



Thomson Reuters Reports Third-Quarter 2013 Results

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- Revenues grew 2% before currency
- Adjusted EBITDA grew 4% to \$845 million with a margin of 27.5%, up 100 basis points
- Underlying operating profit grew 3% to \$548 million with a margin of 17.8%, up 30 basis points
- Adjusted earnings per share were \$0.48, unchanged from prior-year period
- Financial & Risk Q3 net sales positive; Surpassed 100,000 installed Eikon desktops in October
- Positioned to accelerate transformation
 - Up to \$1 billion of share repurchases planned
 - Planned charge of approximately \$350 million to be incurred primarily in Q4
 - Increasing focus on organic growth and scale initiatives
- 2013 Outlook affirmed (excluding planned charge and pension contribution)

NEW YORK – Thomson Reuters (TSX / NYSE: TRI) today reported results for the third quarter ended September 30, 2013. Revenues from ongoing businesses grew 2% (before currency) from the prior-year period to \$3.1 billion. Adjusted EBITDA increased 4% from the prior-year period and the corresponding margin was 27.5% versus 26.5% for the third quarter of 2012. Underlying operating profit was up 3% and the corresponding margin was 17.8% versus 17.5% in the prior-year period.

Third-quarter adjusted earnings per share (EPS) were \$0.48, unchanged from the prior-year period.

"Our third-quarter results confirm the positive momentum we are generating in the marketplace," said James C. Smith, chief executive officer of Thomson Reuters.

"Our financial business recorded positive net sales for the first time since the second quarter of 2011. We have now installed more than 100,000 Eikon desktops to date," said Smith. "I am also pleased that we crossed another milestone by migrating customers off our legacy Bridge Data Network, which was the third significant shutdown of a legacy platform this year."

"Though we continue to expect challenging conditions in the coming quarters – particularly with the largest global banks – these are significant steps in returning our financial business to a growth footing."

"Our improving track record on execution gives me the confidence to now move even faster in our transformation work," said Smith. "We will pick up the pace of efforts to simplify and streamline our organization, to shift resources behind the most promising growth opportunities and to use every tool at our disposal to drive value creation for all our stakeholders."

Consolidated Financial Highlights

Three Months Ended September 30,

(Millions of U.S. dollars, except EPS and margins)

IFRS Financial Measures	2013	2012	Change
Revenues	\$3,086	\$3,181	-3%
Operating profit	\$316	\$372	-15%
Diluted earnings per share (EPS)	\$0.33	\$0.53	-38%
Cash flow from operations	\$676	\$591	14%

The decline in IFRS operating profit and diluted earnings per share reflected the loss of operating profit from divested businesses. Additionally, in the third quarter of 2012, the company recognized higher tax benefits.

Non-IFRS Financial Measures⁽¹⁾	2013	2012	Change	Change Before Currency
Revenues from ongoing businesses	\$3,073	\$3,052	1%	2%
Adjusted EBITDA	\$845	\$809	4%	4%
Adjusted EBITDA margin	27.5%	26.5%	100bp	50bp
Underlying operating profit	\$548	\$534	3%	0%
Underlying operating profit margin	17.8%	17.5%	30bp	-20bp
Adjusted earnings per share (EPS)	\$0.48	\$0.48	0%	
Free cash flow	\$475	\$377	26%	
Free cash flow from ongoing businesses	\$461	\$341	35%	

⁽¹⁾These and other non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measures in the tables appended to this news release. Additional information is provided in the explanatory footnotes to the appended tables.

- Revenues from ongoing businesses were \$3.1 billion, a 2% increase before currency.
- Adjusted EBITDA increased 4% and the corresponding margin was 27.5% versus 26.5% in the prior-year period, reflecting continued progress to reduce the company's cost structure and the benefit of currency.
- Underlying operating profit was up 3% and the corresponding margin was 17.8% versus 17.5% in the prior-year period, despite higher depreciation and amortization expense from recent product launches and acquisitions.
- Adjusted EPS was \$0.48, unchanged from the prior-year period. The improvement in adjusted EBITDA was offset by higher depreciation and amortization as well as higher tax expenses.

Third-Quarter Business Segment Highlights

Unless otherwise noted, all revenue growth comparisons in this news release are before the impact of foreign currency as Thomson Reuters believes this provides the best basis to measure the performance of its business.

Financial & Risk

- Revenues were down 1% due to weakness in transaction volumes and declining financial desktop revenues driven by the impact of negative net sales in the second half of 2012 and the first half of 2013. Organic revenues declined 3%.
- Recurring subscription-related revenues decreased 2% (3% organic) due to negative net sales in the second half of 2012 and the first half of 2013. Transactions-related revenues increased 5% but were down 3% organic primarily due to lower trade volumes in foreign exchange and fixed income markets. Recoveries revenues were down 4% and Outright revenues increased 12% (8% organic).
- By geography, revenues in Europe, Middle East and Africa (EMEA) were down 3%, revenues in the Americas were up 1% (down 2% organic), while revenues in Asia declined 1%.
- EBITDA was \$433 million, up 7% from the prior-year period, with the related margin up 240 basis points to 26.4% due to cost savings initiatives and the benefit of currency.
- Operating profit was \$275 million, up 10%, with a related margin of 16.8%. Operating profit margin increased 190 basis points.
- Billed Eikon desktops totaled approximately 76,000 and installed Eikon desktops totaled approximately 96,000 at the end of the third quarter, both up 25% from June 30, 2013. Eikon surpassed 100,000 installed desktops in early October.
- Net sales were positive in the third quarter for the first time in over two years, and marked the fourth consecutive quarter of year-on-year improvement.

Trading

- Revenues decreased 5% with growth in Elektron Managed Services more than offset by legacy desktop cancellations primarily in Equities and Fixed Income.
- Recoveries revenues were down 4%.

Investors

- Revenues decreased 1% versus the prior-year period. Enterprise Content revenues increased 6% and were more than offset by a 5% decline in Investment Management revenues while Banking & Research and Wealth Management revenues were essentially unchanged.

Marketplaces

- Revenues were flat (down 3% organic). FXall growth of 7% was more than offset by a decline in desktop revenues and a decline in foreign exchange and fixed income volumes resulting from reduced overall market activity.

Governance, Risk & Compliance

- Revenues grew 21% (16% organic) to \$64 million from strong sales growth and continued strong demand.

Legal

- Revenues increased 3% (down 1% organic). The decline in organic revenues was attributable to declines in US print revenues and in the Latin American business. Excluding US print, Legal revenues grew 6% (1% organic).
- US Law Firm Solutions revenues were unchanged as a 6% increase in Business of Law (FindLaw and Elite) was offset by a 2% decline in research-related revenues.
- Corporate, Government & Academic revenues were flat as an 11% increase in Corporate revenues was offset by a 5% decline in Government-related revenues as federal, state and local level customers continue to contend with cost pressures.
- Global businesses grew 15% (down 1% organic) driven by strong growth from Practical Law Company (PLC) offset by a decline in Latin American revenues.
- US print revenues declined 9% as firms continued to reduce discretionary spending.
- EBITDA decreased 2% and the corresponding margin was 38.0% compared to 39.8% in the prior-year period. The decrease was primarily due to the decline in revenues from the highly profitable print business and the dilutive impact of the acquisition of PLC earlier this year.
- Operating profit was down 3% and the corresponding margin was 29.4% compared to 31.0% in the prior-year period. The decline in the margin reflected the same items that impacted EBITDA margin performance.

Tax & Accounting

- Revenues increased 10% (6% organic) driven by continued growth in subscription revenues and strong performance across all of the business segments except Government (4% of total Tax & Accounting revenues).
- EBITDA increased 14% and the related margin grew 120 basis points to 24.4%. Margin expansion was driven by flow-through of higher revenues.
- Operating profit increased 21% and the related margin increased 140 basis points to 12.6%.
- Small movements in the timing of revenues and expenses can impact margins in any given quarter for the Tax & Accounting business. Full-year margins are more reflective of the segment's underlying performance.

Intellectual Property & Science

- Revenues increased 10% (up 3% organic). Growth was driven by the MarkMonitor acquisition and strong performance in the Life Sciences business.
- EBITDA increased 11% and the related margin grew 40 basis points to 33.3% despite an 80 basis point dilutive impact from the MarkMonitor acquisition.
- Operating profit was up 11% and the related margin increased 30 basis points.
- Small movements in the timing of revenues and expenses can impact margins in any given quarter for the Intellectual Property & Science business. Full-year margins are more reflective of the segment's underlying performance.

Consolidated Financial Highlights – Nine Months

Nine Months Ended September 30,

(Millions of U.S. dollars, except EPS and margins)

IFRS Financial Measures	2013	2012	Change
Revenues	\$9,424	\$9,768	-4%
Operating profit	\$1,303	\$2,033	-36%
Diluted earnings per share (EPS)	\$0.58	\$1.97	-71%
Cash flow from operations	\$1,696	\$1,713	-1%

The declines in IFRS operating profit and diluted earnings per share were primarily due to significantly higher prior-year gains related to divestitures, which were \$815 million in the nine months ended September 30, 2012 versus \$157 million in the current period. 2012 divestitures included the company's Healthcare business and 2013 divestitures included the company's Corporate Services business. Additionally, in the current-year period, the company recorded a \$396 million tax charge reflecting its continued efforts to achieve greater efficiencies through simplification and consolidation of its technology and content assets.

Non-IFRS Financial Measures⁽¹⁾	2013	2012	Change	Change Before Currency
Revenues from ongoing businesses	\$9,278	\$9,198	1%	2%
Adjusted EBITDA	\$2,460	\$2,417	2%	3%
Adjusted EBITDA margin	26.5%	26.3%	20bp	20bp
Underlying operating profit	\$1,579	\$1,598	-1%	0%
Underlying operating profit margin	17.0%	17.4%	-40bp	-40bp
Adjusted earnings per share (EPS)	\$1.34	\$1.35	-1%	
Free cash flow	\$976	\$1,030	-5%	

Non-IFRS Financial Measures⁽¹⁾	2013	2012	Change	Change Before Currency
Free cash flow from ongoing businesses	\$920	\$881	4%	

⁽¹⁾These and other non-IFRS financial measures are defined and reconciled to the most directly comparable IFRS measures in the tables appended to this news release. Additional information is provided in the explanatory footnotes to the appended tables.

- Revenues from ongoing businesses were \$9.3 billion, a 2% increase before currency.
- Adjusted EBITDA was up 2% and the corresponding margin was 26.5% versus 26.3% in the prior-year period as cost savings initiatives across the company offset higher severance costs primarily incurred in the first half of the year.
- Underlying operating profit was down 1% and the corresponding margin was 17.0% versus 17.4% in the prior-year period due mainly to the same factors that impacted adjusted EBITDA and an increase in depreciation and amortization.
- Adjusted EPS was \$1.34 compared to \$1.35 in the prior-year period as lower underlying operating profit and higher interest expense were partly offset by lower tax expense.
- Free cash flow was \$976 million versus \$1,030 million in the prior-year period. The decline was primarily due to lower free cash flow related to disposed businesses.

Corporate & Other (Including Reuters News)

Reuters News revenues for the third quarter were \$82 million, up 4% from the prior-year period. Corporate & Other costs for the third quarter were \$70 million compared to \$55 million in the prior-year period.

Business Outlook (Before Currency)

Thomson Reuters today reaffirmed its business outlook for 2013, excluding the impact of the planned charge and the pension contribution discussed below in the "Recent Developments" section of this news release. The company continues to expect:

- revenues to grow low single digits;
- adjusted EBITDA margin to range between 26% and 27%;
- underlying operating profit margin to range between 16.5% and 17.5%; and
- free cash flow to range between \$1.7 billion and \$1.8 billion in 2013.

The company's 2013 Outlook includes the impact of an expected \$100 million of severance expenses in 2013, \$97 million of which was incurred in the first three quarters of the year. The Outlook also includes adjustments for two new accounting pronouncements as well as the reclassification of certain businesses into disposals. The company's Outlook does not include the planned charge of approximately \$350 million or planned pension contribution of approximately \$500 million announced today. To facilitate comparison with the company's 2013 Outlook, revised 2012 actual results prepared on a comparable basis to that used in 2013 are available in the "Investor Relations" section of <http://thomsonreuters.com>.

The information in this section is forward-looking and should be read in conjunction with the section below entitled "Special Note Regarding Forward-Looking Statements, Material Assumptions and Material Risks."

Recent Developments

Thomson Reuters today announced that it plans to record a charge of approximately \$350 million, which would be incurred primarily in the fourth quarter of 2013 with a smaller portion recorded in 2014. These charges are expected to help accelerate cost savings opportunities from simplification efforts across the organization, primarily in Financial & Risk.

The company also announced that it plans to make contributions of approximately \$500 million to its US and UK defined benefit pension plans during the fourth quarter of 2013. The company expects the overall funded status of the plans to exceed 90% based on current market conditions. This includes the first material contribution to the US pension plan in 10 years. The contribution will be partly funded from long-term debt and is expected to eliminate any material near-term contribution requirements for the US plan.

Capital Strategy and Dividend Updates

The company today also announced that it plans to repurchase up to \$1 billion of its shares by the end of 2014. These repurchases are expected to be funded by lower acquisition spending in 2014 and a modest increase in the company's leverage ratio target.

During the third quarter, the company repurchased approximately 2.9 million shares for an aggregate cost of approximately \$100 million.

As previously announced in February 2013, Thomson Reuters increased its 2013 annual dividend by \$0.02 per share to \$1.30 per share. A quarterly dividend of \$0.325 per share is payable on December 16, 2013 to common shareholders of record as of November 21, 2013.

Thomson Reuters

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NON-IFRS FINANCIAL MEASURES

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

This news release includes certain non-IFRS financial measures. 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 are defined and reconciled to the most directly comparable IFRS measures in the appended tables.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS, MATERIAL ASSUMPTIONS AND MATERIAL RISKS

Certain statements in this news release, including, but not limited to, statements in the "Business Outlook (Before Currency)" section, Mr. Smith's comments and the company's plans about future share repurchases, lower acquisition spending and its leverage ratio target, are forward-looking. Forward-looking statements also include expectations regarding the charge and pension contribution. Forward-looking statements are based on certain assumptions and reflect the company's current expectations. As a result, 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. There is no assurance that the events described in any forward-looking statement will materialize. Decisions regarding future share repurchases will be based on market conditions, share price and other factors, including opportunities to invest capital for growth. A business outlook is provided for the purpose of presenting information about current expectations for 2013. 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 news release. Except as may be required by applicable law, Thomson Reuters disclaims any obligation to update or revise any forward-looking statements.

The company's 2013 business outlook is based on various external and internal assumptions. Economic and market assumptions include, but are not limited to, positive GDP growth in the countries where Thomson Reuters operates led by rapidly developing economies and a continued increase in the number of professionals around the world and their demand for high quality information and services. Internal financial and operational assumptions include, but are not limited to, continuing operational improvement in the Financial & Risk business and the successful execution of the company's ongoing product release programs, globalization strategy, other growth initiatives and efficiency initiatives.

Some of the material risk factors that could cause actual results or events to differ materially from those expressed in or implied by forward-looking statements in this news release include, but are not limited to, changes in the general economy; actions of competitors; failure to develop new products, services, applications and functionalities to meet customers' needs, attract new customers or expand into new geographic markets and identify areas of higher growth; increased accessibility to free or relatively inexpensive information sources; failures or disruptions of network systems or the Internet; failure to maintain a high renewal rate for subscription-based services; dependency on third parties for data, information and other services; changes to law and regulations, including the impact of the Dodd-Frank legislation and similar financial services laws around the world; failure to adapt to recent organizational changes; failure to recruit, motivate and retain high quality management and key employees; failure to meet the challenges involved in operating globally; failure to derive fully the anticipated benefits from existing or future acquisitions, joint ventures, investments or dispositions; failure to protect the brands and reputation of Thomson Reuters; impairment of goodwill and identifiable intangible assets; inadequate protection of intellectual property rights; threat of legal actions and claims; risk of antitrust/competition-related claims or investigations; downgrading of credit ratings and adverse conditions in the credit markets; fluctuations in foreign currency exchange and interest rates; the effect of factors outside of the control of Thomson Reuters on funding obligations in respect of pension and post-retirement benefit arrangements; and actions or potential actions that could be taken by the company's principal shareholder, The Woodbridge Company Limited. These and other factors are discussed in materials that Thomson Reuters from time to time files with, or furnishes to, the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission. Thomson Reuters annual and quarterly reports are also available in the "Investor Relations" section of www.thomsonreuters.com.

Thomson Reuters will webcast a discussion of its third-quarter 2013 results today beginning at 8:30 a.m. Eastern Daylight Time (EDT). You can access the webcast by visiting the "Investor Relations" section of <http://thomsonreuters.com>. An archive of the webcast will be available following the presentation.

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