



# THOMSON REUTERS

## 2019 THIRD-QUARTER RESULTS

October 31, 2019

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**THOMSON REUTERS®**

# Agenda

Welcome / Introduction

Frank Golden

Third-Quarter 2019 Results  
Thomson Reuters Evolution

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 are forward-looking, including, but not limited to, statements about the company's 2019 and 2020 outlook, the expected impact of recently completed acquisitions and new products and solutions, expectations regarding the future revenue performance of the company and its individual business segments, the company's value creation model, the company's strategic priorities and initiatives, the company's intention to target a dividend payout ratio of between 50% to 60% of its free cash flow, Refinitiv's ability to achieve its run-rate cost savings targets, the company's expectations regarding Corporate costs including those related to the F&R transaction, the company's ability to deliver returns to shareholders, statements regarding the proposed London Stock Exchange Group (LSEG)/Refinitiv transaction, and the company's expectations regarding free cash flow. 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 proposed LSEG/Refinitiv transaction will be completed or that any of the other 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 October 31, 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 October 31, 2019, which is available on [www.thomsonreuters.com](http://www.thomsonreuters.com), for a reconciliation of each of Thomson Reuters' measures to the most directly comparable IFRS financial measure. You can also find IFRS reconciliations in the "Investor Relations" section of our website.

You are encouraged to consult LSEG's public disclosures for additional information about the proposed LSEG/Refinitiv transaction.

**THOMSON REUTERS**

**THIRD-QUARTER 2019 HIGHLIGHTS**

**JIM SMITH  
PRESIDENT & CEO**

# Third-Quarter 2019 Consolidated Results

	Reported Results	Change at Constant Currency	Organic Growth
Revenues vs prior-year period	Up 10%	Up 10%	Up 4%
Adjusted EBITDA	Up 10%	Up 9%	
<i>Q3 2019 Margin: 24.4%</i>	<i>unchanged</i>	<i>Down 30 bps</i>	
Adjusted EPS	Up 125%	Up 108%	
<i>Q3 2019: \$0.27</i>	<i>Up \$0.15</i>	<i>Up \$0.13</i>	

# Third-Quarter 2019 Revenue Growth by Segment

**Reported Revenues up 10% to \$1.4 billion**  
**Organic revenues up 4%**  
**Organic recurring revenues up 5%**



Legal Professionals

**\$0.6B**  
**+2%**  
(+3% organic)



Corporates

**\$0.3B**  
**+7%**  
(+6% organic)



Tax & Accounting Professionals

**\$0.2B**  
**+11%**  
(+8% organic)



Reuters News

**\$0.2B**  
**+120%**  
(+3% organic)



Global Print

**\$0.2B**  
**-2%**  
(-2% organic)

Reported Revenues

# The New Thomson Reuters

## *A Return to our Value Creation Model*

### Revenue Growth

Prioritize capital to highest growth opportunities

### FCF Growth

FCF = Lifeblood of future success/growth

### Strong Capital Structure

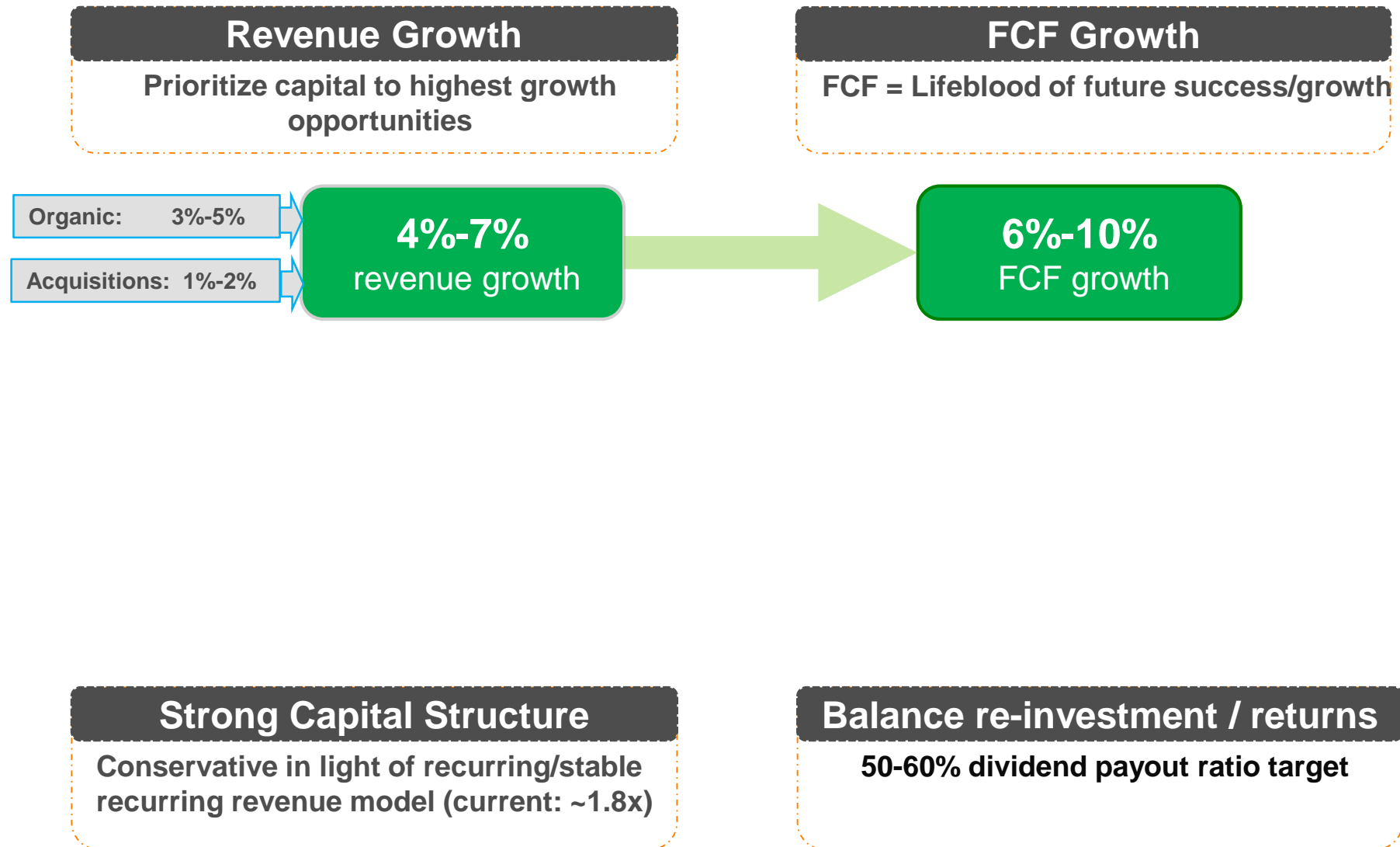
Conservative in light of recurring/stable recurring revenue model (current: ~1.8x)

### Balance re-investment / returns

50-60% dividend payout ratio target

# The New Thomson Reuters

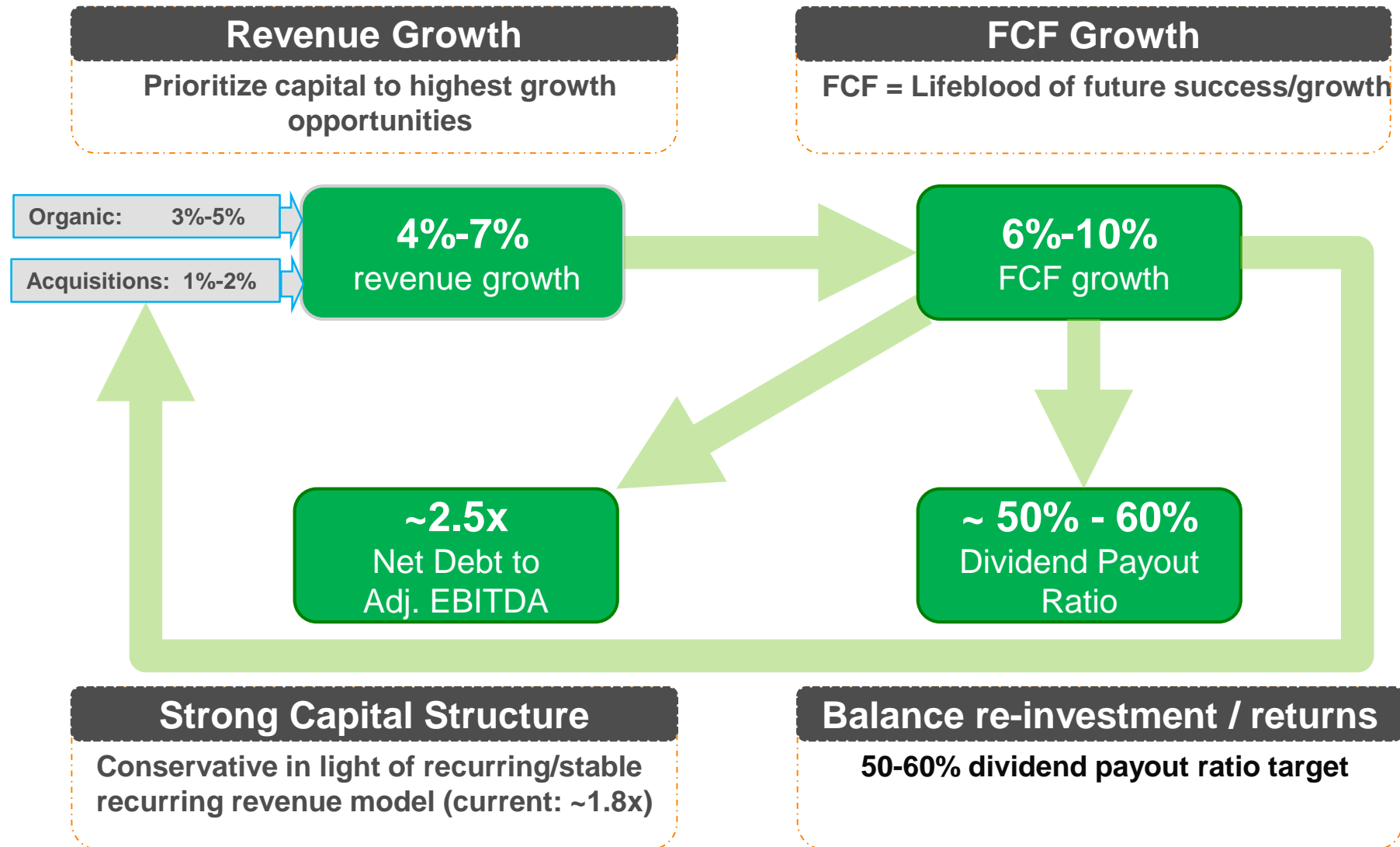
## A Return to our Value Creation Model





# The New Thomson Reuters

## A Return to our Value Creation Model



# Reaffirming 2019 & 2020 Outlook

*Before currency and excluding the impact of future acquisitions and dispositions*

	<b>2019 Outlook Before Currency</b>	<b>2020 Outlook Before Currency</b>
Revenue Growth	7% - 8.5% 3.5% - 4.0% Organic	4.0% - 4.5% Organic
Adjusted EBITDA	\$1.45 - \$1.5 billion <sup>(1)</sup>	~31.0% <sup>(1)</sup>
Corporate Costs	~\$570 million	\$140 - \$150 million
Core Corporate costs	~\$140 million	~\$140 - \$150 million
Stranded costs	~\$100 million	-
One-Time costs	~\$330 million	-
Free Cash Flow	\$0 - \$300 million	\$1.0 - \$1.2 billion
Capital Expenditures % of Revenue	~9%	7.5% - 8.0%
Depreciation & Amortization of computer software	\$600 - \$625 million <sup>(1)</sup>	TBD
Interest Expense (P&L)	\$150 - \$175 million	TBD
Effective Tax Rate on Adjusted Earnings	16% - 19%	~20%

(1) 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.

# FINANCIAL REVIEW

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

# Consolidated Results

(Excludes Refinitiv)

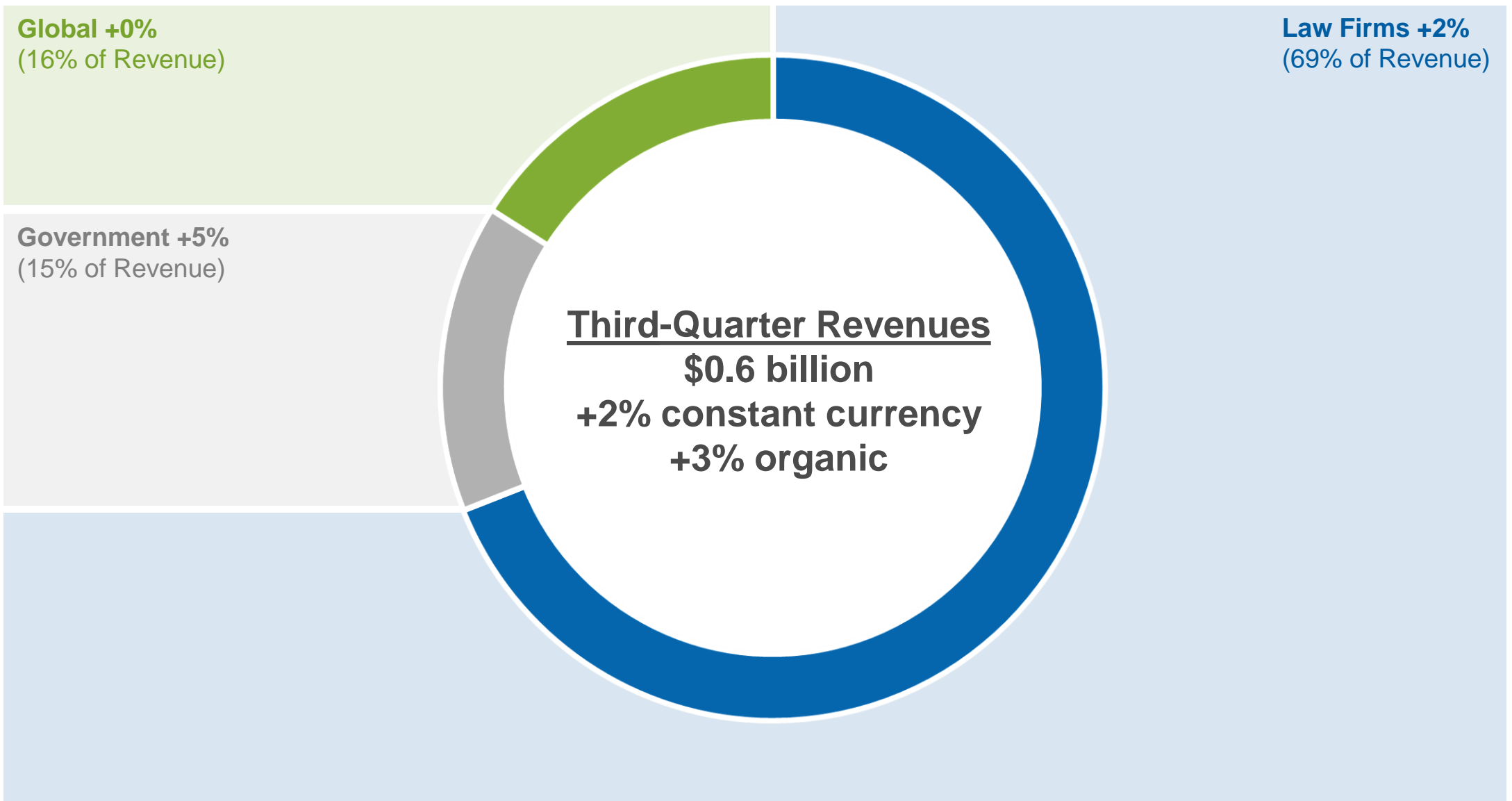
(\$ millions)	Third-Quarter				Nine-Months			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	1,413	1,284	+10%	+10%	4,323	3,974	+9%	+10%
<i>Recurring</i>	1,118	976	+15%	+15%	3,368	2,965	+14%	+15%
<i>Transactions</i>	128	137	-7%	-8%	460	488	-6%	-5%
<i>Global Print</i>	168	171	-2%	-2%	497	522	-5%	-3%
Adjusted EBITDA	345	313	+10%	+9%	1,097	1,091	+1%	-1%
<i>Adjusted EBITDA Margin</i>	<i>24.4%</i>	<i>24.4%</i>	<i>+0 bp</i>	<i>-30 bp</i>	<i>25.4%</i>	<i>27.4%</i>	<i>-200 bp</i>	<i>-270 bp</i>

# Legal Professionals

(\$ millions)	Third-Quarter				Nine-Months			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	605	595	+2%	+2%	1,802	1,773	+2%	+3%
<i>Recurring</i>	560	541	+4%	+4%	1,665	1,613	+3%	+4%
<i>Transactions</i>	45	54	-18%	-18%	137	160	-14%	-13%
Adjusted EBITDA	227	206	+10%	+9%	686	595	+15%	+15%
<i>Adjusted EBITDA Margin</i>	<i>37.4%</i>	<i>34.6%</i>	<i>+280 bp</i>	<i>+240 bp</i>	<i>38.1%</i>	<i>33.6%</i>	<i>+450 bp</i>	<i>+400 bp</i>



# Legal Professionals Revenues

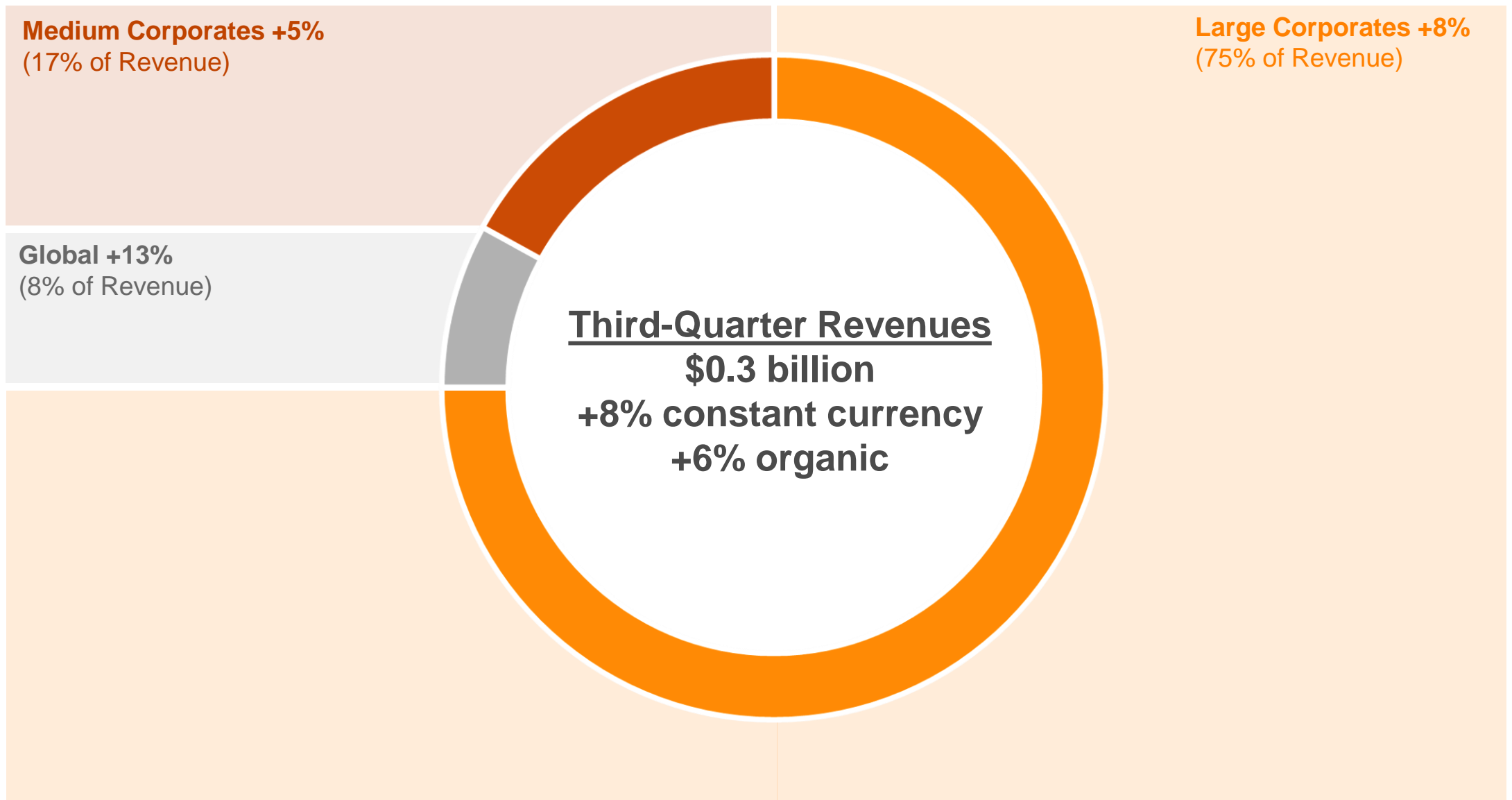


Above chart reflected at constant currency rates

# Corporates

(\$ millions)	Third-Quarter				Nine-Months			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	320	298	7%	+8%	990	923	+7%	+8%
<i>Recurring</i>	275	247	+11%	+12%	813	734	+11%	+12%
<i>Transactions</i>	45	51	-11%	-11%	177	189	-6%	-5%
Adjusted EBITDA	110	105	+4%	+6%	330	311	+6%	+6%
<i>Adjusted EBITDA Margin</i>	<i>34.3%</i>	<i>35.4%</i>	<i>-110 bp</i>	<i>-50 bp</i>	<i>33.4%</i>	<i>33.7%</i>	<i>-30 bp</i>	<i>-60 bp</i>

# Corporates Revenues

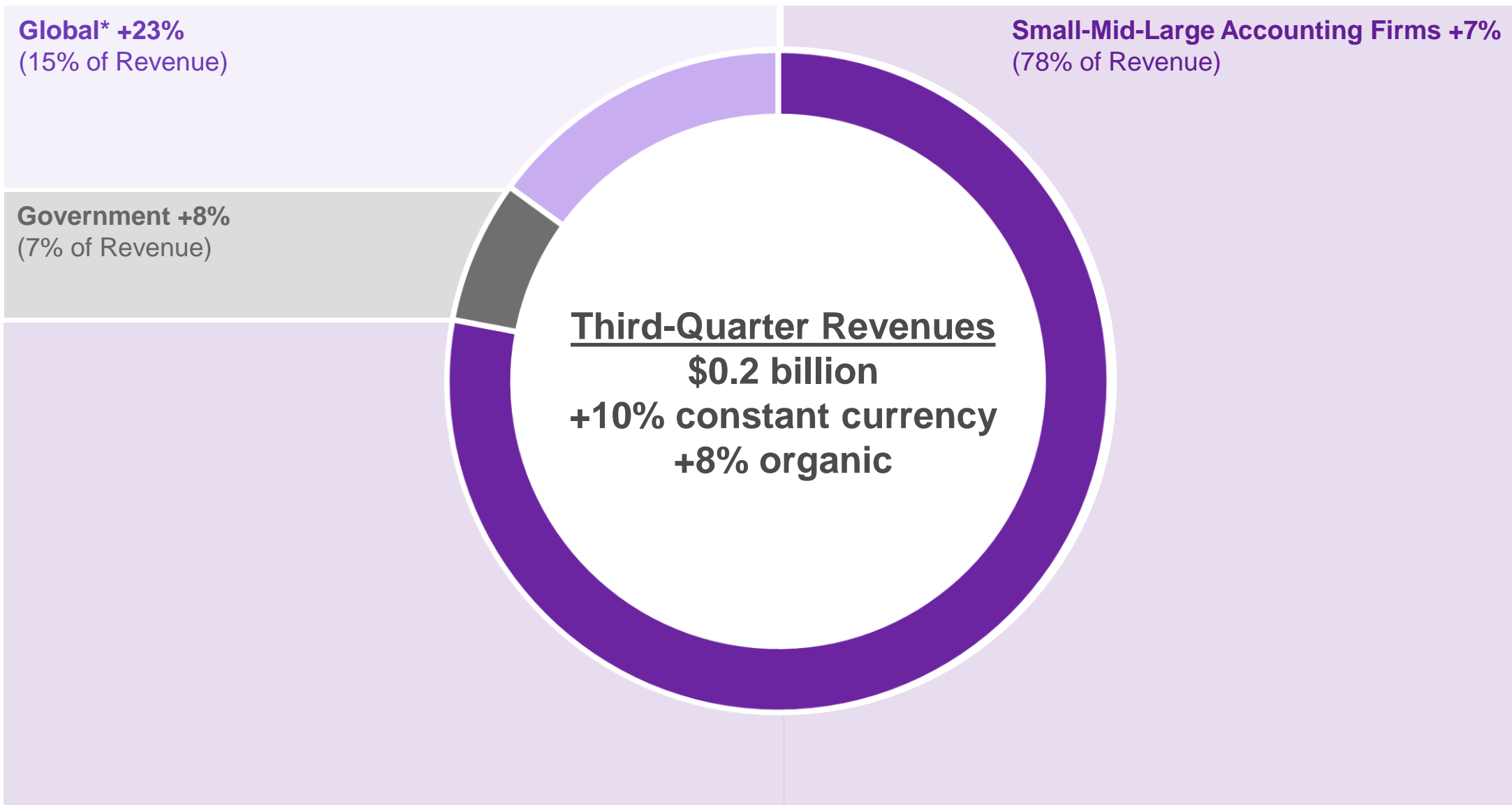


Above chart reflected at constant currency rates

# Tax & Accounting Professionals

(\$ millions)	Third-Quarter				Nine-Months			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	166	149	+11%	+10%	570	542	+5%	+7%
<i>Recurring</i>	140	129	+9%	+8%	460	434	+6%	+8%
<i>Transactions</i>	26	20	+26%	+22%	110	108	+2%	+3%
Adjusted EBITDA	35	32	+9%	-2%	188	153	+23%	+22%
<i>Adjusted EBITDA Margin</i>	<i>21.1%</i>	<i>21.4%</i>	<i>-30 bp</i>	<i>-240 bp</i>	<i>33.0%</i>	<i>28.3%</i>	<i>+470 bp</i>	<i>+410 bp</i>

# Tax & Accounting Professionals Revenues



Above chart reflected at constant currency rates

\*Global includes Latin America & Asia regions



# Reuters News

(\$ millions)	Third-Quarter				Nine-Months			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	155	71	+120%	+121%	466	215	+117%	+120%
Adjusted EBITDA	5	5	-14%	-97%	31	21	+45%	+10%
<i>Adjusted EBITDA Margin</i>	<i>3.2%</i>	<i>8.2%</i>	<i>-500 bp</i>	<i>-670 bp</i>	<i>6.7%</i>	<i>10.0%</i>	<i>-330 bp</i>	<i>-480 bp</i>

# Global Print

(\$ millions)	Third-Quarter				Nine-Months			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency	<u>2019</u>	<u>2018</u>	<u>Change</u>	Change Before Currency
Revenues	168	171	-2%	-2%	497	522	-5%	-3%
Adjusted EBITDA	71	76	-5%	-4%	218	233	-6%	-5%
<i>Adjusted EBITDA Margin</i>	<i>42.5%</i>	<i>44.2%</i>	<i>-170 bp</i>	<i>-110 bp</i>	<i>43.8%</i>	<i>44.6%</i>	<i>-80 bp</i>	<i>-110 bp</i>

**ADJUSTED EARNINGS PER SHARE**

**FREE CASH FLOW**

**CORPORATE COSTS**

# Adjusted Earnings Per Share (EPS)

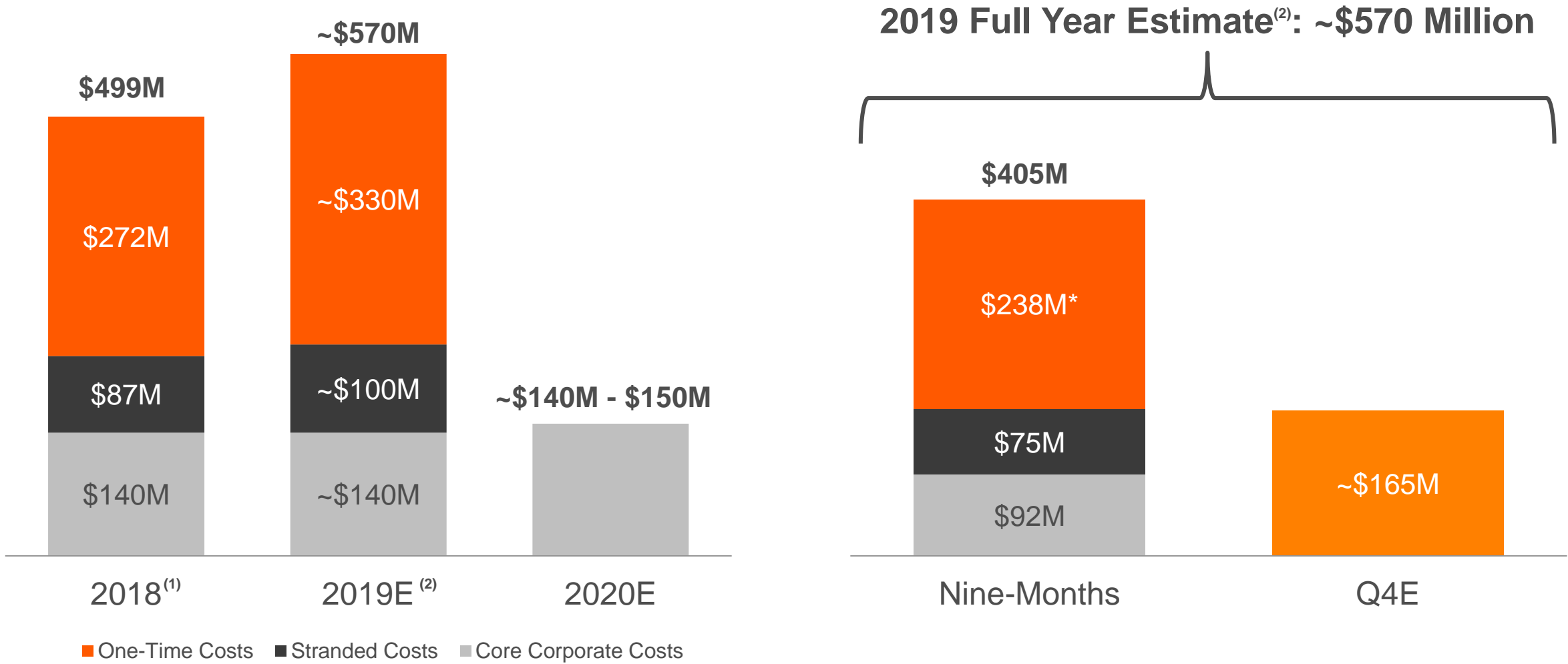
(\$ millions except per share amounts & share count)	Third-Quarter			Nine-Months		
	<u>2019</u>	<u>Change</u>	<u>% Change</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
<b>Adjusted EBITDA</b>	<b>\$345</b>	<b>\$32</b>		<b>\$1,097</b>	<b>\$6</b>	
Depreciation & Amortization	(\$155)	(\$35)		(\$436)	(\$59)	
Interest Expense	(\$40)	\$42		(\$112)	\$129	
Income Tax	(\$16)	\$9		(\$86)	(\$16)	
Dividend declared on preference shares	\$0	\$1		(\$2)	\$0	
<b>Adjusted Earnings</b>	<b>\$134</b>	<b>\$49</b>		<b>\$461</b>	<b>\$60</b>	
<b>Adjusted EPS</b>	<b>\$0.27</b>	<b>\$0.15</b>	<b>+125%</b>	<b>\$0.92</b>	<b>\$0.35</b>	<b>+61%</b>
<i>Currency Impact</i>	<i>\$0.02</i>			<i>\$0.03</i>		
<i>Diluted Weighted Average Common Shares</i>	<i>503.3M</i>			<i>503.2M</i>		

# Consolidated Free Cash Flow

(\$ millions)	Third-Quarter			Nine-Months		
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
<b>Comparable Free Cash Flow (Continuing Operations)</b>	<b>\$332</b>	<b>\$191</b>	<b>\$141</b>	<b>\$650</b>	<b>\$488</b>	<b>\$162</b>
Other Items (Q1-19 pension contribution & F&R separation costs)	\$170	\$34	(\$136)	\$542	\$36	(\$506)
<b>Free Cash Flow (Continuing Operations)</b>	<b>\$162</b>	<b>\$157</b>	<b>\$ 5</b>	<b>\$108</b>	<b>\$452</b>	<b>(\$344)</b>
Free Cash Flow – Refinitiv related/F&R	(\$36)	\$442	(\$478)	(\$158)	\$822	(\$980)
<b>Free Cash Flow</b>	<b>\$126</b>	<b>\$599</b>	<b>(\$473)</b>	<b>(\$50)</b>	<b>\$1,274</b>	<b>(\$1,324)</b>



# Corporate Costs



(1) Includes \$33 million of Capital Expenditures

(2) Includes Capital Expenditures

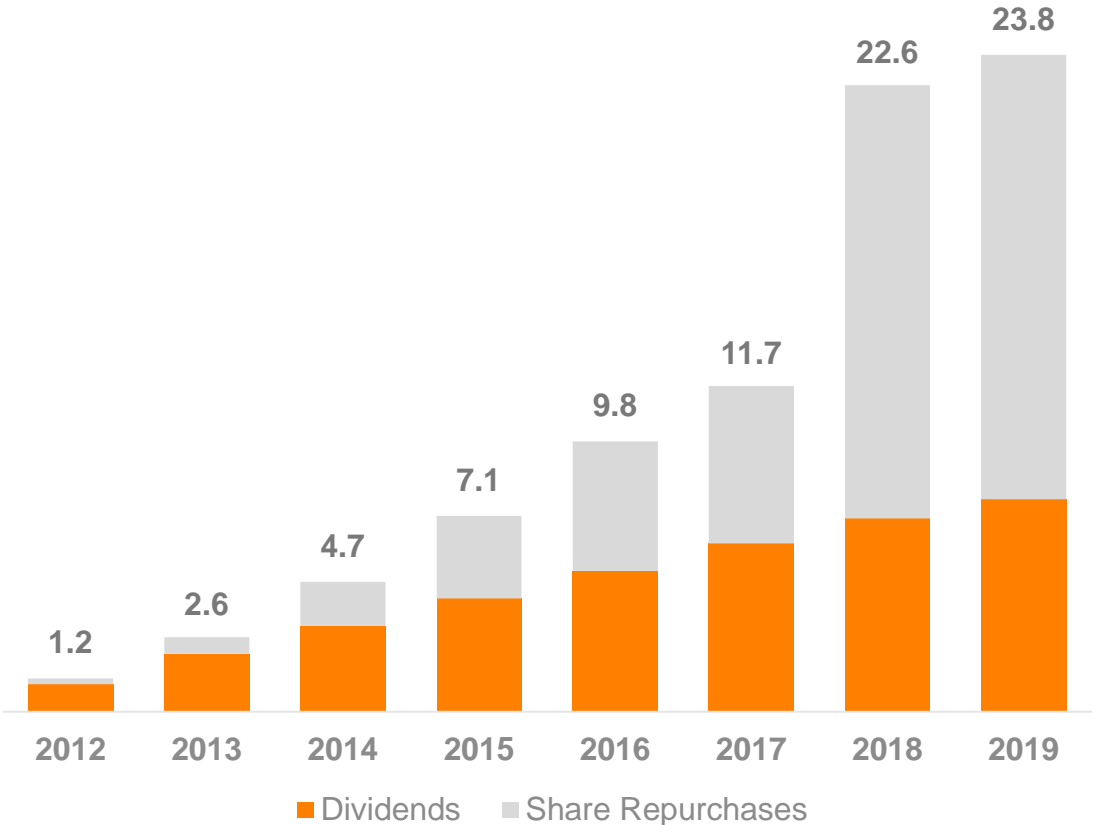
\*Includes \$49 million of Capital expenditures

# 2020 - Returning to Our Value Creation Model

# Substantial Return of Capital & Strong Capital Structure

## 2012 - 2019

~\$24 billion of Capital Returned to Shareholders since 2012



## 2020 & After

Well positioned to continue providing attractive returns to shareholders while maintaining strong capital structure

~ 50% - 60%  
Dividend Payout  
Ratio Target

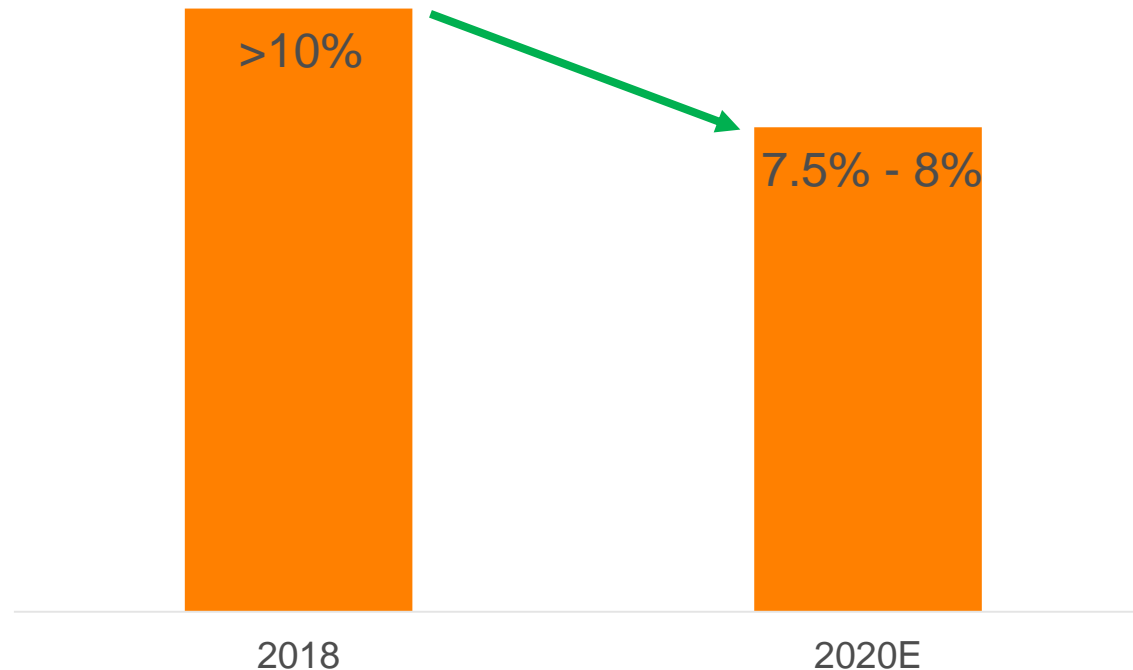
Refinitiv  
Equity stake

Current  
Leverage Ratio  
1.8x

# Free Cash Flow Growth Resulting from Growth in the Business & Lower Capex Attributable to Our Platform Strategy & Portfolio Simplification

Targeting to Reduce Capex as Percentage of Revenue to 7.5% - 8% in 2020

Capital Expenditures as Percent of Revenue



- 1 Platform Consolidation**  
Putting multiple products in cloud-based, strategic platforms
- 2 Product Rationalization**  
Focusing investments on fewer, strategic products (reduce # of products by 10%+)
- 3 One-Time Investments**  
Accelerating growth building blocks

# Targeting Higher Revenue Growth and Record FCF per Share in 2020

## Returning to a Virtuous Value Creation Model

2020 Est. Organic Revenue Growth

**4.0% - 4.5%**

2020 Est. Free Cash Flow per Share

**\$2.40**

Optimizing Capital Deployment

Improving Retention

Accelerating Revenue Growth

Generates Operating Leverage  
& Increasing Profitability

# Q&A