



REUTERS/David W Cerny

# THOMSON REUTERS

---

## 2015 FULL-YEAR & FOURTH-QUARTER RESULTS



THOMSON REUTERS

# Agenda

- Welcome / Introduction Frank Golden
- Full-Year 2015 Highlights Jim Smith
- 2016 Outlook
- 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 2016 outlook, are forward-looking. Forward-looking statements are those which are not historical facts and include the company's current expectations regarding adjusted earnings per share in 2017, the impact of foreign currency on the company's future results, businesses that it views as higher growth opportunities, its plans to sell the Intellectual Property & Science business (including timing for a transaction and potential uses of proceeds), its stock buyback program, trends in its business segments and changes in revenue mix in its business segments. Forward-looking statements also include the company's expectations for 2016 regarding Financial & Risk's recoveries revenues and foreign exchange commercial pricing adjustments related to product migrations and Legal's print revenues.
- 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 2016. 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 revenues from ongoing businesses, adjusted EBITDA and the related margin, underlying operating profit and the related margin, free cash flow, free cash flow from ongoing businesses, adjusted EPS and selected measures before the impact of currency.
- Please see our earnings release dated February 11, 2016, 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 FULL-YEAR 2015 HIGHLIGHTS

JIM SMITH  
PRESIDENT & CEO

# 2015

## A Milestone Year

- Returned to organic revenue growth (first time since 2011)
- Record adjusted earnings per share - \$2.13
- \$1.8 billion Free Cash Flow – up 25%
- Financial & Risk - Growing momentum
  - Underlying revenue\* growth above 2%
  - Achieved 30% EBITDA margin target in Q4 (constant currency)
  - Positive net sales in Q4 & all 4 quarters – first time in 7 years
- 23<sup>rd</sup> consecutive annual dividend increase

\*Underlying revenue excludes recoveries revenue & commercial pricing adjustments

# Thomson Reuters

## Full-Year 2015 Results vs. 2015 Outlook

**Achieved or exceeded guidance for each metric**

### Includes IP & Science

	2015 Outlook (Before impact of currency)	2015 Actual (Before impact of currency)	
Revenues	Positive organic growth	1.5% organic	✓
Adjusted EBITDA Margin	27.5% - 28.5%	27.8%	✓
Underlying Operating Profit Margin	18.5% - 19.5%	19.2%	✓
Free Cash Flow (millions & after currency)	\$1,550 - \$1,750	\$1,801	✓

2015 Outlook & 2015 Actual are measured at constant currency rates relative to 2014, except free cash flow, which is reflected at actual currency rates. Currency had no impact on Adj. EBITDA margin & had a negative 40 basis point impact on underlying operating profit margin. Actual underlying operating profit margin was 18.8%

# Consolidated Q4 2015 Results

Reported	Before Currency
Revenues down 2%	Up 2%
Adj. EBITDA up 13%	Up 16%
Margin 28.4% vs. 24.7% Q4 2014	Up 350 bps
Underlying operating profit up 28%	Up 32%
Margin 20.2% vs. 15.5% Q4 2014	Up 480 bps
Adjusted EPS up 51%	Up 63%
Up \$0.22 to \$0.65 vs. \$0.43 in Q4 2014	Up \$0.27
Announced new \$1.5 Billion Buyback Program	

**\$6 billion of cash returned to shareholders in last 3 years**

# Full Year 2015 Revenue Results by Business



**Financial & Risk**  
0%

Financial

Risk



**Legal**  
2%

U.S. Online Legal  
Information

Solutions Businesses

U.S. Print



**Tax & Accounting**  
8%

Professional

Corporate

Knowledge Solutions

Government



**IP & Science**  
1%

**Preparing to launch  
sale process  
Will be excluded from  
2016 results**

Revenue growth rates are before the impact of currency

Results for ongoing businesses

# 2016



# 2016 Priorities

## Investing to Accelerate Growth & Profitability



- **Increasing & prioritizing** investments to growth initiatives
- **Strategic priorities represent 25% of revenue growing double digits**
  - Legal Software & Solutions
  - Global Trade Mgmt.
  - Global Tax
  - Risk Solutions
- **Deploying World-Class Go-to-Market Capabilities**
  - Shared standards, processes & tools across TRI
  - Drive new sales & retention



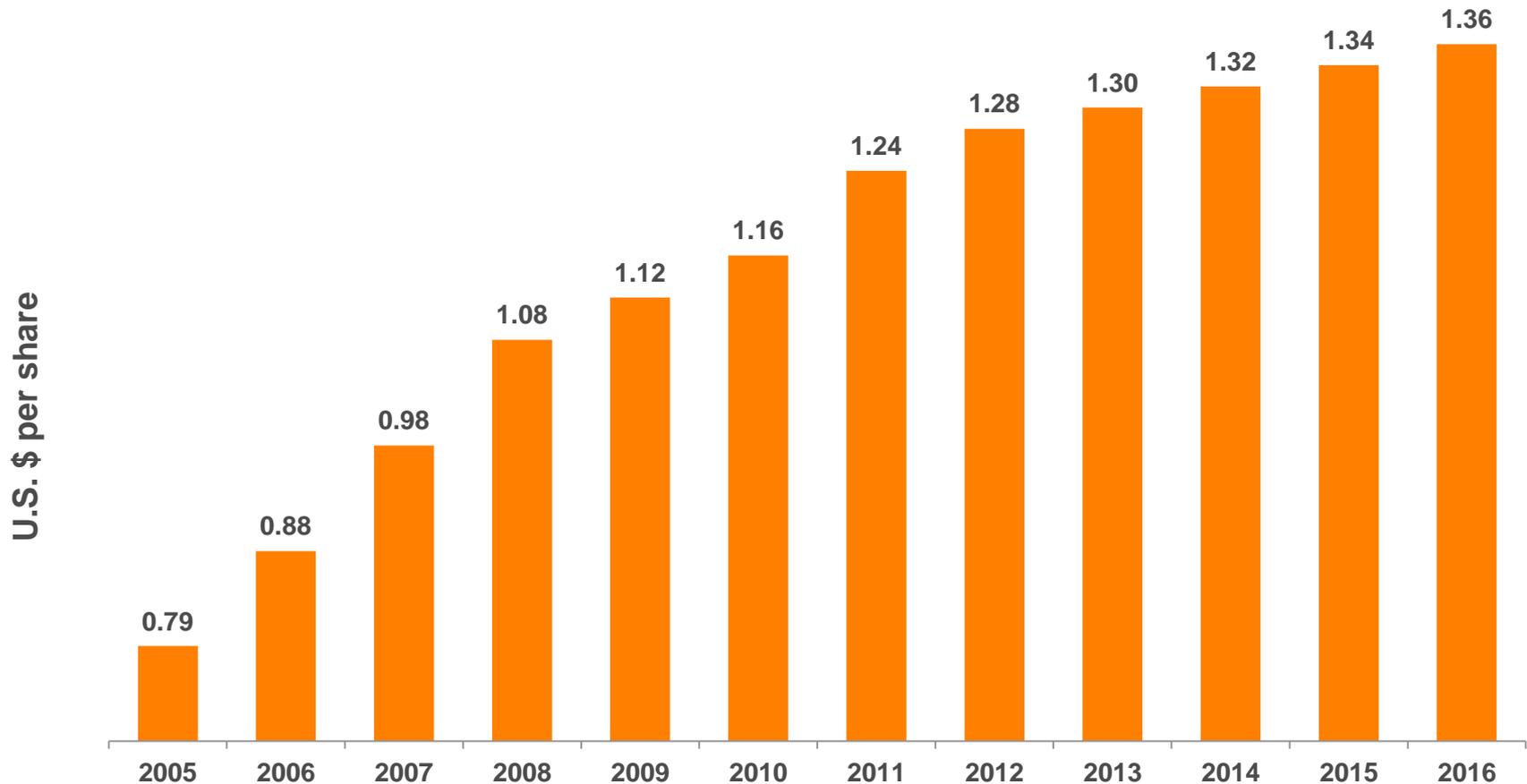
- **Deliver on 2017 EPS target**
- **2016 investments to benefit revenue & margins in 2017**
- **Executing on Transformation**
  - **“Enterprise Approach”** - scalable platforms to support growth & profitability
  - Drive scale opportunities across the business



- **Focusing on organic growth**
  - Reduced acquisition spend
- **Deliver consistent FCF growth**
- **Increased returns of capital to shareholders without sacrificing growth objectives or commitment to strong capital structure**
  - Attractive dividend
  - IP&S proceeds for general corporate purposes, repaying debt & share buybacks

# 23 Consecutive Years of Dividend Increases

2016 dividend increase of \$0.02 per share to \$1.36



# 2016 Outlook (Excludes IP&S)

	2015 Results Excludes IP&S	2016 Outlook <sup>(1)</sup> Before Currency
Revenue Growth <i>Revenue Growth Excluding Recoveries</i>	\$11.3 billion	Low single digit 2.0% - 3.0%
Adjusted EBITDA Margin	27.3%	27.3% - 28.3%
Underlying Op Profit Margin	18.1%	18.4% - 19.4%
Free Cash Flow (millions)	\$1.8 billion	\$1.7 - \$1.9 billion





# FINANCIAL REVIEW

STEPHANE BELLO  
CHIEF FINANCIAL OFFICER

# Consolidated Results

(Billions)	Fourth Quarter				Full-Year			
	<u>2015</u>	<u>2014</u>	<u>Change</u>	Change Before Currency	<u>2015</u>	<u>2014</u>	<u>Change</u>	Change Before Currency
Revenues	\$3.1	\$3.2	-2%	2%	\$12.2	\$12.6	-3%	2%
Adjusted EBITDA	\$0.9	\$0.8	13%	16%	\$3.4	\$3.3	2%	7%
<i>Adjusted EBITDA Margin</i>	<i>28.4%</i>	<i>24.7%</i>		<i>+350 bp</i>	<i>27.8%</i>	<i>26.3%</i>		<i>+150 bp</i>
Underlying Operating Profit	\$0.6	\$0.5	28%	32%	\$2.3	\$2.1	7%	14%
<i>Underlying Op. Profit Margin</i>	<i>20.2%</i>	<i>15.5%</i>		<i>+480 bp</i>	<i>18.8%</i>	<i>17.0%</i>		<i>+220 bp</i>

Results for ongoing businesses.

# Legal

(\$ Millions)

Fourth Quarter

Full-Year

	<u>2015</u>	<u>2014</u>	<u>Change</u>	Before Currency	<u>2015</u>	<u>2014</u>	<u>Change</u>	Before Currency
Revenues	867	872	-1%	2%	3,354	3,379	-1%	2%
EBITDA	320	299	7%	8%	1,238	1,238	0%	1%
<i>EBITDA Margin</i>	<i>36.9%</i>	<i>34.3%</i>		<i>+200 bp</i>	<i>36.9%</i>	<i>36.6%</i>		<i>-30 bp</i>
Operating Profit	256	228	12%	14%	985	958	3%	4%
<i>Op. Profit Margin</i>	<i>29.5%</i>	<i>26.1%</i>		<i>+300 bp</i>	<i>29.4%</i>	<i>28.4%</i>		<i>+50 bp</i>

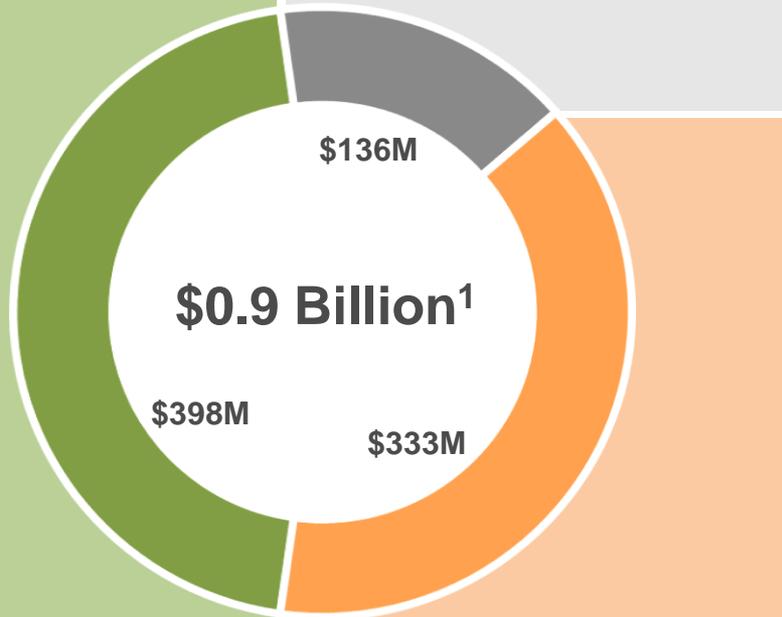
Results for ongoing businesses.

# Legal

## Q4 2015

Solutions Businesses  
+5%  
(46% of Revenue)

U.S. Print  
-6%  
(16% of Revenue)

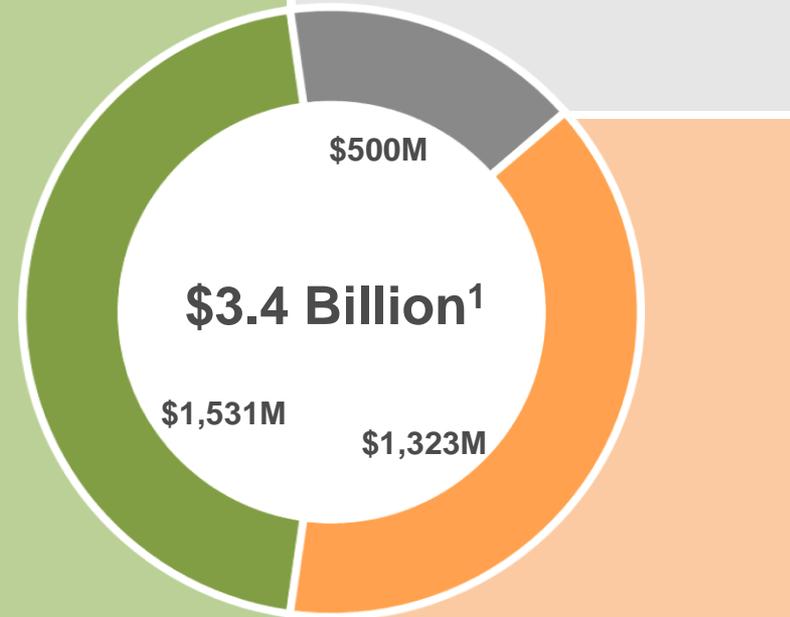


U.S. Online Legal Information  
+2%  
(38% of Revenue)

## Full Year 2015

Solutions Businesses  
+6%  
(46% of Revenue)

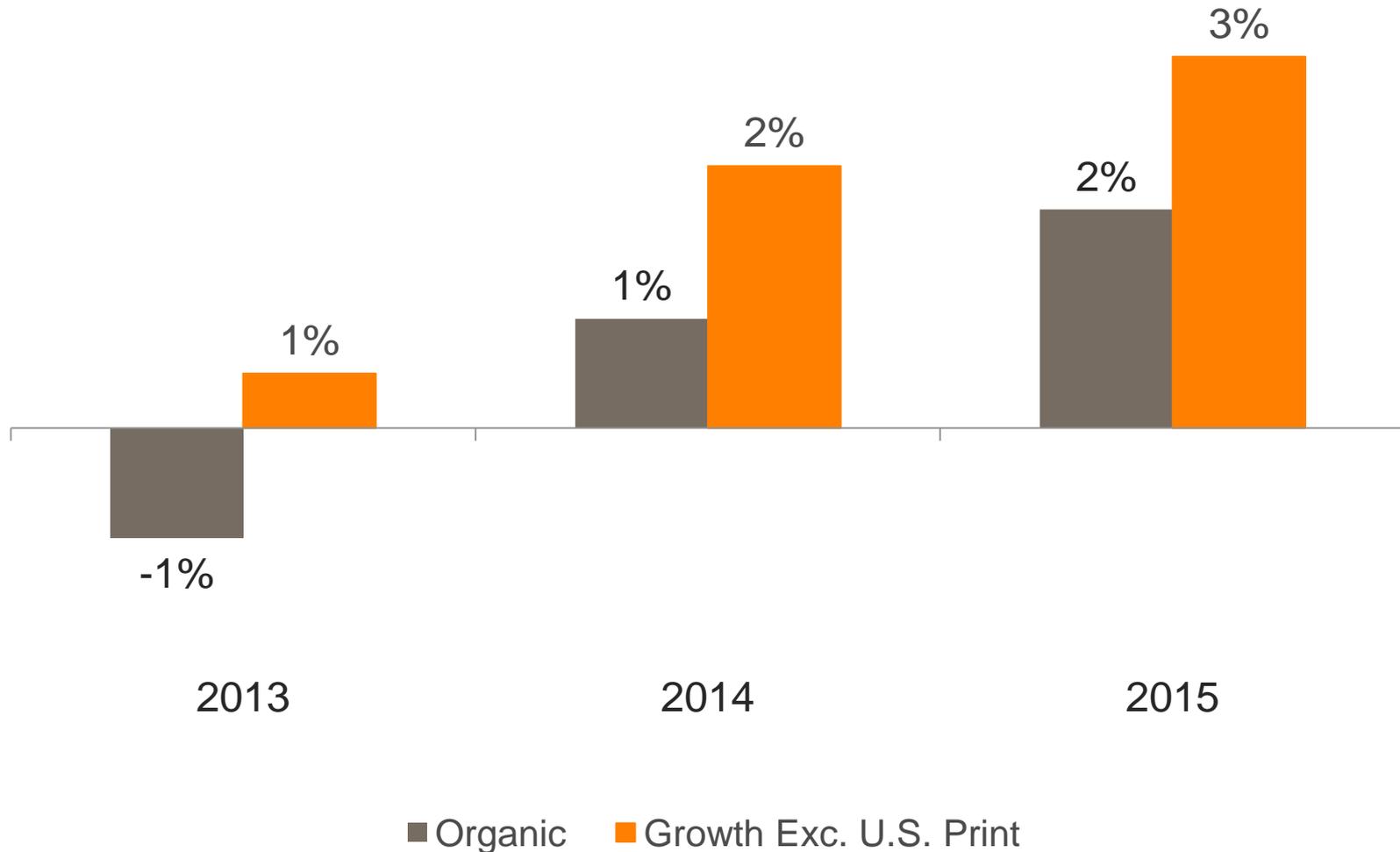
U.S. Print  
-6%  
(15% of Revenue)



U.S. Online Legal Information  
+1%  
(39% of Revenue)

# Legal

## Organic Revenue Growth & Growth Excluding U.S. Print



# Tax & Accounting

(\$ Millions)

Fourth Quarter

Full-Year

	<u>2015</u>	<u>2014</u>	<u>Change</u>	Before Currency	<u>2015</u>	<u>2014</u>	<u>Change</u>	Before Currency
Revenues	410	397	3%	7%	1,417	1,370	3%	8%
EBITDA	161	132	22%	22%	456	417	9%	10%
<i>EBITDA Margin</i>	<i>39.3%</i>	<i>33.2%</i>		<i>+440 bp</i>	<i>32.2%</i>	<i>30.4%</i>		<i>+80 bp</i>
Operating Profit	132	103	28%	28%	343	295	16%	16%
<i>Op. Profit Margin</i>	<i>32.2%</i>	<i>25.9%</i>		<i>+490 bp</i>	<i>24.2%</i>	<i>21.5%</i>		<i>+170 bp</i>

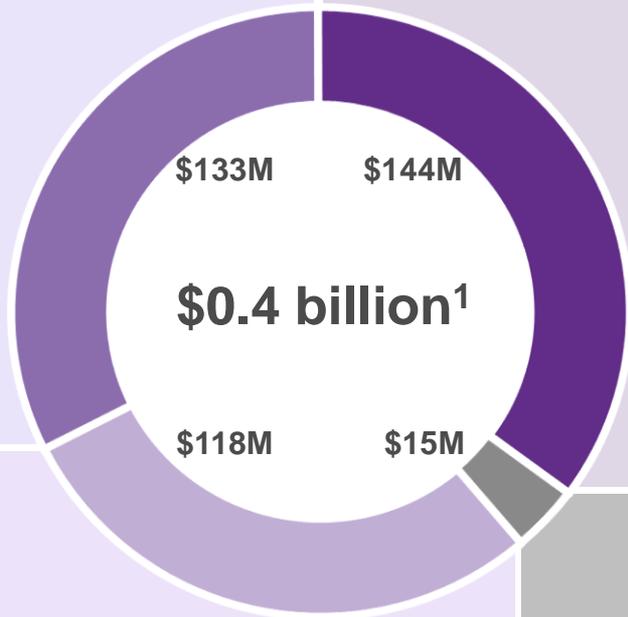
Results for ongoing businesses.

# Tax & Accounting

## Q4 2015

Professional  
+7%  
(32% of Revenue)

Corporate  
+14%  
(35% of Revenue)



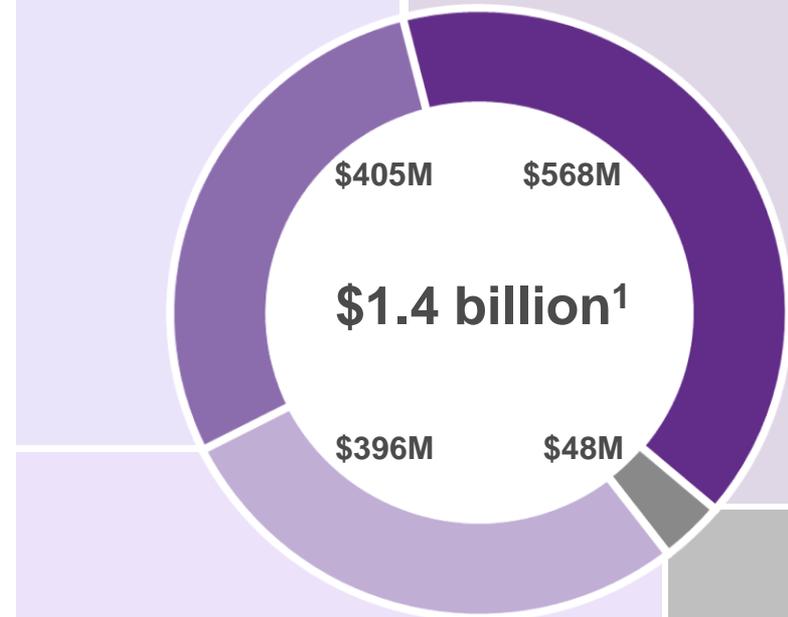
Knowledge Solutions  
-2%  
(29% of Revenue)

Government  
+19%  
(4% of Revenue)

## Full Year 2015

Professional  
+10%  
(29% of Revenue)

Corporate  
+13%  
(40% of Revenue)

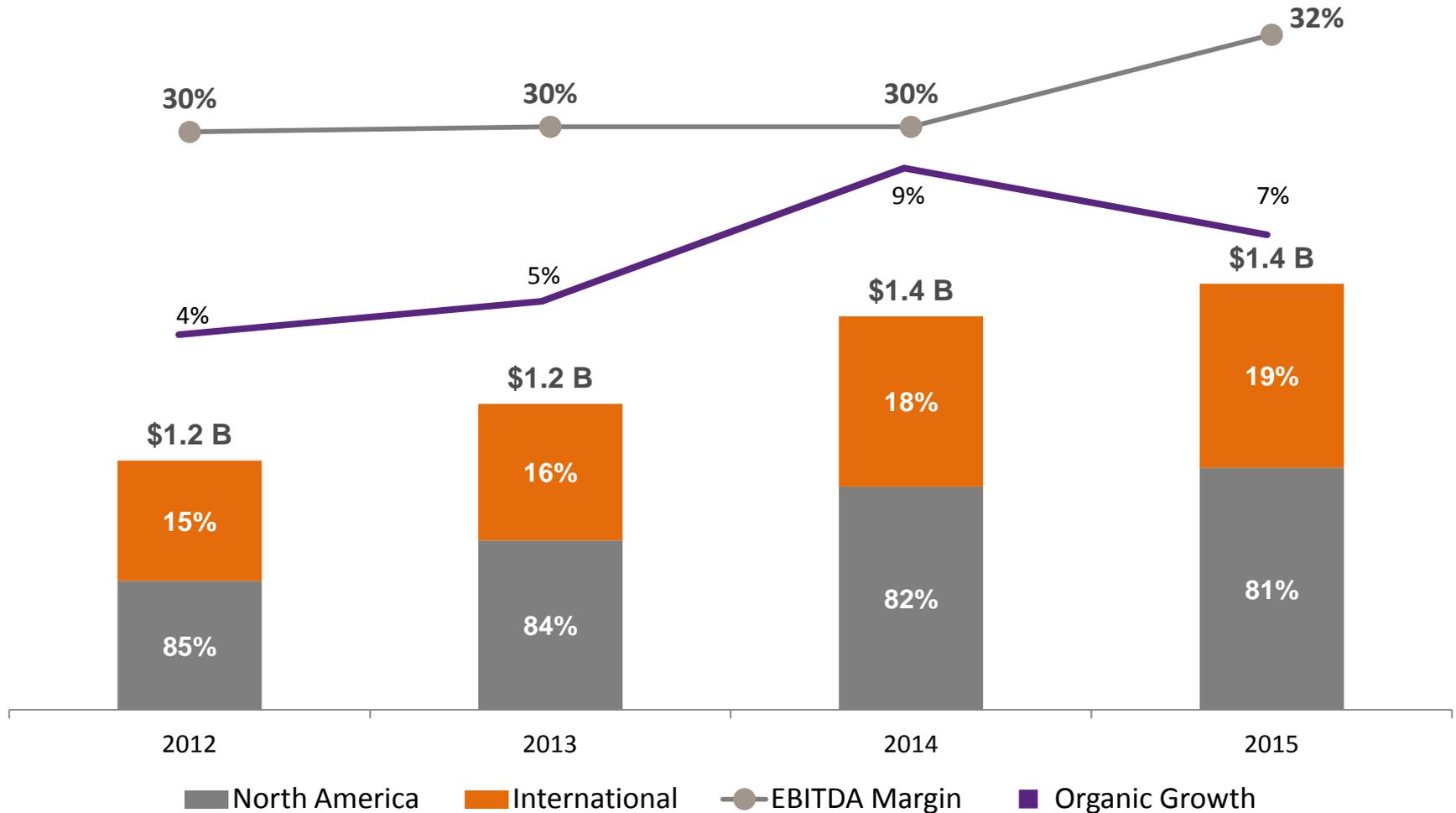


Knowledge Solutions  
+1%  
(28% of Revenue)

Government  
-12%  
(3% of Revenue)

# Tax & Accounting

## Software & Global Businesses Driving Revenue Growth & Margins



**+7% Revenue CAGR**

# Intellectual Property & Science

(\$ Millions)

Fourth Quarter

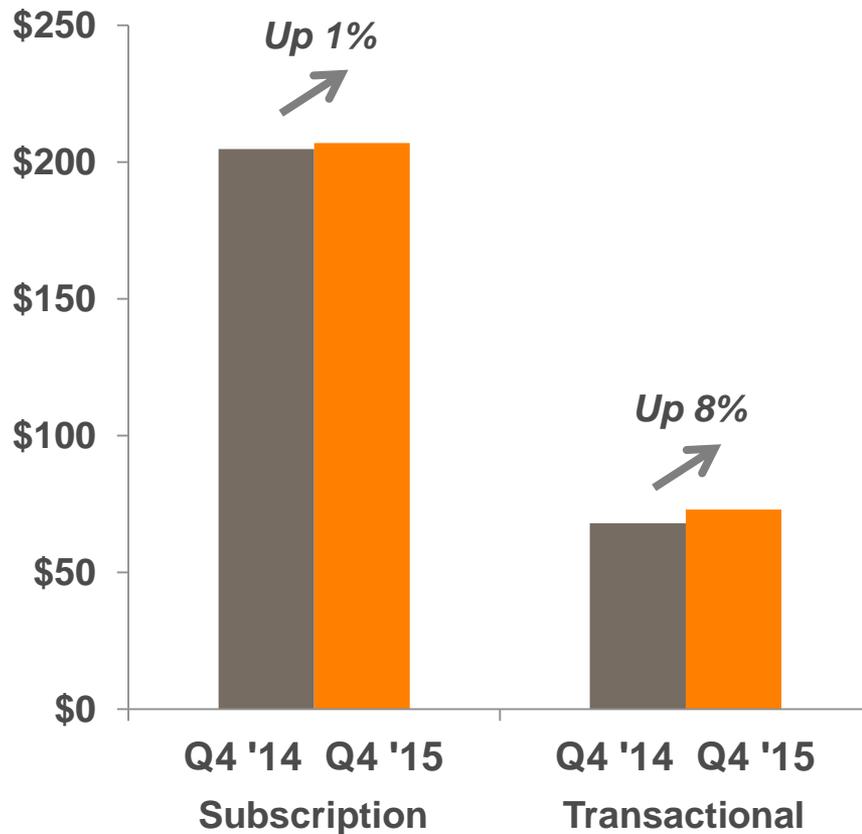
Full-Year

	<u>2015</u>	<u>2014</u>	<u>Change</u>	Before Currency	<u>2015</u>	<u>2014</u>	<u>Change</u>	Before Currency
Revenues	274	269	2%	3%	1,005	1,011	-1%	1%
EBITDA	96	95	1%	-1%	313	328	-5%	-5%
<i>EBITDA Margin</i>	<i>35.0%</i>	<i>35.3%</i>		<i>-130 bp</i>	<i>31.1%</i>	<i>32.4%</i>		<i>-220 bp</i>
Operating Profit	72	72	0%	-1%	221	239	-8%	-9%
<i>Op. Profit Margin</i>	<i>26.3%</i>	<i>26.8%</i>		<i>-110 bp</i>	<i>22.0%</i>	<i>23.6%</i>		<i>-240 bp</i>

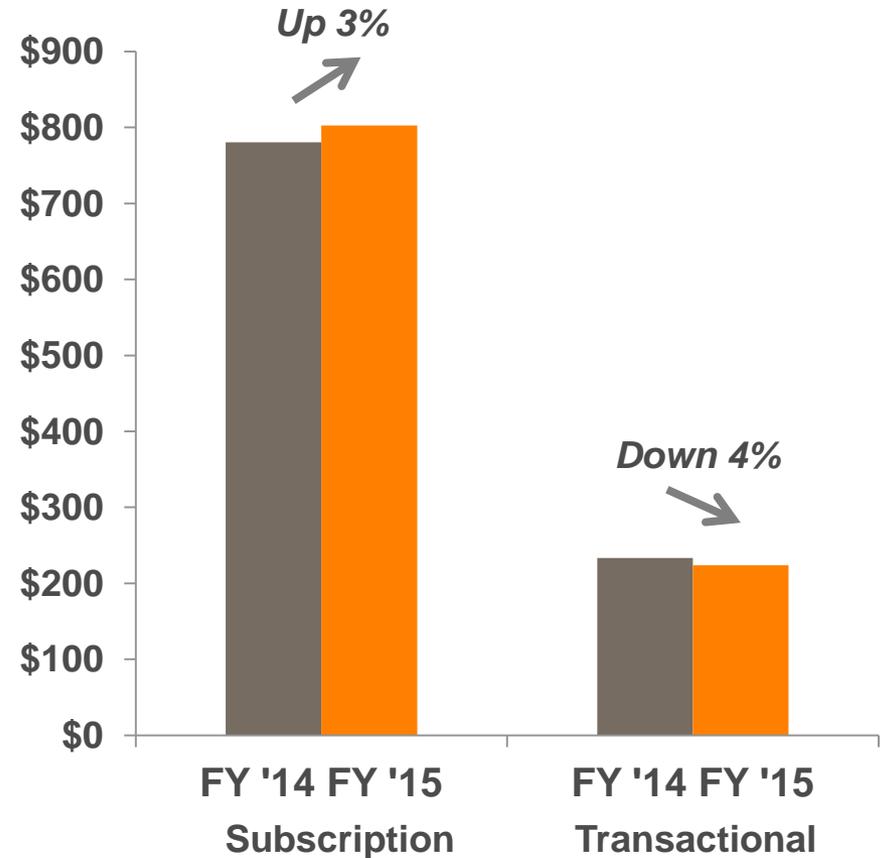
Results for ongoing businesses.

# Intellectual Property & Science

Q4 2015 vs. Q4 2014



FY 2015 vs. FY 2014



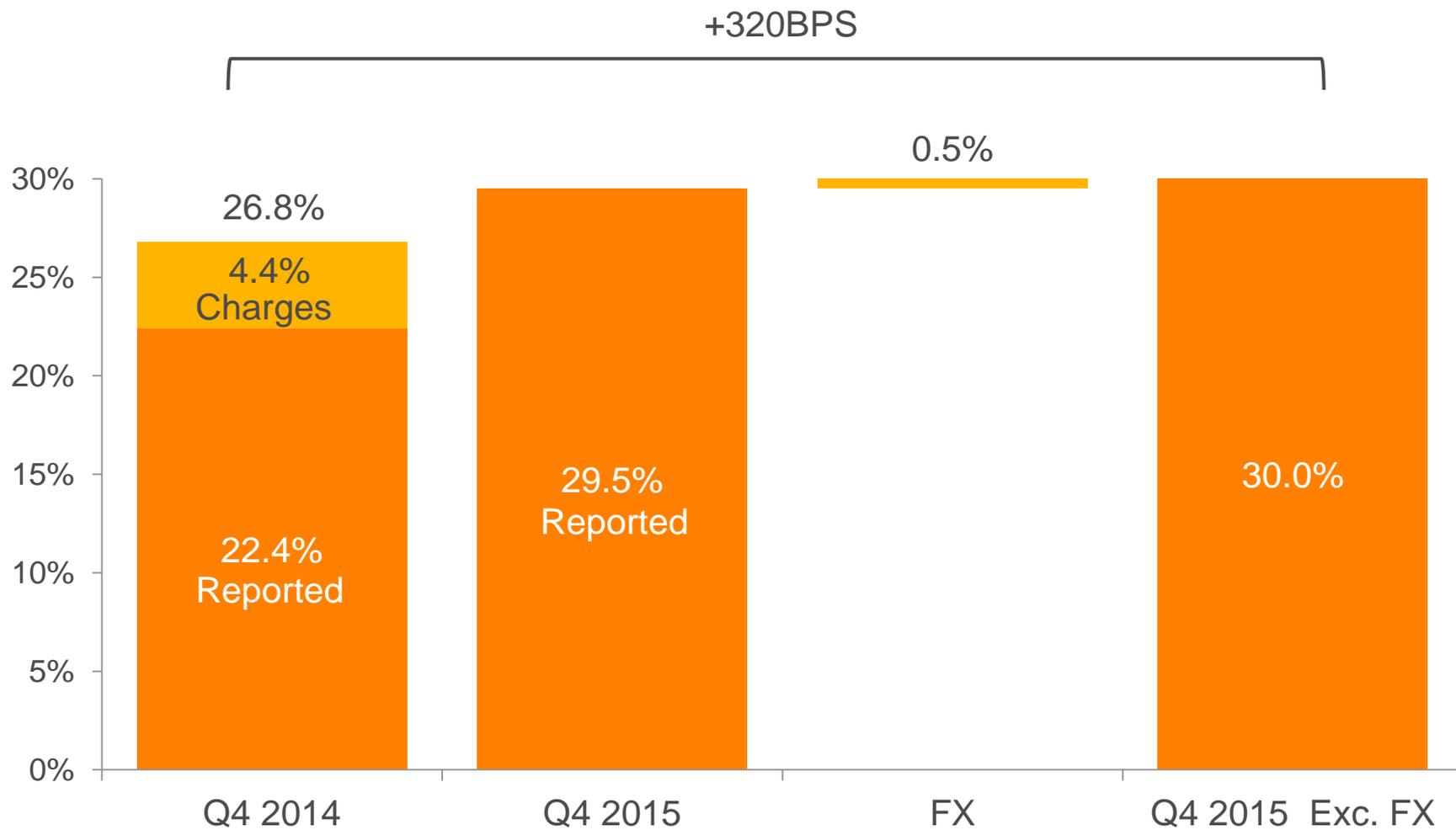
# Financial & Risk

(\$ Millions)	Fourth Quarter				Full-Year			
	<u>2015</u>	<u>2014</u>	<u>Change</u>	Before Currency	<u>2015</u>	<u>2014</u>	<u>Change</u>	Before Currency
Revenues	1,527	1,597	-4%	0%	6,148	6,538	-6%	0%
EBITDA	450	358	26%	33%	1,701	1,591	7%	17%
<i>EBITDA Margin</i>	<i>29.5%</i>	<i>22.4%</i>		<i>+760 bp</i>	<i>27.7%</i>	<i>24.3%</i>		<i>+420 bp</i>
Operating Profit	318	193	65%	74%	1,104	951	16%	32%
<i>Op. Profit Margin</i>	<i>20.8%</i>	<i>12.1%</i>		<i>+950 bp</i>	<i>18.0%</i>	<i>14.5%</i>		<i>+470 bp</i>

Results for ongoing businesses.

# Financial & Risk

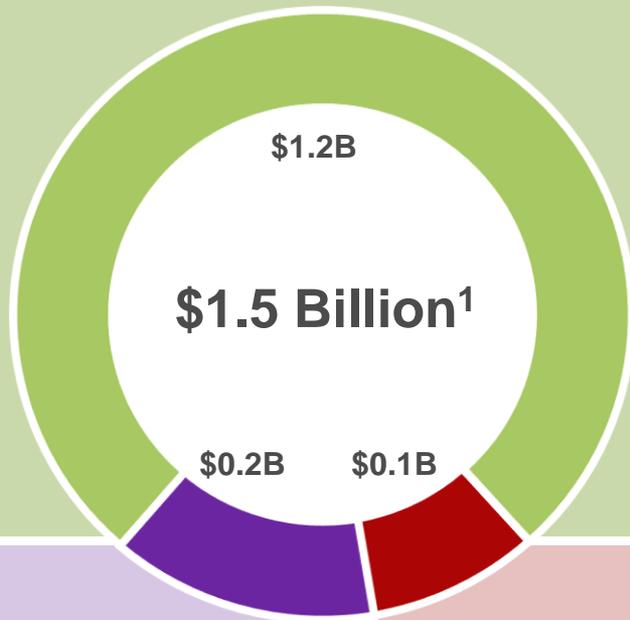
## Q4 2015 EBITDA Margin



# Financial & Risk

## Q4 2015

Recurring  
+2%  
(77% of Revenue)

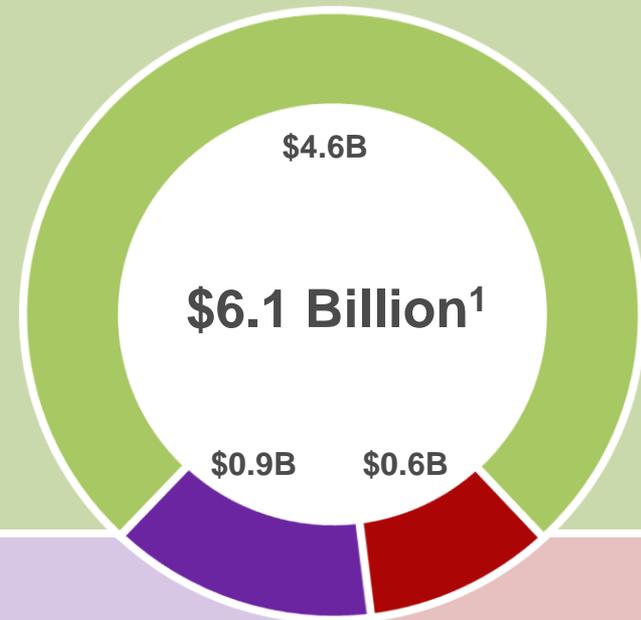


Transactions  
-1%  
(14% of Revenue)

Recoveries  
-14%  
(9% of Revenue)

## Full Year 2015

Recurring  
+1%  
(76% of Revenue)



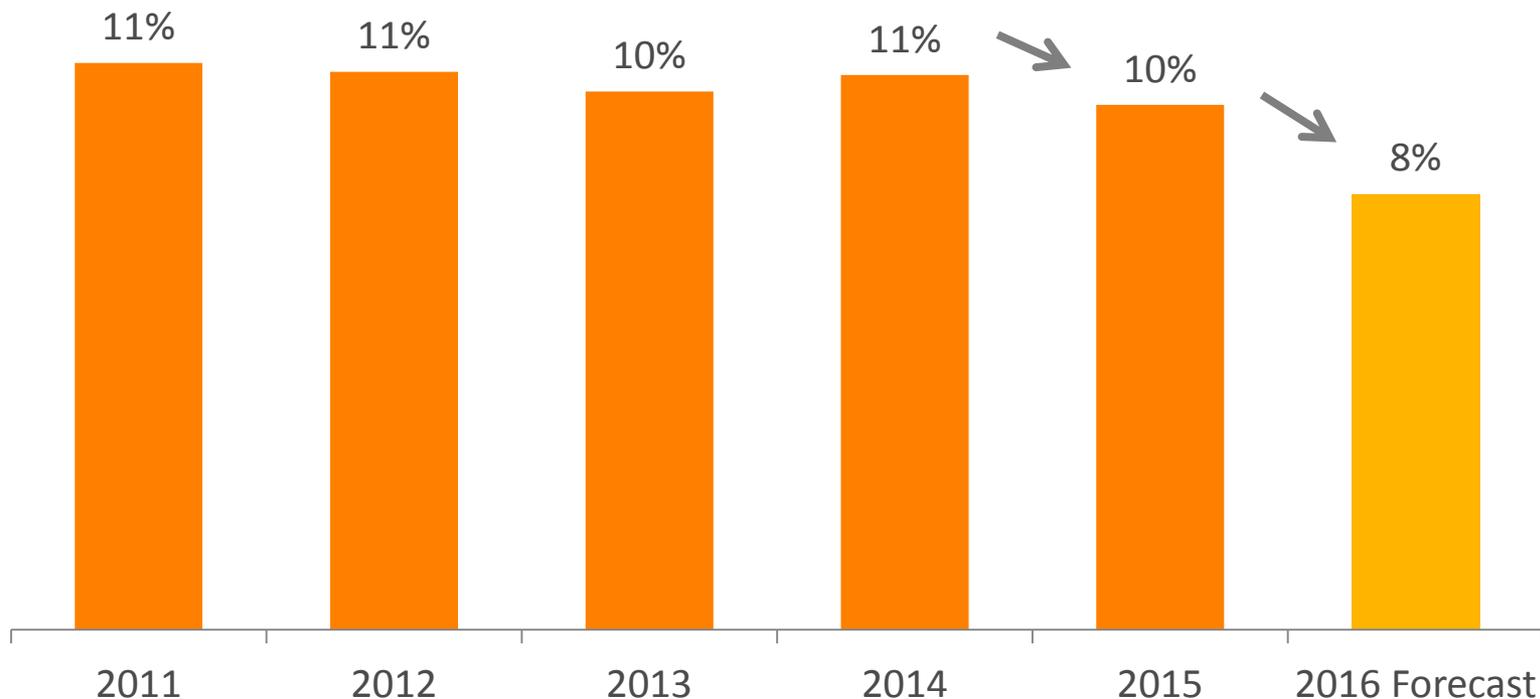
Transactions  
+1%  
(14% of Revenue)

Recoveries  
-5%  
(10% of Revenue)

<sup>1</sup> Results from ongoing businesses.

# Financial & Risk

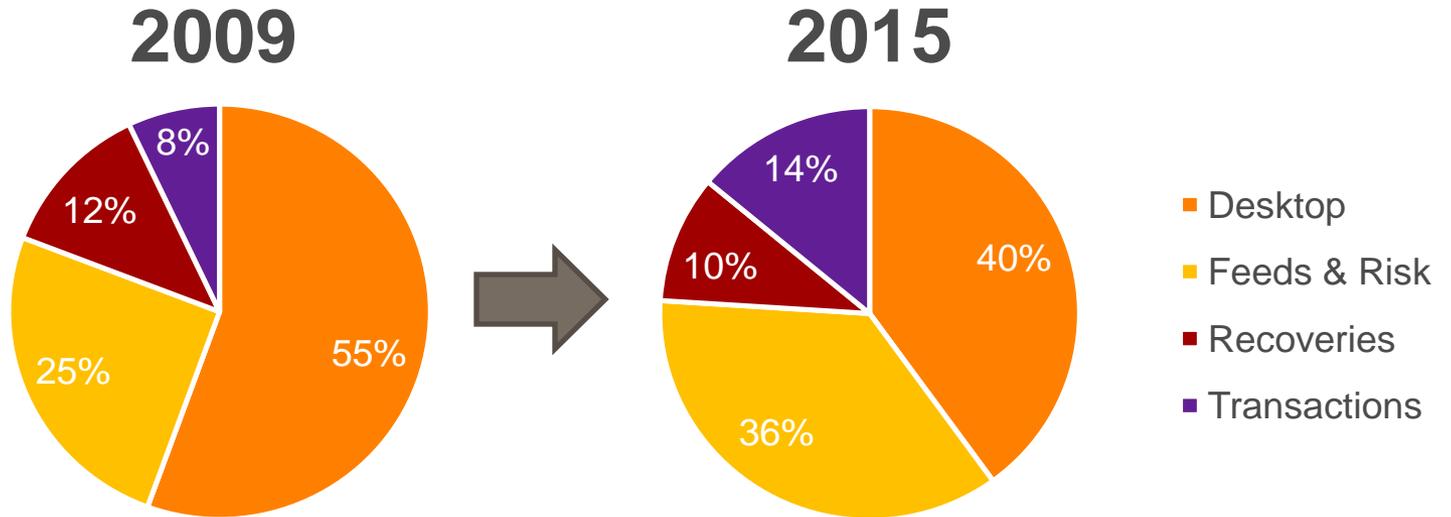
## Recoveries Revenue as a Percentage of F&R Revenue



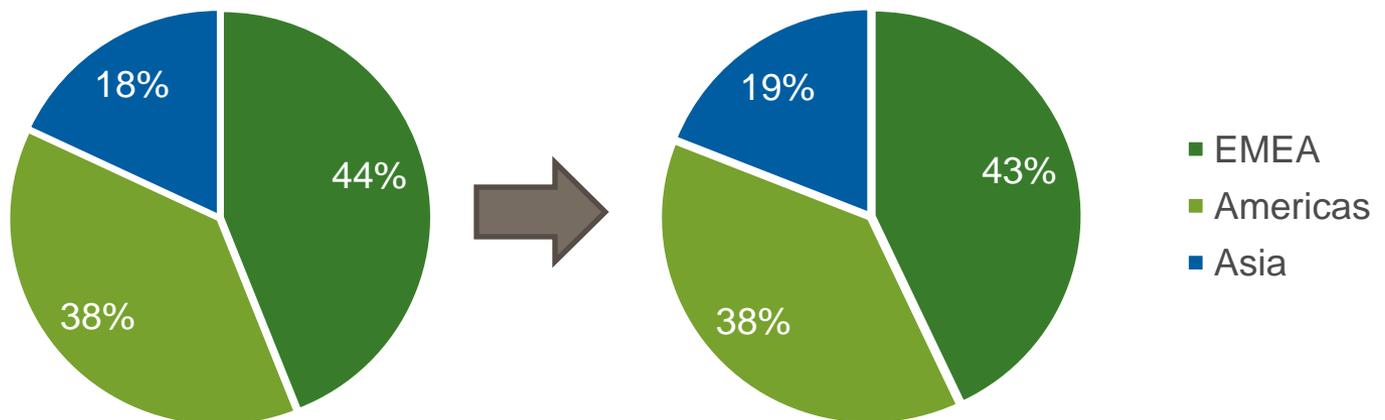
**23% reduction in recoveries revenue 2011 - 2016**

# Financial & Risk Evolving Revenue Mix

## Revenue by Type



## Revenue by Region





FREE CASH FLOW

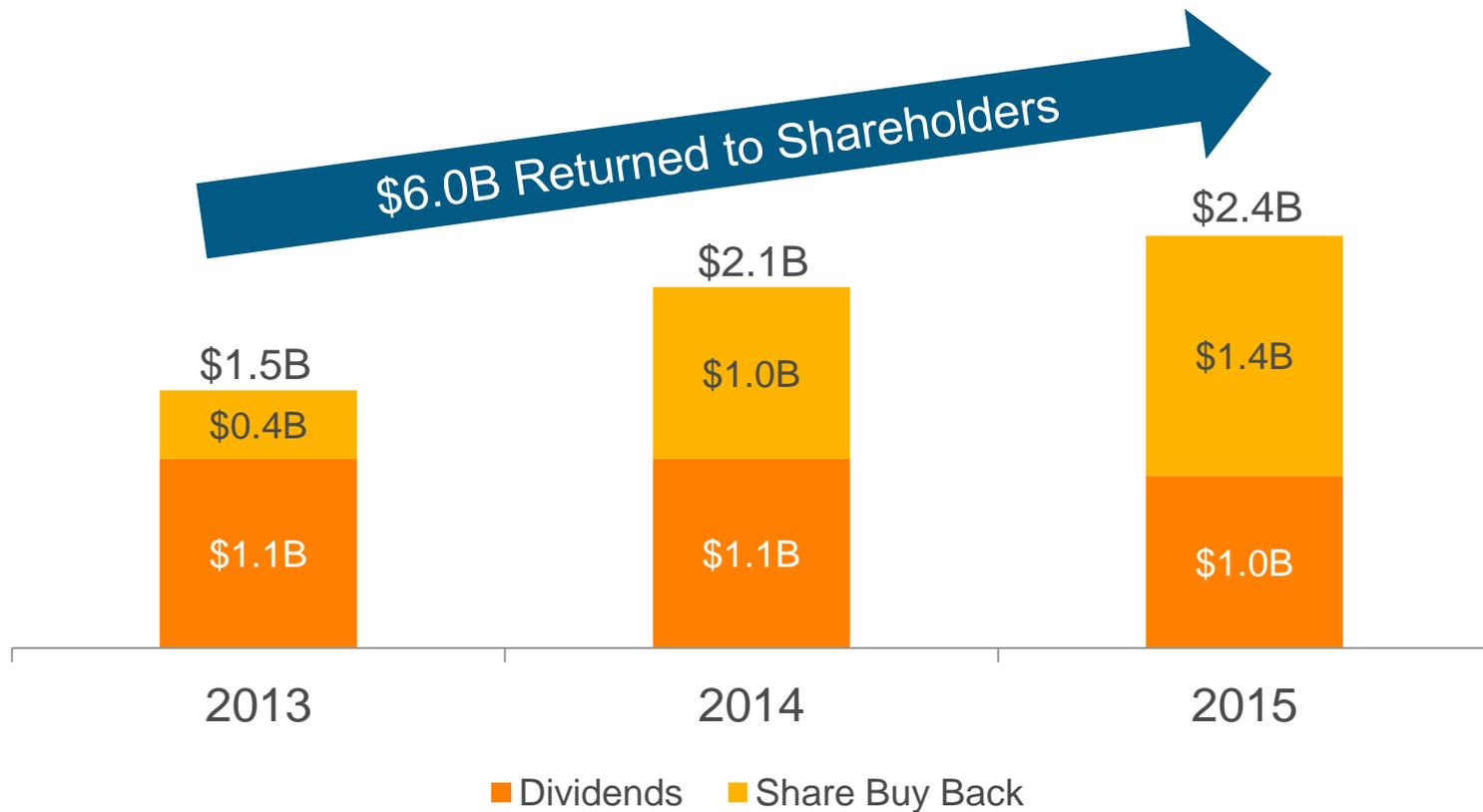
EARNINGS PER SHARE

BALANCE SHEET UPDATE

# Consolidated Free Cash Flow

(\$ Millions)	Twelve Months			
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% Change</u>
Free Cash Flow excluding cash charges	\$1,872	\$1,751	\$121	7%
Cash Charges	(\$71)	(\$306)	\$235	-
<b>Free Cash Flow</b>	<b>\$1,801</b>	<b>\$1,445</b>	<b>\$356</b>	<b>25%</b>

# Returning Capital to Shareholders



Net Debt To Adjusted EBITDA 2.1x

2.2x

2.3x

Shares Repurchased (millions) 10.9

28.3

35.9

# Adjusted Earnings Per Share 2015

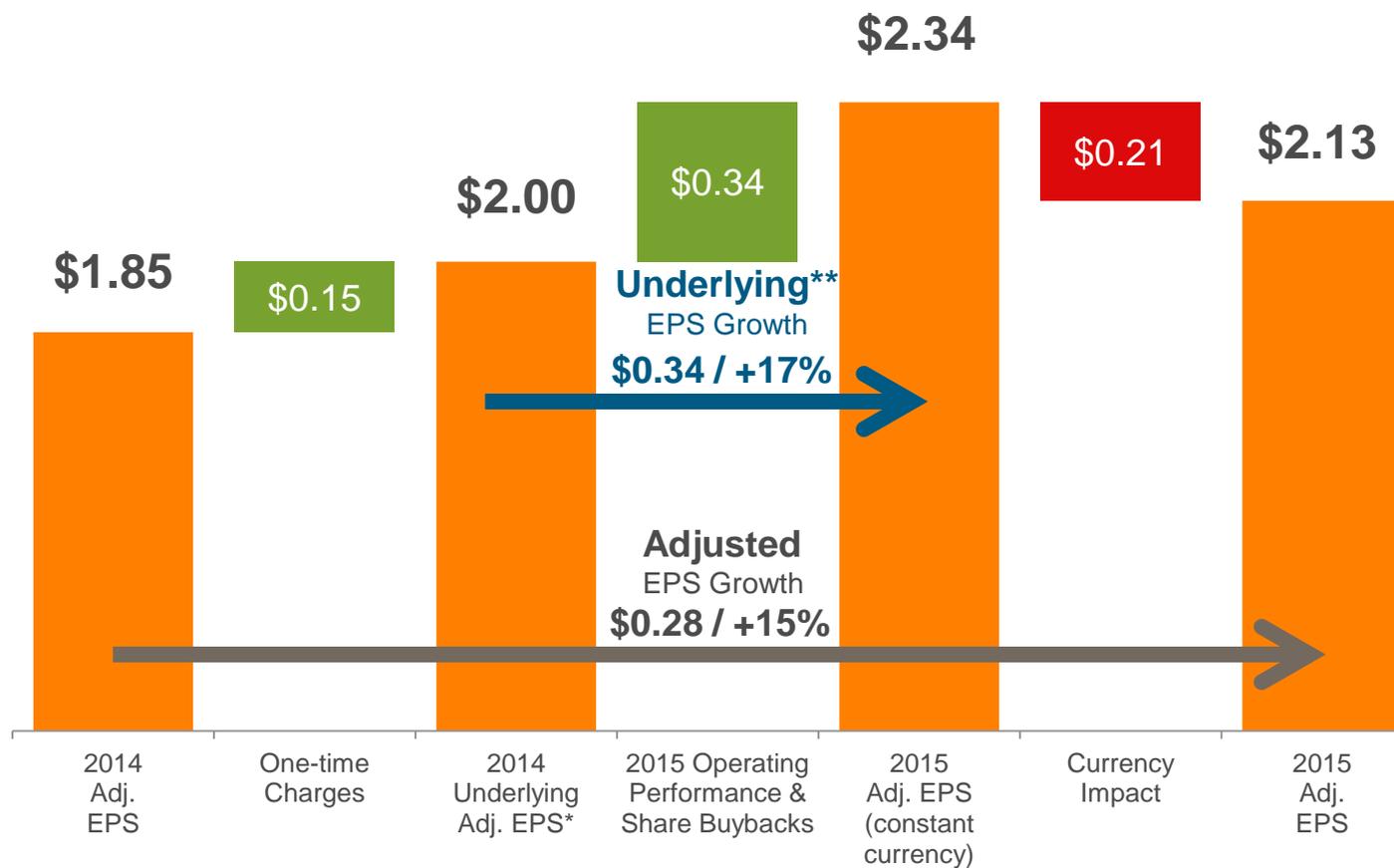
(\$ Millions except per share amounts)	Fourth Quarter		Full Year	
	<u>2015</u>	<u>Change<sup>(1)</sup></u>	<u>2015</u>	<u>Change<sup>(2)</sup></u>
<b>Underlying Operating Profit</b>	<b>\$637</b>	<b>\$138</b>	<b>\$2,293</b>	<b>\$155</b>
Interest Expense	(\$102)	\$11	(\$416)	\$26
Income Tax	(\$22)	\$6	(\$147)	(\$1)
Other <sup>(3)</sup>	(\$9)	\$2	(\$58)	(\$5)
<b>Adjusted Earnings</b>	<b>\$504</b>	<b>\$157</b>	<b>\$1,672</b>	<b>\$175</b>
<b>Adjusted EPS</b>	<b>\$0.65</b>	<b>\$0.22</b>	<b>\$2.13</b>	<b>\$0.28</b>
Currency Impact	<b>\$0.05</b>		<b>\$0.21</b>	

(1) Q4 2014 includes \$77 million of charges

(2) Full Year 2014 includes \$135 million of charges

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

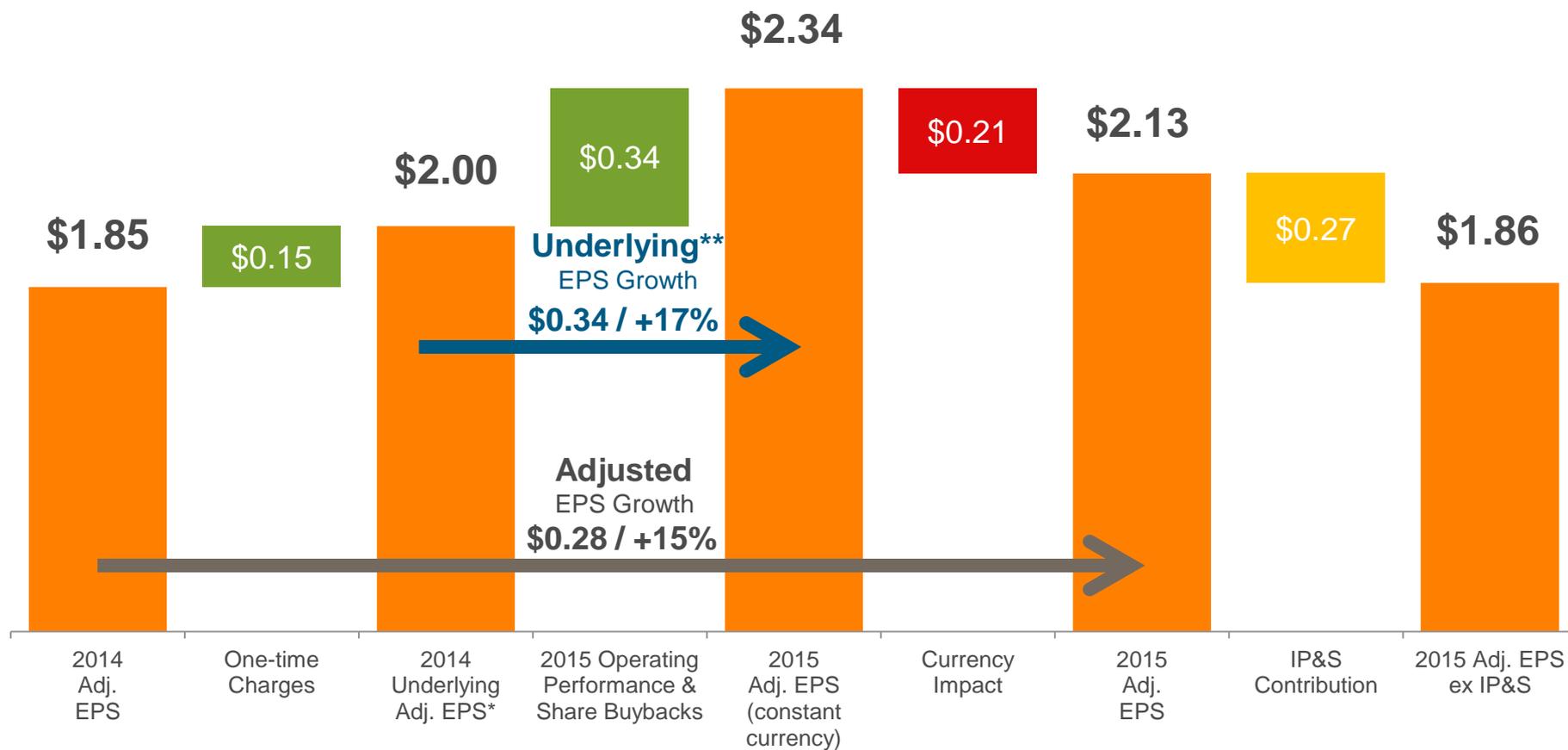
# 2015 Adjusted EPS Walk



\*2014 Underlying Adj. EPS represents 2014 Adj. EPS excluding 2014 One-time charges

\*\*Underlying EPS growth represents EPS increase excluding impact of currency movements and 2014 charges

# 2015 Adjusted EPS Walk

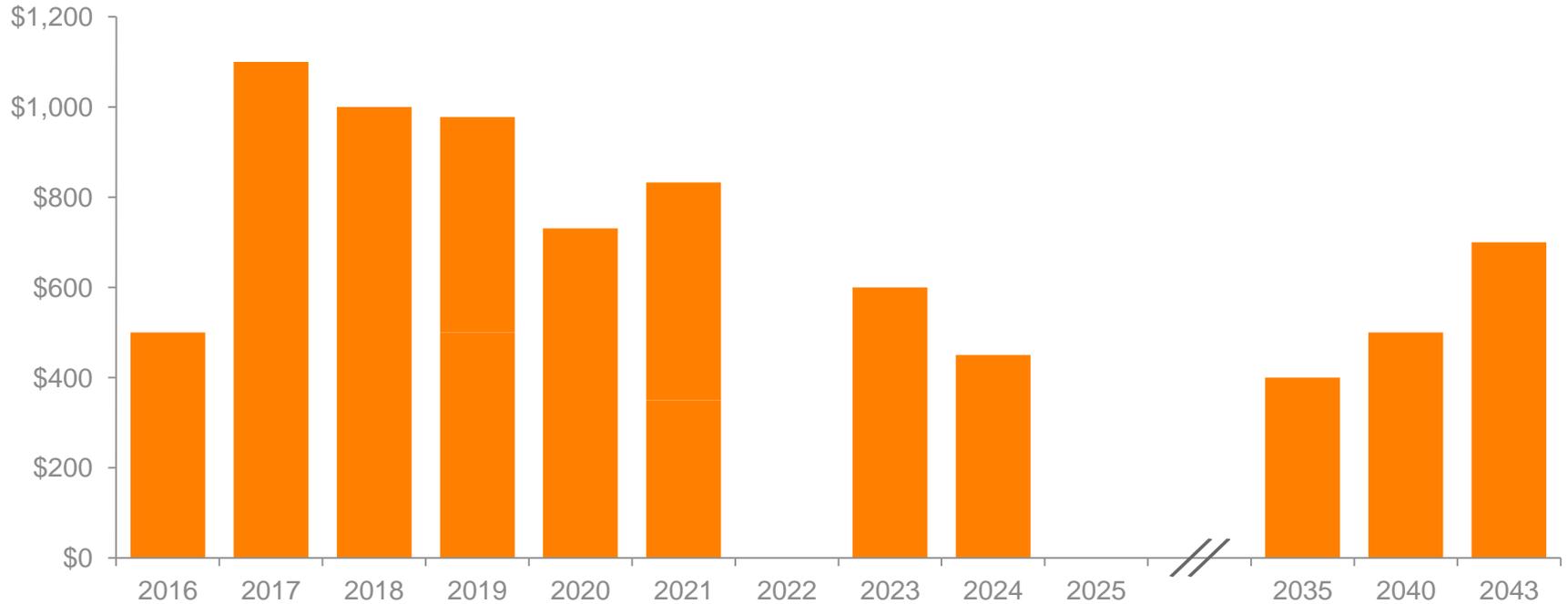


\*2014 Underlying Adj. EPS represents 2014 Adj. EPS excluding 2014 One-time charges

\*\*Underlying EPS growth represents EPS increase excluding impact of currency movements and 2014 charges

# 2015 Debt Profile

- Debt Outstanding = \$8.8 billion
- Net Debt / EBITDA <2.5x
- Average maturity of term debt ~8 years
- Average interest rate <5%



# 2016

# 2015 Pro-Forma Results Removing IP & Science

~50bp reduction to Adjusted EBITDA margin  
 ~70 bp reduction to Underlying Operating Profit Margin

(\$ Millions)	2015 Reported	Remove 2015 IP&S Results	Add Back Retained Business	Retained Shared Costs	2015 Ex. IP & Science
<b>Revenue</b>	\$12,209	(\$1,005)	\$54	\$0	\$11,258
<i>Total growth</i>	-3%				-3%
<i>Organic growth</i>	2%				2%
<b>Adjusted EBITDA</b>	\$3,392	(\$313)	\$30	(\$38)	\$3,071
<i>Adjusted EBITDA Margin</i>	27.8%	.			27.3%
<b>Underlying Operating Profit</b>	\$2,293	(\$221)	\$27	(\$61)	\$2,038
<i>Underlying Op. Profit Margin</i>	18.8%				18.1%
<b>Adjusted Earnings</b>	\$1,672	(\$185)	\$23	(\$51)	\$1,459
<b>Adjusted EPS</b>	\$2.13	(\$0.24)	\$0.03	(\$0.06)	\$1.86
<b>Free Cash Flow</b>	\$1,801				\$1,801

# 2016 Outlook (Excludes IP & Science)

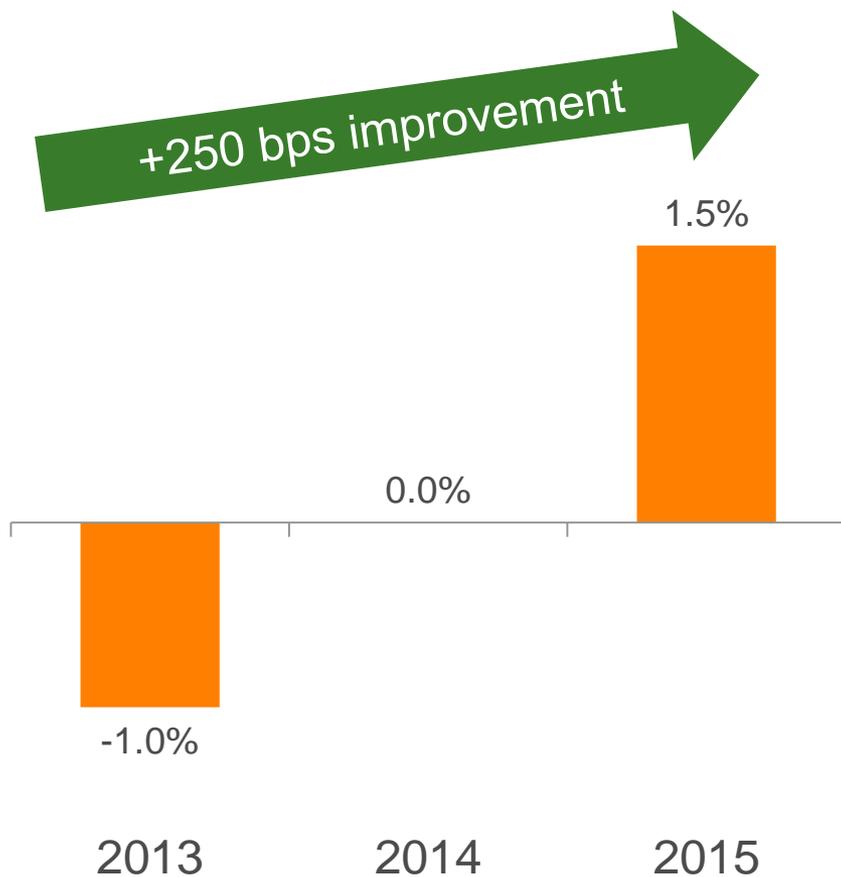
	2015 Proforma	2016 Outlook <sup>(1)</sup> Before Currency
Revenue Growth	\$11.3 billion	Low single digit
<i>Revenue Growth Excluding Recoveries</i>		2% - 3%
Adjusted EBITDA Margin	27.3%	27.3% - 28.3%
Underlying Operating Profit Margin	18.1%	18.4% - 19.4%
Capital Expenditures % of Revenue	8.4%	~8.0%
Free Cash Flow	\$1.8 billion	\$1.7 - \$1.9 billion
Interest Expense (P&L)	\$416 million	\$420 - \$460 million
Effective Tax Rate on Adjusted Earnings	10%	10% - 13%

(1) 2016 outlook (excluding Free Cash Flow) is for ongoing businesses before currency

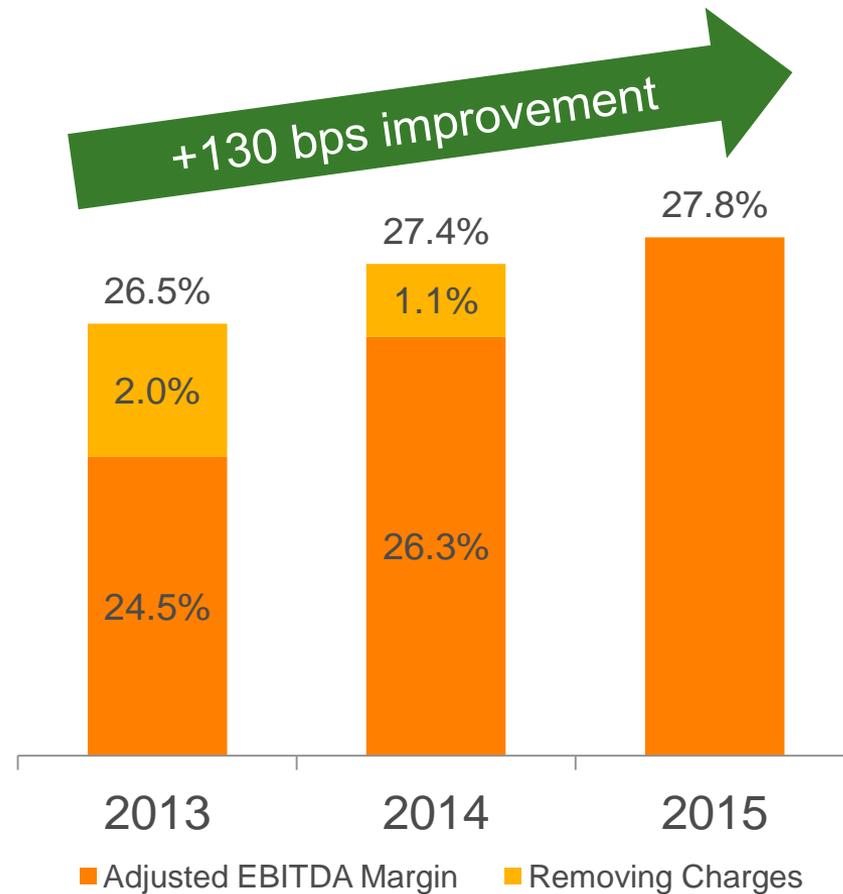
# Conclusion

## Thomson Reuters Revenue & Margin Trends

### Organic Revenue Growth (before currency)



### Adj. EBITDA Margin Growth



# Q&A

