

## Thomson Reuters Reports Third-Quarter 2009 Results

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 [Q3 2009 Reconciliations](#)

- **Businesses performing well in challenging markets**
- **Total revenues down 2% before currency; Professional division up 2%, Markets division down 4%**
- **Underlying operating profit up 3%; operating profit margin up 140 basis points**
- **Full-year 2009 guidance reaffirmed**

NEW YORK, NY - Thomson Reuters (TSX / NYSE: TRI), the world's leading source of intelligent information for businesses and professionals, today reported results for the third quarter ended September 30, 2009. While net sales began to improve in the third quarter, revenue flow-through from weaker year-to-date net sales in Legal and Markets overshadowed strong performances in Tax & Accounting and Healthcare & Science. Underlying operating profit margin improvement was driven by the benefit of currency, continuing progress on the integration program and strong cost management.

IFRS Financial Measures	Three Months Ended September 30,			Change
	(Millions of U.S. dollars, except EPS and Profit Margin)			
	2009	2008		
Revenues	\$3,216	\$3,339		-4%
Operating profit	\$378	\$553		-32%
Diluted earnings per share (EPS)	\$0.19	\$0.49		-61%
Cash flow from operations	\$513	\$592		-13%
Non-IFRS Financial Measures*	2009	2008	Change Before Currency	Change
Revenues from ongoing businesses	\$3,212	\$3,331	-2%	-4%
Underlying operating profit	\$711	\$690		3%
Underlying operating profit margin	22.1%	20.7%		+140bps
Adjusted earnings per share (EPS)	\$0.43	\$0.47		-9%
Free cash flow	\$260	\$332		-22%

\* These non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measure in the tables appended to this news release. Additional information is provided in the explanatory note at the end of this news release.

- Revenues from ongoing businesses were \$3.2 billion, a decrease of 2% before currency and 4% after currency. IFRS revenues were down 4% after currency against the prior year period.
- Underlying operating profit was up 3% to \$711 million, with the related margin up 140 basis points, driven by the benefit of currency, integration-related savings and a continued commitment to strong cost management.
- Adjusted earnings per share were \$0.43 compared with \$0.47 in the third quarter of 2008. The decline was due to higher integration-related spending, which is included in adjusted earnings but not underlying operating profit.
- Free cash flow remained strong in the third quarter, with net cash flow provided by operations of \$513 million and reported free cash flow of \$260 million, down versus the prior period reflecting planned integration and interest costs.
- During the quarter, the company further strengthened its capital structure with the redemption of \$600 million of outstanding debt, financed through cash-on-hand and the issuance of \$500 million of 4.70% notes, due 2019. Year-to-date, the company has refinanced \$1.1 billion of long-term debt, reflecting its continued ability to access and take advantage of favorable capital markets.

"Despite difficult market conditions, our businesses delivered solid results in the third quarter. Our Tax & Accounting and

Healthcare & Science businesses continued to perform very strongly, and sales of subscription products in our Markets and Legal units improved in Q3 over what we expect were their bottom in Q2. While the weak year-to-date net sales experienced in recent quarters are now flowing through into revenues, we expect this dip to be shallow and limited to the next few quarters," said Thomas H. Glocer, chief executive officer of Thomson Reuters.

"Our ongoing focus on the Reuters integration and close cost management across the company has enabled us to continue to grow underlying operating profit. While we would welcome a quick return to revenue growth, we understand how to operate in challenging markets and we are confident that we are outperforming the competition," said Mr. Glocer.

### Third-Quarter Business Segment Highlights

*Unless otherwise noted, all revenue growth comparisons in this news release are before the impact of foreign currency translation as Thomson Reuters believes this provides the best basis to measure the performance of its business. All revenue growth and operating profit comparisons are based upon results from ongoing businesses and exclude the results of disposals.*

#### Professional Division

#### Three Months Ended September 30, (Millions of U.S. dollars, unless otherwise indicated)

	2009	2008	Change	Change Before Currency		
<b>Revenues</b>						
Legal	\$917	\$940	-2%			-1%
Tax & Accounting	\$225	\$210	7%			8%
Healthcare & Science	<u>\$213</u>	<u>\$200</u>	7%			8%
Professional Division Total	\$1,355	\$1,350	0.4%			2%
<b>Operating Profit</b>					<b>2009 Margin</b>	<b>2008 Margin</b>
Legal	\$305	\$322	-5%		33.3%	34.3%
Tax & Accounting	\$36	\$40	-10%		16.0%	19.0%
Healthcare & Science	<u>\$50</u>	<u>\$38</u>	32%		23.5%	19.0%
Professional Division Total	\$391	\$400	-2%		28.9%	29.6%

- Revenues were up 2% before currency, with strong growth in Tax & Accounting, Healthcare & Science and Legal's recurring subscription businesses.
- Operating profit decreased 2% and the corresponding margin decreased 70 basis points due to slowing revenue growth, business mix and the dilutive effect of acquisitions.

#### Legal

- Revenues were down 1%. Solid growth in subscription businesses led by Westlaw, FindLaw and international units was offset by continued weakness in non-subscription services including Print, Ancillary, Enterprise software, Consulting Services and Trademarks. As in the second quarter, small law firms and government units were the fastest growing customer segments.
- Operating profit declined 5%, with the related margin decreasing 100 basis points, due primarily to the mix of revenues, partially offset by cost controls and the benefits of efficiency initiatives.

#### Tax & Accounting

- Revenue growth of 8% was driven by robust performances in both the Corporate and Professional Software and Services businesses. Research & Guidance revenues declined slightly as double-digit print declines more than offset Checkpoint growth.
- Operating profit declined 10% and the related margin decreased 300 basis points. Flow-through on revenue was offset by acquisitions, changes in the business mix and technology-related product investments. Tax & Accounting is a seasonal

business and close to half of its full year operating profit is typically generated in the fourth quarter.

## Healthcare & Science

- Revenues increased 8%, driven by a 19% increase in the Payer business as a result of significant demand for timely healthcare spending analytics from both the Government and Employer segments. Scientific and Scholarly Research, driven by Web of Knowledge / Web of Science, and the Life Sciences business both contributed to growth.
- Operating profit increased 32% with the corresponding margin increasing 450 basis points, driven by significant revenue flow-through, synergies realized from combining legacy business units and the timing of certain expenses.

## Markets Division

### Three Months Ended September 30,

(Millions of U.S. dollars unless otherwise indicated)

Revenues	2009	2008	Change	Change Before	
				Currency	
Sales & Trading	\$881	\$970	-9%	-6%	
Investment & Advisory	\$570	\$600	-5%	-5%	
Enterprise	\$318	\$307	4%	8%	
Media	<u>\$90</u>	<u>\$105</u>	-14%	-10%	
Markets Division Total	\$1,859	\$1,982	-6%	-4%	
				<b>2009</b>	
<b>Operating Profit</b>	<b>2009</b>	<b>2008</b>	<b>Change</b>	<b>Margin</b>	<b>2008 Margin</b>
Markets Division Total	\$369	\$336	10%	19.8%	17.0%

- Revenues declined 4% due to flow-through from weaker year-to-date net sales and strong prior period revenue growth of 5%.
- Subscription revenues declined 0.7%, but remain up 2% year-to-date.
- Revenues were impacted by softness in transaction, recoveries and outright revenues.
- Revenues in Asia were unchanged against the prior year period while revenues in Europe, Middle East and Africa (EMEA) and the Americas were down 3% and 6%, respectively.
- Operating profit increased 10% with the related margin expanding 280 basis points. The margin improvement was driven by integration savings, effective cost management and the benefit of currency.

## Sales & Trading

- Revenues decreased 6% despite good performances from Commodities & Energy and Tradeweb. The decrease was due to lower third party recoveries revenues, declines in transaction revenues (primarily spot foreign exchange) against very strong prior year period results and desktop cancellations driven by headcount reductions.

## Investment & Advisory

- Revenues declined 5% reflecting continued pressure on customer budgets across Investment Management, Corporates and Wealth Management. The Investment Banking business recovered well in the quarter, with revenues broadly flat against the comparable 2008 quarter and the sector showing lower cancellations and increased usage revenues.

## Enterprise

- Revenues increased 8% driven by the continued demand from customers for risk management and data solutions. The fastest growing business in Enterprise, Enterprise Information, grew 15%, driven by strong customer demand for pricing and reference data and low latency feeds to power trading systems.

## Media

- Revenues declined 10%, attributable to continued challenges in Professional Publishing and the advertising-driven Consumer

business. The Agency business' revenues declined 6%, a result of consolidation in traditional media outlets and softness in transactions.

## Corporate & Other

Corporate & Other expenses increased \$163 million to \$244 million. The increase was comprised of a \$108 million increase in non-cash fair-value currency-related adjustments and a planned \$52 million increase in one-time integration costs. Core Corporate Costs were essentially flat.

## Financial Highlights - Nine-Months 2009

IFRS Financial Measures	Nine Months Ended September 30			Change
	(Millions of U.S. dollars, except EPS and Profit Margin)			
	2009	2008		
Revenues	\$9,640	\$8,312		16%
Operating profit	\$1,229	\$1,035		19%
Diluted earnings per share (EPS)	\$0.80	\$0.98		-18%
Cash flow from operations	\$1,770	\$1,756		1%
Non-IFRS Financial Measures	2009	2008**	Change Before Currency	Change
Revenues from ongoing businesses	\$9,621	\$9,977	1%	-4%
Underlying operating profit	\$2,094	\$1,992		5%
Underlying operating profit margin	21.8%	20.0%		+180bps
Adjusted earnings per share (EPS)	\$1.41	\$1.31		8%
Free cash flow	\$1,049	\$1,123		-7%

\*\*This 2008 financial information, other than free cash flow, has been prepared on a pro forma basis and assumes that Thomson's acquisition of Reuters closed on January 1, 2007. Thomson Reuters believes that pro forma financial information provides more meaningful period-to-period comparisons of its performance because Reuters results prior to the April 17, 2008 closing are not included in IFRS results. 2009 results include the impact of the acquisition for the entire period. For more information, see the explanatory note at the end of this news release.

- Revenues from ongoing businesses increased 1% before currency to \$9.6 billion.
- IFRS revenues increased 16% after currency and include Reuters results subsequent to its acquisition on April 17, 2008.
- Underlying operating profit increased 5% to \$2.1 billion and the related margin increased 180 basis points.
- Adjusted earnings per share increased 8% to \$1.41.
- Net cash provided by operations was \$1.8 billion, unchanged from a year ago. Free cash flow of \$1.0 billion was down 7% from a year ago, as higher cash profits and lower tax payments were offset by higher interest payments and increased capital expenditures on platform and product development initiatives.

## Integration Programs

Thomson Reuters has achieved combined run-rate savings of \$975 million as at September 30, 2009. Given the progress the company continues to make on its integration programs, Thomson Reuters continues to expect to achieve at least \$1.0 billion of run-rate savings by year-end 2009. Savings were principally achieved through elimination of redundant positions and the retirement of legacy products.

## Recent Developments

Thomson Reuters completed the unification of its dual listed company (DLC) structure on September 10, 2009, receiving strong support from shareholders as well as UK court approval. Specifically, each Thomson Reuters PLC ordinary share was exchanged for one Thomson Reuters Corporation common share, and each Thomson Reuters PLC American Depositary Share (ADS) was exchanged for six Thomson Reuters Corporation common shares. As a result, the company's common shares now have a primary

listing on the Toronto Stock Exchange, and are also listed on the New York Stock Exchange (both, symbol: TRI). The last trading day for Thomson Reuters PLC ordinary shares on the London Stock Exchange and ADSs on Nasdaq was September 9, 2009.

In the third quarter, Thomson Reuters exercised its right to redeem approximately \$600 million of outstanding debt securities and financed these redemptions through cash-on-hand and the issuance of \$500 million of 4.70% notes due 2019. The redemptions were completed on October 22, 2009.

### **Business Outlook (Before Currency)**

Thomson Reuters reaffirms its previous outlook that revenues are expected to grow in 2009 and underlying operating profit margin and free cash flow will be comparable with 2008. The revenue impact of weaker 2009 subscription net sales in Markets and Legal is expected to continue to be a drag on revenues through the first half of 2010; however, good growth in other units, continued focus on effective cost management and the benefits of the integration program are expected to reduce the impact on operating profit and maintain strong free cash flow.

### **Dividend**

Thomson Reuters will pay a quarterly dividend of \$0.28 per share on December 15, 2009 to shareholders of record as of November 20, 2009.

### **Thomson Reuters**

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, healthcare and science and media markets, powered by the world's most trusted news organization. With headquarters in New York and major operations in London and Eagan, Minnesota, Thomson Reuters employs more than 50,000 people and operates in over 100 countries. Thomson Reuters shares are listed on the Toronto and New York Stock Exchanges (symbol: TRI). For more information, go to [www.thomsonreuters.com](http://www.thomsonreuters.com).

**Thomson Reuters will webcast a discussion of its third-quarter results today beginning at 8:30 a.m. U.S. Eastern Standard Time (EST). You can access the webcast by visiting [www.thomsonreuters.com](http://www.thomsonreuters.com) and clicking on "Investor Relations" at the top of the page and then "Thomson Reuters Reports Third-Quarter 2009 Results" on the right side of the page. An archive of the webcast will be available in the "Investor Relations" section of the Thomson Reuters website.**

Thomson Reuters currently prepares its financial statements under International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Previously, Thomson Reuters prepared its financial statements in accordance with Canadian GAAP.

#### **NON-IFRS FINANCIAL MEASURES**

This news release includes certain non-IFRS financial measures, including pro forma financial information as described herein. Thomson Reuters uses these non-IFRS financial measures as supplemental indicators of its operating performance and financial position. These measures do not have any standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies, and should not be viewed as alternatives to measures of financial performance calculated in accordance with IFRS. Non-IFRS financial measures (other than pro forma financial information) are defined and reconciled to the most directly comparable IFRS measures in the appended tables.

#### **PRO FORMA FINANCIAL INFORMATION**

Pro forma financial information included in this news release is for information purposes only and is unaudited. Pro forma financial information was prepared in U.S. dollars in a manner consistent with accounting policies that applied to Thomson prior to the closing of the acquisition and which currently apply to Thomson Reuters as though Reuters was acquired on January 1, 2007. Pro forma financial information should not be considered indicative of actual balance sheet data or operating results that would have been achieved had Thomson acquired Reuters on January 1, 2007, or of results which may occur in the future. Pro forma financial information should be read in conjunction with historical financial results for Thomson and Reuters. Pro forma financial information reflects the impacts of purchase accounting but excludes deal-related expenses and an initial one-time purchase accounting adjustment related to deferred revenue.

#### **CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS**

*This news release, in particular the sections under the headings "Integration Programs" and "Business Outlook (Before Currency)" includes forward-looking statements that are based on certain assumptions and reflect Thomson Reuters current expectations. Forward-looking statements are those that are not historical facts and also include Thomson Reuters expectations about its future prospects. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of the factors that could cause actual results to differ materially from current expectations include risks related to Thomson Reuters ability to achieve the anticipated benefits from the Reuters transaction and other integration program initiatives (including within the time periods currently expected), develop additional products and services to meet customers' needs, attract new customers, general economic conditions and actions of competitors. These and other factors are discussed in materials that Thomson Reuters from time to time files with, or furnishes to, securities regulatory authorities. Thomson Reuters disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future*

*events or otherwise, other than as required by applicable law.*

*The material assumptions underlying the company's outlook are that the outlook is based on the current environment in the markets that the company serves and it excludes the impact of changes in foreign currency exchange rates.*

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