



# THOMSON REUTERS

## 2017 SECOND-QUARTER RESULTS

August 1, 2017

# Agenda

Welcome / Introduction

Frank Golden

Second-Quarter 2017 Highlights

Jim Smith

Financial Review

Stephane Bello

Q & A

# Special Note

## Safe Harbor / Forward-Looking Statements

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, the company's 2017 revised outlook, are forward-looking. Forward-looking statements are those which are not historical facts and also include the company's current expectations regarding anticipated investments to improve customer experience and in higher growth businesses (and the impacts of such investments), Financial & Risk's commercial pricing adjustments and recoveries revenues and migration of legacy products to Eikon, and Legal's U.S. online legal information and transactions revenue performance.

Our actual results in future periods may differ materially from those currently expected because of a number of risks, uncertainties and assumptions. The risks, uncertainties and assumptions that we believe are material are outlined in our disclosure filings and materials, which you can find on [www.thomsonreuters.com](http://www.thomsonreuters.com). Please consult these documents for a more complete understanding of these risks, uncertainties and assumptions. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. Our outlook is provided for the purpose of providing information about current expectations for 2017. This information may not be appropriate for other purposes.

## 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 EPS and selected measures before the impact of currency.

Please see our earnings release dated August 1, 2017, 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 SECOND-QUARTER 2017 HIGHLIGHTS**

**JIM SMITH  
PRESIDENT & CEO**

# Q2 2017 Consolidated Results

Reported	Change at Constant Currency
Revenues slightly higher vs. prior-year period	Up 2%
Adjusted EBITDA up 11%	Up 11%
<i>Margin 30.1% vs. 27.3% in Q2 2016</i>	<i>Up 230 bps</i>
Adjusted EPS up 28%	Up 28%
<i>\$0.60 vs. \$0.47 for Q2 2016</i>	<i>Up \$0.13</i>

**2017 Outlook Raised**

# Q2 2017 Revenues by Business



## Financial & Risk +2%

Financial

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Risk

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## Legal +1%

U.S. Online Legal Information

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Solutions Businesses

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U.S. Print

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## Tax & Accounting +8%

Professional

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Corporate

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Knowledge Solutions

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Government

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Note: Revenue growth rates are at constant currency

# 2017 Outlook Raised

	2016 <sup>(1)</sup> Excludes Q4 Charge	FY 2017 Outlook <sup>(2)</sup> February 2017 At Constant Currency	FY 2017 Revised Outlook <sup>(2)</sup> August 2017 At Constant Currency
Revenue Growth	\$11.2 billion	Low single digit	No change to original
Adjusted EBITDA Margin	28.4%	28.8% - 29.8%	29.3% - 30.3%
Free Cash Flow	\$2.1 billion	\$0.9 - \$1.2 billion	No change to original
Adjusted EPS	\$2.07	\$2.35	\$2.40 - \$2.45

(1) 2016 Results exclude the impact of \$212 million of severance charges from adjusted EBITDA and adjusted EPS.

(2) 2017 outlook assumes constant currency rates compared to 2016 and does not factor in the impact of acquisitions or dispositions that may occur during the year.

# **FINANCIAL REVIEW**

**STEPHANE BELLO  
CHIEF FINANCIAL OFFICER**



# Consolidated Results

(\$ millions)	Second-Quarter				Six-Months			
	<u>2017</u>	<u>2016</u>	<u>Change</u>	Change at Constant Currency	<u>2017</u>	<u>2016</u>	<u>Change</u>	Change at Constant Currency
Revenues	2,782	2,769	+0%	+2%	5,597	5,562	+1%	+2%
Adjusted EBITDA	838	757	+11%	+11%	1,714	1,505	+14%	+14%
<i>Adjusted EBITDA Margin</i>	<i>30.1%</i>	<i>27.3%</i>	<i>+280bp</i>	<i>+230 bp</i>	<i>30.6%</i>	<i>27.1%</i>	<i>+350bp</i>	<i>+310 bp</i>

# Legal

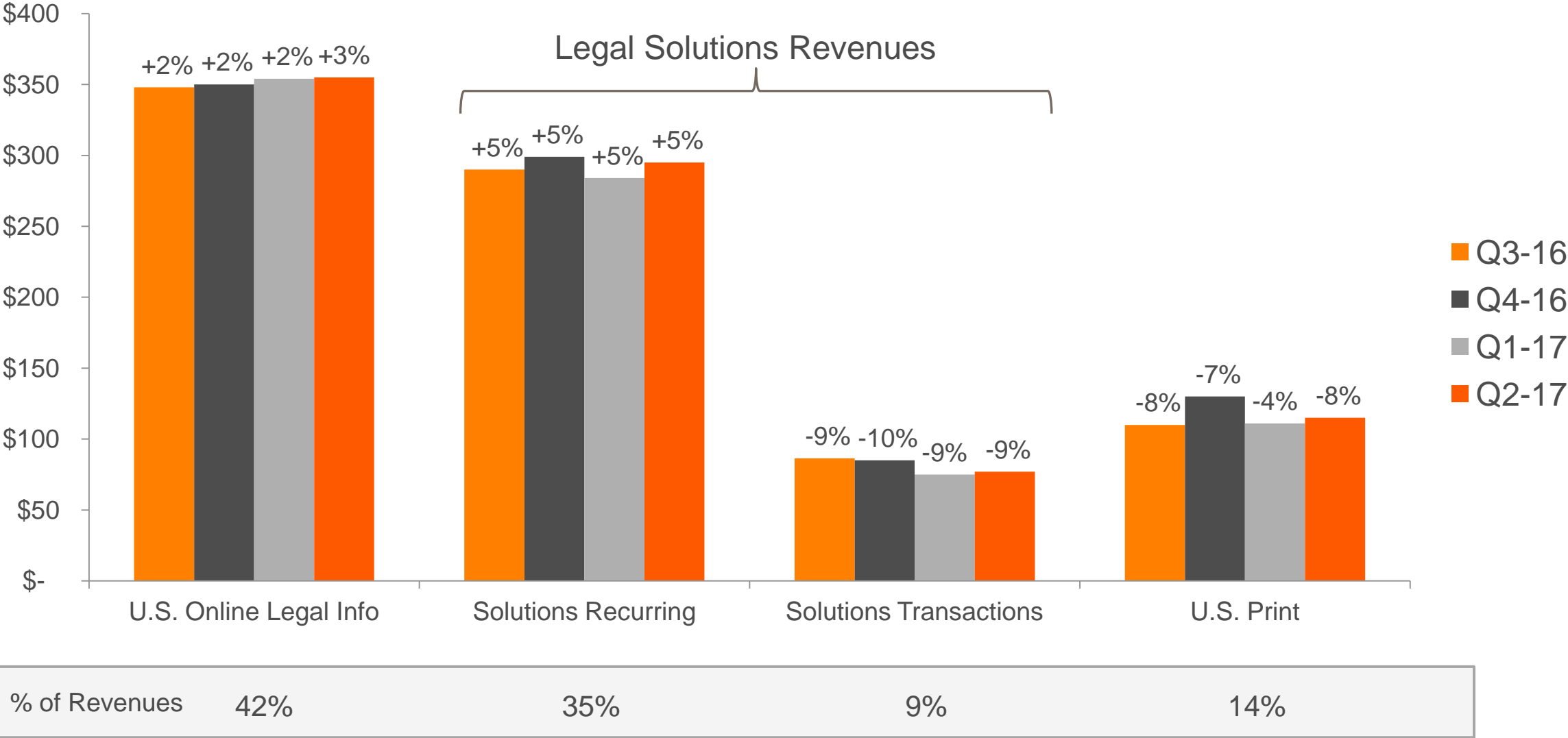
(\$ millions)

Second-Quarter

Six-Months

	<u>2017</u>	<u>2016</u>	<u>Change</u>	Change at Constant Currency	<u>2017</u>	<u>2016</u>	<u>Change</u>	Change at Constant Currency
Revenues	842	846	+0%	+1%	1,666	1,668	+0%	+1%
Adjusted EBITDA	320	310	+3%	+4%	627	608	+3%	+4%
<i>Adjusted EBITDA Margin</i>	<i>38.0%</i>	<i>36.6%</i>	<i>+140bp</i>	<i>+110 bp</i>	<i>37.6%</i>	<i>36.5%</i>	<i>+110bp</i>	<i>+110 bp</i>

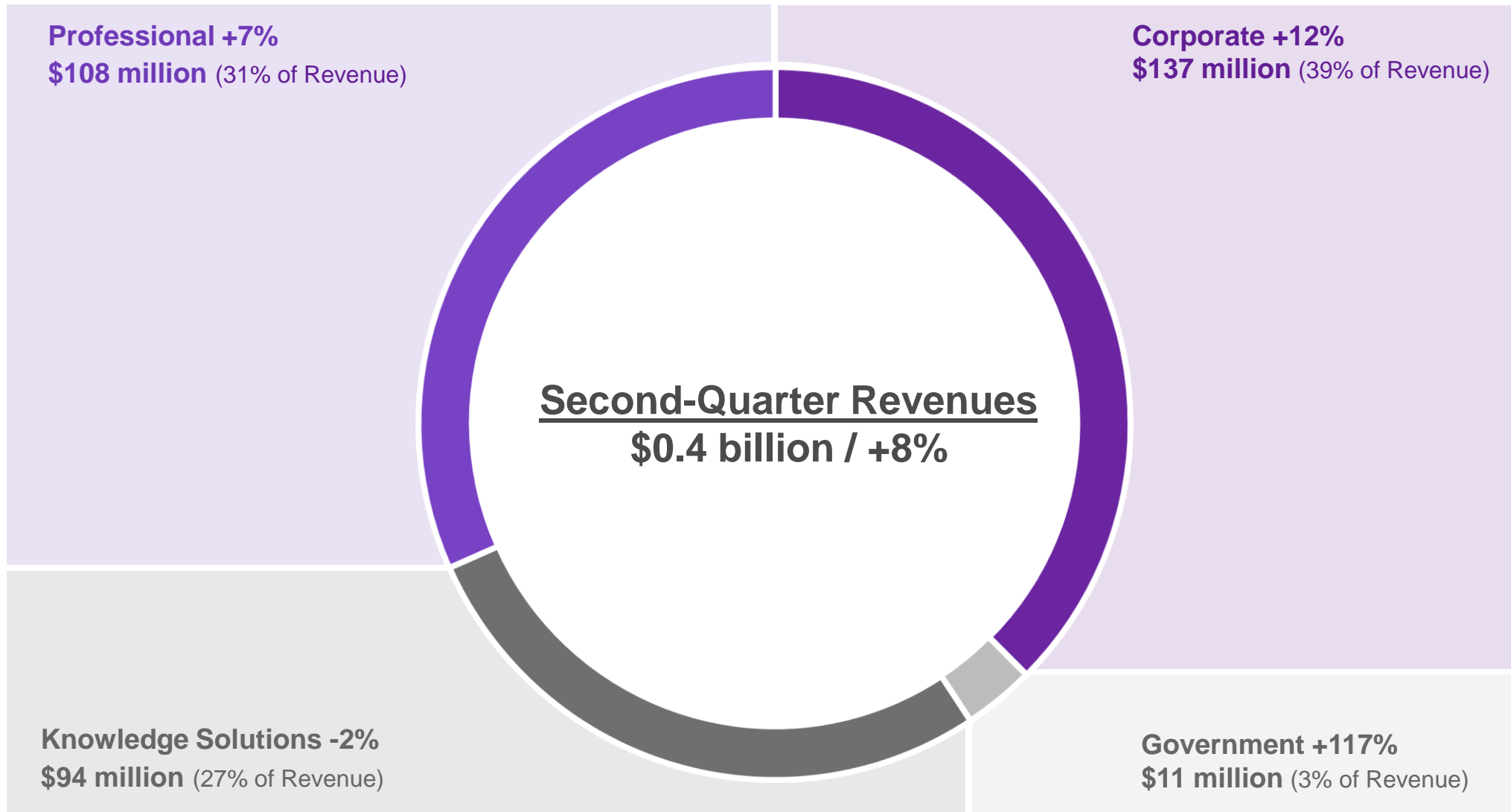
# Legal Revenue Growth By Type



# Tax & Accounting

(\$ millions)	Second-Quarter				Six-Months			
	<u>2017</u>	<u>2016</u>	<u>Change</u>	Change at Constant Currency	<u>2017</u>	<u>2016</u>	<u>Change</u>	Change at Constant Currency
Revenues	350	324	+8%	+8%	767	713	+8%	+7%
Adjusted EBITDA	103	82	+26%	+24%	244	196	+24%	+24%
<i>Adjusted EBITDA Margin</i>	<i>29.4%</i>	<i>25.3%</i>	<i>+410bp</i>	<i>+390 bp</i>	<i>31.8%</i>	<i>27.5%</i>	<i>+430bp</i>	<i>+440 bp</i>

# Tax & Accounting Revenue By Segment



# Financial & Risk

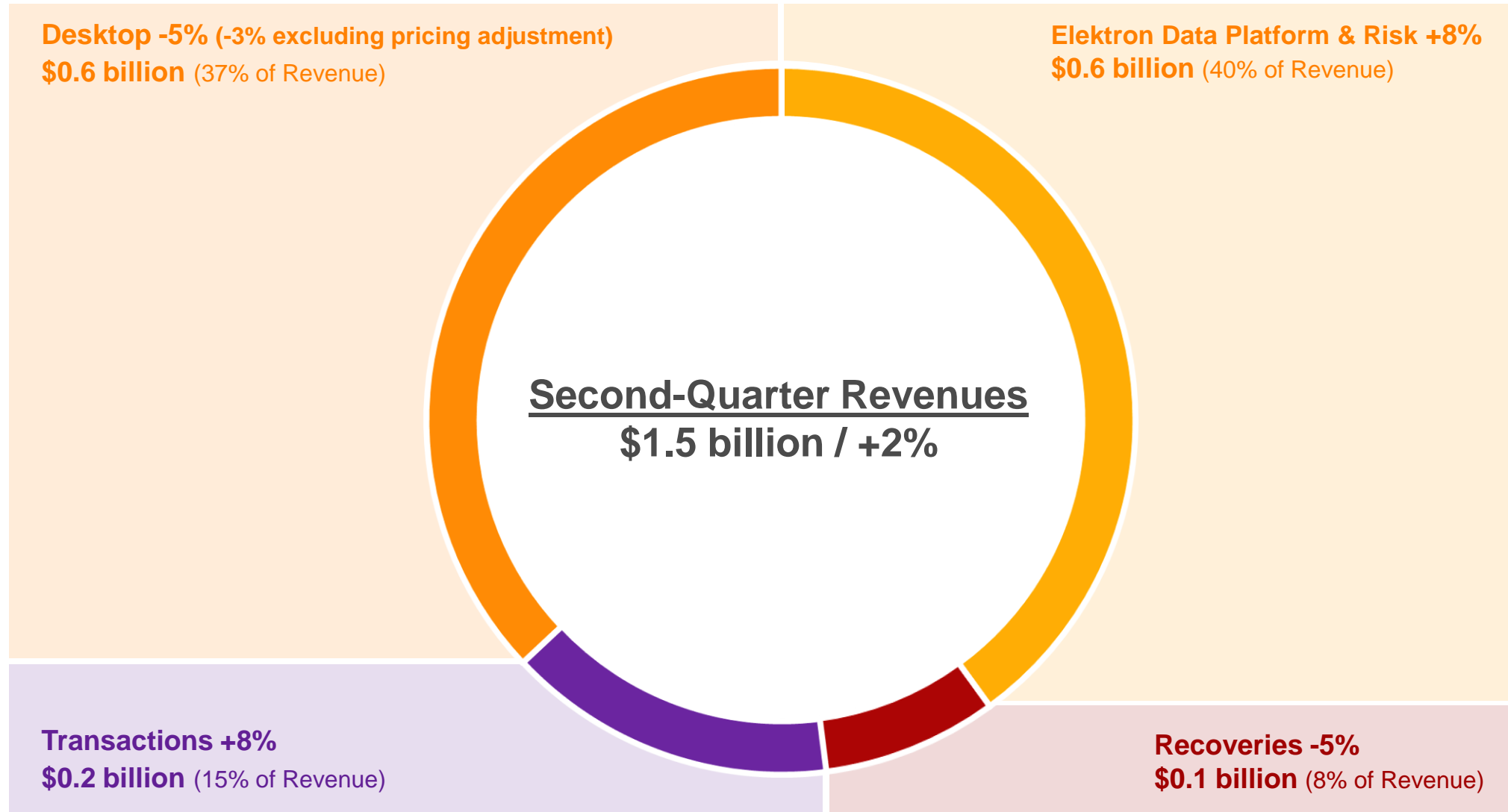
(\$ millions)

Second-Quarter

Six-Months

	<u>2017</u>	<u>2016</u>	<u>Change</u>	Change at Constant Currency	<u>2017</u>	<u>2016</u>	<u>Change</u>	Change at Constant Currency
Revenues	1,517	1,524	+0%	+2%	3,019	3,033	+0%	+1%
Adjusted EBITDA	477	443	+8%	+8%	940	880	+7%	+7%
<i>Adjusted EBITDA Margin</i>	<i>31.4%</i>	<i>29.1%</i>	<i>+230bp</i>	<i>+180 bp</i>	<i>31.1%</i>	<i>29.0%</i>	<i>+210bp</i>	<i>+170 bp</i>

# Financial & Risk Revenue By Segment



**FREE CASH FLOW**

**ADJUSTED EARNINGS PER SHARE**



# Adjusted Earnings Per Share (EPS)

(\$ millions except per share amounts)	Second-Quarter			Six-Months		
	<u>2017</u>	<u>Change</u>		<u>2017</u>	<u>Change</u>	
<b>Adjusted EBITDA</b>	<b>\$838</b>	<b>\$81</b>		<b>\$1,714</b>	<b>\$209</b>	
Depreciation & Computer Software Amortization	(\$245)	\$7		(\$497)	\$5	
Interest Expense	(\$95)	\$8		(\$188)	\$8	
Income Tax <sup>(1)</sup>	(\$48)	(\$16)		(\$103)	(\$28)	
Other <sup>(2)</sup>	(\$14)	(\$1)		(\$32)	(\$8)	
<b>Adjusted Earnings<sup>(1)</sup></b>	<b>\$436</b>	<b>\$79</b>		<b>\$894</b>	<b>\$186</b>	
<b>Adjusted EPS<sup>(1)</sup></b>	<b>\$0.60</b>	<b>\$0.13</b>	<b>+28%</b>	<b>\$1.23</b>	<b>\$0.30</b>	<b>+32%</b>
<i>Currency Impact</i>	<i>(\$0.00)</i>			<i>(\$0.00)</i>		

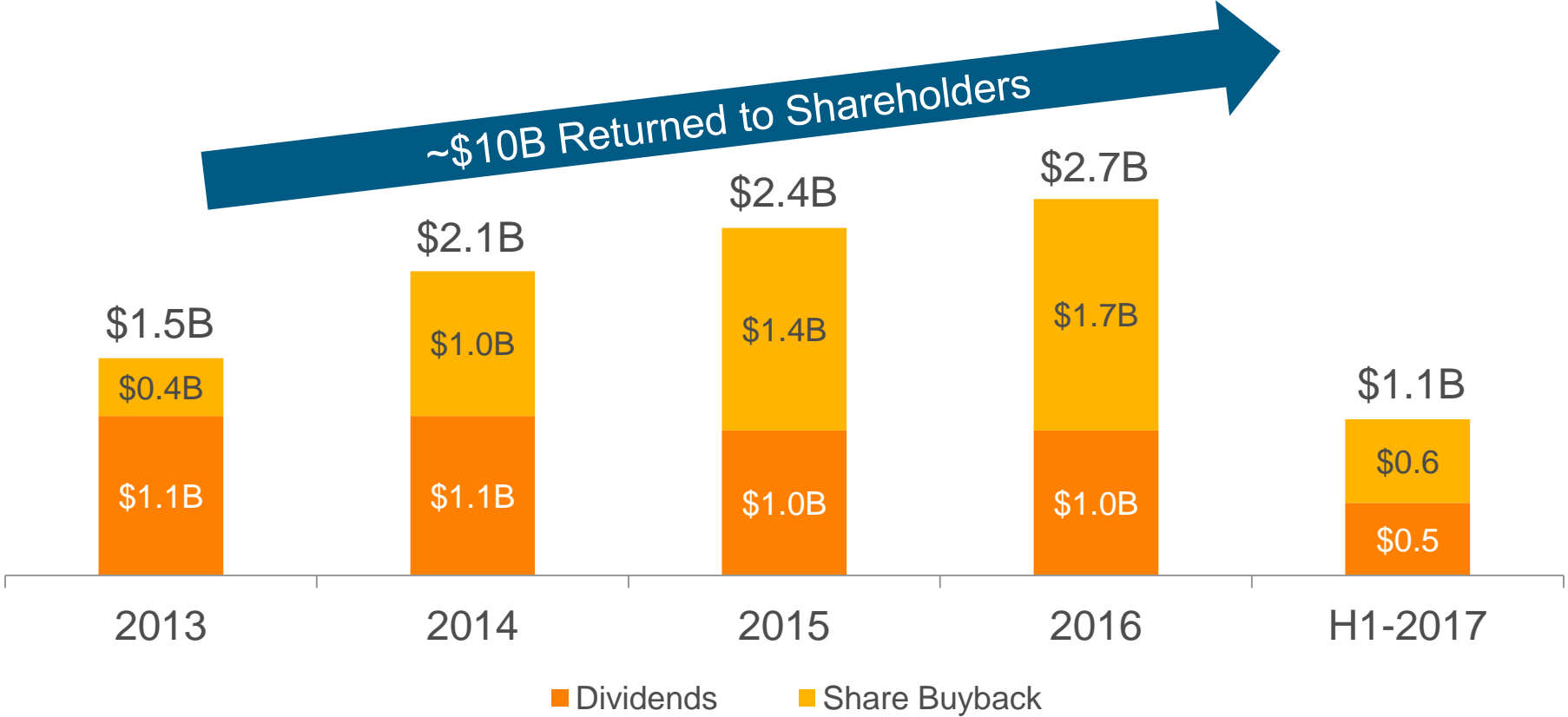
(1) Income Taxes, adjusted earnings and adjusted EPS are presented under the redefined methodology announced in July 2016 as part of the company's Q2 2016 earnings, for all periods referenced

(2) Other includes earnings attributable to non-controlling interests and dividends on preference shares

# Consolidated Free Cash Flow

(\$ millions)	Second- Quarter			Six-Months		
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
<b>Comparable Free Cash Flow</b>	<b>\$618</b>	<b>\$467</b>	<b>\$151</b>	<b>\$660</b>	<b>\$579</b>	<b>\$81</b>
Payment Related To Fourth-Quarter 2016 Charge	(\$30)	\$0	(\$30)	(\$116)	\$0	(\$116)
Pension Contribution	\$0	\$0	\$0	(\$500)	\$0	(\$500)
<b>Free Cash Flow (excluding IP &amp; Science)</b>	<b>\$588</b>	<b>\$467</b>	<b>\$121</b>	<b>\$44</b>	<b>\$579</b>	<b>(\$535)</b>
Free Cash Flow - IP & Science	(\$8)	\$58	(\$66)	(\$49)	\$169	(\$218)
<b>Free Cash Flow</b>	<b>\$580</b>	<b>\$525</b>	<b>\$55</b>	<b>(\$5)</b>	<b>\$748</b>	<b>(\$753)</b>

# Returning Capital To Shareholders



Shares Repurchased (millions)	2013	2014	2015	2016	H1-2017
	10.9	28.3	35.9	41.9	13.5

# 2017 Outlook Raised

	<b>2016<sup>(1)</sup></b> Excluding Q4 charge	<b>FY 2017 Outlook<sup>(2)</sup></b> February 2017 At Constant Currency	<b>FY 2017 Revised Outlook<sup>(2)</sup></b> August 2017 At Constant Currency
Revenue Growth	\$11.2 billion	Low single digit	No change to original
<b>Adjusted EBITDA Margin</b>	<b>28.4%</b>	<b>28.8% - 29.8%</b>	<b>29.3% - 30.3%</b>
Free Cash Flow	\$2.1 billion	\$900 million - \$1.2 billion	No change to original
<b>Adjusted EPS</b>	<b>\$2.07</b>	<b>\$2.35</b>	<b>\$2.40 - \$2.45</b>
<b>Depreciation &amp; Amortization</b>	<b>\$1.0 billion</b>	<b>\$950 million - \$1.05 billion</b>	<b>\$1.0 billion - \$1.05 billion</b>
<b>Capital Expenditures % of Revenue</b>	<b>8.1%</b>	<b>~8.5%</b>	<b>~9.0%</b>
Interest Expense (P&L)	\$403 million	\$400 million - \$425 million	No change to original
Effective Tax Rate on Adjusted Earnings	7.8%	10% - 13%	No change to original

(1) 2016 Results exclude the impact of \$212 million of severance charges from adjusted EBITDA and adjusted EPS.

(2) 2017 outlook assumes constant currency rates compared to 2016 and does not factor in the impact of acquisitions or dispositions that may occur during the year.

# Q&A