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Full Year 2018 Relx PLC Earnings Call

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PRESENTATION

Anthony John Habgood RELX PLC - Non-Executive Chairman

Good morning, everybody, and welcome to RELX's 2018 Results Presentation. Thank you all very much for coming, and for those of you listening on our webcast, thank you for joining us.

2018 was an eventful year for us. We spent almost GBP 1 billion on 9 acquisitions during the year, the largest 2 of which were important moves in our highly successful and growing Risk & Business Analytics group.

In September, we completed the corporate simplification process, the first stage of which we accomplished in 2015. Back then, just to remind you, we simplified our structure by combining all of our assets below the 2 parent companies into a single group entity and eliminating parent company across shareholdings.

We also moved all share listings to an equalization ratio of 1:1, fully aligned our board and produced consolidated results for the first time. In 2018, we moved to a single parent structure, RELX PLC. And with an over 99% vote in favor, both in the U.K. and in the Netherlands at shareholder meetings in June, we had quite remarkable consensus among shareholders in both jurisdictions. And we now have full weighting confirmed for RELX PLC shares both on the London Stock Exchange and AEX Amsterdam.

Interestingly, the largest investors in the Dutch parent company before September, whether I measure the top 5, the top 10, the top 20 or the top 30, have not sold down their overall shareholding in RELX. So they now have as great an investment in PLC as they did in NV and PLC combined before the simplification, which I hope you'll agree with me is a fantastic result.

Most important of all in 2018, as Erik will explain in detail, we continued to deliver on our organic strategy in each of our businesses and across RELX. Underlying revenue was up 4%. Adjusted earnings per share up 7% in constant currency, and as you will have seen, we're recommending a 7% increase to the dividend for the year to 42.1p.

So all in all, we've had a really good year of progress on all fronts. Erik?

Erik Engstrom RELX PLC - CEO & Executive Director

Okay. Good morning, everybody. Thank you for coming and for taking the time to be here today.

As you've probably seen from our press release this morning, our positive financial performance continued throughout 2018. We continued to make good progress on our strategic and operational priorities, and we successfully completed the simplification of our corporate structure.

Our underlying revenue growth was 4%, underlying adjusted operating profit growth was 6%, and earnings per share growth at constant



currencies was 7%. Our overall financial performance was consistent with recent multiyear trends across all our key financial metrics.

We delivered another year of good underlying revenue growth, underlying adjusted operating profit growth continued to exceed underlying revenue growth, and adjusted earnings per share growth again exceeded underlying operating profit growth. Return on invested capital improved by another 30 basis points. Cash conversion stayed at 96%, and we continued to steadily increase our dividend this time by another 7%.

All 4 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%, in line with prior year, with key business trends remaining positive and with underlying cost growth marginally below underlying revenue growth. In STM, primary research, which represents just over 50% of the division's revenues with just over 40% being academic, institutional subscriptions and the rest, corporate and transactional, we continued to enhance customer value by building out broader content sets, more sophisticated analytics and evolving our technology platforms.

The number of article submissions grew double digits to 1.8 million, and articles published grew strongly to 470,000, with a number published under a fee per article open-access model continuing to grow well into double digits.

New sales of research subscriptions were strong in 2018 and so far in 2019, are in line with 2018. And this year's renewal completion rate is almost identical to last year's rate at the same time.

Databases and tools, which represent just over 20% of Elsevier revenues, continue to drive growth in the mid- to high single digits across market segments. Print book sales, which had been stable in the smaller first half, returned to historical rates of decline during the main selling season. And print pharma promotion, which represent less than 5% of revenues, saw slightly steeper declines than prior year. Going forward, our customer environment remains largely unchanged. Overall, we expect another year of modest underlying revenue growth.

Risk & Business Analytics grew 8%, and revenue growth remains strong across all key segments, with over half the growth coming from recently introduced products.

In Insurance, which represents about 40% of the division's revenues, we continue to drive growth through the rollout of enhanced analytics, the extension of data sets and expansion in adjacent verticals in a market environment that was neutral to mildly positive for the year as a whole.

In Business Services, which represents around 30% of divisional revenues, growth was driven by further development of fraud prevention and risk management analytics in a robust U.S. and international market environment. ThreatMetrix, the leader in the digital identity space that we acquired early last year, continued to grow very strongly.

In Data Services, which represent just under 25% of divisional revenues, we continue to drive organic growth across market verticals supported by the acquisition of Safe Banking Systems. Going forward, the fundamental growth drivers of Risk & Business Analytics remain strong.

Legal revenue growth of 2% was in line with the prior year. Underlying profit growth was strong. The margin increase reflects organic process improvements as we enter the later stages of systems decommissioning, partly offset by portfolio effects. The market environment remains stable in 2018, and we saw continued growth in online revenues, partially offset by further print declines. The rollout of new platform releases and the organic expansion of our leading legal analytics offerings continue. Going forward, trends in our major customer markets are unchanged, continuing to limit the scope for underlying revenue growth.

Exhibitions achieved another year of strong underlying revenue growth of 6%. We continued to pursue organic growth opportunities, launching 44 new events and piloting and rolling out data analytics initiatives.



Europe, which represents around 40% of revenues, continued to see good revenue growth. The U.S., which represents around 20%, continued to see differentiated growth rates by sector. Japan and China grew strongly, and Brazil returned to growth. Most other markets continue to grow well. In Japan, we expect the Olympics to temporarily constrain venue capacity in Tokyo over the coming 18 months before new and expanded capacity becomes available.

Since the year-end, we have completed the acquisition of Mack Brooks, a leading organizer of over 30 highly complementary events. Going forward, temporary venue constraints and cycling effects aside, we expect underlying revenue growth trends to continue.

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 #1 priority being the organic development of increasingly sophisticated information-based analytics and decision tools that drive higher value for our customers. We believe that this is leading to an improvement in our business profile and in the quality of our earnings.

In addition to our organic development-driven growth strategy, we continue to reshape our portfolio through selective acquisitions and selective disposals. 2018 was an unusually big year for acquisition spend, with 9 transactions completed across business areas for a total of GBP 978 million.

Risk & Business Analytics again spent the largest share, including ThreatMetrix and Safe Banking Systems. In STM, we made 3 acquisitions, including a provider of patient-specific decision support tools used for the treatment of cancer. In Legal, we acquired a patent analytics business based in Germany. And in Exhibitions, we acquired a leading gamer event in the U.K. and a leading automotive engineering event in China.

This slide shows the revenue profile of RELX by format, geography and type. With electronic and face-to-face revenues now accounting for 90% of group revenues, well over half our revenue being generated in North America. And with our systematic exit from advertising effectively complete, just over half our revenue's now generated from subscriptions and just under half from transactional revenue streams.

Now as the last pie chart on the right that shows revenue by type now effectively only shows 2 halves, it might be helpful to show a slightly more detailed revenue breakdown of our transactional revenues as well as how that has evolved over time. At the top in green, you can see that the 3 transactional revenue types that we made a strategic decision to exit, advertising, marketing services and preemployment screening, represented 18% of group revenues 10 years ago and now represents around 1%.

The second category from the top, print book transactions, has declined from 11% to 4% as we have migrated from print to electronic and from transactions to subscriptions. The transaction type that has increased the most is the transactional revenues generated by Risk & Business Analytics, around 90% of which comes from embedded databases and tools that are under contract but with some form of volumetric billing. It has increased from 6% in 2008 to 18% of the group in 2018.

Within subscription revenues in blue, electronic revenues have increased from 30% to 48% of the group. And print subscriptions have declined from 15% to 4%. We believe that the quality of both the transactional and the subscription revenue streams have improved significantly over the past 10 years. And as you can see, the revenue types that we decided to prioritize over the last few years, which fall in between the 2 red lines on the chart, now account for over 90% of total group revenues.

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

Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

Thank you, Erik. Good morning, everyone. Let me start by giving a bit more detail on the financial highlights.

As Erik said, underlying revenue growth of 4% was maintained in 2018. Growth in underlying adjusted operating profit was ahead of



revenue growth at 6%, driving a margin improvement of 20 basis points. Growth in earnings per share at constant currencies was 7%, ahead of profit growth, reflecting a lower effective tax rate and the impact of a share buyback program. Return on invested capital improved 30 basis points to 13.2%. Cash conversion was again strong at 96%. Leverage at the year-end was 2.4x, including leases and pensions, slightly higher than the prior year, reflecting the increased acquisition spend in 2018.

The full year dividend, now declared only in sterling, is up 7%. Shareholders can still receive dividends in euros if they wish, but the exchange rate for the translation set a week prior to the June payment date. 2018 share buybacks totaled GBP 700 million.

Before I get into the detailed figures, let me remind you that 2018 financial results incorporate 3 new accounting standards: IFRS 9, relating to financial instruments; IFRS 15, relating to revenue recognition; and IFRS 16, relating to lease accounting. IFRS 16 has been adopted a year early. 2017 comparators have been restated to reflect the adoption of these new standards, and full details on the restatement are in the appendix to the slides. What you also now see is that we are reporting results solely in sterling following the corporate simplification. And finally, on technical points, we have aligned our approach with many other companies in when acquisitions are brought into underlying results, now being 12 months from the date of acquisition although this change did not impact any revenue growth rate in 2018 for the group or for any business segment.

Turning to the income statement. You can see that constant currency revenue growth and corporate and portfolio changes was 4%, the same as the underlying growth. The contribution from acquisitions and the positive impact of exhibition cycling in was offset by disposals made in 2018 and in the prior year. Sterling was strong when averaged against the dollar in 2018 compared with 2017, resulting in a currency drag to the sterling-reported revenue, leaving the overall growth at 2%.

Adjusted operating profit increased by 6% on an underlying basis. After portfolio effects, constant currency (inaudible) was 4%. The currency drag brought this down to 3% growth in sterling. The margin improved to 31.3%. The adjusted net interest expense increased as a result of higher average borrowings in 2018, partly offset by currency translation effects. The effective interest rate and gross debt was 3.2%, in line with the prior year. The tax rate from adjusted profit declined to 21.7%, reflecting a small positive impact from U.S. tax reform.

Adjusted net profit of nearly GBP 1.7 billion was up 3%. At GBP 1.4 billion, reported net profit was down year-on-year because 2017 included the exceptional tax credit of GBP 346 million, arising from U.S. tax reform, albeit there was also an exceptional tax credit in 2018 but a smaller one of GBP 112 million.

The average share count reduced by 2% due to the share buyback, converting 5% constant currency adjusted net profit to 7% constant currency earnings per share growth. The year-on-year strength of the pound meant that adjusted earnings per share in sterling was up 6% to 84.7p. Reported earnings per share was impacted by the exceptional tax credits I just talked about.

Turning to the business areas. You can see how all 4 contributed to the overall revenue performance, the Risk & Business Analytics and the Exhibitions again delivering strong underlying growth. Portfolio effects were neutral on overall revenue growth as acquisitions, most notably ThreatMetrix and Safe Banking Systems in RBA, were offset by the impact of disposals made both in 2018 and in the prior year.

Within the business areas, the portfolio effects also include the transfer of a small number of health care products to STM from RBA in late 2017 as I mentioned at the interim results. The underlying revenue growth in both businesses of 2% and 8%, respectively, were the same, including or excluding the revenue growth from the transferred products. Cycling increased Exhibitions revenue growth by 5 percentage points. 2019 is a cycling out-year for biennial events, and we expect this to reduce the reported revenue growth by around 5 percentage points while the venue capacity constraints in Tokyo will potentially reduce Exhibitions underlying revenue growth by around 1 percentage point this year and next.

With the pound on average strong against the dollar during 2018, currency movements reduced sterling reported revenues in all 4 business areas by between 1% and 3%. The growth in underlying adjusted operating profit of 6% was driven by strong performances from RBA, Legal and Exhibitions. STM and RBA had underlying profit growth in line with revenue growth. Legal's profit growth was again significantly ahead of revenue growth boosted by the benefits of system decommissioning, albeit the scale of those benefits is now

reducing. Exhibitions strong profit growth benefit from the cycling-in of biennial events and was broadly in line with revenue growth when you include cycling.

Portfolio effects were a drag for RBA, in part due to the transfer of the health care products to STM. There were significant drag for Legal partly because the Martindale-Hubbell joint venture profit contribution ended in 2017. Acquisitions gave a small boost to Exhibitions profit.

For the sterling profit numbers, currency was a negative for RBA, Legal and Exhibitions, but a small positive for STM, where the hedging program had delayed positive currency movements from prior years.

Turning to margins. STM saw a small increase in margin while RBA was unchanged. Legals margin was up 30 basis points now approaching 20%. Exhibitions saw slightly lower margins, reflecting cycling and portfolio changes.

At the group level, the adjusted operating margin of 31.3% was 20 basis points higher than the prior year, made up of a 40 basis point underlying improvement, which was reduced by 50 basis points due to acquisitions and disposals whilst currency effects added 30 basis points. Although we report in sterling, our 2 main revenue-earning currencies are the U.S. dollar and the euro. Most of our currency exposure's translational, but we do hedge some of the transactional exposure, most notably within the STM subscription business, which delays and smooths the impact of exchange rate movements.

FX rates will, of course, move from today's levels, but sterling is currently weaker against the dollar by around 3% but slightly stronger against the euro compared with its average levels in 2018. If current rates were sustained, sterling-adjusted EPS growth this year will be slightly ahead of constant currency growth.

The acquisition spend in 2018 has added to our invested capital base. Nevertheless, we were still able to improve return on invested capital, which came in at 13.2%. That's an improvement of 30 basis points against the restated 2017 figure of 12.9%, but the restatement for IFRS 16 bringing leased assets onto the balance sheet and adding to invested capital.

Turning to cash flow. CapEx was GBP 362 million, equivalent to 5% of revenue, in line with the previous year. Cash flow conversion was again strong at 96%. Cash interest was down slightly. Cash taxes also reduced due to the timing of payments and exchange rate movements. Total free cash flow was GBP 1.6 billion, and here's how we use that free cash flow. Spending on acquisitions with GBP 978 million, including ThreatMetrix, while disposals generated GBP 45 million of proceeds. Total dividend payments were GBP 796 million, and the share buyback was GBP 700 million. Although stronger on average through the year, from year-end to year-end, sterling was weaker against the dollar increasing net debt at year-end, expressed in sterling, by GBP 246 million. That took net debt to GBP 6.2 billion and leverage, which we calculate in U.S. dollars, to 2.4x, including leases and pensions or 3.2x when you exclude them. Leverage was slightly higher than the prior year, reflecting the higher acquisition spend but within our targeted range.

You're familiar with how we think about priorities for use of cash. And you know that acquisition spend is one of the key variables. Spend last year was higher than in recent years at GBP 978 million, primarily a function of the ThreatMetrix acquisition, which accounted for over half of that figure. As we aim to maintain leverage in or around the 2.1 to 2.5x range that we've been in, we continue to have capacity for share buybacks. We have announced a further GBP 600 million of buybacks for 2019, with GBP 100 million of this having already been deployed.

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

Erik Engstrom RELX PLC - CEO & Executive Director

Thank you, Nick. So just to summarize what we've covered this morning. During 2018, our positive financial performance continued. We made further strategic and operational progress, and we simplified our corporate structure. Going forward, key business trends in the early part of 2019 are consistent with 2018. And we are confident that by continuing to execute on our strategy, we will deliver another year of underlying growth in revenue and adjusted operating profit together with growth in adjusted earnings per share on a constant currency basis.

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

QUESTIONS AND ANSWERS

Erik Engstrom RELX PLC - CEO & Executive Director

Why don't we start over here?

Sami Kassab Exane BNP Paribas, Research Division - Media Research Director, Co-Head of the European Media Team & Analyst of Media

I'm Sami at Exane. Three questions, please, and the first one is on Elsevier. To me, you reported strong numbers for Elsevier in 2018. You provided a solid outlook for 2019. You made commentary around the state of renewals that are good. Can you help me put that into context of what the headlines in the press all suggest from [planners to UC], from Germany to Hungary? There seems to be somewhat of a difference here. I'm just trying to reconcile, please, Erik. Secondly, Thomson Reuters guided for a 5% organic revenue growth at Westlaw in 2020. Is that a target you think that your Legal division could also match? And lastly, as you seem to have completed systems decommissioning within LexisNexis, how should we think about the margin progression in that division, please?

Erik Engstrom RELX PLC - CEO & Executive Director

Okay. Okay, let me answer the first 2, and I'll hand it over to Nick to talk through the third one there. So STM, the way we look at this business is we can only describe to you what's actually happening in the marketplace today, what we have seen in our results and what we see happening up till today, and that's what we're we are doing. And as you could hear, told you what happened during last year and at this point in time. You have to understand that we have about 12,000 institutional customers around the world. And order of magnitude are 9,000 of those are probably academic institutions. Every year, many of those are in discussions. They're renewed. We renegotiate. We have over 170 consortia groups over -- around the world, and many of those are in active discussion at any given point in time. So if you take those total 12,000 customers that are being renewed in different routes, most of those, as you know, happen as normal business conversations between the different parties involved. But every year, there are a few that decide that to them, they think it's preferential to express their views or the -- discuss the negotiations in public. We have full understanding for the fact that they believe that, that helps them. We fully respect any process they would like to have. That is not a problem for us. It has continued for many, many years since we started to have these combined negotiations. But we can only comment on the overall group as a whole and what the facts are at this point. We never comment on any one individual customer, any one individual customer negotiation. Our approach is to engage directly with them. And because our strategy and our philosophy is to make sure that we have higher quality than other major providers, a better technology platform than other major providers and that the effective price for our customers should be below that of other major providers on a per unit or per transaction or per citation basis, we believe that when we engage directly with our customers and make sure that they get what they want from us and that they get that on terms that are economically attractive, we are usually able to come to agreement that are reasonable and that they find attractive for them over time. That's our approach to it, and that's what we've done so far. Again, I'm just describing what we have done and where we are today. And I'm not going to comment on any individual customers. That's the first one. Legal, yes, we have in the past been able to compare ourselves to market growth rates and some of the other large providers, of which you mentioned one. And what we've seen over time is that when we've been able to do that, that our underlying growth rate, however you label it, has been pretty similar over many years. Sometimes it looks we're a little bit ahead. Sometimes it looks like they're a little bit ahead but often by a percentage point or 2. And that's over the time period I have watched this, which is now approaching a decade or 2. So we have a lot of respect for the other large providers in this marketplace, but we're not an expert on them. And if I understand it right, it's slightly redefined how it is. They cut their market segments, and I don't really understand it. I'm not going to comment on their growth rate. I think you'll have to ask them. I can tell you in our marketplace today, the same way I responded to the STM side, is what we see today in our marketplace with our customers is no different from what we've seen in the recent past. And we don't do our own market forecast or market projections. We analyze all the ones that are available out there for lots of legal industry analytics firms, and what seems to happen is that every quarter, something comes out. And sometimes, it goes up for 1 quarter or 2 quarters and then the outlook lowers again. So, so far, you could take any sort of 12-month cycle, so far, it looks pretty much like we're in a similar place to the last few years. That's what we see. Okay, I'm going to hand to Nick for the...



Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

Yes, Sami. So, obviously, in Legal, you have seen recently some very big differentials between profit growth and revenue growth. And in this year was -- or 2018 was 2% revenue, 10% profit growth. And that has been because we have been taking out some of the double-running costs as we have deployed the new systems and rolled those out. That rollout of new systems is nearing completion. We're completely done in the U.S. We're now doing it internationally, migrating customers across. So the benefits we've had in the cost base as we're reaching that point of taking out the double running, et cetera, those benefits are going to come down. So we have seen that big differential over 2 or 3 years, and it's difficult to sustain that forever so -- but we still look to have a differential, but not necessarily quite as large. Of course, at the same time as in the last couple of years, we've had a significant drag on margins from portfolio changes, in particular the -- you remember the Martindale-Hubbell joint venture where because of the way that it was accounted for, it boosted margins 3 or 4 years ago. And then as that Martindale-Hubbell joint ventures ran out, the boost in margins is greatly diminished. And the last contribution from Martindale-Hubbell was back in 2017, so the -- and 2018 is the last time you see that year-on-year drag from that particular portfolio change. So those 2 have been offsetting each other. We've still been getting modest margin improvements, netting after that, and we will continue to look for margin improvements going forwards. And you'll just have a different dynamic between what's coming from underlying and what's coming from portfolio. And of course, in any 1 year, it will depend on what happens to the currency and the portfolio changes that year. But our objective is still to maintain progression in margins in Legal.

Erik Engstrom RELX PLC - CEO & Executive Director

Okay. Let's keep going back on that side.

Katherine Tait Goldman Sachs Group Inc., Research Division - Associate

Katherine Tait from Goldman Sachs. Two questions for me. Firstly, you recently appointed a new CEO for Elsevier who clearly comes from a tech-focused seat within the group. Can you perhaps share a little bit about how mandated she steps into that role and also perhaps the opportunity more broadly for improving the sort of the tech and analytics side of the academic business? And then secondly, on ThreatMetrix, I think when you acquired the business, you talked about the opportunity -- in broad terms of combining that sort of digital identity part with your existing offering in the sort of physical side. Clearly, you've talked about strong performance today. Can you perhaps unpack that a little bit and give us a sense of the magnitude of that opportunity and the sort of time frame you expect to see that play out?

Erik Engstrom RELX PLC - CEO & Executive Director

Okay. Okay. So new CEO of Elsevier. Yes, as some of you have watched this company for a long time, you probably discovered that many of our senior U.K.-based executives tend to retire from the company at broadly the same stage in life. And therefore, because that's the historical pattern, we often have the luxury of preparing internal succession candidates for these roles, not always successful, but we've done it many times. And Kumsal Bayazit, who is now taking over as CEO of Elsevier, is one of those examples. I mean, she's broadly been with the company for 15-year time period. She's working all the 3 of the divisions, right? And she's very familiar with Elsevier because she spent 4 years at the center as Head of Strategy. So she's involved with Elsevier on a weekly basis for several years on the strategy and so on, and over the last several years. Now she has continued to lead the global CTO form in the technology function for the company and therefore, have been very involved in our advanced technology development and what we're doing with our divisional intelligence and machine learning. Some of you and some of our shareholders have seen her at the investor seminars we've held over the last few years also. So we think she is very well prepared to do this. And while we believe, and I think many people in the outside world believe that within the STM industry, we have the leading technology and the most sophisticated use of these tools already, I believe that she certainly comes very well prepared to continue to leverage what we have in the rest of the corporation where she's been very involved over the next few years to continue to drive it in that direction. Or if you listen to any one individual taking over a new job, they will always want to accelerate the trends that, that predecessor had. That's what we all say, including me, of course. So ThreatMetrix, the second question. Yes, ThreatMetrix is, of course, a very successful company by itself stand-alone, a leader in the digital identity space. It continues to do very well. We've now sort of folded in many of the functions, but it can still continues to operate primarily selling its own services, right? Even though we now folded in some of the sales leads and sales management and co-selling together with other services, and we have signed up customers that are looking at it from the old ThreatMetrix as well as our old risk business, right? But the truly integrated, a truly integrated sort of, what you say, algorithm is between physical and digital identity I don't think we'll see any leap

from in terms of revenue acceleration in the near term. The question is more as this company gets bigger and bigger, how do you maintain a high growth rate when the natural tendency, which I'm sure we'll experience here is when you have a small (inaudible) company that grows very high rate, even if the growth is the same each year, the actual percentage growth then gradually moderate over time. But we think that this is as exciting an opportunity now as we thought a year ago when we acquired it. Want to keep going back there.

Matthew John Walker *Crédit Suisse AG, Research Division - Research Analyst*

It's Matthew from CS. First question is I won't ask you to comment on individual customers. But the people whose deals, the consorter whose deals expired at the end of 2018 and in negotiation right now, if you fail to conclude deals with all of those, there's about 5 or 6, would you be able to meet your guidance that you just outlined in STM, i.e., would you still be able to grow revenues? Second question is are all those ones still -- are you booking -- are you still booking revenues in STM from all of those different consortia while they negotiate in 2019? And the other question is on risk. So with ThreatMetrix coming in as organic this year, should we be thinking about that as putting the growth rate up from 8 to 9? Or would we -- should we be thinking about the underlying ex ThreatMetrix growth rates slipping from 8 to 7 and then ThreatMetrix basically pushing it back up to 8?

Erik Engstrom *RELX PLC - CEO & Executive Director*

I'll answer the first one here, and then I'll let Nick explain how revenue recognition is because it's very clear as well as cover the question of organic growth rate calculations, right? So the first one. Again, I'm going to just going to get back to this. We have 12,000 institutional customers, and the ones that have multiyear agreements are we have roughly order of magnitude, just for simplicity, it's not the exact numbers, but let's say that 3/4 of them have multiyear agreements and 1/4 are annual. And then let's say that of the multiyear agreements they're on average 3 years. Again, this is not exactly how it works, but it's a good rule of thumb just to illustrate. That would mean that on average, half our customers would effectively renegotiate or renew every single year. So that is 6,000 if you do see it that way. It's not exactly these numbers, but it's a rough indication. So when you say that all the ones you're renegotiating with and you mentioned a few, you've got to put it in the context of the 12,000 we have and the 6,000-ish that we are negotiating every year. I think that's almost answers your question for you in terms of the relevance of any one specific customer. The second question you asked here was what if all the ones that are renegotiated this year all go to 0, and they don't read any science at all going forward? I have to say that's not a calculation I have done because 6,000 of them, and it's -- they represent about half the world's research institutions. So what we say again is we can only describe that we have run this process for many, many years. Actually for some of our journals, we're approaching 200 years in the next few years. And every year, we follow a pattern, and we have 12,000 of them that we work with. And this year, we are in the same place as we were a year ago. And when it comes to how we account for it, how we track it and where the revenue is recognized, I'm going to let Nick explain that because he's very clear.

Nicholas Lawrence Luff *RELX PLC - CFO & Executive Director*

Yes, it's very straightforward, I mean, under IFRS 15, you only recognize revenue from signed contracts that are finished, completed, agreed and committed where the customer is committed to pay. So that's what IFRS 15 works. That's the number you see for 2018, the restated numbers for 2017, all on that basis. Clearly, it all depends on every year, you've got some outstanding renewals, and it depends on where you are overall against the prior year in terms of how that plays into the growth numbers. But as Erik said, we are at this point, we are almost in an identical position for the renewals as we were a year ago. Do you want me to take the ThreatMetrix question? Yes, so as you rightly observed, Matthew, the ThreatMetrix will come into underlying on the 12-month anniversary of the acquisition date, which was towards the end of February in 2018. So quite soon. It comes into underlying and contributes to the organic growth. Of course, if you're doing -- trying to work out the impact on the divisional growth rate for risk, you have to think of the size of ThreatMetrix. I think you've all got a good sense of what that is. You have to look at the differential, not the absolute, but the differential of the growth rate of ThreatMetrix against the divisional's 8% that it's been doing. It is only 10 months rather than the full 12, and you can do that math, and then you'll get something just over half a percentage point. So whether that makes a particular number round one way or the other, you may never know.

Matthew John Walker *Crédit Suisse AG, Research Division - Research Analyst*

Nick, [is there someone important to you]?



Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

So you get about -- you're getting just over 0.5% of the divisional level if you do that math. So whether that rounds in a particular number, whole number, one way or the other, you may never actually be entirely clear. And, of course, at group level, you're talking about 0.1s, 0.2s of percentage point. So not that material in the context of the overall group growth rate.

Erik Engstrom RELX PLC - CEO & Executive Director

Okay. We'll keep going. We're going to start over there.

Rajesh Kumar HSBC, Research Division - Analyst

Rajesh Kumar from HSBC. Just a quick follow-up on the STM clarifications you provided. Very helpful. Just when you look at the 12,000 customers, what is the historic growth or decline in that 12,000 number? And what have been the churn rate, typical churn rate you observe over a period of time? Is it more like 2%, 3% or very limited churn? I mean, just trying to understand if you get 2% growth. What's the...

Erik Engstrom RELX PLC - CEO & Executive Director

Yes. Well, let me put it this way. The churn rate in the number of customers that buy something from us is extremely low because most institutions that conduct some kind of research, if they still exist, they usually use some of our tools, some of our data sets. You have to remember that we offer a full range of services. We offer -- you can buy from us individual articles. You can buy from us individual journals. You can buy combinations of journals. You can buy entire subject collections. You can buy our whole broadest collection. You can buy them on a subscription ownership basis. If you buy some on ownership basis, you can also have temporary viewing rights on other portions. You can then also participate in author pays, sort of gold open access. We also have the full green open access. So there's so many different alternatives that customer churn is a very, very small number. Every single year, the number of customers that opt in or out of an umbrella consortium agreement is significant for each consortium. But for us overall, it's not that significant because of portions of consortium -- consortia, right? So there are people who opt in and out every year over consortium umbrella agreement. And there are people every year that opt into slightly broader collections and people who opt out of the broader collections back down again. The total number of people over time if you say that sign up to our broadest collection right, that I said last year has now gone to over 5,000. So that's an indication of over 5,000 of our customers have our broadest collection of our institutions out of the 12,000 in total. And how many of those? Probably I can't tell you the exact number, but 4,000-something of those have the broadest collection through a consortium, right? And some of them have it differently. And people opt in and out of the collections and in and out of the subjects every year. So I don't know if that really answers your question on the number, but it's an illustration for how this industry works, right? And individual research institutions or academic institutions, corporate institutions, they change their profile and their research focus and evolve over time, their focus areas change and so on. So that -- it's a dynamic that is -- that can change every year for one individual institution. But if you take the group as a whole globally, the broad trends are pretty clear, okay? So...

Rajesh Kumar HSBC, Research Division - Analyst

Some color just -- so if we look at the revenue growth of 2% to get a net organic growth of 2%, what sort of growth are you getting? Probably that would give some better color because the complexities you just identified means that the volumetric churn is difficult to quantify. But at a revenue level, you can, I'm sure, point out that you need to grow at 4% to get a 2% net growth.

Erik Engstrom RELX PLC - CEO & Executive Director

No, actually that's not how it works because there's volume growth in the market. There's absolute volume growth here, and our objective is every year to get the unit prices down. So for example, number of articles submitted to us has grown in the high single digits every single year for a very long time, up to 1.8 million articles, right? This year, we rejected almost 75% of those, right? So we published 470,000 or so. So that is up in the mid- to high single digits, which is probably a bit above market if we understand the market, right, both on the subscription side, which continues to grow right, and on the author pays, open access, gold open access side, which grows faster but has been around commercially for 20 years. So the growth rates are very easy to follow and understand. And we believe that based on our preliminary, we would have grown faster on both of those, right? So you have a growing market. The number of researchers in the world keeps growing about 3% a year every year and has for decades. So the underlying dynamics of this market segment is one of volume growth in number of users, volume growth in articles coming in, volume growth in articles published, which means we can pursue our strategy of reducing unit prices every single year. So if you look at it that way and you look at subscriptions coming in, our



objective is to get the revenue growth there, right, that is for any customer, lower than the volume growth effectively, which means that we're trying to get an improvement in economic equation for our customers all the time. And if you look at overall our total revenue streams from STM that people keep focusing on the academic part of it, and the academic institutional subscription part of this is probably just over 40% of STM as a whole, right? And because the overall division has grown 2%, you can look at and say that we have at the bottom print books and print pharma that's declining in the high single digits on average, right? That's 10% worse than the whole company, and that's a drag a little bit, right? So -- and then you can see -- so that drags it down a bit, and you can see that the academic institutional subscription is, therefore, growing probably just a little bit above what the overall division is doing. And you can see that, that works. If you say number of articles published on average growth grows in the industry for 4% or so, or for us maybe 5%, and if you then have as revenue growth in the academic world, that's a bit below that but perhaps marginally above the division, then you get the dynamic we're looking for. That's the dynamic we're looking for. That's our strategic objective to have the dynamic like that. Then you take the segments of corporate and transactional revenue streams, that's growing slightly faster. You take the database and tools, which are growing again slightly faster. Then you have our electronic reference portion, which is a little mixed, a little lumpy because there's transactional in there and then you have the drag, on average last year 15% of print books and print pharma, which are declining and dragging the rest of them. That's how we think about the dynamic. We don't think about our gross or net growth or attrition. I can't really help you with that type of thinking because there's so much in and out in the underlying subscriptions for our customers. I hope that was helpful. Let's come over here now. Let's start at the back here.

Adam Ian Berlin *UBS Investment Bank, Research Division - Director and Equity Research Analyst*

It's Adam Berlin from UBS. Three questions for me, please. Firstly on RBA. You commented in the release that the market environment within Insurance was neutral to slightly positive during 2018. Could you give us any update on how that's going during the 6 weeks of the year so far? And the second comment -- question is on Exhibitions. Can you give any comment on how rebooking rates are progressing in the last few months? Has there been any change in people's willingness to commit to come to the trade show next year given climate concerns over global macro? And the third question is just on the tax rate for Nick. Is the 21.7% the right rate to think about for the next few years? Or was that more of a one-off issue in 2018?

Erik Engstrom *RELX PLC - CEO & Executive Director*

Yes, I'm going to give the third one to Nick, but let me address the first one. I just want to make sure here. Yes. So in Risk & Business Analytics, we said that in the insurance market as a whole last year, right, the overall for the year, neutral to moderately positive because this is a way that we measure the activity level in the marketplace that has nothing to do with us or with anything that we do. It is basically driven by insurance company, marketing promotion, price differential, consumer shopping activity. And then on top of that, we then drive our own growth by rolling out all the new products that we're introducing but primarily the rollout and penetration increase of all the products that we've introduced over the last 5 years. So we separate those 2, right? And we look at that as growth rate contributors. And last year, we accelerated our contribution not just in insurance but across the whole division from the things that we control, meaning our rate of rollout and penetration. I think we might even have put that chart in the appendix for today in the end. So I think you can see that in the appendix for today's presentation. It's a chart you're familiar with from the past where we say what part of the growth rate and risk comes from sort of established older market growth and which part comes from products that are less than 5 years old, which are still in this complicated market in the rollout stages and the increased penetration stage? And you can see that, that stepped up overall for the division last year. And it has varied a bit over the last few years. But of course, the more we are in control of our destiny by rolling out growth, we think it's in general a positive thing over time. But on the market comment, it fluctuates a little bit during the year. Some of you may recall that I think it was in the spring of 2017, if I'm remembering right, that the market contribution were a little softer for a few months and then it came back in the second half, and then it sort of stabilized last year but wobbled a little bit up and down. And at this point, we're so early in the year, we're just a few weeks in and you have [weathered] your tax returns, and also it's very hard to dissect exactly where we are. But to me, it feels like it's pretty similar to the second half of last year if you look at it that way. That's where it looks right now. Exhibitions, rebooking rate, we don't track rebooking precisely because we sometimes do the sales efforts in different time lines from before. But we have internal reviews of equivalent sort of measures for that and see how are we doing, where are we looking right now? Right now, we just had this review internally with Exhibitions. And at this point, it looks very similar to last year. We have looked for signs of economic changes or slowdowns or pickups in different geographies, and I have to say that at this point in time, we have not seen any trends heading in either direction. If you look at it in the U.S. as we have the most differential where you had, yes, the fashion sector, which is now very, very small for us, it's probably a percent. They're still continuing to be weak, but we're basically out of it, so it doesn't really matter and so on. But the only thing that we've seen in the last 6 to 12 months

was that Brazil has picked up and returned to growth for us. Now whether that's sustainable or not, I don't know. And at this point, it doesn't look like there are any big future change. But that's not big enough to make any difference to your overall view of rebooking rates, okay? So we keep going here.

Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

The tax question.

Erik Engstrom RELX PLC - CEO & Executive Director

Sorry.

Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

Yes, Adam, so the drop in the tax rate is 21.7%. What drove that mainly was U.S. tax reform where the rates come down. So that's not a one-off. That's an ongoing benefit. Obviously, the tax rate will vary from year-to-year, depending exactly where the profits fall, which jurisdiction they're in and as you resolve uncertainties, et cetera. But the 21% to 22% range is certainly sustainable assuming current tax regime, tax regimes change as we've seen recently. But assuming the current tax regime has remained broadly as they are that sort of rate is sustainable.

Erik Engstrom RELX PLC - CEO & Executive Director

Yes, keep going here. Yes?

Nicholas Michael Edward Dempsey Barclays Bank PLC, Research Division - Research Analyst

It's Nick Dempsey from Barclays. I have 3 questions. So just going back to the split inside STM. I think this time last year, you told us of 50% of the business was primary and that 10% of that was corporate, which leaves about 45% being institutional. And now you're saying just over 40%, so that sounds like that's shrunk in the mix, but I'm guessing I've got the definition slightly wrong, so I'm getting clarity on that. The second one is 90% of Risk & Business Analytics transactions are contractual. I'm interested in the other 10%. So what sort of parts of R&BA are the other 10%, the noncontractual, and what sort of revenue streams or what sort of customers? And last question, simply the FX hedging benefit for STM. We've heard that, that was important in '18. Will that be important in '19? And will it be a positive help for margin there?

Erik Engstrom RELX PLC - CEO & Executive Director

Sorry, say that one again.

Nicholas Michael Edward Dempsey Barclays Bank PLC, Research Division - Research Analyst

Sorry. The hedging benefit, will we get help for '19 in margin and STM?

Erik Engstrom RELX PLC - CEO & Executive Director

Yes, I'm going to let Nick answer both the second and the third on the transaction as well as that one. So let me explain on STM. I think we've used the same numbers and said the same things. We -- I tested here to see if I go through it this way and broadly do it this way. It is possible that on a percentage basis, we thought that you might end up with something that looks like it's a percent or 2 different from what we indicated last year when we said just under 50%. They're just under 50% and take 10% of that and 20% of that, that we thought that you might conclude that it looks like it's a percent or 2 lower but not 5%, right, the way we have thought about it. So maybe I'm [definitely] was less precise or too precise, but we're talking about academic institutional subscriptions, right, as a portion of the STM total revenues at this point with this portfolio is in the low 40s, right? That's where we are. Now there are, of course, if you look at what we do every year, we acquired a few things. We moved health care over to the STM, currency moves and so on, but I gave you an indication before about what have the growth rates been in these, right? So there's no difference from the math we're doing this year to the difference -- to the math we're doing last year. And we don't think there's anything that you should infer from growth rates. We're just giving you an indication of the rough portions of the revenue streams because last year, I think there was some confusion about what we had, and I apologize if we are a few percentage points off. But there's no -- I don't think we should be, right? It should be the same, right? It should be the same. Sometimes, I use rule of thumb, it might look like we're a couple of points off, but that was not the intent, and there's nothing to read from it. Okay?

Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

So Nick, on the RBA, what's the other 10%. I mean, it is things like when you have one-off implementation fees, for example, if one of our customers installs a new antimoney laundering software, we'll often help them with the implementation and charge separately for that. We wouldn't treat -- that's not in the 90% ongoing contractual. It's a one-off now because you'll new customers doing new implementations every year. So it's something that is not recurring, but it won't be from the same customer. And it's things like we've had fin tech companies that the regulators are looking at, they're coming along to him and saying that you must do it. I know your customer check on all of your customers historically, which they perhaps haven't done before and will come along and say, here's a batch file that we want you to do run through the systems and check, and we'll do that for them as a one-off arrangement. Now we would then hope to sign them up on an ongoing basis as well for ongoing contractual arrangement, but that initial work now and again you hope to get some of that every year, but those are more one-off revenues. And I think we have like 1 or 2 print magazines left too, which we would count in that 10% as well. And your third question on STM and the FX impact on margins. What actually you're seeing in 2018 and I think as you saw in 2017 is structurally, STM benefits from the dollar being stronger against the pound and against the euro because you think the cost base is a bit more biased towards the U.K. and the Netherlands and hence, those currencies. So when the pound fell after the Brexit vote 2016 and the euro fell a year before that, that's structurally a benefit to STM because hedging delays and smooths the effect of that. So you're seeing -- still seeing some of the benefits of those changes in the pound a year from a few years coming through. Now that's -- and we do hedging on a 3, 4 years so that kind of coming to an end. So you won't see necessarily quite the same benefit from that in 2019. Now you've got other currency movements going on all the time, multiple currencies that STM builds and so I can't make a forecast as to what the FX impact will be in 2019, but that sort of structural change that happened a few years ago, that's kind of coming to an end.

Erik Engstrom RELX PLC - CEO & Executive Director

Okay. Patrick?

Patrick Thomas Wellington Morgan Stanley, Research Division - MD and Head of the European Media Equity Research

It's Patrick Wellington from Morgan Stanley. Erik, I've got actually a couple on STM. I think it was Meat Loaf who said, "I would do anything for love, but I won't do that." If you look at the Wiley deal, a deal which has published and reads deal, would you say that Elsevier has sort of Meat Loaf approach to publish and read deals? Secondly, a bit on semantics both in Exhibitions and STM. On Exhibitions, you would said there would be a 1 percentage point impact from the Tokyo thing in the each of the next 2 years. So is that 6 5 4 if you like? Or is that 6 5 5? And similarly when you say that in STM that new sales subscriptions are at the same rate as last year, I'm sure there are some bearish people out there, who will say, well, that means they're flat in STM. Do you mean you're at the same rate of growth as last year is my question. And then third -- there's actually only 3 there. STM grows at 2% organic and a little bit of margin improvement but group grows at 4% organic and roughly 6% EBITDA. So are you happy that you've got your largest business still both in revenue and EBITDA undergrowing the rest of the group growth rate? And what can you do about it?

Erik Engstrom RELX PLC - CEO & Executive Director

Okay, well, the last one is the easiest. Our ambition is always to improve the sophistication of our tools, the value of our tools and therefore, the desire of our customers to want more of it. And everything we do in every division is to migrate from traditional content to more sophisticated modern databases to higher value-add analytics and decision tools that our customer want more of and therefore, will want to buy more, and we'll take a share of that. And as you can see, in all of our divisions, we're trying to migrate in that direction. And within each division, we have some old, even some old print that is declining. In all the divisions, we have some core big subscription bucket that renews at a very steady rate, and then we have faster growth databases and really high growth newer databases and some well into double digits, highly sophisticated, high value-add analytical decision tools that are growing very quickly. So you have that range in all our divisions and our ambition is to keep migrating in that direction in all our divisions. And I have no reason to try to exclude anyone of them from that ambition and that strategy. That's the easiest one. Let's see here. I'm just going to make sure here I get back to the first one. What's the Meat Loaf question? I have said before that we don't comment on any specific customers that we deal with, and we don't comment on specific competitors. And when you combine a specific competitor with a specific -- we're certainly not going to get involved in commenting on that. And I think now I have to extend our policy to not comment on individual rock stars or songs. The second question here was new sales, right? Yes, we look at new -- every year in the traditional subscription-type businesses, what you focus on is number one, what are you renewing of the old, meaning the 12,000 and so on? And what do you add in new sales on top to get revenue growth, right? That's how we think of our subscription businesses in all our divisions. So the idea of new sales is always what you're

adding on top, and that can fluctuate, of course, pretty significantly because they're individual decisions or specific contracts and so on. And last year was significantly stronger than the prior year. And this year, the new sales after several weeks we have to understand we're in the middle of February and the year's 12 months long, at this point, the new sales rate, at this point, is at last year's very high level as opposed to with what you can interpret it's only flat if that's what you want to say, you can say that, but it remains at the same level of new sales closings that we had last year at this time. Let's see I'm going to have.

Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

Exhibitions?

Erik Engstrom RELX PLC - CEO & Executive Director

Nick?

Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

Tokyo? No, we do mean 1 percentage point drag around that on the divisional growth rate on each of the years, not a 2% drag in 2020 just to be clear.

Ian Richard Whittaker Liberum Capital Limited, Research Division - Head of European Media Research

It's Ian Whittaker from Liberum. Three questions. First of all, just coming back sort of on Tokyo in terms of your commentary. So you've mentioned in terms of the increased capacity that comes through. So the post-2020 sort of would we expect an accelerating benefit to come through from extra capacity? Or will it just be the case that essentially sort of you just got the existing market, sort of a little bit more space? Second of all, just also as well on Exhibitions from a general point, I mean, you've got the organic revenue growth rate there growing above the group level. I mean, you did a couple of deals last year in Exhibitions, which, correct me if I'm wrong, is sort of a little bit of a change. It's not really been an area that you've looked to grow or to grow sort of as a percentage of business through deals. So just wondering sort of your thinking behind that given that it's quite an attractive area and then you've already got strength within that unit and, whether it's an area you'll look to focus on perhaps more in terms of M&A in the future. And the third one just looking at the group level sort of very useful sort of 5-year chart that you had to had organic revenue growth rate taking up over the 5 years and also adjusted operating profit but the adjusted EPS growth actually coming down over the 5 years. If you take out the benefit of the share buybacks, you're effectively looking at 4% organic revenue growth, a company that is delivering 5% adjusted EPS growth on a constant currency basis. Is that the sort of growth rate that you're particularly happy with for the group moving forwards? Or sort of over time, would you expect to see that -- would you hope that EPS growth would start to accelerate up sort of excluding the effects of share buybacks?

Erik Engstrom RELX PLC - CEO & Executive Director

Well, I'm going to let Nick cover the first one, right, because specific issue of Tokyo and the impact on that, but let me handle the other ones first, right, which is Exhibition M&A. We have had the same approach to acquisitions in Exhibitions over the last, well, probably 10 years at this point. And that is the same approach that we have in the other divisions, which is that we are looking for specific targeted assets that are natural fits with our existing products and help support them and help sort of support the organic growth strategies that we are already pursuing. That's why every year in Exhibitions, we have bought probably, on average, a handful of exhibition companies or shows, right? Every single year, it goes up and down, but I think that's probably the average. And most of them are relatively small, things that we can plug in because they fit in our geography and sector portfolio today and our portfolio strategy going forward. So that's often why we are not active participants in big auction-based exhibition sales where they sell somebody else's strategic portfolio, which often has a low probability of being a good fit with our portfolio. But when there's smaller and more concentrated assets that fit in certain industry sectors as well as geographies, if they fit us, and we think this is really a good fit for us, it enhances our presence, it enhances our sector geography strategy and could potentially help our growth rate over time, that's when we engage. And this was a pretty concentrated portfolio in certain geographies in certain industries that fit us pretty well. You could argue yes, it was slightly, slightly larger than what they had been over the last several years. But on the other hand, if you go back even further, you'd say, yes, but the smaller handful that we bought over the last several years were actually, on average, slightly smaller than we've done. So this is not a change of strategy or a change in direction. It was just that this one was available that actually suited our sector geography map and our strategy very well. Going forward, we expect to continue to pursue the same strategy in Exhibitions as we have done before and as we will continue to do in the other divisions. EPS growth, when you look at history on EPS growth, there's, of course, a period of time there that saw reductions in interest rates and other things, which Nick can maybe touch on. So the historical difference between operating profit

growth and earnings growth has some historical anomalies in them that you might think will appear again, and maybe they will. But I think that we can explain what happened in the past and why the gap was like that. However, going forward, the way we look at it, I'm going to get back to my previous answer and are we happy with the growth rate in any one market or any division or overall? The growth rate that we have, revenue, profit, earnings, whatever it is at any given point in time, is a function of number one, what we do to run the business; and number two, what happens in the world around us. And we don't spend any substantial amount of time on the second. We spend all our time on trying to figure out that no matter what the external environment will look like more broadly and economically, what are we going to do to increase value for our customers? To innovate and roll out more sophisticated, higher value-add analytics and decision tools that our customers want more of and therefore, accelerate revenue growth, right? And we also have as our aim not just to accelerate the growth over time through higher value-add tools for our customers but also to keep our cost growth close to but below our revenue growth, which is why we always attempt to keep the profit growth slightly higher than the revenue growth. And then because of our high cash generation in the company and the fact that we can use the that cash for something, therefore we are targeting to have a gap between earnings per share growth and underlying profit growth. So the tearing of trying to drive revenue growth through higher value-add to our customers, trying to keep cost growth just below revenue, goes to get profit growth a bit higher and then because the cash generation, their primary focus on organic development they should then be a step-up to earnings per share. And, of course, our ambition is always to do better, right? But we have to be realistic. We're in markets that move gradually, and there's an economic reality out there right now, which I don't think is much different from what we saw 6 or 12 months ago, but it impacts us a little bit as well. Nick?

Nicholas Lawrence Luff RELX PLC - CFO & Executive Director

Yes. So the Tokyo question about the extra capacity and what that'll do for us. I mean, it's quite -- the [Lex] company has got a complex dynamic where we lose 1 of the 2 halls in Tokyo in the second quarter of this year as soon as that. But as that happens, the temporary hall comes -- becomes available and, indeed, the new capacity, some of that then comes online. But then as you get into 2020, some of these -- those other halls have taken over by the Olympics as well and then during the second or third quarter next year is when you hit sort of the low point of earning capacity, and then it starts coming back in stages. But by the end of -- once the Olympics are over and all the capacity, the temporary hall obviously goes away, but you get back to those 2 halls you had originally plus this new hall that's being built as part of all this. That's great for our business. As you will know, we've had strong growth in Japan for a number of years. Some of that has come from outside of Tokyo win and it's actually taking some of the shows to other cities within Japan, but Tokyo is very important part of that. Tokyo is tight, actually is very tight for exhibition capacity, and land is scarce in Tokyo. So I think you should look at that as facilitating continued growth, I mean, to continue to launch new shows, expand existing shows, you need more exhibition, the whole capacity, and I think the new capacity will facilitate and enable us to continue to grow as we have been doing historically.

Erik Engstrom RELX PLC - CEO & Executive Director

Okay. Thank you all for coming. We look forward to seeing you again soon.

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