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EDITED TRANSCRIPT

REL.L - Full Year 2016 Relx PLC Earnings Presentation

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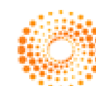

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PRESENTATION

Anthony Habgood *- RELX PLC - Chairman*

So welcome to the RELX 2016 results presentation. Thank you all for coming and for those of you on our webcast, thank you for joining us.

As you can see, we are continuing to execute against the strategic priorities that we set out some years ago. These were, and still are, aimed at achieving more predictable revenues, a higher growth profile and improving returns. It is gratifying that largely as a result of this focus, we have seen a gradual improvement in these measures. I hope you'll agree with me that our results have become more predictable over time.

In addition, in 2016, 4% underlying revenue growth was achieved, with adjusted operating margin up 20 basis points and return on invested capital up 30 basis points. In the latter's case, up to a new high of 13%. All of these 2016 results, when expressed in sterling, have clearly been affected by the positive translation impact of the reduction in the value of the pound, associated with the UK's decision to leave the European Union.

So as you will have seen, while constant currency growth of adjusted earnings per share increased by 8%, euro adjusted earnings per share grew 5% and sterling adjusted earnings per share by 17%. Likewise, the dividends we're proposing are for a full year increase of 5%, to EUR0.423 for NV holders and a 21% increase to 35.95p for PLC holders. The relationship of these two growth rates is, as you know, driven entirely by the governing agreement between the two parent companies.

These short-term effects do not change our long-term dividend policy. We will continue to grow the dividend broadly in line with adjusted earnings per share, subject to exchange rate considerations, while maintaining cover of at least 2 times over the longer term.

Erik and Nick will now take you through the 2016 results in some detail. Erik.

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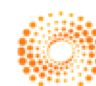

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Erik Engstrom - *RELX PLC - CEO*

Well thank you, Anthony. Good morning, everybody, thank you for coming and for taking the time to be here today.

As you've probably all seen from our press release this morning, our positive financial performance continued throughout 2016, with a slight increase in our underlying revenue growth rate and with underlying revenue and profit growth across all four business areas.

We made further strategic and operational progress, with a slight increase in our revenue growth rate, reflecting the continued improvement in our business profile and the organic development of increasingly sophisticated analytics and decision tools.

Our underlying growth rate strengthened slightly in 2016, with underlying revenue growth of 4%, underlying operating profit growth of 6% and earnings per share growth at constant currencies of 8%.

Our overall financial performance trajectory was consistent with recent trends, including a slight improvement in return on invested capital to 13%.

All four business areas again delivered underlying revenue growth, as well as underlying operating profit growth. So let's look at the results for each business area.

Our STM business grew 2%, with key business trends remaining positive. Primary research, which represents just over half of the division's revenues, saw continued strong growth in usage and in article submissions and we launched 64 new journals. We saw continued good growth in databases and tools and electronic reference across segments.

Print book revenues, which now represent only around 10% of Elsevier's revenues, saw steeper declines than in recent years, particularly in the second half, reflecting market conditions. Underlying profit growth was again slightly ahead of underlying revenue growth.

Going forward, our customer environment remains largely unchanged. Overall, we expect another year of modest underlying revenue growth, with underlying profit growth continuing to exceed underlying revenue growth.

Risk and business analytics revenue growth improved to 9%, with strong growth across all key segments in both subscription and transactional revenues. Insurance continued to achieve strong growth, driven by volume growth, good take-up of new products and expansion in adjacent verticals. Business services saw strong growth in identity and fraud solutions across sectors.

The government and healthcare segments continued to develop strongly and major data services maintained strong growth. Underlying operating profit growth broadly matched underlying revenue growth. The internationalization of the old risk solutions business, the old US risk solutions business, is progressing well and will generate around $100 million in non-US revenues this year.

Going forward, the fundamental growth drivers of risk and business analytics remain strong. We continue to expect underlying operating profit growth to broadly match underlying revenue growth.

Legal revenue growth improved slightly to 2%, with key trends essentially unchanged. Continued growth in online revenues was again largely offset by further print declines. US and European markets remained stable but subdued, while other international markets continued to grow well. Rollout adoption and usage of new platform releases and applications continued to progress well, both in the US and in international markets.

Underlying profit growth was strong, the margin increase reflects organic process improvements and the ongoing decommissioning of systems, largely offset by lower profits from joint ventures and other portfolio effects.

Going forward, trends in our major customer markets are unchanged, continuing to limit the scope for underlying revenue growth. We expect underlying profit growth to remain strong.

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Exhibitions achieved underlying revenue growth of 5%, in line with prior year. Revenue growth was strong in the US and moderate in Europe. Japan continued to grow strongly, China achieved good growth and Brazil remained weak. Most other markets continued to grow strongly.

We launched 32 new events and completed seven small acquisitions. Underlying profit growth was 7%, with a slight margin improvement largely due to exchange rate movements.

Going forward, we expect underlying revenue growth trends to continue and we expect cycling out effects to decrease the reported revenue growth rate by around 4 percentage points to 5 percentage points this year.

Our strategic direction is unchanged. It is still to be a company that delivers improved outcomes to professional and business customers across industries, with our number one priority being the organic development of increasingly sophisticated information based analytics and decision tools that drive higher value for our customers.

On this slide you can see our 2016 revenue breakdown by format, geography and type, as well as our underlying revenue growth rates during the year. Electronic and face-to-face are now 87% of our revenues and as you can see, recent format trends are continuing. Our electronic and face-to-face revenues continued to grow in mid-single digits and our print revenues are still declining in the mid to high single digits.

By geography, growth rates have converged slightly across geographies, with growth rates outside North America and Europe now holding up. By type, both subscription and transactional revenues are growing around 4%.

As before, our second strategic priority is the selective reshaping of our portfolio. In 2016 we continued to focus our acquisitions on small targeted data sets and analytics and assets that support our organic growth strategies and are natural additions to our existing businesses.

We completed 17 acquisitions for a total consideration of GBP338 million, very close to our average spend over the past few years. We also completed the disposal of a number of minor assets for GBP16 million.

I will now hand over to Nick Luff, our CFO, who will talk you through our full year results in more detail and I'll be back afterwards for a quick wrap-up and our usual Q&A.

Nick Luff - *RELX PLC - CFO*

Thank you, Erik. Good morning, everyone. Let me start by expanding on the financial highlights.

As Erik said, underlying revenue growth improved slightly in 2016 to 4%, coupled with tight cost control that enabled us to deliver 6% growth in underlying operating profit, improving the margin by 20 basis points, to 30.7%. Growth in earnings per share at constant currencies was 8%, ahead of the profit growth, reflecting the effect of the share buyback program.

Return on invested capital improved to 13%. Cash conversion was again strong at 95%. Leverage remains within the range we have seen in recent years, at 2.2 times EBITDA, adjusted for pensions and leases. The equalized full year dividends were up 21% for the PLC in sterling and up 5% for the NV in euros. 2016 share buybacks totaled GBP700 million.

Looking at the income statement in sterling, 4% underlying revenue growth gave us 4% constant currency growth, with the combined effects of acquisitions, disposals and exhibition cycling being a net neutral of the Group level. Against sterling, the dollar and euro averaged 13% stronger in 2016 compared with 2015, the effect of which was to benefit reported revenue growth by 11%, contributing to total growth of 15%.

Adjusted operating profit increased by 6% on an underlying basis. After portfolio effects, constant currency profit growth was 4%, a little behind the underlying growth. The sterling figure was then boosted by currency, resulting in 16% overall growth, to deliver operating profit of GBP2.1 billion and giving that improved margin of 30.7%.

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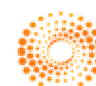

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The interest charge increased as a result of high average borrowings and currency effects. The average rate paid on debt was 3.8%, in line with the prior year. The tax rate on adjusted profit declined slightly to 22.7%, resulting in adjusted net profit of just under GBP1.5 billion, up 17%. Reported net profit rose 15% to just under GBP1.2 billion.

The average share count was down just over 2%, due to the share buyback, converting 5% constant currency net profit growth to 8% constant currency earnings per share growth. The relative weakness of the pound meant that adjusted earnings per share in sterling was up 19% to 72.2p. In euros it was up 5% to EUR0.88.

Following the elimination of tax credits on UK dividends, reported earnings per share are now equivalent for both PLC and NV. Compared to the prior year, the higher growth for the PLC reflects weaker sterling and the effects of the elimination of the tax credits.

When the Boards consider the equalized dividends in sterling and euros, they take into account earnings growth, the impact of year-over-year currency movements and overall dividend cover. We are proposing final dividends that will take the full year totals to 35.95p for the PLC, a growth of 21% and a EUR0.423 for the NV, growth of 5%.

In each case, the dividend growth is broadly in line with the growth in earnings per share. The dividend growth remains at just over 2 times -- dividend cover, rather, remains at just over 2 times.

Turning to the business areas, as Erik described, all four areas contributed to the underlying revenue growth, with risk and business analytics again being particularly strong and legal improving. Cycling increased exhibitions revenue growth by 3 percentage points.

M&A was a slight drag on the growth of R&BA and a slight positive for exhibitions, to be neutral overall. With the pound weak against both the dollar and the euro, currency movements boosted sterling reported revenues in all four business areas by between 10% and 13%.

Underlying profit growth was ahead of revenue growth for the Group as a whole by 2%. The growth was driven by a strong performance from R&BA, up 9% and from legal, up 12%. Legal profit growth was significantly ahead of revenue growth, reflecting efficiencies within the business and the decommissioning of legacy infrastructure. STM also had underlying profit growth above revenue growth. Exhibitions profit growth benefited from the cycling in of biennial shows.

As I mentioned earlier, portfolio effects were a drag on profit growth, particularly for legal, where we saw a reduction in contribution from the Martindale-Hubbell directories listing business, which we put into a joint venture in 2013 and which is now running down. Going the other way, for the sterling figures currency movements were a significant boost for all four areas.

The Group continued to make progress in improving margins, adding 20 basis points to reach 30.7% overall, with each business area contributing to the increase. STM's margins were up 10 basis points, with underlying improvements largely offset by currency effects. R&BA's margins were also up 10 basis points.

Legal's underlying profit growth being well ahead of underlying revenue growth was a significant positive for margins, but the effect was largely offset by the lower contribution from the Martindale-Hubbell joint venture, leaving margins of a net 20 basis points. Exhibitions showed a 40 basis point improvement, largely reflecting exchange rate movements.

I've been highlighting the different currency effects as we've gone through. Overall, we are most significantly a US dollar revenue business, with substantial revenues also being generated in euros and other currencies. We do hedge certain of our future cash flows to smooth the year-on-year variation in revenues and profits, primarily in STM subscriptions, giving more stable euro and sterling reported results.

FX rates will, of course, move from today's levels, but sterling is currently weaker against both the dollar by 8% to 9% and the euro by 3% to 4% than its average level in 2016. If that's sustained, the currency impacts on adjusted earnings per share growth relative to constant currencies would be positive, by a low single digit percentage in euros and by a mid-single digit percentage in sterling.

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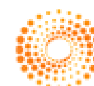

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Turning to the balance sheet, currency movements increased the value of assets and liabilities in sterling terms. As you can see, net pension obligations increased, reflecting reduced discount rates in the UK and currency effects in relation to the US scheme.

Increased profitability and a slightly lower effective tax rate delivered a 30 basis point improvement in return on invested capital to 13.0%.

In terms of cash flow, CapEx was GBP333 million, equivalent to 5% of revenue. Legal CapEx remained at 10% of revenue, as we continued to roll out the new Lexis platform. CapEx was stable in both STM and R&BA at 4% of revenue, as we invest in new products. Cash flow conversion remains strong at 95%, slightly flatted by timing effects on accounts receivable around the year end.

Cash interest and cash taxes increased, driven by exchange rate movements. Over time, cash taxes paid are expected to be similar to the adjusted tax charge and that was the case for 2016. So overall, total free cash flow was GBP1.4 billion.

Here's how we use that free cash flow. Spending on acquisitions was GBP338 million and the share buyback was GBP700 million. With the majority of our debt in US dollars and euros, currency translation had the effect of increasing debt by just over GBP500 million in sterling terms, leaving net debt at GBP4.7 billion.

In US dollars, net debt increased by only $230 million, to $5.8 billion. Leverage was 1.8 times, or 2.2 times when you adjust for pensions and leases. We calculate leverage in US dollars, so the ratio was slightly flatted by the sterling spot rate at year-end, relative to the average rate during the year.

Finally, let me expand on our priorities for use of cash. Our first priority is to invest to support organic growth through CapEx. As I said earlier, CapEx was 5% of revenues in 2016, in line with the average of the last few years.

Second, we look for value enhancing acquisitions, which support our organic growth strategy. At GBP338 million, 2016 was broadly in line with the recent average of around GBP300 million, albeit you should perhaps think of that as a historic average of $500 million, which is more like GBP400 million at today's exchange rates.

Acquisition spend will inevitably vary from year to year, depending on the opportunities that arise. Next, we'll look to provide a reliable growing dividend, managing currency fluctuations as we do so. Our current levels of dividend accounts for around half of our free cash flow.

We aim to maintain leverage, measured on a conservative basis, including pensions and leases, in or around the 2.1 times to 2.5 times range we have been in in recent years. Of course, with a growing business, increasing EBITDA does provide increasing debt capacity each year.

With that overall approach to the utilization of cash and to leverage, we have been able to fund share buybacks of GBP2.4 billion over the last four years, retiring about 10% of the combined total shares in issue. For 2017, we have planned to allocate a further GBP700 million to buybacks, with GBP100 million having already been deployed.

And with that, I will hand you back to Erik.

Erik Engstrom - *RELX PLC - CEO*

Thank you, Nick. So just to summarize what we've covered this morning, during 2016 our positive financial performance continued and we made further strategic and operational progress.

Going forward, key business trends in the early part of 2017 are consistent with the early part of 2016. And we're confident that by continuing to execute on our strategy, we will deliver another year of underlying revenue, profit and earnings growth in 2017.

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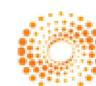

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Erik Engstrom - *RELX PLC - CEO*

And with that, I think we're ready to go to questions.

QUESTIONS AND ANSWERS

Erik Engstrom - *RELX PLC - CEO*

You know what, today I'm going to start over there.

Ian Whittaker - *Liberum Capital - Analyst*

Thanks, it's Ian Whittaker from Liberum. Just actually just two questions. First of all, just in scientific journals, do you have any concerns whatsoever in terms of the Brexit vote, that the UK leaving the European Union could make the remaining countries in the EU more inclined to push a more aggressive open access policy post the UK's departure?

And then second of all, just in terms of Brazil, just coming back on your comments there. It seems to be a statement from a number of companies that Brazil is not growing. But if you look at the news there's been some tentative silence that people feel a little bit more positive on that. So just any indications over the next 12 months, how are you feeling that things are going? Would you still say you'd be very, very cautious on Brazil?

Erik Engstrom - *RELX PLC - CEO*

First question there on our scientific research business, the way we look at it, that is an extremely global business, it cuts across many different countries. We have customers in basically 180 countries and we are sourcing material, working on material and distributing in basically all of them across all borders.

And of course, what has happened over the last many decades we've been in that business is that it's become even more international and more global. And we have operated across many countries that are in the EU and many countries that are not in the EU. So of course, if there are some changes based on the UK exiting, we will have to adjust to that, but we see as our main focus here to stay focused on the research community in the best way to help our customers -- and customers mean here the institutions and the individual researchers -- do their best to advance science, no matter what different countries are involved in, or what organizations they're a part of.

And when it comes specifically to your question around different types of so-called open access policies, which can come in many different forms, we believe that the current policies that have been implemented around the world have all been done with a fair amount of thinking about what is sustainable and what's best for science. And of course, we're engaged in those discussions all the time and we are very open to serving our customers under any existing business model that can be sustained, and that includes the current different types of open access that exist.

So we are really relatively indifferent between the alternative business models for scientific research and very happy to interact with different business models in different geographies, or from different institutions.

So Brazil, the second one, well if you look at what we have in Brazil, we really have industries that I think would lag the general economic development. Our two largest businesses, revenue streams in Brazil relate to exhibitions and science research, and science research's subscription business that has a lag factor in multi-year contracts. And exhibitions, people tend to book in the larger, heavier industry segments that we're in in Brazil, they tend to book and plan them ahead of time, which means there is a lag effect.

So what I was describing earlier was what happened in 2016 and I don't think we are the right place to go for a prediction of the future there, because our businesses are inherently lagging behind the economic trends. So I don't have a prediction for you for the future.

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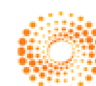

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Ian Whittaker - *Liberum Capital - Analyst*

Can I just ask a quick follow-up question, just in terms of the US, so there's a more positive feeling about the US consumer. So could you just give us an indication of how that would feed through to your business in areas, for example, such as risk and business analytics, in terms of insurance, or any other areas?

Erik Engstrom - *RELX PLC - CEO*

Yes, it is a very interesting question that many people have asked us and people try to find correlation with. But it's not clear to us that there is a direct correlation between consumer, retail consumer behavior and the value we add to our institutional corporate business customers in the risk segment.

For example, you mentioned there insurance and it is interesting that during the last severe economic downturn, our organic revenue growth rate in auto insurance did not decline during that time; it actually went up slightly. So there was at that time no correlation we could find between an economic downturn or a slowdown. As a matter of fact, that time was slightly the other way.

And of course, these things don't happen very often, so we don't try to develop correlation models. But we think that the main driver of growth in our businesses is the value that we add to our institutional business and other types of customer. And if they can see more value, they will use more of it.

Of course, it also helps if the markets that our customers operate in are growing rapidly, that helps. But I don't think that there's an immediate direct year-on-year correlation with consumer spend in America that I can identify. It could very well be that the general economic growth over a period of time will help us, but I don't think there's a direct consumer immediate effect.

Ruchi Malaiya - *Bank of America Merrill Lynch - Analyst*

Good morning, it's Ruchi Malaiya from Bank of America Merrill Lynch. One question on the outlook, you talked about 2017 trends being consistent with the early trends in 2016. Can you just clarify for us whether you were talking about first quarter 2016, which I believe was more a 3% organic growth rate, or the first half 2016, which was more a 4% organic growth rate? So are we still tracking at 4%, is the question?

And then any color you can give us within the divisions, particularly risk, that being the one that had a change in trends throughout 2016? Thanks.

Erik Engstrom - *RELX PLC - CEO*

Well two things, I just want to make sure that you're aware that we don't actually disclose growth rates for the first quarter. So somewhere you tried to estimate them and different things, but we don't actually disclose them. And down to the last percentage point of growth may not be that precise in a time when we don't talk about it. We just give a trading update in late April, as you know and then we disclose the financial results in the first half.

So when we refer to growth rates in the first six weeks, which is really what we have concluded so far this year, which is a very short amount of time, we're saying that the trends here in general look very similar to the ones that we disclosed in the first half of last year, which are the ones you're aware of for our first half financials. But six weeks is a very short period of time, but we haven't noticed anything different from what we were seeing during the first half of last year.

But you specifically asked on risk, I just want to make sure I understand what you meant on risk?

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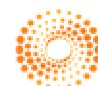

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Ruchi Malaiya - *Bank of America Merrill Lynch - Analyst*

Okay, just to understand if there's any other color around -- just to understand, because risk started at 8% in the first half of last year, then accelerated in the second half. Is that the profile that you're seeing again for this year in terms of maybe edging back from the strong growth in the fourth quarter? But you're expecting the profile to accelerate?

Erik Engstrom - *RELX PLC - CEO*

Well, risk is growing very strongly, risk has been doing very well over the last two years. As you know, the overall annual growth rates have gone from 6% to 7% to 9% over the last three years. We believe that is primarily a result of how we have been evolving the whole business profile of risk, which is to shift it more towards more sophisticated analytics and higher value-add decision tools.

And we're doing that across the entire business and when I think across the entire business, we don't have really four different segments; we're talking about the original US risk core segment, the US adjacencies, the internationalization of the old US risk segment, as well as that kind of changeover, what you might think of as the old RBI segments, data services segments. And we're doing that across all four and we're seeing the growth rate improve across all four.

But having said that, if you look at specifically what has happened in the first six weeks of the year, you have to remember that this is a transactional business, 60% of the revenue stream is transactional. And to try to draw conclusions from six weeks of transactions inside a -- when we look at growth rates up or down 1 percentage point on the growth rate, that it's very, very difficult to extrapolate.

So all I want to say is we're basically in the same range as we were last year. And our objective in this business is continue to grow in this range and to continue to improve the capacity to grow inside the entire division. And it's going well and it's looking similar to a year ago, but we're six weeks in and the business is at 60% transactional, so I wouldn't be too precise in this one.

Ruchi Malaiya - *Bank of America Merrill Lynch - Analyst*

Thank you for the color.

Katherine Tait - *Goldman Sachs - Analyst*

Morning, Katherine Tait from Goldman Sachs, a few questions from me. Firstly, when you've laid out your strategic direction and the priorities that you have, you've talked a lot about data and analytics and I think that's very consistent also with your bolt-on acquisitions that you've been pursuing. I can see how that relates very clearly to risk and also to legal, but I wonder if you'd give an update on your strategic direction within exhibitions and a bit more color about what we can expect going forward there?

And then secondly, just on legal, clearly very strong improvement in underlying operating profit. I wonder if you could talk about the cost saving projection going forward. I think you made some comments implying that a lot of that was driven by cost savings. How much more is there to go? Should we expect similar levels of that going forward? Thank you.

Erik Engstrom - *RELX PLC - CEO*

I'm going to hand over question two to Nick later, but let me answer the first one here. So yes, our strategy of serving professional and business customers across industries and across segments is the same across all our different market segments including, as you said, risk, legal, science, where you see more data analytical tools at this point, but also in exhibitions.

But exhibitions is an interesting segment for us. We are the clear global leader in terms of volume, quantity, as well as in terms of what we think of as sophistication in that industry. And given that we are fundamentally serving businesses and we're helping them, helping them make decisions,

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we're helping them get better results, be more productive. Even with exhibition we're helping them interact with, to match up with buyers, sellers and to transact and know who they're dealing with.

We think that the same kind of approach to helping our business customers be more informed, be more analytical, that we've done in the old business information when it migrates, can also be applied over the next decade or two to the exhibition industry, where you actually also need to get interactive in transacting with people.

The exhibition industry is at the early stages of that right now, we're piloting different data driven experiments with different exhibition at this point. So this transformation is ahead of us and the way I look at it is that the exhibition industry is a good business for us to be in, the way it is today.

We get good organic revenue growth, although with a little bit more of fluctuation by industry segment and by geography than maybe some of our subscription based businesses, but it's a good organic growth business. It has good cash on cash returns, both for organic development and for acquisitions, the way we tuck them in. So it's a good business to be in for our shareholders.

And when you add that we are the global leader in a fragmented industry, that's not a position that we think is a negative place to be. We actually think that's a positive place to start, but then adding more technology and more sophisticated analytics and information based interaction to that industry over the next decade or so. But we're very early stages.

Now I'm going to come this way I think.

Nick Luff - *RELX PLC - CFO*

The second (multiple speakers) --

Erik Engstrom - *RELX PLC - CEO*

You first, yes, sorry.

Nick Luff - *RELX PLC - CFO*

So in legal obviously, as you say, very good cost control and that's as a whole range of things, but part of it is due to the new Lexis platform that we are migrating to. And we've seen the effect of that and the cost savings coming from transitioning of that platform, taking out some of the dual running. We've seen that coming through for a couple of years and we've got a few more years left of that actually.

It's not one big moment where it's all going to happen. We're transferring hundreds of products, hundreds of applications across to the new platform and you'll continue to see us taking costs out as we do that. And that will obviously help that differential between profit growth and revenue growth.

Against that, I must point out that Martindale-Hubbell joint venture that I mentioned, that's still running down and that will be a drag on margins. It's outside of underlying, but it will be a drag on margins for a couple of years as well. So you'll see that net effect coming through in the legal margins.

Erik Engstrom - *RELX PLC - CEO*

Okay, thank you. Right here.

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Sami Kassab - *Exane BNP Paribas - Analyst*

Thank you, Erik, I'm Sami at Exane, I have a few questions please. The first one, the strategy is to accelerate organic revenue growth and it's to move more towards a data and analytics based business. So can you remind us as to why you continue to consider tax book publishing, which is structurally declining, performing below expectations, as core?

Secondly, the Group margin expansion, 20 bps, has been the slowest in a few years. Shall we think this as the new going rate, or should we think of perhaps another mid-term outlook in terms of the capacity of the Group to expand margins?

And lastly, you've argued that business conditions remain largely unchanged, including Elsevier. On the other hand, we heard through the press Germany, Taiwan, Peru, arguing that they may not renew their deals with Elsevier.

So to what extent is that playing a role? Have you settled with those countries? Are the factors of setting that in your assessment that the environment is unchanged? I can't remember last year that countries argued they would not renew the national licenses. Thank you, Erik.

Erik Engstrom - *RELX PLC - CEO*

Okay, I'm going to give the margin comment, the question, to Nick and I'll do that last, if you're okay with that. I'll cover the other two.

Textbook publishing, we are -- just to make sure it's clear to everybody -- we are in textbook publishing in one small segment, which is medical textbooks that are used for medical education, for doctors, nurses, other health professionals. That's the only place where we're really in textbook publishing.

Our total print book, our total print book revenues for the whole Company is about -- the way we talk about books, that's really 3% of the whole Company and the textbook piece is about half of that. So Elsevier, we say 10% is print book, so Elsevier, and about half of that is what I consider print textbooks.

So we're talking about 1.5% of the whole Company that is in this segment. And the reason we are still in that is not because we want to be in that small segment. As you know, we sold our educational businesses about 10 years ago for about $5 billion, because we didn't think the educational business was a business we wanted to be in.

So we're not in the educational business today. We want to be in the lifelong career professional tools for medical professionals, just like we want to be in the lifelong career for lawyers. In order to do that for lawyers, you have to be present and a very big presence in the law schools, because that is where lawyers get used to using information and analytical tools.

So we have increased our presence in law schools over the last 20 years, in terms of getting them ready for lifelong use of our LexisNexis legal tools. We have exited anywhere we had little pockets of educational or academic books that weren't linked to that in most places, there are some little leftovers here and there, that's basically irrelevant.

But then in the medical business, we are still present in a sliver of educational print books, because that relates to the tools and the education and the practices that they will then have to become certified medical professionals and through their lifelong learning. We're not in that because we want to be in the education business; it is we will only remain in it over time to the extent that we believe there continues to be a link to the lifelong professional career work that they're working in in their main careers.

And in case there is no such link, we will gradually adjust our presence. But at this point, we think there's still a link between how you spend your time and the tools you use and what you learn with in the medical profession during medical school and what you do for the rest of your career. So that's why we're in that segment when we sold the other $5 billion education business.

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Sorry, the last one here you had was Elsevier. Yes, you asked about specifically the contract renewals for our science research business. Yes, as you probably know, we never comment specifically on any one individual customer, or any one contract negotiated in any one country. We haven't done that in the past and we're not going to do so now.

But I can tell you this, that in general we have a few thousand institutional customers around the world, most of those are multi-year agreements, which means that they come up for renewal every so often. And the average length of those is three years, but there are five years and two years and other things in between.

Therefore, every year there are more than 1,000 institutional contracts up for renewal and once in a while, there are institutions, or individuals in some of those institutions, that comment publicly on the process of renegotiation and sometimes they feel that that might help them. And we have full respect for them using any tool or any communication tool that they think is helpful for them in negotiation, because we're ultimately focused on what's right for the institution and the researchers.

I can tell you this, this year we do not engage in those debates in public and we don't comment on them in public. We only engage directly with the institution, with the institution negotiators and with the researchers and try to make sure that we fully understand all their concerns and their issues and address all of them in the one-on-one negotiations that we have with them.

Most of the time, that -- or virtually all the time so far, we end up with situations that are workable and mutually beneficial. This year is no exception. If you look at the completion this year of our agreed contracts, the completions so far compared to last year, or compared to the last three years. When I last checked a few days ago, our completion rate was exactly the same as last year and marginally ahead of the average over the last three years, for what has been done at this point in terms of volume of contracts, and in terms of contract amount revenues, and in terms of what has been agreed in those contracts.

So I don't see any reason to say in terms of what's actually happening out there that this year is any different from the last three years.

Nick Luff - *RELX PLC - CFO*

So Sami, I mean obviously margins in any one year are a combination of how they move year-on-year, a combination of factors, starting with what happens to underlying revenue and underlying costs. But then you get some portfolio effects and then you get currency effects.

So if you look at 2016 over 2015, we actually had about a 30 basis point underlying improvement in margin. But you then had a small positive actually from currency overall, net for the Group, and a slightly larger negative from portfolio effects, particularly in legal, which I touched on earlier.

So the net effect of that was to take that 30 basis point of underlying improvement just down a little bit. So we ended up with 20 basis points improvement overall. I'm looking forward to -- I certainly don't want to give a forecast on margins because some of those factors I can't easily predict.

But what I can say is that our objective with all of our businesses is to continue to seek to make sure underlying cost growth is below underlying revenue growth. If you do that, that in itself should be positive for the margins.

Sami Kassab - *Exane BNP Paribas - Analyst*

Thank you.

Nick Dempsey - *Barclays Capital - Analyst*

Hi, it's Nick from Barclays, just one more question please. Just going back to Sami's question about academic books, I know it's a small part of your business but you have flagged it's getting worse, which is a rarity for you.

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How much of that is to do with text books i.e. a Pearson style effect, in terms of bookstore de-stocking, different ways of buying text books, and how much of it is academic books bought by post-grads, bought by libraries, seeing extra softness to what you've seen in the past?

Erik Engstrom - *RELX PLC - CEO*

Well if you look at our print books, the price we just talked about, total print books in Elsevier which is really what you're focused on and that's where we saw a change. Total print books in Elsevier, I'll say there's now about 10% of that and I would argue that if you try to do it -- let's call it roughly half is educational, half is more scientific reference broadly speaking.

In those we have seen, across both of those we have seen print book declines over the last few years but it fluctuated a bit because it's a transactional business. But have been mid to high single digits or touching double digits in bad years and touching just above mid-single digits in the good years, right, so that's been the range.

So just above mid-single digits to just into double digits, that's been a typical range. Last year as you know, it was heading up a little bit by the third quarter even on a like-for-like basis as you might have seen. It got slightly worse at the end of the year, so we ended up more in total declines of -- basically I'd describe it as mid-teens for that year.

You are comparing to other people who are specifically in education. We have not attempted to try to break up because it's such a small piece of our business. We have not attempted to break down the difference in decline in any detail to what are the contributing factors but we have looked at it.

What other people have said, I know not just the one you mentioned but other companies have said that there was a channel de-stocking or a channel reduction in the US print book distribution chain last year. Lots of people have said that and that seems to fit what we are seeing as well.

So it is very possible that a significant part of that difference, from the last five years' average to what we saw this past year, could be attributed to that. We haven't tried to quantify it exactly and precisely and what's out there in the channel.

But it wouldn't surprise me if it turns out that some of what we saw was similar to what other people have commented on, even though it looks to me like the percentages we saw might have been slightly milder than what some other people said in the fourth quarter.

We might have had a slightly smaller impact overall and a slightly smaller reduction than some of the ones that have been out in the public.

Nick Dempsey - *Barclays Capital - Analyst*

Thanks.

Matthew Walker - *Credit Suisse - Analyst*

Thanks, it's Matthew Walker from Credit Suisse. I've got three questions please. The first is, I know you're growing costs below revenue growth rate. Have you ever tried to look at -- even excluding investment levels, which are obviously necessary, doing a zero based budgeting exercise for your businesses to see whether that actually makes sense for your business? You're probably going to say, no, but it would be interesting to know whether you've thought about it.

The second thing is, could you maybe give some concrete examples of where you are starting to introduce artificial intelligence products to improve your overall business, maybe including the decision tools?

Lastly, could you give us some more detail on home, life and commercial insurance which you don't talk about very much? Can you scale that for us and tell us how fast it's growing, what the different pieces are and where you're going with that business in general?

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Erik Engstrom - *RELX PLC - CEO*

Okay, how fast it's growing, pieces are -- okay. Why don't I start with that because I'll forget the sub questions. So you said, home, life, and commercial in the US, how fast, what are the pieces?

The way we look at it is we have core old traditional segments that we've been very established in for a long period of time in the old US risks solutions business. Clearly, auto insurance is one of those, that was the original core in the insurance business and I consider the insurance business to be core at this point, even across the additional segments but they're smaller.

You asked to scale it, you said order of magnitude here -- we think in dollars internally, order of magnitude, the risk business in total, risk in business (inaudible) it's about $2.5 billion roughly, close to 40% of that basically is the insurance business overall. Roughly, in the scale -- I've said this before -- 20% of that revenue roughly is in the non-auto segments, the adjacent insurance segments in the US.

They include home, life and commercial as you mentioned and some other categories that you might -- that are smaller, that you might put a slightly different headline on. But those categories are in there. You said, how big are they? I told you that, roughly 20%, then it splits into three small segments or four maybe if you want to look at some other subcategories.

How fast are they growing? Slightly faster than the overall risk business because we're newer into them and growing slightly faster as you would probably expect. I think that covered that, right.

Now let's move over to your first question, zero based budgeting. Well as you predicted we have thought about it but we're not planning to do it. We believe that with a business that in most of our places are subscription based and in some of our segment there's part subscription and then transactional volumes on top of that after you've installed them over a period of time.

We believe that the best way to manage a business like this in the long run is to always have a philosophy about always improving everything, every day, every year, forever. That means that we have to give better value to all our customers every single year, all the time, forever. That's the value enhancement to the customer.

We have to use information technology, software tools, analytics, and everything you can do, process redesign to help our customers do better, to add more value to our customers. That's what half our people do to get revenue growth. If you add more value to your customer they want more of it, they use more of it, the revenue goes up faster. That's basically half our thinking.

The other half of our thinking is the internal thinking, which is to say, we have 30,000 professionals around the world, we should be using all the information tools we can, all the software tools, the technology platforms, the analytics, and everything we can do to help them become more productive every single year, all the time, forever as well.

That means that every year we've got to tune it and tune it and tune it and innovate, just like we do for our customers. It's the same philosophy, it's the same approach, and it's this gradual tuning of our cost base all the time, our processes, and our tools, which enable us to keep the cost growth below our revenue growth, and in some cases even below what some people would label some kind of global inflation number or whatever.

It's because we constantly innovate around processes and using technology and information tools differently for our own people. So that's the philosophy, and that doesn't mean that a zero based budgeting would be a bad idea, it's just not our strategy and our approach.

We run this business differently and it's this gradual ongoing never ending pursuit, relentless pursuit of operating efficiencies and innovation and processes for our customers and for ourselves, and it fits our culture.

So the second question you asked was about artificial intelligence. I mean artificial intelligence is a very big word and we think of it as saying that we first have sophisticated analytics, and then you move on to what we would probably look at, well machine ingested data, and then you look at what we would probably label machine learning.

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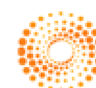

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We do a fair amount today that I would categorize as machine learning as opposed to true artificial intelligence research which is very advanced. So we apply a fair amount of algorithm development and machine learning tools today.

Of course, we look all the time at what scientists might also call artificial intelligence, and you could argue that some of the things that we're doing in terms of predicting analytics and machine learning tools inside our risk business and inside some our linking and legal and so on, might border on artificial intelligence. But I think that's slightly a big word for what we're doing.

But are we looking at it? Yes. Do we have thousands of people that spend time thinking about this? Yes, we have 7,000 technologists. When we have our CTOs get together we talk all the time about what's going on in the world and who is using what kind of predictive analytics machine learning tools, or artificial intelligence tools. How do they apply to each one of our segments.

Both for how we serve our customers better, which is one point, and interestingly enough linking it to the prior question, to how it is that we ingest data, process data, categorize data, and build up our data bases and our internal linking tools, which is really a speed and a cost issue, rather than a customer service or a customer enhanced product quality issue.

So again, we apply it equally to our customer value development, customer product development, and to our internal processes and tool development. I don't know which one will actually run ahead of the other but I'm assuming they're going to run pretty much in parallel over the next few years.

That's how we think of our business and it's very much about what we look at as a potential new layer of innovation types for our customer value and for our internal processes over time. But I don't think there's any one big step or any one big holy grail there.

Okay, we're going to go over there now. I want to go in the back row first here.

Giasone Salati - *Macquarie Group - Analyst*

Hi, it's Giasone Salati from Macquarie, three questions please. First, I think your guidance implies a small slowdown in risk in H1 versus H2 last year, do you have any more color on legal and exhibitions on the same line?

Secondly, on risk on the transactional side of 60%, can you give us any indication on volume and pricing of that? Is that any price increase or it's just driven by a volume increase, the boost you had in Q3, Q4?

Lastly, one on this side, can you give us any color on currency impact on margins for 2017 rates being as they are?

Erik Engstrom - *RELX PLC - CEO*

Again, I'm going to let Nick handle the last one later. Let me just make sure I understand what you said. You said, I am implying that there is a slowdown in risk in the first six weeks of the year. I'm not sure that given what I said before, that this prediction of tracking exactly which percent it is up or down, that there is anything that I can quantify materially. But if you look at it like-for-like it looks pretty much like what we had over the first half last year.

But to try to predict the exact growth rate in a 60% transactional business over a year, based on six weeks and day-by-day and so on, it's very difficult. So I just want to tone that down. I'm not trying to imply anything here, we're just saying it's roughly the same as last year, the first half last year which was trending in the same way.

Legal and exhibitions, again we're six weeks in and what we have seen in terms of exhibitions and what we've seen in terms of legal, again, I don't see anything that's materially different that would lead us to believe that the trends are significantly different right now from what we had last year.

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But you have to understand that we're just talking about a few weeks here and very little happens in January and the first half of February in many of our markets. So I wouldn't read too much into this.

You asked on risk, you said, how much is volume, how much is price? Well I know I've said this before, but in our -- our philosophy in the risk business is that this is a volume driven business. It's a value add driven business and volume driven business. As a matter of fact, in the insurance segment, which is the largest individual segment, we have said several times and I'll say it again, that we have never had a like-for-like price increase. We have never taken existing products and raised the price and we have no plans to do so in the future either.

So if you look at it historically, you would then say that by that definition it basically all has to be volume. But we of course look at it and say that we also introduce hundreds of new, different, sophisticated, analytical tools all the time and roll them out across insurance segment and across other segments. When you come up with something new to a customer set, that's high value add, it is priced according to its value and then it's rolled out and that drives volume growth.

So it's not just pure volume on a like-for-like sense, it's volume driven by innovation, product launches, and product roll outs, in our core markets and in adjacencies and internationally.

So that's what drives the volume so it's a slightly different twist I think on that.

I'm going to let Nick answer.

Nick Luff - *RELX PLC - CFO*

So obviously the currency impact is quite complex. You've got all sorts of different currency pairs going on so it's quite hard to be definitive about it. I mean if you look at where we stand today and obviously exchange rates will move from today, but today sterling clearly is weaker than its average last year and that's mild positive for margins.

Against the dollar, of course the euro has actually got a bit weaker, again, that's probably a mild negative for margins. You then have to overlay the Elsevier hedging programs, (inaudible) very difficult, bring in the yen and so on. So overall difficult to say and I wouldn't at this stage want to give any sort of indication of which overall direction.

Giasone Salati - *Macquarie Group - Analyst*

Can I just come back to the second question, so when you speak about risk and being mostly volume driven, the acceleration we see in the second half, does that give you a difficult comp in the second half this year of 2017?

Erik Engstrom - *RELX PLC - CEO*

I mean the way I look at it is our objective for risk is to grow, is to increase the growth capacity in that business, by moving to more sophisticated, higher value add tools, that people want more of. To do that across, as we said, the old US core, the US adjacencies, the US internationalization of the US and across the old RBI, so it's lots of different segments, lots of different efforts that do that.

I am less focused on exactly was the growth rate 1 percentage point higher or lower, our objective with risk is to keep the revenue, organic revenue growth, in this range for a very long time. We think the highest value add is by doing an organic growth driven strategy that maintains a growth rate as this business gets bigger, in this range for a very long time to come.

If it is exactly 1 percentage point higher or lower, it's not actually what we would spend most of our time focusing on, as long as we keep this in this range. So if you say predicting will we have a difficult comp in the second half because the growth rate was 1 percentage point higher last

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year? Yes, by 1 percentage point but we're not that precise if you see what I'm saying, especially not when we look at the outlook for starting six months from now and ending 10 months from now. It's pretty far out for a transactional business.

Tom Singlehurst - *Citigroup - Analyst*

Thank you, it's Tom here from Citigroup. I have a couple of questions, the first one is on the change of administration in the US and I suppose two parts to it. I mean in general, in the past, you've talked about a megatrend, if I can put it that way, for your legal business of more laws, more regulations, more complex tax codes and all that sort of thing driving increased need for your business.

If we have the reverse with the current administration i.e. fewer laws, fewer regulations, will that be a headwind for the legal business over the next -- at least four years? Then I suppose the second part to that is if we do have a reduction in the corporate tax rates in the US, I know there's a difference between federal and state taxes, but if there is a reduction is there a direct benefit for RELX?

So that was the first set of questions. The second one is on usage of cash. I know the order hasn't changed, you've been very clear about that over time, but it does feel like you are trying to de-emphasize the buyback, it's maybe slightly lighter than perhaps people might have thought.

So I'm just wondering whether we should expect dividend to take more of the heavy lifting in terms of the cash return over time and are you building this up for a more significant acquisition spend over time? Thank you.

Erik Engstrom - *RELX PLC - CEO*

I'm going to let Nick handle tax and dividend buybacks but I'll start with the first question. In the US, the way we think of our legal business, and we've been in this now for decades as you know, and there have been long-term trends and there's been a certain amount of -- there's a certain cycle to the legal industry as well.

We believe that in the long run, the legal industry is driven by increased regulation and legislation as the long-term trend everywhere, and that takes place everywhere in the world because the world gets more complex and there are more different specific things to regulate. That's happened for decades and we think that will continue to happen for decades.

The second thing is of course volume or litigation. That tends to go up and down a little bit with the economic cycle and asset values and so on, but also the long-term trend is up.

The third factor is overall commercial activity. Commercial activity generates legal activity, legal transaction, not just big M&A deals which of course are very visible, but they're a small portion of the overall commercial activity in a country.

It's all the local company-to-company, customer-to-customer transactions that require legal involvement. So if you look at that in the long run, we believe that legal is a long-term global growth industry, not just the US, because of legislation, regulation, because of litigation in the US in particular and because of commercial growth in the long run.

But there is a cyclicality, there's a bit of cyclicality to the litigation volume in the US and there's a bit of cyclicality to the commercial transaction volume. It tends to lag, we tend to lag, because first the transaction happens, then they need more legal support, then the law firms work harder, then they staff up. Then they come to us when we renew our three year agreement. 80% of legal is a subscription business, the highest across all our segments as you probably know. So it's a very subscription driven business.

So therefore, do I think that there will be any specific changes in the near term that could impact us? We have not tried to make any such forecast because we focus on two things in legal. (1) The near-term value add to our customers. How do we actually make sure that the legal services offerings we have are more analytical and become more valuable decision support tools?

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The second thing, to operate the business in a way that we gradually migrate off legacy infrastructure and keep our costs growth low. Those are the two things we focus on in legal, in the knowledge that in the long run the global legal industry is a growth industry and we don't spend that much time trying to predict political changes or impacts on near-term regulatory flows.

Nick Luff - *RELX PLC - CFO*

The tax question. I mean clearly tax policy tends to be quite complex and interactive. What is taxable, what is deductible, what the tax rate is in any jurisdiction, all tend to interact and you rarely would see a change in one of those without seeing a change in some of the others.

So how any change in tax in one country would affect a company, you need to know exactly what the detail of that change in policy is overall. So I don't think it's wise for us to speculate about one particular aspect of tax policy and how changing that could affect us because I think it would depend on the overall picture you get.

I think your second question on use of cash, dividends and obviously buyback. There has been no change, so our acquisition policy hasn't changed, we continue to look for bolt-on acquisitions that can enhance and accelerate our organic growth. Clearly, the amount we spend in any one year will vary because the opportunities will vary and you've seen that.

But we have been averaging GBP300 million, perhaps $500 million, as I said in the presentation, is perhaps how you should think about the average historically, but nothing has changed in our approach but you will see variations in that. Nothing has changed on the dividend policy, we continue to regard dividends as an important part of our returns to shareholders.

We look to grow them consistently over time, managing currency fluctuations as we do so. Of course, you've seen that this year because of the drop in sterling, you do see quite a significant differential in the growth rates between the two dividends. But the dividend cover we're looking to maintain around 2 times in the medium term and managing those currency fluctuations as we do it, so nothing has changed there.

On the buyback, clearly we've been averaging around GBP600 million in the last few years. Yes, 2016 was a little higher than that after a relatively low M&A year in 2015, but we have been averaging around GBP600 million.

But of course, if you look at that through a currency lens we are mainly a dollar revenue generating, cash flow generating business, GBP600 million isn't as much as it used to be. So in fact, if you look at it in dollar terms it's not changed -- the GBP700 million we've announced for this year is not that different to that average that we've been paying out in the last few years.

Tom Singlehurst - *Citigroup - Analyst*

Okay.

Chris Collett - *Deutsche Bank - Analyst*

Thanks, it's Chris Collett from Deutsche. I just have two questions. One was just on the contribution from acquisitions. I think you said it was effectively zero or net impact, so I'm wondering could you just confirm is that the case?

Then if that is the case, should we think of the -- or if it isn't could you give us the pounds' contribution. Should we think of the acquisition spend as effectively being a form of CapEx since it's really more about buying data sets and capabilities and content rather than discreet businesses?

Then second, just within STM, could you just give us a quick view in the different regions of the world of what's happening to academic collection's budgets?

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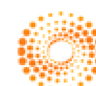

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Erik Engstrom - *RELX PLC - CEO*

Well let me start with the second one. You said, global academic budgets, research and so on. What we're seeing -- I mean there are some very, very small geographic variations here and there compared to a year ago, but broadly speaking it's very much like a year ago. So I don't think there's anything to highlight there, it's very much the same.

I'm going to let Nick go through the others but I just want to make one comment on it, on the concept of are we buying businesses or are we buying things that replace CapEx? I would say that over the last handful of years we've probably bought two, three, four, very small segments that I would look at as replacing an internal build alternative.

So, less than a handful of things have been replacing internal build. Most of what we're doing is buying an existing small revenue stream with a data set in a market. We take over that data set and the revenue stream of it, we embed it into what we do and broaden it, and then we continue to operate it.

Some of them are true businesses like small standalone exhibition clusters that we'd buy that way, and some of them are also true businesses in a new country where we enter and get a local database business that operates fully in that country. But most of the time, they are revenue streams with an asset and we take the asset into our platform and we take the revenue stream in.

So I would look at it as a purchase of a business other than a small subset. There are a few examples that we literally bought a capability for a few million dollars because we think it's a really good service to our customer set, summoned a couple of those in the scientific research market.

If you actually take some really high value add small tool that exists out there and we acquire it for a small amount of money but plug it into our platforms, it's all of a sudden available to 10 million global researchers on our main platform. We think that adds significant value to them and therefore of course in the long run helps us more than the amount of money we spend.

You could argue that the alternative could have been to spend those few million building it. So there are a few of those but it's very small.

Nick Luff - *RELX PLC - CFO*

So I mean what we said was that the overall combined effect of acquisitions, disposals, and exhibition cycling on revenue was net neutral and on profit was net neutral. I think to put it in context, we are spending GBP300 million, about 1% of our market cap on acquisitions so you wouldn't expect the dramatic effect on the overall group numbers in one year.

Acquisitions were a small positive in revenue growth. They were a very small positive in profit growth. But as Erik described, the sort of businesses we're buying are quite early stage and in the first year they typically wouldn't be making a huge contribution, and they're not that big in overall monetary terms relative to the size of the Group. So it is positive but small.

Erik Engstrom - *RELX PLC - CEO*

Okay, back to Patrick.

Patrick Wellington - *Morgan Stanley - Analyst*

It's Patrick Wellington, Morgan Stanley. It's just a quick one on the Martindale-Hubbell drag effect on the legal margin. If you didn't have that what would the legal -- how much would the legal margin have risen in basis points terms? When is that drag effect going to finish and we're going to see the jump in the legal margin to match the doubling of the growth rate that we've had this year?

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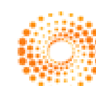

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Nick Luff - *RELX PLC - CFO*

I mean you can do the maths on the revenue and the profit growth, clearly that's going to drive -- just the underlying numbers on that would drive over 1% growth in the expanse of the margin. But the Martindale-Hubbell and other disposals, it's not just Martindale-Hubbell, and other portfolio changes drag that back to the 20 basis points that you see.

As I said, we have got another couple of years of that drag effect. Clearly, on the other side what you're seeing in the positive is partly from the new Lexis roll out and, yes, we've got a few more years of that. But the two of them are sort of coinciding so I'm not sure I'd be building in some big jump at some point in the future.

Patrick Wellington - *Morgan Stanley - Analyst*

But clearly it's contributing at a high margin, the Martindale-Hubbell stuff, although it's --

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Nick Luff - *RELX PLC - CFO*

It's because it's a joint venture and therefore we don't book any of the revenue, we just book the profit, so it does have a distorting effect (multiple speakers) --

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Patrick Wellington - *Morgan Stanley - Analyst*

I suppose I'm trying to get a feel for the underlying margin of legal if you took Martindale-Hubbell out. Your starting point would be lower but your jump would be greater if you like.

Nick Luff - *RELX PLC - CFO*

These are all in the 1 percentage territory that we're talking about and that's the scale of movements you're getting here. It's not completely distorting the margin but it has been a -- I think we said to you a couple of years ago when we moved it into the joint venture, you did see a step up in margin when we did that because of the different way it was accounted. Now as it winds down you're seeing that unwind a bit.

Patrick Wellington - *Morgan Stanley - Analyst*

If you look at the history of the legal business going back to 1998, it has been between 20% and 30%. In more recent years, it's been 15% to 20%. Do you have a feel for what -- if you like -- the natural margin of the legal business ex Martindale-Hubbell might be?

Nick Luff - *RELX PLC - CFO*

One of the philosophies [we share] in the Company is never to set margin targets, never to put out some objective. Our objective is to keep cost growth below revenue growth and to see that come through into margins over time. We certainly -- we don't want to put a target out there and therefore make that a ceiling.

Erik Engstrom - *RELX PLC - CEO*

Well I think I just want to say thank you for taking the time to be here today and for listening and I look forward to seeing you all again soon.

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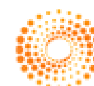

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