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TRI.TO - Q1 2015 Thomson Reuters Corp Earnings Call

EVENT DATE/TIME: APRIL 29, 2015 / 12:30PM GMT

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Thomson Reuters first-quarter 2015 earnings conference call.

(Operator Instructions)

As a reminder, this conference is being recorded. I would now like to turn the conference over to our host Mr. Frank Golden, Senior Vice President, Investor Relations. Please go ahead, sir.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

Good morning, and thank you for joining us as we report our financial results for the first quarter. Our CEO Jim Smith will start today's discussion followed by Stephane Bello, our CFO. Following their presentations we will open the call for questions and we would appreciate it if you would limit yourselves to one question each in order to enable us to get to as many questions as possible.

Throughout today's presentation keep in mind that when we compare performance period on period we do look at revenue growth rates before currency as we believe this provides the best basis to measure the underlying performance of the business. And it's also the basis on which we provide our 2015 outlook.

Now 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 websites or by contacting our Investor Relations department.

I'd now like to turn it over to Jim Smith.

Jim Smith - *Thomson Reuters Corporation - President & CEO*

Thank you, Frank, and thanks to those of you on the call for joining us. Today we will begin with a review of first-quarter results and I will also outline our three strategic priorities for the year.

Now to the results for the quarter. As I stated in our earnings call in February, we've made significant progress, putting the Company back on a solid footing and you can see that in the numbers we report today. We're off to a solid start to the year both operationally and financially.

Importantly we're on track with our expectations for the balance of the year. Our guidance for the year is to return to positive organic revenue growth on a constant currency basis and based on our results thus far we continue to believe that will be the case.

Now as we pointed out last quarter in light of the increased volatility in foreign currency markets we cautioned that FX would have a higher than usual impact on our results in 2015. That indeed proved to be the case in the first quarter. Therefore, I will provide you with both our reported results for the quarter and our results before currency enabling you to see the underlying progress we're making.

Revenues were down 3% on a reported basis but were up 2% before currency, a full 500 basis points swing due to currency in the quarter. EBITDA was down 2% with a margin up 20 basis points on a reported basis.

Before currency EBITDA was up 4% and the margin was up 60 basis points. Underlying operating profit was down 2% and the margin was unchanged on a reported basis. Before currency operating profit was up 6% and the margin was up 60 basis points.

Adjusted EPS was $0.44, down $0.02 compared to the prior year but up $0.04 before currency. Net-net given our solid start to the year we are reaffirming our full-year 2015 outlook.

Now let me discuss several trends that we're seeing in the business that give us reason for cautious optimism regarding our prospects for stronger growth and profitability. First some context.

2014 was a year of solid accomplishment and execution across the Company. 2015 marks the year we move from fixing problems to executing against a clear customer focused a strategy and more on that in a moment. This is the year we begin to realize tangible benefits from all of our hard work over the past three years, particularly around the Simplification programs in our Financial business.

That's evidenced by a nearly 300 basis point improvement in Financial's revenue growth as compared to one year ago from minus 3 to flat. It is the best performance for our Financial business since the second quarter of 2012.

And just as impressive is Financial's EBITDA margin improvement of 250 basis points in one year. So the underlying trajectory of this business continues to improve and we expect this will continue through 2015 and into 2016.

It's also encouraging to see that in addition to Financial's improving performance momentum in our Legal business continues to build evidenced by organic revenue growth of 3%. If you exclude US Print it was up 5%.

This performance was driven by 9% organic growth from our Solutions businesses and a slight increase in our US Online revenues. Lastly, we continued to execute on the capital strategy we announced 18 months ago. Now we've returned more than $3 billion to shareholders in the form of share buybacks and dividends since October of 2013.

I've already discussed Financial and Legal's results for the quarter so, therefore, I'll speak to several other key metrics that reflect the improving trends. First, Financial's net sales were positive in the first quarter and were positive in all regions. This marked the fourth consecutive quarter of positive net sales and year-on-year improvement in nine of the last ten quarters.

Second, last quarter I discussed the three major product and platform migrations taking place this year. These include migrating our remaining legacy Buyside and foreign exchange customers onto the unified platform and migrating our large real-time infrastructure platform which we refer to as IDN BON onto Elektron. I'm pleased to report these programs are on schedule.

On the product migration side we've covered about one-third of the $700 million in revenue that's involved in this program and we're on track with our plans. As I said previously, we expect that these migrations will result in downward pricing adjustments in some instances which will constrain Financial's revenue growth this year.

And on the platform migration side, we've moved 60% of customers to the new Elektron platform with half those customers now entirely off the old platform. That does mean we're incurring some dual running cost until such time as we close the old platform later this year.

Turning to Legal, the 3% organic revenue growth reflected the best performance since the first quarter of 2011. As I just indicated, our US Online revenue grew in the first quarter, our first quarter of positive growth for that business since 2009.

And Print revenue now only 14% of total Legal revenue decline 6%. Stephane will provide more detail in a moment.

Tax & Accounting continues to execute well and had a strong start to the year with revenues up 10%, 7% of which was organic. And although IP & Science revenues were flat for the quarter, due to some timing items primarily related to transactional revenues, subscription revenues were up 3% and that represents 80% of the business. Finally, our Global Growth businesses started the year strong with revenue growth of 8% of which 4% was organic and I'll remind you that GGO results are included within each of the four business segments.

So let me conclude by discussing the three strategic priorities that I've set for the Company. I think of these priorities as our path to accelerated growth for the next few years.

First, strengthen and enable the core. Following several years of acquisition driven growth we are now focused on consolidating products and platforms across our businesses and we believe there's room to grow organically in all of them. So while we continue to invest appropriately in our flagship offerings we're also focused on reallocating both OpEx and CapEx across the enterprise to fund those businesses we've targeted with the most growth potential.

Furthermore, our transformation program is a significant part of strengthening and enabling the core. We're unlocking the power of the organization as we link content and solutions on scalable platforms to better serve our customers and to drive efficiency and reduce cost.

Number two, improving our go-to-market capabilities. We know that to improve the experience of our customers we must do more to support our salespeople and customer service representatives.

Earlier this year we created a new position, Chief Customer Officer led by Mark Schlageter. Mark will ensure that we are investing in better sales training, retention and development tools and also that we develop consistent standards and customer metrics to accelerate sales opportunities and enhance customer experience which I believe can drive meaningful improvement.

And thirdly, we're investing in high-growth adjacent market segments in areas where we have strong product, customer footprint and scale. We're prioritizing resources behind high-growth opportunities with an expectation that this can also drive better performance over the next several years.

So to wrap up, we are off to a good start to the year with growing momentum. The strategy is working, the team understands what we're trying to achieve and we will continue to execute with focus and determination. Over the balance of the year I look forward to dedicating the bulk of my time to the growth opportunities that will drive the business in 2016 and beyond.

Now let me turn it over to Stephane.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

Thank you Jim and good morning or good afternoon to you all. As Jim just indicated currency had a more material impact than usual on our results. And that impact is clearly shown in the 500 basis point swing between reported revenue which were down 3% and revenues before currency which were up 2%.

Now in line with the way we've always discussed our results in the past I will speak to revenue growth before currency throughout today's presentation. This slide provides a snapshot of our first-quarter results.

On a constant currency basis first-quarter revenues were up 2% and they were up 1% organically. Our Financial business was down by about 0.5% organically which rounded to flat while our three other businesses grew 5% in aggregate during the first quarter and they were up 4% organically.

Adjusted EBITDA was down 2% with an EBITDA margin of 26.4%, up 20 basis points compared to the prior-year period. Excluding impact of currency EBITDA was up 4% and the margin was up 60 basis points compared to the prior year.

Our Q1 operating profit margin was flat compared to the prior year. However, excluding the impact of currency operating profit was up 6% and the margin was also up 60 basis points.

Now let me point out that we do not expect margins to move in a straight, upward trajectory each quarter this year due to a number of factors. These include the timing of some expenses in the second quarter as well as the timing of some of the platform migrations within our Financial business which we discussed with you before.

Now let me provide you with some additional color on the performance of our individual businesses starting with Legal. Demand for legal services in the US market as measured by Peer Monitor was up slightly, so the trend of modest improvement in demand for legal services continues. However, demand for litigation services which is the largest practice area was still slightly negative in the first quarter.

As Jim just indicated Legal grew 3%, all organic in the first quarter and this was its best organic revenue growth performance in four years. Let me point out that the first quarter is likely to be Legal's strongest from a revenue growth perspective because transactional revenue growth was especially high. In fact, transaction revenues for the quarter which for Legal are really services revenues represent 30% of total and they were up 17% in Q1, 13% organic driven by strong performances in our law firm marketing solution business and in our managed services business.

Subscription revenues which accounted for about three quarters of the total were up 3% all organic. Once again the strong organic performance of our subscription revenue-based during the quarter demonstrates the strength of our underlying business.

Turning to our profitability metrics, the EBITDA margin was down 100 basis points while the operating profit margin decreased 50 basis points. The margin decline was primarily due to the timing of expenses and we still expect Legal's EBIT of margin for the full-year to be broadly flat compared to the prior year.

Here's a more detailed look at the revenue performance of the three main subsegments within our Legal business. US Online Legal Information which is 41% of total revenues was up slightly for the quarter which is the first time it has been in positive growth territory since 2009.

Since Q1 of last year we have actually seen a 200 basis point improvement in the growth rate of this business. This continuing trend of improvement is very encouraging and it is attributable in large part to the success of rolling out Practical Law across the US legal research market and also due to improving Westlaw retention.

As you may recall, we acquired Practical Law in early 2013 at a time when it was primarily focused on the UK legal market and since then we have invested organically in developing Practical Law solutions for the North American market. US Print revenues were down 6% and this is in line with the rate of decline we have experienced over the last few quarters. Importantly US Print revenues represent an increasingly smaller portion of Legal's total revenue base.

It was 14% this quarter versus 16% two years ago. And as such the negative impact on Legal's overall growth rate is gradually diminishing over time.

Excluding US Print the rest of our Legal business grew 5% organically during the first quarter. Finally the strong first quarter performance was also driven by our Legal Solutions business which continued to grow at a solid pace and which represents an increasingly large proportion of Legal's total revenue base.

As a reminder, these Solutions businesses consist of everything except the US Online Legal Information and US Print. In aggregate they made up 45% of Legal's total revenue in the first quarter and they grew by 10%, 9% organically. As mentioned earlier, some of the strong organic growth performance was driven by higher transactional revenue as FindLaw and Pangea3 as well as continued strong growth in our corporate counsel business including Serengeti and in our UK business.

Our Tax & Accounting business had another very strong quarter. Revenues for Q1 grew 10% of which 7% was organic. Recurring revenues which are about 80% of the total also grew 7% organically in the quarter.

From a profit standpoint EBITDA was up 10% in quarter with the margin increasing 80 basis points. And we continue to reinvest some of the revenue flow-through from these business in its highest growth opportunities.

For the first quarter operating profit was up 17% with the margin up 220 basis points. And as you can see on this slide Tax & Accounting's overall gross performance in Q1 was driven by its two largest segments, Professional and Corporate which delivered very strong organic revenue growth rates of 12% and 9% respectively.

IP & Science revenues were flat for the quarter and this performance was primarily the result of a lower number of transactional deals compared to the prior year. More on that in a moment.

Turning to profitability metrics for the first quarter, the EBITDA margin and the operating profit margin were down 430 and 500 basis points respectively. The margin decline in Q1 was driven in part by some timing factors and by the impact of negative revenue mix compared to the prior year, specifically higher service-related revenues and lower transaction revenues.

Now although revenues was flat for the quarter subscription revenues which made up about three quarters of the total were up 3%. So transaction revenues declined 11% all organic as large one-time deals signed in Q1 of 2014 were not repeated in the first quarter of 2015. As we always remind you small movements in the timing of revenues and expenses can impact margins in any given quarter for our IP & Science business and therefore full-year results are more reflective of the segment's underlying performance.

Now turning to the first-quarter results for Financial & Risk business revenues on a reported basis were down 6% with currency having a significant impact. However, excluding currency the business was just slightly shy of flat on an organic basis.

This represented an improvement of about 200 basis points compared to the fourth quarter of 2014 and a 300 basis point improvement compared to the prior year. It was also our best performance since the second quarter of 2012. The near flat organic revenue growth performance reflected the fact that the positive impact of our annual price increase was offset by lower price realization resulting from the migration of some of our foreign exchange and Buyside customers to new products on the unified platform.

The EBITDA margin for the quarter was up 170 basis points due to the Simplification actions we took in 2014. Before the impact of currency from both periods and adjusting for the impact of the charges we took in Q1 last year, EBITDA increased 9% in the margin was up 250 basis points at 27.3%.

As we mentioned earlier, we will be incurring some dual running cost as we work to migrate the IDN BON real-time network and we continue to expect to complete that migration in the latter part of the year and that is when we would expect to see a more pronounced improvement in the F&R margin. This platform migration is progressing as planned and is on track with around 60% of clients now installed on the new network and about half of those are running solely on the new network.

Operating profit was flat for the quarter with the margin of 100 basis points. And again excluding the impact of currency and charges the operating profit was up 14% and the margin was up 220 basis points versus the prior-year period. As we expected currency had a significant impact on our first-quarter results and this was especially visible within Financial & Risk which is where we carry the lion's share of our currency exposures.

In order to give you a better sense of how that business is progressing towards the 30% margin objective we removed the impact of foreign exchange from the reported EBITDA margin and we also excluded the negative impact of the charges we took last year in Q1 in order to get to an underlying margin number. As you can see on this slide excluding both these items from both periods F&R's adjusted EBITDA margin increased 250 basis points in the first quarter to 27.3%. Needless to say this is a solid performance particularly given the revenue decline over the prior 12 months.

Now looking at the Financial & Risk revenue in a bit more detail you can see on this slide that recurring revenues which is about 75% of the total declined 1% during the quarter all organic and this decline was primarily the result of commercial realignments offsetting the impact of our annual price increase. Recoveries about 11% of the total were flat for the quarter. As a reminder these are low margin revenues and as some of our third parties moved to a more direct billing approach with our customers we do expect recoveries revenues to decline over the balance of the year which once again should not have a negative impact on margins.

Transaction revenues which is 14% of the total were up 3% all organic. As expected we did see improvement across all our transaction businesses in the quarter as a more normal level of volatility return to the currency in fixed income markets.

Now turning back to our consolidated results and looking at our free cash flow performance the first quarter is usually our weakest quarter from a cash generation perspective and this quarter was no exception. It is not reflective of what we expect for our full-year performance which to remind you is between $1.055 billion and $1.075 billion. Although negative, our free cash flow was $70 million better than the prior year driven primarily by lower cash charges.

Now turning to our earnings per share performance, first-quarter adjusted EPS was $0.44 per share, $0.02 lower than a year ago. The slightly higher tax rate 16% as opposed to 14% last year had a $0.01 negative impact on adjusted EPS while foreign currency had a $0.06 negative impact on a year-on-year basis.

So to wrap up, we are pleased with the start of the year and based on the first quarter's results we are reaffirming our outlook for the full-year. Let me now turn it back over to Frank.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

Thanks very much Stephane. And that will conclude our formal remarks and we would now like to open the call for questions. So if we could have the first question please.

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QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Drew McReynolds, RBC.

Drew McReynolds - *RBC Capital Markets - Analyst*

Thanks very much. Good morning and congrats on the quarter. Just a couple of quick questions within F&R.

You commented on approximately one-third being migrated of that $700 million. Just wondering what that percentage would have been at the end of Q4 2014?

And then just with respect to the decline in recoveries, just a question for Stephane, presumably recoveries get inputted it into your organic revenue growth calculation so just wondering what kind of declines you're expecting? And then just lastly the price increase within F&R, is that all effective kind of Jan 1 or do price increases get staggered throughout the year? Thank you.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

All right, Drew, let me try to take this question starting from the last one to the first one.

Yes, the price increases are effective Jan 1. Regarding the decline in recoveries, recoveries are not a large proportion of our overall revenue base as I mentioned. So they are absolutely including our organic growth rate and we factored what we projected to be a decline in the guidances we gave to you. So this is not a surprise.

You may recall us talking about the decline in recoveries for the last year or so. I think we are going to see a more marked reduction in the coming quarters. Hard to predict exactly how much it's going to be, it's going to have some level of impact on organic growth but as I said we have actually included that in the guidance that we provided.

And your final question was about the migration of the $700 million revenue base that we have to do on Eikon. We are progressing on that pretty much as expected. And I would just refer to what we said before which is at the end of the year we expect that we will have about 10% of F&R's revenue on non-Eikon desktop on legacy desktops if you want.

As of the end of the first quarter we probably had about 25%, 26% so about $1.6 billion of our revenue base of F&R on Eikon. And so we have about 16% left to migrate and by year-end we expect that this 16% number will go down to like 10%. So hopefully that gives you a little bit of a sense of the pace of the migration we expect.

Drew McReynolds - *RBC Capital Markets - Analyst*

That's great. Stephane, thanks.

Operator

Manav Patnaik, Barclays.

Greg Bardi - *Barclays Capital - Analyst*

Hi, this is actually Greg calling on for Manav. In F&R, the transaction growth looked pretty good. Just wondering how that's tracking so far in 2Q and what kind of growth you need from that part of the business to continue to drive margins in F&R and is that 3% a reasonable run rate going forward?

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

It's a reasonable run rate. It's very hard to predict what the transactions will do but if we can at a run rate of 3% to 5% I think that's pretty much what we would be counting on for the balance of the year.

Greg Bardi - *Barclays Capital - Analyst*

Okay. And if I can sneak one in, just saw some changes in the management at Reuters News. Just wondering if you would give an update on how you think about the news capabilities both strategically and as a source of investment?

Jim Smith - *Thomson Reuters Corporation - President & CEO*

Sure, let me take that one. We think that our news offerings are a vital part of our product offering really across the business but particularly in the financial sector. And we are committed to continuing to provide the kind of high quality journalism that our customers have become accustomed to.

We did have a change there. Andrew Rashbass did a terrific job for us over the last couple of years and he moved on for another opportunity that he found compelling and we wish him luck in that role and we are actively recruiting to fill that position. News is a vital part of our mix and it's really woven into the DNA of this Company in a pretty fundamental way and we're committed to continuing that excellence for years and years to come.

Greg Bardi - *Barclays Capital - Analyst*

Perfect. Thanks guys.

Operator

Vince Valentini, TD Securities.

Vince Valentini - *TD Securities - Analyst*

Yes, thanks very much. The lower price realization at F&R I'm just trying to figure out how that stages through the year. You're going to be continuing to migrate some of these foreign exchange and Buyside customers, so does that headwind actually get bigger with each passing quarter or is it pretty much all in the first-quarter run rate?

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

I think I would expect the headwinds coming from these lower price realizations to continue at about the same pace throughout the remaining three quarters of the year and probably also going into the first quarter of next year. That's what we would expect. But it's important to know that absent these factors, these lower price realizations, the underlying trend in our financial business is pretty clear that we have been very clearly in positive organic growth territory.

Vince Valentini - *TD Securities - Analyst*

Do you have that figure, as opposed to the minus 0.5 if it wasn't for that price changes that are obviously temporary would you then have been plus 1 or plus 2 on organic revenue growth this quarter?

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

Yes, somewhere in that range.

Vince Valentini - *TD Securities - Analyst*

Great. Thanks.

Operator

Sara Gubins, Bank of America.

Sara Gubins - *BofA Merrill Lynch - Analyst*

Hi, good morning. Question about FX.

I know that rates can vary a lot but could you help us think based on today's rates about what the EPS drag would be for the year? And also if we take the 18.5% to 19.5% operating margin guidance what that might look like on a reported basis? I'd look at like to try to get us all at least somewhat level set there.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

Yes, let me try to take that one. Look we don't like to try to mark to market the impact of foreign exchange because rates are fluctuating so much. Like today I saw the largest exposure we have is obviously a long euro position against the dollar and I think I was reading this morning that the euro reached a three-month high against the dollar and went back above $1.10.

So this changes so much from one day to the other that it is pretty hard to predict. I would say if rates stayed the same as where they are today the ongoing impact of foreign exchange is probably around $0.04 or $0.05 a quarter, is what I would estimate. But again that's why we provide our guidance on a constant currency basis on all the metrics because then it's much easier not to have to change your guidance all the time and just point out what the impact of foreign exchange is quarter after quarter.

Sara Gubins - *BofA Merrill Lynch - Analyst*

And would the 60 basis point operating margin drag that we saw in the quarter from FX is that probably the right amount to think about for the rest of the year again assuming no change in rates?

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

It's probably about right, yes.

Sara Gubins - *BofA Merrill Lynch - Analyst*

Okay, great. Then in Legal could you give us some color to think about margins for 2015 and if the print decline of 6% that we saw a reasonable run rate at this point? Thank you.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

Sure. Yes I think the print decline of 6% is probably reflective of what we expect for the full year.

It's in line with what we've seen for a number of quarters now. So I think that this is what we would expect from a planning perspective from an internal planning perspective. What was very encouraging in the first quarter I think were really two facts.

The first one is that our US Online Business returned to positive growth. As I said it was the first time since 2009 and there has been a very gradual improving trajectory. And given that this is primarily subscription business I think we're very encouraged by that trajectory.

And the second positive factor was that our Solutions business continues to perform quite strongly. It was up 9% organically. Some of that was driven by higher transaction volume but even if you look at if you exclude transactions within our Legal Solutions business the underlying organic growth rate was still a very solid 6%.

So that business continues to perform very, very well and becomes a greater percentage of the overall Legal pipe pie. And that's why you see the revenue performance that you see in the first quarter.

From a margin perspective as I said in our prepared remarks our expectation is still that the margins will be more or less flat relative to last year. Remember our legal business has to cope with this very negative mix impact and they're doing that essentially through a combination of getting the solutions business to scale and increasing the margins there and also being ruthless on costs everywhere else in the business. So that's what I would expect to see the rest of the year.

Sara Gubins - *BofA Merrill Lynch - Analyst*

Thank you.

Operator

William Bird, FBR.

William Bird - *FBR & Co. - Analyst*

Thank you. On F&R does the price headwind from product migration prevent that segment from breaking positive on organic growth later this year? And separately where are you on the path to realizing the $300 million in transformation cost saves? Thank you.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

Good morning. So I'd refer you to the comments that Jim made in the fourth quarter with regard to F&R.

I think what we expect to see is to be pretty close to breakeven on the revenue line at the F&R for most of the quarters this year. We are going to be just up or down around that breakeven line because of the price realization impact in each quarter.

So does it prevent us from moving above the line? We may very well see a quarter where we break slightly above that line this year. We may not.

It's too soon to call very honestly because it's going to depend in large part on the transaction revenue trends. But what's important is obviously to see the improvement that we've seen compared to last year. And sorry, what was your second question?

William Bird - *FBR & Co. - Analyst*

On the $300 million in transformation cost saves just wondering where you are on the path to achieving that?

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

I apologize for that, absolutely. The transformation savings remember our target is $400 million actually, that's what we expect to get by 2017. We are proceeding well on all the transformation initiatives.

Actually we're very much on track for 2015, we're very focused now on laying out the groundwork for actions which will drive savings in 2016 and 2017. And as I said before that's really where the bulk of the savings will become more visible in our profitability.

They are a little bit more backloaded because obviously we are trying to implement these programs without taking large disruptive charges. And so as we implement that there is an offset between savings that are generated from the actions we've already taken and some actions we have got to take in order to get the future savings. So very much on plan on the transaction program at this point in time.

William Bird - *FBR & Co. - Analyst*

Great, thank you.

Operator

Paul Steep, Scotia Capital.

Paul Steep - *Scotiabank - Analyst*

Thank you. Jim, maybe you could just talk a bit about the size of the growth opportunity ultimately in Tax & Accounting? It seems to be outpacing. And then related for Stephane the margin profile there, where would we think that would ultimately go to over time if you don't undertake acquisition to continue to build that business?

Jim Smith - *Thomson Reuters Corporation - President & CEO*

Sure, Paul, Happy to do that. We're very bullish on our Tax & Accounting business. And in fact what we're seeing in that business, I think the current set of products that we have and services that we offer, particularly as we built out the global tax workstation that serves corporates around the world, we think that can maintain the kind of growth rate that we have in that business and that line for years and years to come because we see the opportunity to take it global.

Think for a moment three years ago that business would have been 99.9% US Domestic in terms of its revenue profile. We closed last year with 20% of the revenues coming from outside the United States and we think that there's great legs as we take that business around the globe.

Additionally when you think about the kinds of things that we do in terms of serving corporations and particularly multinationals in their global tax planning and remittance and management issues and you broaden that out to include the world of global tax and trade we think the opportunity frankly is enormous and that's what we're working very hard to do. If you looked at our list of the most promising opportunities that we see for the organization that's right at the top of the list.

We're working aggressively to make certain that we're putting the right kind of resources behind that both in terms of our investment dollars and also in terms of our best and brightest talent to make sure we recognize that opportunity. So we think that's a business that has a lot of growth legs and one we're investing in very heavily.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

And from a margin perspective at this time you know how we try to operate that business, if we can see top-line growth of high single digits we will obviously work with the management of the business to redeploy as much of the profit flowing through that growth in the business. And if the EBITDA growth is in line with the top-line growth and is again high single digits we're very, very happy with this and try to keep that going as long as we can.

If at some point in time in the future we start to see a slowdown on the top-line growth I think there's an opportunity to improve the margins by may be reinvesting a little less. But that's not at all where we are at this point.

Paul Steep - *Scotiabank - Analyst*

And just one quick clarification, Stephane. On the F&R the list at the back end of the year in terms of margin, should we think of that as being relatively linear Q3 to Q4 or is it going to be overweight in Q4? Thank you.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

You know since it's highly dependent on the completion of the migration of the IDN BON platform we said that will happen towards the latter part of the year. I think you can see a greater margin improvement in Q4 and you will in Q3.

Operator

Ato Garrett, Deutsche Bank.

Ato Garrett - *Deutsche Bank - Analyst*

Hi, just a couple more questions on margins. You mentioned in your prepared comments that you're not expecting a linear progression in margins across the year. So I was wondering if you can give some clarification for how you expect margins to trend across 2015.

And then also just looking at your guidance for Financial & Risk of approaching a 30% operating margin I know you mended some of the difficulty in quantifying your guidance over the FX impact on guidance but seeing that we saw 150 basis point FX headwind I was wondering if you could give us a little bit more color on what we should expect that to be on a full-year basis for the segment. Thank you.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

Maybe I will try to take that question. I mentioned that margin evolution will not be linear. There are a number of factors that will drive margins this year.

One which answers both your questions is what we talked about which is the migration of the big infrastructure platform we have going on in Financial & Risk. And obviously since we expect to complete that one in the latter part of the year I would expect that once it's complete you're going to see a much more pronounced margin improvement within F&R and hence that's going to be visible at the consolidated level also. And that is probably going to happen in the fourth quarter.

Now there are other factors that timing factors that really impact the margins from one quarter to the other. One thing I can mention to you for instance is that we are implementing our annual salary increases this year in the second quarter.

Last year we did that in the third quarter so that has an impact on a year-over-year basis. But that really points to the margin guidance for the full-year and that's I think what's really important as you try to understand trends going on in the business. And you see that our full-year guidance for margin shows a solid improvement compared to 2014.

Operator

Louis Pavia, JPMorgan.

Louis Pavia - *JPMorgan - Analyst*

Hi, thanks for taking my call. I wanted to ask about a comment you made in your press release that net sales were positive in all regions and that would include EMEA. So could you talk a little bit about what you've been seeing in the EMEA lately?

Jim Smith - *Thomson Reuters Corporation - President & CEO*

You know, that is particularly encouraging I think and in fact if you look we were positive in all regions. And I guess it's the second time in the last three quarters that we've had positive net sales in Europe and EMEA.

So if you look we were strong in EMEA in Q1 and we were strong in America's, particularly strong in those two regions. That's quite encouraging.

I think what we're seeing is some sense of stability has returned to the market there. We have better product offerings.

It's not real complicated. We've got better product, better service, better retention rates and our sales force is doing a terrific job. So you put all that net-net together and in what I think is becoming a more stable environment in the banking community there and it's encouraging to see.

Louis Pavia - *JPMorgan - Analyst*

Great, thank you.

Operator

Peter Appert, Piper Jaffray.

Peter Appert - *Piper Jaffray & Co. - Analyst*

Thanks, good morning. So I was just hoping you could help me understand the dynamics on the lower price realizations in F&R, is that a function of discounting to incentivize customers to make the transition or is there some other dynamic going on?

And then if I could just thrown in a second question, any update on what you're seeing in terms of client attrition as the migration occurs? Are you seeing any improvements there? Thank you.

Jim Smith - *Thomson Reuters Corporation - President & CEO*

Let me take that from a high level and Stephane can come in if I mischaracterize anything or can add some granularity around it. If you think about it it's more about putting a price on a product and combining products into new offerings.

So for example on the FX side we used to charge separately for Eikon, Dealing and Matching and FXall and now we're putting those together into one product at a price that's lower than the three of them were. Same thing as when we think about the rest of the Buyside opportunities that we have where we're moving primarily a dozen Thomson ONE products into packaged offerings that we're selling and the combined price won't be the net-net of all the prior prices.

I can say frankly that on the FX side we're much further along on the FX side in terms of rolling it out and the customer experience has been good. We have in fact been able to improve our footprint as a result of having done that.

So I think we've significantly strengthened our competitive position by doing so but there is a one-time cost of doing that. And that's the price realizations that we're going to get from a combined product being offered at a lower price than the three products were before or as we move further to the Buyside the five or six products were before. If that's helpful.

Peter Appert - *Piper Jaffray & Co. - Analyst*

Got it. Thank you.

Operator

Doug Arthur, [Uba] Research.

Doug Arthur - *Evercore ISI - Analyst*

Yes I'm just trying to get some big picture context on Legal. Ex-Print you grew 5% organic in the first quarter, you're saying that's probably the peak for year.

I'm just trying to get a sense, Jim, do you think the segment is finally breaking out given its new components to growth or is it still a bit of a push in terms of overall growth? Thanks.

Jim Smith - *Thomson Reuters Corporation - President & CEO*

I think what you're seeing flow through the revenue line what we saw in the underlying trends all of last year which was kind of slow and steady improvement in all the fundamentals and those Solutions businesses being a greater part of the mix. So of all the things we've seen in the first quarter that's really encouraging to see.

And I do think we're at a place where and a very fortunate place to have such a foundational part of our business be back in growth and I think we are back in growth in that business. As Stephane pointed out in a couple of his comments it was particularly strong on the transactional side and that stuff is episodic and situational particularly in the legal process outsourcing business where we have ebbs and flows on large litigation matters.

So will it always be 3% for the balance of the year? We think that's the high-water mark but we do think that what's happened on the underlying business is something that is sustainable and we're very encouraged by it. And we're encouraged by the stickiness of our Westlaw product which is based on the quality of the product as you know, a significantly premium priced product and that's still very well received in the market.

And then Stephane again mentioned we can't underestimate the rolling out that the US products in the Practical Law framework is proving to be very well received in the US market as well. So you always hesitate to say things have turned but I do think we're executing better and this really is the flow-through of trends we have seen over the last several quarters in terms of underlying sales.

Doug Arthur - *Evercore ISI - Analyst*

Great, thank you.

Operator

Tim Casey, BMO Harris.

Tim Casey - *BMO Capital Markets - Analyst*

Thanks. Just on back to the migration case could you clarify something. You mentioned I think you said about 60% of the customers are on the new Elektron platform, is that correct?

And we should assume that that will be 100% by the year-end but that 10% of customers will still be on a legacy desktop. And should will those just linger on or will they phase out through the course of 2016 so that there will be no legacy desktops through the course of 2016? Thanks.

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

Tim, thanks for the question and I apologize if we were not clear. Let me try to clarify this as much as possible. When we are speaking about the IDN BON platform this is the underlying infrastructure, the pipes if you want, through which the data flows.

We do absolutely expect to be 100% complete by the end of the year on this. We were at the end of the first quarter we had 60% of our customer count that essentially on our site if you want that were on the new platform, the Elektron platform. About half of them disconnected from the legacy network that they were on and the other half were dual running this.

So if you look at what we need to achieve on the balance of the year we need to get that other half now 100% on Elektron and we need still to convert another 40% of the sites to the new Elektron platform and disconnect them from the old network. What we spoke about on Eikon is a different measure. That's really if you want the desktop terminal they've got in front of them, it's not the underlying infrastructure which is Elektron.

And that on the Eikon migration that is where we said that we should have the vast majority of our Eikon of our desktops on Eikon with only 10% of the revenue base of Financial & Risk still on legacy product at the end of the year. Does that help clarify?

Tim Casey - *BMO Capital Markets - Analyst*

Yes. Thank you. Should we expect that 10% to gradually move over to Eikon or will that linger for years?

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Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

It will linger. We will probably be largely done I would expect of the foreign exchange should be done.

The asset management should be largely done, we are probably going to have our guess is maybe $100 million, $150 million of revenues still to convert in 2015. The rest it will take more time but the rest is represents products that have a much better retention rate overall and so that can take a little bit more time.

Tim Casey - *BMO Capital Markets - Analyst*

Thank you.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

Operator, we like to take one final question please.

Operator

Claudio Aspesi, Bernstein.

Claudio Aspesi - *Bernstein - Analyst*

Yes, good morning. Two questions please.

Can you give us a flavor for how the enterprise business is performing overall? You talked about her transition to the platform but can you please give us a flavor whether growth is coming from still converting internally managed accounts or whether it's becoming a marketshare gain?

The second question is about the Science business. It used to be a high-growth business until not too long ago. It has flattened out substantially and I'm wondering whether this is just the new norm or whether you think you can return it to growth and what plans do you have to do so?

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

I will take the second question, I don't know if Jim wants to take the first one. On the Science business Claudio I will not sugar coat the situation. The first quarter was not a good quarter for the business.

Flat growth is not a performance that we expect from us business. We do expect a better performance and the margin decline is certainly not something that we would expect to see going forward.

Some of the margin decline was due to factors that are very explainable. You know they are transforming the business and so there were some costs that they took in Q1, discretionary expenses they took in Q1, severance and others that were too small to call out. There was also the impact of mix but overall the performance should have been better.

So we do expect that the performance will be better over the remaining of the year in that business. Remember it's also a business that's highly impacted by transaction revenues and when you have to cope with an 11% decline your transaction revenue business that obviously has a big impact on the top-line growth.

Claudio Aspesi - *Bernstein - Analyst*

Just as a quick follow-up -- sorry, can I do a quick follow-up? Why are the transactional revenues down so much?

Stephane Bello - *Thomson Reuters Corporation - EVP & CFO*

Because that's something that's very -- these are large deals that we conclude primarily with government and academic entities. And depending on how many you can book in a given quarter it has a big impact on the growth rate of the business.

Jim Smith - *Thomson Reuters Corporation - President & CEO*

If you look at particularly in this quarter it's affected as much by some abnormal transactional activities in Q1 of the prior year as much as the lack of those repeating in the current year. There are these large one-time sales often to governments to replenish academic libraries or to add volumes to research institutions and we had a particularly strong Q1 in terms of one-off sales in the prior year.

When you ask about the enterprise I assume you're talking about our data feeds business (multiple speakers) enterprise. That continues to be a strong business for us and frankly it's interesting we think of it more as a holistic approach to our customers these days than kind of separating them from feeds and desktops.

The one thing we've done is to tie that together and for the first time now basically our terminal, our Eikon terminal is just a viewer into the enterprise feed. So we're rather agnostic as to whether or not you take the desktop or you take the feeder how we wire it in.

But it's the quality of the underlying data that proves awfully sticky and frankly getting those feeds wired into the infrastructure of our customers makes it very, very sticky. So that continues to be a big part of the mix and it's one that continues to grow for us.

Frank Golden - *Thomson Reuters Corporation - SVP IR*

That will conclude our call. I'd like to thank you all for your questions today and please feel free to follow-up with us.

We look forward to speaking with you again next quarter. Have a good day.

Operator

Ladies and gentlemen, this conference will be available for replay after 1030 a.m. today through May 6, 2015. You may access the AT&T executive replay system at any time by dialing 1-800-475-6701 and entering the access code 357002. International participants dial 320-365-3844. Those numbers again are 1-800-475-6701 and 320-365-3844 with an access code of 357002.

Ladies and gentlemen, that does conclude our conference for today. Thank you for your participation and for using AT&T executive teleconference service. You may now disconnect.
