



**Company:** RELX Group  
**Conference Title:** Nine Months Trading Update  
**Presenter:** Nick Luff  
**Date:** Thursday 22<sup>nd</sup> October 2015

**Operator:** Good day and welcome to the RELX Group Nine Months Trading Update Call. Today's conference is being recorded. At this time I would like to turn the conference over to Mr. Nick Luff, CFO. Please go ahead.

**Nick Luff:** Thank you Marian. Good morning everybody and thank you for joining us today. I'm Nick Luff, CFO of RELX Group and with me is Colin Tennant, our Head of Investor Relations. I'll make a brief introduction and then I'll hand the call over to questions.

As you've seen from the statement the underlying operating trends across our business in the first nine months were very similar to what we reported at the Half Year in July. Underlying revenue growth was 3% overall and we had positive underlying revenue growth across all major business areas. So the outlook is unchanged and we remain on track for another year of underlying revenue, profit and earnings growth in 2015. We continue to transform our business primarily through organic development supported by a number of selective portfolio actions. So far this year we've completed the acquisition of 14 small content data and exhibition assets for a total consideration of £91 million with several transactions of a similar type and size nearing completion and we've disposed of 11 assets for a total consideration of £72 million. We've completed £425 million of share buybacks and intend to complete a further £75 million by the end of the year to reach the previously announced full year total of £500 million.

Turning to the business areas, Scientific, Technical and Medical Group 2% with strong growth in article submission and usage in primary research. Risk & Business Information grew 7% with strong growth across all key business segments driven by volume growth, new product rollout and expansion into adjacent verticals. Legal grew 1%, our customer markets remained stable with electronic revenue growth partially offset by print declines. The rollout of new platform releases continues. Exhibitions grew 5% excluding cycling and timing effects. Underlying growth



trends in the US, Japan and Europe were unchanged, and the slight reduction in the overall growth rate reflected the macroeconomic slowdown in emerging markets.

With that introduction Marian I will now hand it over to questions.

Operator: Thank you. If you would like to ask a question please press \*1 on your telephone keypad. Please ensure the mute button on your telephone is switched off to allow your signal to reach our equipment. If you find your question has been answered you may remove yourself from the queue by pressing \*2. Again please press \*1 to ask a question. We will pause for just a moment to allow everyone to signal for questions.

We'll take our first question from Nick Dempsey from Barclays. Please go ahead.

Nick Dempsey: Yes, good morning. I've got two questions please. Just first of all at exhibitions, just talking about the roundings, was 6% in the first half 6% and is 5% for the nine months 5% or are we talking about you just having slipped below 5.5% and therefore Q3 is not radically different to the first half? I know you don't always want to give us the decimal places. Then the second question, net M&A essentially nothing in the context of Reed this year. Can we read from that that you're likely to announce a notably higher buyback next year because I believe that's how you think about it?

Nick Luff: Nick, thanks for that. Yes, on exhibitions the run rate is now 5. As you say we are dealing with rounded numbers so I wouldn't read too much into the move from 6 to 5, that is within the roundings. We have just seen that slight slowdown particularly from the emerging market areas and areas impacted by emerging markets, in Australia the commodity related shows there and things so it has just slipped a little bit but it is as you suggest in the roundings rather than anything very dramatic. On the M&A spend, yes, we have spent a little less than our normal run rate so far this year but as we said in the statement we have got several transactions in the pipeline at the moment. We'll have to see which side of the year end those eventually fall, but our average spend in the last few years has been something like 300 million on acquisitions. Last year 2014 was a little higher than that. This year could be a little lower than that. How that plays into the buyback, obviously the board won't make a decision on the 2016 buyback until



February when we'll announce it then and they will look at the situation as a whole including what M&A spend has been both this year and what it's looking like for next year.

Nick Dempsey: Ok, thanks.

Operator: We'll now take the next question from Sami Kassab from Exane. Please go ahead.

Sami Kassab: Good morning gentlemen. I have the same questions that Nick just asked but phrased differently and if I may start with the first one. You have a solid performance in the Risk division. You have shown the ability to integrate assets and extract synergies in the last few years. We take the view that there are opportunities in data analytics, so don't you think the time perhaps has come to make bolder and bigger bets by allocating more capital to acquisitions perhaps in healthcare, fraud solutions or insurance telematics? So why not move more aggressively into allocating capital to perhaps the fastest and most attractive division within the group? That's number one. Number two, back on exhibitions. From what you see today forward bookings and other indicators, should we think as +5% as the run rate for Q4 or a further slowdown is likely to come in Q4? Thank you Nick.

Nick Luff: Yes Sami, thanks. On risk and acquisitions, again I think I would stress that our overall strategy is an organic strategy. We are looking to create shareholder value through the organic development of the business primarily. We think that's the most value creating thing we can do. We absolutely can and will look to supplement that with bolt-on acquisitions and indeed risk has over the last few years risk has been the area where we've done probably the most acquisitions certainly in terms of overall spend and that may well continue, but the focus primarily on organic development and that is what we think is going to create most value for shareholders. There are lots of opportunities for us to continue to grow the business organically.

Sami Kassab: And does that mean that you would exclude looking at bigger acquisitions if the opportunities arise?

Nick Luff: Without ruling anything out our focus is on organic development with bolt-on acquisitions and those are typically of a relatively small size and things that will fit naturally into



RELX Group Nine Months Trading Update

our ownership where we become the natural owner whether it's a data set or a piece of technology, something that can actually enhance our existing business rather than moving into a new area. Your second question on exhibitions, we're only commenting on what has happened as opposed to trying to give a forecast but we are currently at a 5% run rate and as I said earlier I wouldn't read too much into the change from 6% to 5%, we are dealing with rounded numbers. That current run rate of 5% is what we're at.

Sami Kassab: Thank you Nick.

Operator: As a reminder if you'd like to ask a question please press \*1 on your telephone keypad. We'll now take the next question from Matthew Walker from Nomura.

Matthew Walker: Thanks, good morning. Two questions please. The first is in Q2, risk improved a bit. Is risk still on an upward trend even though we can't see it in Q3? That would be the first question. The second question is to be a bit more explicit you've kind of sort of answered the question already but just to be explicit, your statement about bolt-ons and the size of bolt-ons and the organic strategy, would you say without ruling it out that made Verisk Health very unlikely as a target for you?

Nick Luff: Let me deal with those in order. I think on risk as you say Matthew the growth rate did step up from last year to 7% at the half year and we were pleased to have maintained that at the nine month point. I think that is a very solid performance. The division is performing well right across the board. Auto insurance continues to be strong, all the other segments continue to be strong. No particular change in the trends but it's a solid growth performance that they're delivering. Your other question, as I'm sure you'll appreciate I would never comment on any specific individual company or acquisition opportunity but just reiterate what we've said that our focus is on things where we are the natural owner that fit into our existing business and where our ownership of it can add value to the business we're buying and to us and that's what we're focused on.

Matthew Walker: Ok, thank you very much.



Operator: We will now take the next question from Hans Slob from Rabobank.

Hans Slob: Yes, good morning gentlemen. One question: could you give us an update on the current negotiations with the consortium of Dutch universities? I think there was a bit of a standstill if I'm correct and maybe you could give some more colour on that, how that is progressing?

Nick Luff: I'm sure Hans you'll appreciate we would never comment in public about individual customer negotiations. All I would say is that with all of our customers we are always in dialogue with them looking to see how we can help them meet whatever their objectives are and that applies to all customer negotiations. Sometimes they take longer, sometimes they take less time but there are negotiations going on around the world with different customer groups at all times, so we'd never comment specifically on one particular negotiation.

Hans Slob: Ok, right. Thanks.

Nick Luff: Ok, thank you.

Operator: Again as a reminder to ask a question today, please press \*1 on your telephone keypad. Please ensure the mute button on your telephone is switched off to allow your signal to reach our equipment.

Nick Luff: Ok operator, well if there are no more questions we will bring it to a close there. If anyone has any further things during the day, Colin is available to take calls of course and we will talk to you again soon. Thank you.

Operator: Thank you. That will conclude today's conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.