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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the third quarter earnings conference call. (Operator Instructions) As a reminder, this conference is being recorded.

I'll now like to turn the conference over to Senior Vice President, Investor Relations, Frank Golden. Please go ahead.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Good morning, and thank you for joining us today. Our CEO, Jim Smith; and our CFO, Stephane Bello, will review the results for the third quarter and will update you on our outlook for the balance of the year and also for 2020. (Operator Instructions) I'll also remind you that Refinitiv is not included in our adjusted earnings or in our adjusted earnings per share, and we do not control Refinitiv as we own 45% of the partnership.

Now before we get started, there is 1 accounting item I will call out and that is our financial statements for the fourth quarter of 2018, and the first and second quarters of 2019 have been revised to correct the nonmaterial misstatement in each period related to our equity interest in Refinitiv. This misstatement has no impact on revenues, adjusted EBITDA, adjusted earnings per share or free cash flow for any period. We posted revised financial information on our website this morning, and we'll provide revised financial statements in our regulatory filings.

Now throughout today's presentation, when we compare performance period on period, we discuss revenue growth rates before currency as we believe this provides the best basis to measure the underlying performance of the business.

And today's presentation contains forward-looking statements. Actual results may differ materially due to a number of risks and uncertainties discussed in reports and filings that we provide to regulatory agencies. You can access these documents on our website or by contacting our Investor Relations department.

And with that, I'd like to now turn it over to Jim Smith.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Thank you, Frank, and thanks to all of you for joining us today. Our third quarter results reflect the progress we continue to make across the business. We posted our second consecutive quarter of 4% organic revenue growth and feel that we are well positioned to achieve our full year 2019 and 2020 guidance targets.

The continued revenue momentum is attributable to several positive factors. First, the success of our new AI-powered Legal Solutions, which continue to be very well received in the market. These are now viewed by many customers as a competitive differentiator and were helping to drive sales and revenue growth. Secondly, these new solutions are leading to higher retention rates, including historic high rates in our Legal segment exceeding 90% overall, with the large law firms at 100% customer retention year-to-date. And thirdly, our new customer-led approach to building open platforms is resonating in the market. We are also working with our customers to integrate not only a number of our previously disconnected products but also other tools and databases they need onto our underlying platform. The more we can integrate our offerings, the more tools and capabilities we can offer our customers.

Growth is also supplemented by our recent acquisitions, HighQ and Confirmation, which closed during the third quarter; and also by Integration Point, which closed in Q4 2018. These acquisitions have come with world-class platforms and talent, and we've begun to roll these out -- these solutions out across our sales force. And earlier this month, our Reuters business completed the acquisition of FC Business Intelligence, a fast-growing company in the events marketing space. This acquisition will be rebranded Reuters Events in leveraging the globally recognized Reuters brand with a leader in this space. We expect this acquisition will be free cash flow accretive in 2020, just like the other acquisitions we have recently completed.

Now the results for the quarter. Reported revenues and revenues at constant currencies were up 10%, which included the quarterly payment from Refinitiv to Reuters News. Currency did not impact revenue growth this quarter. And for the second consecutive quarter, organic revenues grew 4% driven by recurring revenues, which were again up 5%, while transaction revenues declined.

Adjusted EBITDA was $345 million, up 10%. On an underlying basis, the adjusted EBITDA margin was about 30% for the quarter, down 90 basis points from the prior year due to the dilutive effect of both the Refinitiv news agreement and recent acquisitions.

Let me remind you here that the third quarter is typically our weakest quarter of the year for margins, and we expect the margin to be a bit better in the fourth quarter despite higher onetime cost, some timing of expenses and dilution from the acquisitions we've made. These impacts are included in our guidance for this year and next.

And finally, adjusted EPS was up $0.15 to $0.27 per share versus $0.12 a share a year ago. Currency added $0.02 to EPS this quarter.

Our Legal, Corporates and Tax & Accounting segments, which comprise about 80% of our revenues, posted another solid quarter. Organic revenues for these segments were again up 5%. The reported recurring revenues for these 3 segments, which make up about 90% of their total revenues, grew 6% and were up 5% organically. We continue to expect a solid performance for these 3 segments for the full year, and as you've seen from our recent acquisitions, this is where we've been targeting the bulk of our inorganic investment.

Reuters News revenues were up more than 100%, including the quarterly payment from Refinitiv. Organic revenues were up 3%. This will be the last quarter that you will see Reuters News revenue growth rates distorted by the Refinitiv agreement. In the fourth quarter, we will lap the first payment that was made in the fourth quarter of 2018.

And Global Print continues to outperform our expectations, with organic revenues declining only 2%, thanks to U.S. Print revenues having achieved positive growth for the first time since 2011 due to better sales and higher retention. And as impressively, the Global Print team continues to operate more efficiently, which is reflected in an EBITDA margin exceeding 42% for the quarter. For the full year, we now forecast that Print revenues will decline between 4% and 5%.

One final highlight. Peer Monitor recently reported that demand in the U.S. legal industry in the third quarter rose by 2.4%, which represented the highest quarterly increase in demand since the fourth quarter of 2007. Needless to say, it's an encouraging data point and reflects a better overall environment for the U.S. legal industry as we close out 2019 and look to next year.

Now before I turn it over to Stephane, I think it's worthwhile to share with you how we were thinking about our value creation model as we look to 2020 and beyond.

Our model is based on 4 key principles: first, driving higher revenue growth is our #1 priority; second, we focus on delivering the highest possible level of growth in free cash flow and free cash flow per share; third, we seek to carefully balance reinvestments in the business and returns of capital to shareholders; and finally, we aim to maintain a strong capital structure.

Let me expand a bit on each of these 4 principles. We believe the company's position to achieve total revenue growth rate of 4% to 7% over the business cycle. Most of our growth will be organic, with bolt-on acquisitions potentially adding 1% to 2% annually to our overall growth rate. Looking at 2020, we expect the organic growth to be 4% to 4.5%, and we expect the acquisitions we announced today will add about an additional 100 basis points. This should lead to total revenue growth of about 5% to 5.5% next year, which could, of course, change depending upon additional bolt-on acquisitions we may consider over the course of the year. That level of revenue growth, combined with the operating leverage inherent in our business model, should drive higher free cash flow growth. And as stated before, we continue to expect free cash flow per share to reach $2.40 next year.

Given our confidence in free cash flow growth going forward, we now intend to target between 50% and 60% of our free cash flow to fund our dividend. That's up from the 40% to 50% range we previously targeted. This implies that our annual dividend should start increasing in line with free cash flow once we achieve that target level, which we expect to happen in the next 12 to 18 months. Importantly, a higher dividend payout ratio would leave ample room to fund tactical acquisitions, which, as I explained, will bolster our overall revenue growth rate.

Finally, let me stress that we remain committed to a very solid capital structure with a leverage target cap at 2.5x net debt-to-EBITDA. And as we grow our EBITDA over time, we'll be able to gradually increase our debt capacity within that leverage target. As a reminder, our net debt-to-EBITDA ratio is currently well below our 2.5% target, standing at 1.8x as of September 30.

In summary, we believe that we're now very well positioned to deliver on the value creation model summarized on this slide, the revenue growth, enhanced efficiencies and capital returns for our shareholders. So to conclude, given our 9-month performance and our outlook for the balance of the year, we are reaffirming our guidance for 2019 and 2020.

So with that, let me turn it over to Stephane.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Thank you, Jim, and good morning or good afternoon to all of you joining us today. As we always do, let me start by reminding you that our results exclude the performance of Refinitiv. Also, I will talk to revenue growth before currency.

So on a constant currency basis, third quarter revenues were up 10%, and as you can see, currency have virtually no impact on revenue growth during the quarter. On an organic basis, revenues grew 4% in the third quarter, which excludes the impact of the Reuters News contract with Refinitiv as well as the impact of our recent M&A activity. As a reminder, this is the final quarter of the Reuters News contract will distort our organic results.

Turning to profitability. Adjusted EBITDA was $345 million in the third quarter, up 10% due to higher revenues and lower onetime costs in the quarter and despite the dilutive impact of our recent acquisitions. We do expect the margin to be a bit higher in Q4 versus Q3. And importantly, we also still expect for full year EBITDA to end up within the guidance range we have provided earlier. Let me also remind you that Q4 should be the last quarter during which our results will be negatively impacted by these restructuring costs related to the Refinitiv transaction.

Now let me provide some additional color on the performance of our individual segments starting with Legal Professionals. Legal revenues were up 2% during the quarter, with organic revenue of 3%. Now Legal's organic revenue growth rate was negatively affected by about 100 basis points due to a difficult prior year comparison when we had a onetime transactional sale in our Government business that did not reoccur. Therefore, the third quarter revenue growth performance for our Legal business should represent the trough for this year, and we would expect that Legal's organic revenue growth rate will rebound to approximately 4% in the fourth quarter.

Now for the third quarter, recurring revenues, which were 93% of the total, were up 4% organically. And transaction revenues were down 6% organically, primarily driven by a strong performance in the prior year period when transactional revenues were up 8% due to the onetime sale I just mentioned earlier.

From a profitability perspective, the EBITDA margin increased 280 basis points to 37.4% compared to the prior year period, and this was driven primarily by revenue growth and productivity savings. We continue to expect the full year EBITDA margin to be up from last year driven by the factors mentioned earlier.

And here's a more detailed look at Legal Professionals' revenue performance for the third quarter. Law firms, which includes small, mid and large law firms and represented about 2/3 of total revenues, law firms grew 2% just as they did in the second quarter. Government grew 5%. And earlier this week, we announced that this business was awarded a long-term contract by the U.S. Federal Government, which represented the largest contract ever signed by our Legal business.

Global segment revenues were flat in the quarter due to the divestitures of some of our transactional-based businesses in Canada, which had about a 500-basis point negative impact on that subsegment. Organic revenues for this Global subsegment actually grew 4% during the quarter.

We remain confident with regard to the trajectory of the Legal segment as we close out 2019 and look to 2020. And here are a few reasons for our positive outlook. First, Westlaw Edge continues to yield a healthy premium, which has been consistent since its launch in July of 2018. We have now rolled out Westlaw Edge a little more than 20% of our Westlaw revenue base. And therefore, we believe that we still have a fair bit of runway in 2020 and beyond.

Second, the launch of Westlaw Quick Check in July drove up 2 highest sales months during the quarter since the launch of Westlaw Edge in July 2018.

Also, in the third quarter, our online legal research business, so Westlaw and Practical Law, posted their highest growth rate in about 10 years at 4%.

Overall, the Legal retention rates remained above 90%, and it is up about 100 basis points compared to last year. And finally, 35% of our small law firm renewals are now being done digitally, which represents some encouraging progress from an ease of doing business and customer retention perspective.

Now moving to our Corporates segment. Corporates revenues were up 8% during the quarter, with organic revenue growth of 6%. The net impact of recent acquisitions we made in that segment largely explains the difference between the Corporates' total and organic growth rates. Recurring revenues, which made up 86% of the total, were up 8% organically, and transaction revenues were down 3% organically.

From a profitability perspective, the margin of 34.3% was down about 100 basis points over the prior year period, and that was primarily due to the dilutive impact of the recent acquisitions. We continue to expect Corporates' full year margin to be roughly in line with the prior year despite the dilutive impact of these acquisitions.

Looking at Corporates results by subsegment. Large corporates grew 8% driven both by Tax and Legal Solutions and by our recent acquisitions. Organic growth in that subsegment was 6%. The medium-sized corporates grew 5% mainly driven by strong growth from Legal Solutions. And global corporates grew 13%, thanks to a steady performance from our Asia business.

Moving to the Tax & Accounting Professionals segment, third quarter revenues grew 10% and organic revenues grew 8%. Conversely to what I just described for our Legal segment, our Tax Professional business benefited somewhat from an easier prior year comparison during the third quarter. Recurring revenues, which were 84% of the total, were up 8% organically driven by a strong performance in our Latin America business. Transaction revenues grew 7% organically mainly driven by growth in our Government business and by an easier year-over-year comparison. The adjusted EBITDA margin was slightly down over the prior year period at 21% due to the dilutive impact of the Confirmation acquisition, which was over 200 basis points during the quarter. And despite that acquisition, we still expect the EBITDA margin for the full year to be higher than the 2018 margin for that segment.

Now looking at the Tax & Accounting Professionals revenue by subsegment. Small, mid and large accounting firms, which make up nearly 80% of revenues, grew 7%. The Global business segment grew 23% primarily driven by our Latin America business. And our Government segment, which is about 7% of revenues, grew 8%.

So in summary, our Tax Professionals segment continues on a positive trajectory with improving retention, strong growth from the Confirmation acquisition during the quarter and encouraging initial results, albeit still early from Checkpoint Edge.

Moving to Reuters News. The third quarter results include $84 million of revenues from Refinitiv, which explains the revenue growth rate once again exceeding 100% during the quarter. And as mentioned earlier, Reuters revenue growth rate should return to a more normalized level starting with next quarter. Organic revenues grew 3%, which was attributable to an annual price increase related to the Refinitiv contract as well as growth in our agency business. And EBITDA was $5 million as a benefit from currency. This offset the impact of higher onetime cost of investments, which we expect to continue in the fourth quarter.

As a reminder, the revenues from Refinitiv essentially cover the cost of providing the new services, and therefore, this contract has a dilutive impact on our overall EBITDA margin.

And the final point, as Jim mentioned earlier, we recently closed the acquisition of FC Business Intelligence in the attractive B2B events marketing space. And we anticipate that 2020 revenues from that business will be about $40 million growing in the mid-teens.

Lastly, Global Print revenues declined 2% over the prior year period with organic revenues also down 2%, marking the best performance for that segment in a decade. And as Jim mentioned, U.S. Print revenues actually grew organically in the quarter, the first time U.S. legal print has grown since 2011. Its better-than-expected performance was attributable to both improved sales growth and steady retention. For the fourth quarter, we expect Print to decline in the range of 5% to 6%, which is primarily timing-related, and for the full year, we expect Global Print revenues to decline between 4% and 5%.

Turning to profitability. The EBITDA margin for the quarter remained strong at 42%, and we expect the margin to be lower in the fourth quarter but still finish the full year above 40%. And as we've been stating throughout the course of the year, we are very encouraged by the Print segment's ability to continue to drive innovation and to leverage scale from both revenue growth and cost efficiencies.

Let me now turn to our earnings per share and free cash flow performance, and I will also update you on our expectations for Corporate costs for the remainder of the year.

So starting with earnings per share. Adjusted EPS increased by $0.15 to 20% -- $0.27 per share. The increase was driven by higher adjusted EBITDA, fewer shares outstanding and lower interest expense. The EPS increase was partially offset by higher depreciation due to the adoption of IFRS 16 and also higher onetime investments, which is in line with what we have projected in the guidance we provided earlier this year. Finally, currency added $0.02 positive impact on EPS during the quarter.

Turning to our free cash flow performance for the first 9 months of the year. Our reported free cash flow was negative $50 million, whilst we did generate nearly $1.3 billion in 2018. So that represented a decline of a little over $1.3 billion.

Consistent with what we did in previous quarters, this slide will hopefully help to remove the distorting factors impacting our free cash flow performance during the first 9 months of the year. Working from the bottom of the page and upwards, the Refinitiv-related component of our free cash flow was down almost $1 billion from the prior year period, and that was primarily due to Refinitiv no longer being included in our results. Also, in the first 9 months of the year, we made a pension contribution and other payments totaling $542 million primarily related to the Refinitiv transaction. So if you adjust for these items, comparable free cash flow from continuing operations was $650 million, which was an improvement of $162 million over the prior year period primarily driven by the stronger EBITDA performance before stranded and onetime costs and also by lower interest expense.

Now a quick update on Corporate costs for the fourth quarter. Let me start by saying that the 2019 annual estimate has not changed from what we showed in our original 2019 guidance. For the full year, we still expect to spend about $570 million. And just to be clear, that $570 million I just quoted is a cash spend number. It consists primarily of expenses or ExBITDA, but it also includes about $75 million of capital expenditures spending.

Looking at our spend during the third quarter, it was a bit lower than we had expected at $125 million, and that included about $25 million of CapEx. And that was primarily timing-related. We now expect spending to accelerate in the fourth quarter, driving Corporate cash cost to a quality peak of about $165 million.

Finally, let me state again that we do not anticipate any material cost related to the Refinitiv deal to carry over in 2020. Therefore, there are no changes to our guidance for Corporate cost next year, which are expected to range between $140 million and $150 million.

Now before we conclude today's call, I'd like to expand a bit on the value creation model, which Jim discussed earlier. Over the last 8 years, we returned just under $24 billion to shareholders in the form of dividends and share buybacks. Ordinary dividend accounting for about 1/3 of that total, the tender offer and return of capital transactions associated with the Refinitiv deal last year comprised an additional $10 billion. And finally, normal course deferred bid share buybacks over the last 8 years represent the remaining $6 billion.

Looking ahead at the next few years, we believe that we are well positioned to continue to deliver very attractive returns of capital to our shareholders. As Jim explained earlier, the Board has now set a dividend payout target of 50% to 60% of our annual free cash flow. Once we achieve that target level, this would allow us to increase the annual dividend in line with the progression of our underlying free cash flow.

We do expect to reduce our reliance on share buybacks going forward. In fact, our objective would be to buy back enough shares each year to offset the dilution associated with the dividend reinvestment plan and with our equity incentive plans, thereby maintaining our outstanding share count at around 500 million. And to that point, our Board recently approved a new buyback program, which will allow us to repurchase up to an additional $200 million worth of shares by the end of this year and up to an additional $200 million of shares in 2020.

Finally, we hold a significant store of value with our equity stake in Refinitiv. In fact, assuming the London Stock Exchange transaction is completed as expected in the second half of 2020, that equity stake would be worth approximately $15 per share on a pretax basis based on the LSE's current stock price. Once we begin monetizing our equity interest following the expiration of the lack of provision, we will decide how best to use the proceeds, which could lead to additional reference of capital to shareholders. Let me point out that Refinitiv's results for Q3 are included in the appendix of today's press release.

Finally, as stated earlier, we plan to balance returns to shareholders with our twofold objective of reinvesting approximately -- sorry, of reinvesting appropriately in the business and maintaining a solid capital structure. In that regard, our current leverage of 1.8x positions us very comfortably within our leverage target and gives us ample financial flexibility going forward.

Now one final point on free cash flow and flexibility. As you know, free cash flow is calculated after capital expenditures. It's what we have left for dividends, buybacks and acquisitions after organically investing in the business. We believe that we can further drive free cash flow growth by reducing our capital expenditures as a percentage of revenues from about 9% this year to between 7.5% and 8% next year. And this reduction will not starve the business since this year's spend includes about 100 basis points related to onetime investments associated with the Refinitiv deal. The remaining reduction is expected to be driven primarily by more efficient capital spending across the company, including platform consolidation, migration to the cloud and reducing the number of products we build. We believe that a 7% to 8% annual CapEx spending level is certainly adequate to maintain our premium positions and to continue to drive attractive organic revenue growth for the business going forward.

With that, let me now turn it back over to Jim.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Thank you, Stephane. So in closing, we're excited about the opportunities we see ahead. Given the high level of the recurring revenue we generate and the inherent operating leverage of our business model, we believe we can continue to progressively increase profitability and free cash flow. This should, in turn, allow us to fund both acquisitions and attractive returns of capital to our shareholders, all while maintaining a strong capital structure.

Before we get to your questions, I wanted to take a moment to address a story you may have seen in the media last week about our Board hiring a search firm to help with succession planning. I want to assure you that this is part of our normal course succession planning for all executive roles, and that I'm actively involved in the process. I turned 60 earlier this year, so that process has kicked into its next phase. The Board will evaluate internal successors against the slate of possible candidates outside the firm. That's standard and best practice for orderly succession, and our entire Board is involved.

It's been 8 years since Stephane and I took over the company in a very different place from where Thomson Reuters stands today. We are proud of all that the team has accomplished in getting us to this place, but we know our jobs include ensuring an orderly transition of leadership to the next generation. Both of us and our Board are committed to ensuring continuity in both our business and capital strategies. As I told my TRI colleagues last week, I'm not planning on going anywhere soon. When the time comes to hand over the reins, they and you will hear it from me. But right now, I am focused on running the business, closing the year strongly and delivering on our guidance targets for 2020.

Let me now turn it back over to Frank for questions.

Frank J. Golden - *Thomson Reuters Corporation - SVP of IR*

Thanks very much, Jim and Stephane. And that concludes our prepared remarks. And now we'd like to open the call for questions. So if we could have the first question please, operator.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question will come from Vince Valentini from TD Securities.

Vince Valentini - *TD Securities Equity Research - Analyst*

Two questions. One, Westlaw Edge, maybe this is what you expected to occur, but it's a bit lower than I thought to be at only 20% of your customers have migrated to it. Given the power of it and some of the testimonials that your customers say they couldn't live without it. Is this you really holding back the pace of migration? Could it be faster if you wanted it to? And where do you see 20% going over the next year? I mean can that -- is there a bit of an acceleration to get it up to 50%? Or is it stay at this slow and steady pace?

The second question is just the free cash flow. I did the math pretty quickly, Stephane, but I just want to make sure, I mean if you use 50% to 60% of $1 billion to $1.2 billion in free cash flow of next year, it doesn't actually signal dividend growth. Is that a target you work into over time and you may have to stay a bit above it temporarily? I assume you're not going to trim the dividend, but can you still grow the dividend even though you're not in that target range yet, if that's how the math works out?

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Yes. You want to take -- Stephane, you.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

I'll take the second question and you take the first one.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Okay. Sure.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Sure. So let's say your math is correct. If you do the math and you try to reconcile between our current share count, the 240 target that we got out there, you get -- and the current number of shares that we have, you get closer to the higher end of the 50% to 60% target. I think that just gets us pretty much at that higher end. So I think what we're indicating here is that once we start moving lower in that range, the intent of our Board would be to start increasing dividends in line with the free cash flow. But we're only going to be at the very top of that range next year.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

And Vince, to your first question, frankly, it's a very timely question and it's a subject of a good debate inside the company right now. The truth is, early on, as we introduce the product, we wanted to be very careful as we were testing how much, frankly, price premium we could get on that product as we rolled it out. You combine that with the fact that it's a pretty sophisticated tool, and it requires training in order to get the most out of it. So we have a full pipeline that occupies our current capacity. And as we look to next year, we think it's going to have a lot of take-up. The question is the pace of take-up, and we'll decide when we put our plan together for next year, exactly how we're going to set our capacity to roll it out to do the training and installations that we need to do.

So there is a whole lot of runway with these new AI products. And I would expect the pace of adoption to pick up. And we want to do it in a such a way that we maintain the premium as well, Vince.

Operator

Our next call will come from Gary Bisbee from Merrill Lynch.

Gary Elftman Bisbee - *BofA Merrill Lynch, Research Division - MD & Research Analyst*

Yes. So the commentary on buybacks versus dividends, I guess could you give a little more color on the concept of slowing down buybacks? Is that really just more that you've had sort of an outsized amount of that in the last 2 years, given all the moving parts in Refinitiv? Or should we look at this sort of a change to prioritizing dividends over buybacks over the long term?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Sure, Gary. Look, buybacks are going to continue to be an important lever that we use going forward. But if you look also, our current ownership slate, we obviously have 1 very large shareholder in Woodbridge. And so relying more heavily on buybacks for us essentially gradually drives an increase -- a decrease on our public float, which we want to avoid. I think so -- that's why I think as we look at our capital strategy, we're saying, let's use buyback on a run rate basis at a level I just mentioned, just to avoid the dilution. I also said when we are faced with decision about what do we do with large capital inflows we receive from eventually selling down our interest in Refinitiv, obviously, we look at buyback as one potential lever to use these proceeds.

Gary Elftman Bisbee - *BofA Merrill Lynch, Research Division - MD & Research Analyst*

Great. And if I could add one quick follow-up. Just any update on the concept of using the strategy to use commercial levers to drive retention. You mentioned that a bit but the digital strategy -- just sort of any update on how you're progressing with those.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Yes. No. Look, as we said I think in our remarks, right, if you look at the Legal segment, in the small laws segments, we now are doing 35% of our renewals entirely digitally, which is much easier for our customers and also frankly more cost-efficient for us. So we are rolling that with the rollout of our digital solutions across the board. It's being progressive. I think that another element that's also helping to drive retention is the platform strategy that we pursue in, right? We are increasingly selling a number of our products, not as stand-alone products, but very much as part of a platform, which really makes the whole solution more sticky. I don't know, Jim, if you have anything to add?

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Yes. The only thing I would add, and I agree with Stephane completely, and I think the more we move these digital solutions and digital transactions, the more exhausted we get to feed our analytics. And if I look over the course of this year, one of the biggest improvements we've made is in the quality of our analytics on our markets, on our customers, on the use of our products and the ability to make our products more useful on -- and to put together more valuable packages of products. It all comes from that, it all comes from those analytics.

Operator

Our next question will come from Manav Patnaik, Barclays.

Manav Shiv Patnaik - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

I was hoping you could just give us a little bit more color on the marketing events business that you just acquired and maybe why it's seemingly so attractive now. I guess the impression is the advance late cycle, there's probably some risk there, so just curious on how resilient this asset has been.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

The way we view that opportunity is as part of the strategy to add to revenue streams for our Reuters News business, and we have a great global brand there. And if we look at that business, well, it's not huge. I think we've talked about $40 million in revenue. I think we talked about that publicly. That's $40 million revenue business, and I think it's -- but it's growing nicely and growing strongly, about 50% of the business in the United States then the rest is in Europe and very, very small footprint in Asia. We think with the Reuters rebranding, that Reuters Events, and using our brand power around the world, we'll be able to keep that growth going. And we think it's a great way to have a convening power for both people who would want to come to events around these specific topics. And by the way, many of those are customers for our other Professionals solutions as well. So I think it has a broader impact than just on the Reuters News business.

Manav Shiv Patnaik - *Barclays Bank PLC, Research Division - Director & Lead Research Analyst*

Got it. And if I could also squeeze in a quick one. Just -- you've done fair number of -- well, I guess the 3 decent deals already. Is the pipeline still active? Is maybe you alluded to before you made these?

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Sure. The pipeline is still active, and we are still working the pipeline. I think, as we said, we spent about half of the 2 -- just over half of the $2 billion that we set aside. If we can find the kinds of deals that we have found in the past 15 months, we'd love to spend the rest of that. I think the real interesting thing about that is that we really kind of change the criteria and narrow the criteria that we have for acquisitions. And many of you will remember the day when we were doing 20 to 25 acquisitions a year. We are not going back to those days. And importantly, if you get to look at each of those acquisitions, there's kind of one chunky thing in each of our business units and the things that are easily integratable. But even more important than that, we're not buying individual businesses with the hope of improving those individual businesses. We're buying our capabilities or platforms or technologies or skills that we think we need to serve our core customers that we're already serving and to serve them with things they are going to need down the road.

So the example of that I would give is if you look at the Confirmation's piece, that functionality that goes into our cloud audit suite, that's right in the heart of what we sell to our audit customers in our Tax & Accounting business, right? If you look at HighQ, the most recent acquisition, that's a workflow platform to which we're going to integrate all of our workflow tools and various discrete tools into the platform that will help connect our customers to their customers. So we're looking at things that will be right in the heart and the center of our strategy. If we can find those and we can find them that make financial sense, and again I will point out, all 4 of those acquisitions we've made will be free cash flow positive in the first full year.

Operator

Our next question will come from Andrew Steinerman, JPMorgan.

Andrew Charles Steinerman - *JP Morgan Chase & Co, Research Division - MD*

It's Andrew. Jim, talk about the Legal end market a little bit. Is it changing in any way that's making them more receptive to spend with Thomson Legal? So I'm talking about Legal headcount or internal budgets for technology and data.

And then also when you think about Thomson Legal as a vendor, do you feel like you're gaining share from competitors or expanding the market opportunity that you are addressing for customers?

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Sure. I think the end markets are stronger, Andrew. I mean massively so, but that increase for demand that we've seen here is what I am hearing from customers. I would say the biggest change I've seen is the willingness to accept technology solutions and the eagerness really to embrace technology solutions over the last couple of years and particularly this year. We do a big thought event in the legal industry every year in May, and this year, it was -- there's been a remarkable turn in the eagerness to consider platforms and workflow tools.

I will just give you a data point. We had a prebreakfast optional session to present our platform strategy at that conference. We thought maybe 35 or 40 folks would show up. It was standing room and they're out in the hallway. So I do think there is an increasing appetite to spend on technology that helps them operate more effectively and more efficiently.

So I think -- look, we're certainly holding our own in terms of market share against our traditional competitors. But I think we're making even more gains. It's on the areas where we are working to become the kind of technology platform partner of choice in this space. And I think that's where the next kind of big battleground will play out over the next 5 years or so.

Operator

Our next question will come from Aravinda Galappatthige with Canaccord.

Aravinda Suranimala Galappatthige - *Canaccord Genuity Corp., Research Division - MD*

I wanted to -- just a quick follow-up for Stephane to begin with and then a bigger picture question. With respect to the Corporate cost, the $140 million to $150 million that you're projecting for 2020, I just want to clarify, is there even a small CapEx component in that, Stephane?

And then my bigger picture question is with respect to operating leverage. Jim, obviously gave us a helpful color around what the organic revenue of growth trajectory will be like for the business cycle. How should we think about the operating leverage and as a result the EBITDA growth arising from that? I mean I know that much of the heavier spend around sort of building up your newer platforms like Westlaw Edge is behind you, but I suspect there's still some investment that goes in that will be on the OpEx line. But I just want to get a sense of how we should think about the operating leverage going forward.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

All right. Now let me take your first question, and thanks for asking that I can clarify. The number -- the forecast we got for next year, the $140 million to $150 million, that's 100% ExBITDA. That's on the expenses. This year, as I said in my remarks, the $570 million that we have been guiding towards since the beginning of the year, that includes about $75 million of CapEx, the rest is ExBITDA. And if you wanted to break down that CapEx over time, I would say you have about $25 million in the first half, $25 million roughly in Q3, and we expect another $25 million approximately in Q4.

And on the second -- let me try to take your other question, where you're really going with the question, it's like what's the margin prognosis for next year and what's the inherent operating leverage of the business. Look, having now reached that level of revenue growth where we're at, right, where we really squarely like mid-single-digit territory. The operating leverage is pretty strong in the business. There is no question about that. I will just draw your attention to a couple of things as you look at margins. The first one is that our News business does not have very high margins. So -- and that's primarily related to that Refinitiv contract. We've got about $325 million worth of revenue coming from Refinitiv, which comes with virtually zero margin. So that has a very dilutive impact on the overall margin. Actually, if you were to exclude Reuters News from our results, all margins will be about 200 basis points higher than what they are.

The second point I would make is that if you look at our remaining 4 segments, Global Print, you expect the margin of Global Print to decline over time simply because it's a highly profitable business, and we don't expect that business to turn to positive revenue growth rate. So that -- this will essentially be a drag on margin. In these 3 other segments, I would expect pretty substantial operating leverage actually. And so overall, when you put all these factors together, we absolutely do see a room for margin to improve because of the operating leverage that we have in our 3 main businesses.

Operator

Our next question comes from Toni Kaplan from Morgan Stanley.

Toni Michele Kaplan - *Morgan Stanley, Research Division - Senior Analyst*

Could you just give us an update on shift to SaaS for your Legal Solution? I guess what percentage are you up to with regard to technology versus content? And just in general, Jim, I know you mentioned in response...

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Toni, can I -- Toni, just before you go to your second, just repeat the first one. I'm having a little bit of a hard time hearing you.

Toni Michele Kaplan - *Morgan Stanley, Research Division - Senior Analyst*

Sure. I was hoping you could give an update on the shift to SaaS for your Legal Solutions, just what percentage you're up to with regard to technology versus content. And just in general, what trends you're seeing with regard to disruption in Legal technology. I know you mentioned a little bit with an earlier question, but that would be very helpful.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

Sure. Look, so on the first question, not really talking about just SaaS. Software, in total, represented about 31% of revenues for Legal in the third quarter. So 69% is still content. So it's still a pretty high weighting towards content solution versus software solutions.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Yes. And I will just reiterate what I said before. I think the appetite for technology spend is going up, and I think that's what you're seeing in a lot of our investment and what we are seeing certainly in our dialogue with our clients. So I think that's, as I said earlier, where the gain is moving and I would expect that percentage to grow.

Operator

Next question will come from George Tong from Goldman Sachs.

Keen Fai Tong - *Goldman Sachs Group Inc., Research Division - Research Analyst*

You have run on for George. So you previously discussed that you were intending to accelerate your organic growth through cross-selling and upselling solutions, and that your customers on average are using less than 2. Could you discuss progress with this and where you're seeing the most success?

And then one other quick question, just -- I know you touched on the operating leverage a bit earlier, but could you -- do you have any aspirational margin targets or even a range for the individual segments that you're trying to achieve?

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Sure. Let me take the first one, and I'll turn the second one over to Stephane, as far as the cross-sell and upsell. I just think we're still in the very, very early days of cross-sell and upsell, and if you think about how this year's progressed and the third quarter -- in the third quarter last year, we completed the Refinitiv deal and we came in to this year, sales were all realigned and trying to come out of the gate really strongly, pushing cross-sell, upsell. Second quarter, we really started to hit our stride. And frankly, what we started learning was what was working best, right? We are gearing up our analytics, and we are seeing clear opportunities for upsell, cross-sell and we have a lot of folks in our sales forces who are very excited about those opportunities. What we've been working through in the third quarter is a notion that all products are created equal. And I mentioned earlier, the better analytics that we have, we're using those analytics to find what the best opportunities are to kind of blend a solution together, not necessarily -- we don't think about it quite so much anymore. I don't think about it so much anymore as how do we cross-sell individual products, but how do we combine services or capabilities and then how do we commercially price that. And I think that we have a lot of room for enormous uplift there but we're early days, and I've just been sharing with you that I'm thinking of it more, about kind of how do we craft propositions for the various market segments and looking more at the total uptake and the total amount of revenue we get from a particular customer, which is driven under the covers by cross-selling and upselling more products within -- in probably different way in the future. Stephane?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

And on your second question, we don't really have a specific aspirational margin target, because as Jim likes to say, right, and he described it very well in the value creation model that he spoke about earlier today. Our main goal is to achieve the maximum possible rate of free cash flow per share growth. It's not really margin growth. It's how do we drive free cash flow and free cash flow per share. That's frankly what is driving our incentive plans, that's what we think creates the most value for investors over time. And then we will decide how we use the flow through the operating leverage that the business generates now, whether it's to reinvest in the business organically, to drive growth, which may put a little bit pressure on margin or on this operating leverage or whether we let it flow through the margins. But it's free cash flow per share, and we're very much focused on it.

Operator

Our next question will come from Doug Arthur, Huber Research.

Douglas Middleton Arthur - *Huber Research Partners, LLC - MD & Research Analyst*

Yes. I'm not sure just the way to disaggregate this, but as you sort of look at your organic growth progress and your goal in 2020, is there a way to sort of box the impact of the new products? I mean you have a lot of new product initiatives virtually across the board. Is there a way to sort of quantify the impact that it's having on organic? And I assume impact to be greater in ensuing years.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

No. That's a really tough question because I mean if you look at the new products, like -- take Westlaw Edge first, right, new products, of course. But a lot of the growth we're getting from Edge is because the much higher functionality of the product, much better subset of the Pros, enables us to sell it at a price premium. So it that price or is that new product? So it's really hard to break it down for us the way you just described it to be very honest.

Operator

Next question will come from Tim Casey, BMO.

Tim Casey - *BMO Capital Markets Equity Research - Equity Research Analyst*

Two for me. One, Jim, just -- when you look at the macro trends and the terms of global trade and the increasing complexity on that, you're now mostly a U.S. business but you do have a number of multinational clients. Are you getting any bump from the complexity there, which is as you get for the business?

And second, just on Print, you've acknowledged you're surprised by how it's performed, but what's -- when you peel it back, what's going on underneath there? Or -- and like are you just -- are we just delaying the pain, if you will, and are you expecting it to have a -- the better year you've had this year, you give it back and have a worse year next year?

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Okay. I'll try both of those, and Stephane can jump into. Correct? Or I'll get my answer. If -- the first question was?

Tim Casey - *BMO Capital Markets Equity Research - Equity Research Analyst*

Impact from the complexity.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Yes. Yes. I was just with -- I think you're exactly right on the first one. I apologize, I was thinking of the second one. I think the increasing complexity is helping us around global trade. And that's why we bought the Integration Point business because we thought we needed a global platform to serve those clients. I was just down a few weeks ago with the team at Integration Point and with some other clients and their customers, and the opportunity for us to -- if you look at the capabilities that we have between our current existing global trade businesses and with the team in Integration Point, I think it's absolutely unrivaled what we're going to be able to provide to customers. And also if you look at where we are and then you look about what we can add to the workflow tools that we're providing, I think it's a great opportunity for us. And so the short answer is the complexity and global trade is indeed driving opportunity for us, and I think it's going to be a significant growth factor going forward. In fact, we're having that team present to our Board of Directors next week in Dallas.

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

On the second question, I'd say the success we see in Print is partly attributable to other factors we described in our remarks, right? Like a really great job for the team in leveraging their scale globally from all the practices that we have implemented in the U.S. and really use that to drive better growth in terms of less decline but also better cost efficiencies. There is also the backdrop of a good market environment, obviously, with Legal demand being at the highest level we see in a number of years. That strongly helps. We don't expect -- I mean we make some more plan right now, but at this stage, we do not expect so as to give back anything that we've earned this year and for next year. We would actually expect based on what we see, pretty similar type growth rate for Print next year as we see this year. Again, that will be partly a function of the environment. But if it stays where it is today, we certainly would not expect a -- much change in terms of a bit deterioration.

James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

Yes. If I could just add to that, I would have to add that the team in Global Print is just doing a terrific job. It kind of reimagining those customer relationships. And I think, Tim, there's a real turnaround in that organization to begin thinking about a group of clients that were Print-only customers and think of that as an entryway as a client and a customer and how can we build out a more holistic relationship with all those customers of which Print is only a part of that relationship. So I think that's highly encouraging. And then kudos to the team for continuing, particularly the guys in the plant who are continuing to find ways to take cost out and be more effective and more efficient.

So it's encouraging and it is surprising, but as Stephane said, it is not something we think we're necessarily going to give back. I don't think we're going to change the overall trajectory per se but I think we can stem it and continue to stem it, and I think that they are -- they've certainly proven that they can surprise us on the upside.

But the other thing I would call out in terms of brand is this year is the first time we pull all of our Global Print under one management team. And I think we're seeing the benefits of doing that with best practices really being spread around the world.

Operator, we'll take one final question, please.

Operator

Okay. Now will come from Kevin McVeigh, Crédit Suisse .

Kevin Damien McVeigh - *Crédit Suisse AG, Research Division - MD*

If you said this, I apologize. I guess what gave you the confidence to boost the organic growth, the 50 bps in '19? And when should we expect that to flow through into 2020, Stephane? Are we just being conservative at this point?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

We really haven't changed anything to the guidance we gave last quarter, Kevin. We -- last quarter, we did increase our guidance for this year and for next year very slightly. So we just kept it at the same level as what we announced last quarter.

Kevin Damien McVeigh - *Crédit Suisse AG, Research Division - MD*

Okay. I thought it was the organic, maybe I misread that. I apologize and then -- okay, so then just for a quick...

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

I think what Jim said is that if you -- so for next year, we expect the organic growth of like 4% to 4.5% and we expect the acquisitions we've made to date to add about 100 basis points. So the total growth rate, as we see it now, is somewhere between 5%, 5.5%. And as Jim said, it may change if we do more acquisitions, of course.

Kevin Damien McVeigh - *Crédit Suisse AG, Research Division - MD*

All right. That's helpful. That's helpful. And then as you kind of shift the Legal, that goes more towards software, I think you said 30% today, 70% content. How does that impact the margin over time? So you kind of shift that as it remixes more towards software. What's the margin impact down there and any sense of where -- how long that should take as you kind of shift again more towards software as opposed to the content?

Stephane Bello - *Thomson Reuters Corporation - Executive VP & CFO*

If you look at the Legal business specifically because the revenue base in our content business is so large, it has pretty attractive margins. So obviously, software is a highly repeatable business and it has very nice margins, but the content has pretty decent margins itself. So I don't think there's a major impact. They're both quite attractive businesses from a margin perspective.

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James C. Smith - *Thomson Reuters Corporation - President, CEO & Director*

All right. That will be our final question. We'd like to thank you all for joining us today, and we will speak to you again in February when we report Q4. Have a good day.

Operator

Ladies and gentlemen, this conference will be available for replay at -- today from noon, Eastern time, through November 7 at midnight. You may dial the access code -- you may access the recording by dialing 1 (800) 475-6701 and entering the access code 471905. International participants may dial (320) 365-3844. Again, those numbers are 1 (800) 475-6701.
