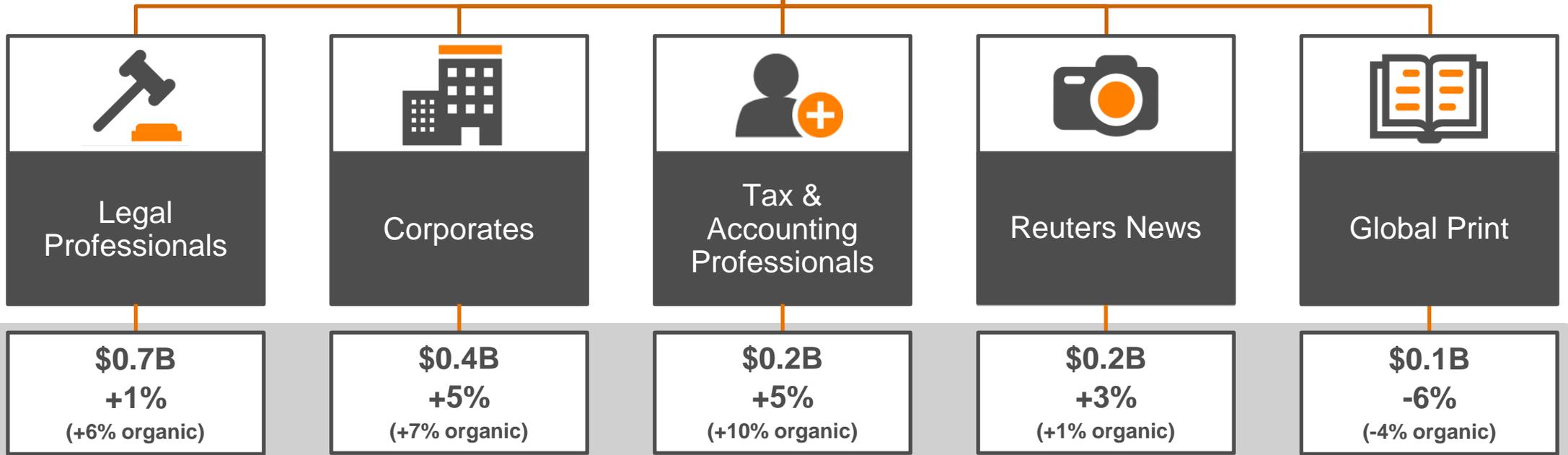
Second-Quarter 2023 Consolidated Results

IFRS Financial Measures (\$ millions)	2023	2022	Change
Revenues	\$1,647	\$1,614	Up 2%
Operating profit	\$825	\$391	Up 111%
Diluted earnings per share (EPS)	\$1.90	\$(0.24)	n/m
Cash flow from operations	\$695	\$433	Up 59%

Non-IFRS Financial Measures (\$ millions)	2023	2022	Change	Change at Constant Currency	Organic Growth
Revenues	\$1,647	\$1,614	Up 2%	Up 2%	Up 5%
Adjusted EBITDA	\$662	\$561	Up 18%	Up 18%	
<i>Adjusted EBITDA margin</i>	<i>40.1%</i>	<i>34.7%</i>	<i>Up 540 bps</i>	<i>Up 530 bps</i>	
Adjusted EPS	\$0.84	\$0.60	Up 40%	Up 40%	
Free cash flow	\$596	\$342	Up 74%		

Second-Quarter 2023 Revenue Growth by Segment

Reported revenues up 2% to \$1.6 billion
Organic revenues up 5%
Organic recurring revenues up 6%



“Big 3” grew 7% organically (81% total revenues)



Generative AI Update, TR Labs Review

Generative AI Strategy at Thomson Reuters

Redefining Work With Generative AI:

Provide Transformative Value

Increase Customer Efficiency

Deliver Exceptional Customer Experiences

1

Build

Embed Generative AI in TR solutions

THOMSON REUTERS
WESTLAW

THOMSON REUTERS
PRACTICAL LAW

THOMSON REUTERS
CHECKPOINT

THOMSON REUTERS
HighQ

2

Partner

Work with trusted companies to advance Generative AI for the benefit of professionals

Microsoft 365
Copilot

THOMSON REUTERS
VENTURES

3

Buy

Acquire leading AI-powered solutions

casetext

CoCounsel

SurePrep[®] THOMSON REUTERS
Part of Thomson Reuters DOCUMENT INTELLIGENCE

Underpinned by TR's Competitive Advantages

Authoritative,
Trusted Content

Subject
Matter Expertise

Distribution
Footprint

World-Class
AI Talent

\$100M+ Organic AI
Investment per Year

M&A Capital Focus
on AI

TR Labs – AI Ingenuity by Thomson Reuters

TR Labs - Who we are & what we do:

Who AI and Emerging Technology Innovation Accelerator for Thomson Reuters

What Center of expertise for R&D, evaluation and implementation of AI Solutions

Why Help our customers, stay ahead in an ever-changing world with tools and human expertise enhanced by AI ingenuity.

Talent by Function

44% 
AI and Applied Research Scientist

41% 
AI and Applied Research Engineer

8% 
Program & Innovation Lead

7% 
Human Centred AI Design

25% have a PhD

~50% have Master's degrees

29 Patents awarded since 2020

39 External research papers published since 2020

Global Labs Locations

 Toronto

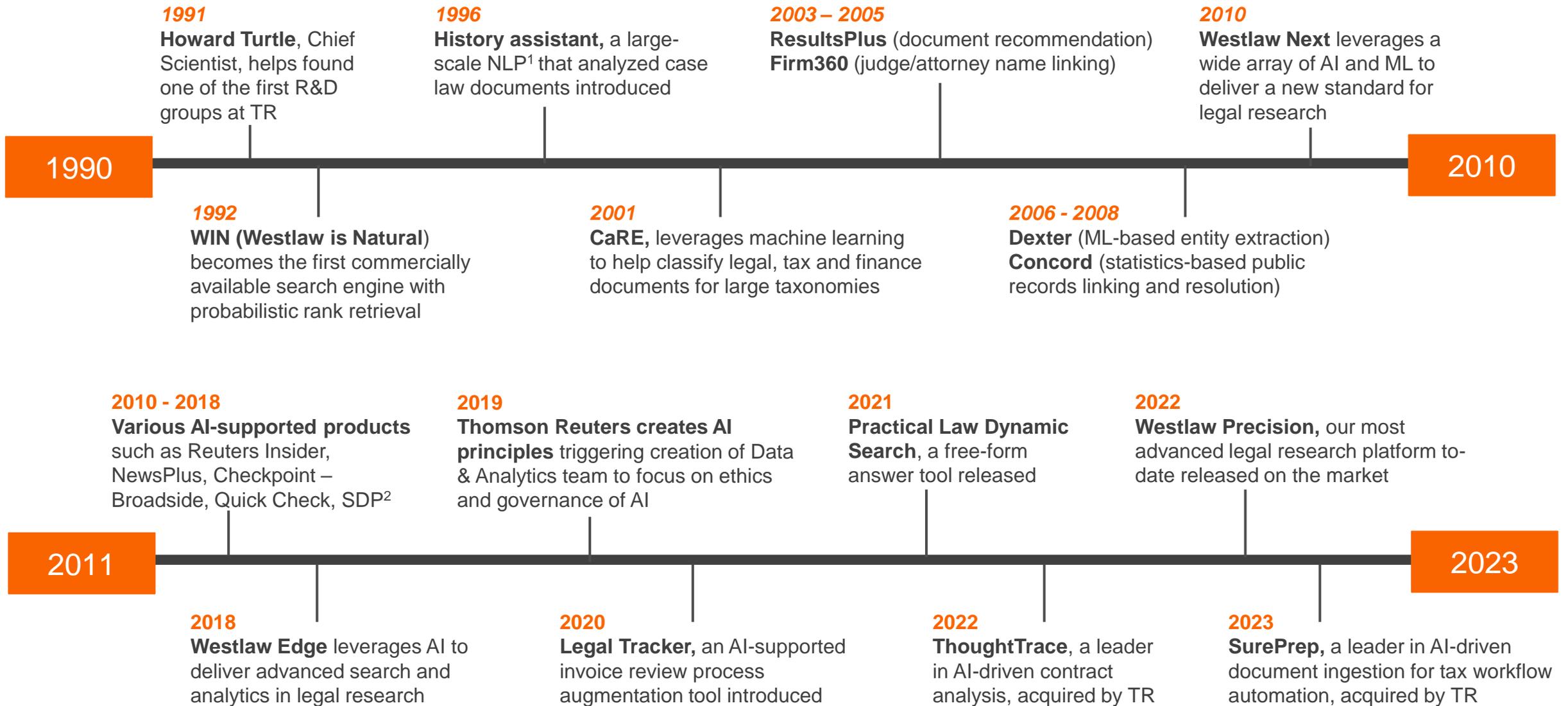
 Minneapolis / St. Paul

 London

 Zug

 Bangalore

Thomson Reuters boasts a rich history in applied Artificial Intelligence (AI)





Financial Review
Second-Quarter 2023 Results
Updated 2023 Outlook

Mike Eastwood
Chief Financial Officer

Second-Quarter 2023

Legal, Corporates, Tax & Accounting Professionals Revenues

(\$ millions)

Second Quarter

Six Months

Revenues	Second Quarter					Six Months				
	2023	2022	Total	Constant Currency	Organic	2023	2022	Total	Constant Currency	Organic
Legal Professionals	705	700	+1%	+1%	+6%	1,419	1,398	+2%	+2%	+6%
Corporates	392	373	+5%	+5%	+7%	827	784	+5%	+6%	+8%
Tax & Accounting Professionals	229	217	+5%	+7%	+10%	511	470	+9%	+10%	+10%
Big 3 Revenues	1,326	1,290	+3%	+3%	+7%	2,757	2,652	+4%	+5%	+7%

Second-Quarter 2023 Consolidated Revenues

(\$ millions)

Second Quarter

Six Months

Revenues	Second Quarter					Six Months				
	2023	2022	Total	Constant Currency	Organic	2023	2022	Total	Constant Currency	Organic
Legal Professionals	705	700	+1%	+1%	+6%	1,419	1,398	+2%	+2%	+6%
Corporates	392	373	+5%	+5%	+7%	827	784	+5%	+6%	+8%
Tax & Accounting Professionals	229	217	+5%	+7%	+10%	511	470	+9%	+10%	+10%
Big 3 Revenues	1,326	1,290	+3%	+3%	+7%	2,757	2,652	4%	+5%	+7%
Reuters News	194	188	+3%	+2%	+1%	369	364	+1%	+1%	+1%
Global Print	133	142	-6%	-5%	-4%	271	284	-5%	-3%	-2%
Eliminations / Rounding	(6)	(6)				(12)	(12)			
Total Revenues	1,647	1,614	+2%	+2%	+5%	3,385	3,288	+3%	+4%	+6%

Second-Quarter 2023 Consolidated Adjusted EBITDA

(\$ millions)

Second Quarter

Six Months

	Second Quarter				Six Months			
<u>Adjusted EBITDA</u>	<u>2023</u>	<u>2022</u>	<u>Total</u>	<u>Constant Currency</u>	<u>2023</u>	<u>2022</u>	<u>Total</u>	<u>Constant Currency</u>
Legal Professionals <i>Margin</i>	345 48.9%	304 43.4%	+14%	+14%	663 46.7%	609 43.6%	+9%	+9%
Corporates <i>Margin</i>	163 41.6%	139 37.4%	+17%	+17%	317 38.2%	296 37.8%	+7%	+7%
Tax & Accounting Professionals <i>Margin</i>	89 38.5%	81 37.4%	+10%	+11%	238 45.7%	203 43.2%	+17%	+18%
Big 3 Adjusted EBITDA <i>Margin</i>	597 44.9%	524 40.7%	+14%	+14%	1,218 44.0%	1,108 41.8%	+10%	+10%
Reuters News <i>Margin</i>	45 23.1%	44 23.3%	+2%	-7%	74 20.0%	81 22.2%	-9%	-17%
Global Print <i>Margin</i>	53 39.7%	50 35.4%	+5%	+5%	103 38.1%	103 36.2%	-	+1%
Corporate Costs (including Change Program)	(33)	(57)			(56)	(131)		
Total Adjusted EBITDA <i>Margin</i>	662 40.1%	561 34.7%	+18%	+18%	1,339 39.4%	1,161 35.3%	+15%	+15%

Adjusted Earnings Per Share (EPS)

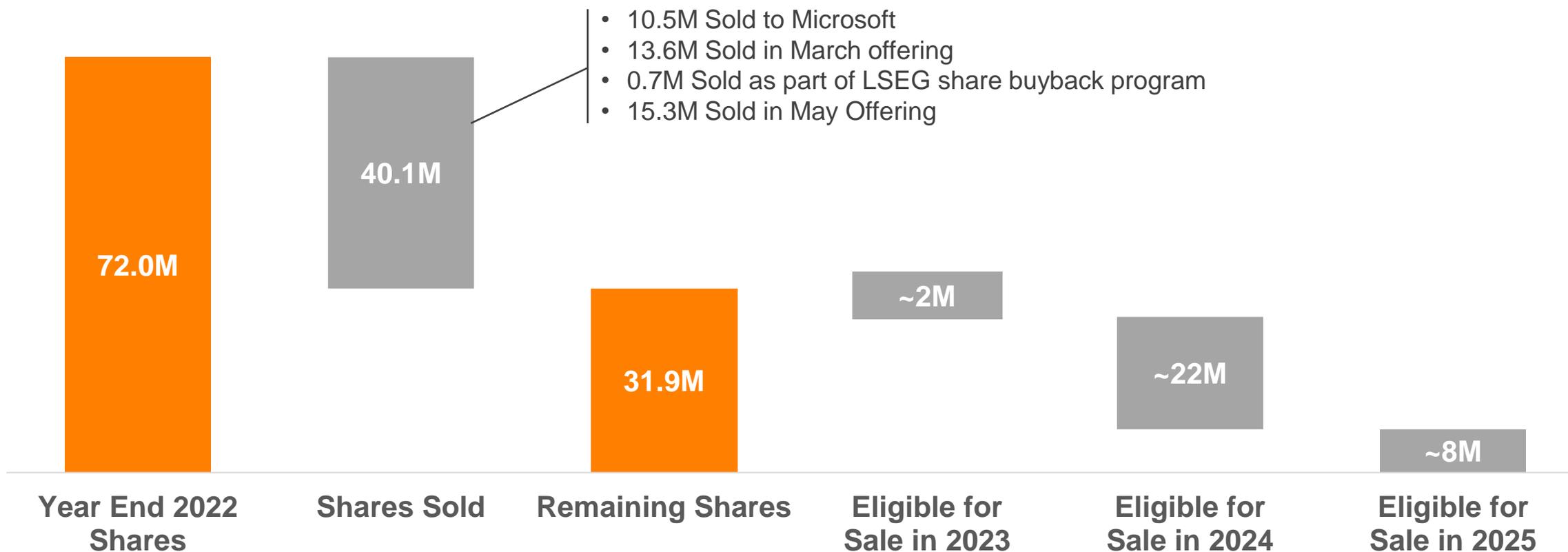
(\$ millions except per share amounts & share count)	Second Quarter			Six Months		
	<u>2023</u>	<u>Change</u>	<u>% Change</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
Adjusted EBITDA	\$662	\$101		\$1,339	\$178	
Depreciation & Amortization	(\$156)	\$3		(\$304)	\$7	
Interest Expense	(\$34)	\$15		(\$89)	\$8	
Income Tax	(\$73)	(\$11)		(\$155)	(\$16)	
Dividend declared on preference shares	(\$2)	(\$2)		(\$3)	(\$2)	
Adjusted Earnings	\$397	\$106		\$788	\$175	
Adjusted EPS	\$0.84	\$0.24	+40%	\$1.67	\$0.41	+33%
<i>Foreign Currency Impact</i>	-			-		
<i>Diluted Weighted Average Common Shares</i>	470.4M			472.5M		

Consolidated Free Cash Flow

(\$ millions)	Second Quarter			Six Months		
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Comparable Free Cash Flow (Continuing Operations)	\$609	\$426	\$183	\$802	\$685	\$117
Other Items (Change Program Costs)	(\$12)	(\$72)	\$60	(\$74)	(\$186)	\$112
Free Cash Flow (Continuing Operations)	\$597	\$354	\$243	\$728	\$499	\$229
Free Cash Flow – Discontinued Operations	(\$1)	(\$12)	\$11	\$1	(\$71)	\$72
Free Cash Flow	\$596	\$342	\$254	\$729	\$428	\$301

London Stock Exchange Group Stake – 31.9M Shares Remain

Thomson Reuters sold 15.3M LSEG shares in May; 40.1M LSEG shares have been sold to date
31.9M shares remain with approximately 2M eligible to be sold in 2023





2023 Outlook Update



2023 Updated Outlook

Total Thomson Reuters	FY 2022 Reported	FY 2023 Outlook⁽³⁾ 2/23/21	FY 2023 Outlook⁽³⁾ 2/8/22	FY 2023 Outlook⁽³⁾ 2/9/23	FY 2023 Outlook⁽³⁾ 5/2/23	FY 2023 Outlook⁽³⁾ 8/2/23
Total Revenue Growth	4%	5.0% - 6.0%	5.5% - 6.0%	4.5% - 5.0%	3.0% - 3.5%	Unchanged
Organic Revenue Growth ⁽¹⁾	6%	5.0% - 6.0%	5.5% - 6.0%	5.5% - 6.0%	5.5% - 6.0%	Unchanged
Adjusted EBITDA Margin ⁽¹⁾	35.1%	38% - 40%	39% - 40%	~ 39%	~ 39%	Unchanged
Corporate Costs	\$293 Million	\$110 - \$120 Million	Unchanged	\$110 - \$120 Million	\$110 - \$120 Million	Unchanged
Core Corporate Costs	\$122 Million	\$110 - \$120 Million	Unchanged	\$110 - \$120 Million	\$110 - \$120 Million	Unchanged
Change Program OpEx	\$171 Million	n/a	n/a	n/a	n/a	Unchanged
Free Cash Flow ⁽¹⁾	\$1.3 Billion	\$1.8 - \$2.0 Billion	\$1.9 - \$2.0 Billion	~\$1.8 Billion	~\$1.8 Billion	Unchanged
Accrued Capex as % of Revenue ⁽¹⁾	8.2%	6.0% - 6.5%	Unchanged	~7%	~7%	~8%
Real Estate Optimization Spend ⁽²⁾	n/a	n/a	n/a	\$30 Million	\$30 Million	n/a
Depreciation & Amortization of computer software	\$625 Million	\$580 - \$605 Million	Unchanged	\$595 - \$625 Million	\$595 - \$625 Million	Unchanged
Interest Expense (P&L)	\$196 Million	\$190 - \$210 Million	Unchanged	\$190 - \$210 Million	\$190 - \$210 Million	~\$190 Million
Effective Tax Rate on Adjusted Earnings ⁽¹⁾	17.6%	n/a	n/a	~18%	~18%	~17%
“Big 3” Segments ⁽¹⁾	FY 2022 Reported	FY 2023 Outlook⁽³⁾ 2/23/21	FY 2023 Outlook⁽³⁾ 2/8/22	FY 2023 Outlook⁽³⁾ 2/9/23	FY 2023 Outlook⁽³⁾ 5/2/23	FY 2023 Outlook⁽³⁾ 8/2/23
Total Revenue Growth	5%	6.0% - 7.0%	6.5% - 7.0%	5.5% - 6.0%	3.5% - 4.0%	Unchanged
Organic Revenue Growth	7%	6.0% - 7.0%	6.5% - 7.0%	6.5% - 7.0%	6.5% - 7.0%	Unchanged
Adjusted EBITDA Margin	42.4%	43% - 45%	44% - 45%	~44%	~44%	Unchanged

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

(2) In February and May 2023 outlooks, real estate optimization spend was incremental to the Accrued Capex as a percent of revenue outlook

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



Q&A

