



# **RELX 2020 Results**

Thursday, 11<sup>th</sup> February 2021

**Operator:** Ladies and gentlemen, thank you for standing by and welcome to the RELX results announcement for the year to the 31<sup>st</sup> December 2020 conference call. At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question and answer session. To ask a question during the session, you will need to press star and one on your telephone. I would now like to hand the conference over to your first speaker today, Sir Anthony Habgood. Please go ahead, sir.

## **Introduction**

Anthony Habgood

*Chair, RELX*

### **Opening remarks**

Good morning everyone, welcome and thank you for joining RELX's 2020 results presentation, which like the interims this year, is by audio cast. In what turns out to have been a truly extraordinary year, the whole organisation rose to the challenge of maintaining high levels of customer service, in hugely changed working conditions, reflecting the quality and dedication of our staff around the world, and throughout we continued consistently to pursue our strategic priorities, delivering growth in revenue, adjusted operating profit, and cash across our three largest business areas. I hope you will agree with me that this is a good result, in what is now about 95% of the revenues of the company.

#### *Exhibitions business*

Our exhibitions business was hit hard by the COVID-19 pandemic and because of COVID related restrictions inevitably went into loss, which caused our adjusted earnings per share, to be 14% lower than last year, at 80.1 pence. Given the resilience of our three largest business areas, our strong financial position and cash flow, and our confidence in the outlook for the company, we are proposing a full year dividend of 47 pence, an increase of almost 3%. Our long history of strong ESG performance was again enhanced during the year, and I especially commend the actions of Elsevier, for the way in which they have supported the scientific and medical response to the pandemic. Researchers and healthcare professionals, now have free access to over 50,000 relevant articles, which have been downloaded over 200 million times to date.

#### *Handover*

As you know, this is my last results presentation, as Chair of RELX, and I am delighted that Paul Walker will be succeeding me next month. I believe that overall the company is well positioned, managerially, financially and strategically, as I prepare to hand over to him. Paul has a strong record of value creation, as a FTSE100 chair and chief executive, has a deep understanding of corporate governance and brings extensive international experience, in sectors relevant to RELX's business, both through his executive and non-executive roles. I believe that he is an outstanding choice to guide the company, and its exceptionally talented management team, forward to the next level, and I am confident that RELX will continue to prosper under his stewardship.

Finally, I would like to thank you all for following and supporting RELX, over the past years, and with that, I will now hand over to Erik and Nick who will take you through the results. Thank you.

## 2020 Results

Erik Engstrom

*Chief Executive Officer, RELX*

Thank you, Anthony. Good morning everybody, and thank you for taking the time to join up on our call today.

### *RELX 2020 progress*

As you may have seen from our press release this morning, our three largest business areas, which together represented 95% of RELX revenue in 2020, have continue to perform well, and all delivered another year of underlying revenue, and adjusted operating profit growth. However, the exhibition business was significantly impacted by the COVID-19 pandemic. We continue to make good operational and strategic progress. We continue to invest behind our strategic priorities, and we continue to build on our strong ESG performance, making good progress on many of our important internal metrics, and maintaining or improving our key external ratings.

### *RELX 2020 performance*

Early in the year when the impact of the emerging COVID-19 pandemic on our exhibition business was still uncertain, we took the decision not to try to offset any potential profit shortfall in exhibitions, by constraining investment in the strategic priorities of our three largest business areas, STM, risk, and legal. Instead, we decided to continue to invest behind the organic development and rollout of increasingly sophisticated information-based analytics and decision tools, and to continue to supplement our organic efforts, with targeted acquisitions during the year. Taken together, total revenue for the three largest business areas, increased by 2% in 2020, adjusted operating profit was up 4%, and the operating margins increased by 50 basis points. In the exhibition business, we have focused on serving our customers as well as we can, whilst taking the appropriate steps to ensure the future of the business, through the accelerated development and visual tools, and by adjusting our operating cost structure.

### *RELX revenue by format*

Looked at by format, the rate of decline in print revenue, roughly doubled in 2020. In part, reflecting temporary COVID-19 related disruption by physical distribution channel, and also reflecting an acceleration in the long-term structural shift, from print to digital, in many of our markets.

Face to face revenue was of course impacted severely by COVID-19, as almost all exhibition venues outside Asia were closed for most of the year. Electronic revenue grew 3% on an underlying basis, for the group as a whole. Whilst the transition from electronic reference to electronic decision tools, continue to drive growth, this trend was partly offset by temporary

drop in transactional revenue streams, in some of our customer markets, that were negatively impacted by COVID-19. So, let's look at the results of each business area.

### *STM*

In STM, underlying revenue growth was 1%. Electronic revenue, which represented 86% of the total, grew 3%, in line with the prior year. Print revenue, which was impacted by distribution issues, related to COVID-19, particularly in the first half, decline that roughly doubled the rate of recent years, taking around one percentage point off the divisional growth rate for the year. In primary research, we launched 115 new journals, of which over 100 were also paid open access titles. The number of article submissions, to our journals, grew by over 25% in the year, for a total of 2.5 million submissions, almost double the total number of articles that we received five years ago. The number of articles published through double digits in the year, and is now more than 40% higher than it was five years ago. We continue to increase our market share of both subscription and open access articles, whilst maintaining or increasing our relative quality advantage in each subset. The customer environment for primary research, varied by segment and geography. Many corporate segments, particularly life sciences saw good growth globally. The academic institution subscription segment, which represents roughly 40% of divisional revenue, saw strong growth in some key Asian countries, but varying degrees of budget pressure in other geographies. We spent more time working customer by customer, than in a typical year, often providing a range of alternatives that can help them meet their needs. As a result, at this point in the renewal cycle, the subscription renewal completion rate for the year so far, is in line with recent years. Open access revenue growth accelerated across geographies.

In databases and tools, and electronic reference, which represents over a third of divisional revenue, we've seen strong new sales in corporate life sciences, driven by the addition of new AI based tools from re-access, and supported by text and data mining capabilities from the acquisition of SciBite. We saw strong growth in research management, including double digit growth in both SciVal and Pure. Strong growth in health education was driven by increased adoption of digital tools. In the nursing segment, our remote participation facilities were set up in many colleges during the year. Our digital course-led services and digital simulation training tools, grew strongly, and were supplemented by the acquisition of Shadow Health in December. We saw an acceleration in growth in many of our digital clinical solutions, driven by continued expansion and geographical rollout of our Clinical Key suite. Strong growth in clinical path our evidence-based treatment decision support tools.

Print books which now represent less than 10% of divisional revenue show a steeper decline than in recent years. Largely reflecting disruption to distribution channels during COVID-19-related shutdown. Going forward, trends in our customer market may continue to vary somewhat by segment, but overall, we expect another year of modest underlying revenue growth.

### *Risk*

In Risk, underlying revenue growth was 3% and underlying adjusted operating profit growth was 4%. Transactional revenue, which represents around 60% of the divisional total, COVID-19-related slowdown in March and April, but has continued to see improved growth since then. Subscription revenue, which represents around 40%, remains resilient overall for the year, albeit with some delays in new business closes and customer implementation.

Business Services which now represent nearly 45% of divisional revenue was expended during the year by the inclusion of the Accuity business units that formerly reported under data services. The alignment of these units with our business services financial crime and compliance operations will enable further sharing of technology platforms and data, strengthen our customer value proposition and accelerate the rollout of new tools. Whilst recovery has been gradual in some customer segments, such as physical retail, hospitality and travel, many parts of business services, such as identity verification and fraud prevention, returned to double digit growth before the end of the year. In digital identity ThreatMetrix continued to perform strongly throughout the year, and with the integration of Emailage largely complete, both businesses have continued to grow in the 30% range.

In insurance, representing nearly 40% of the divisional total, our customer markets have seen a steady recovery in the COVID-19 related disruption in March and April, with second half US auto insurance shopping trends in line with recent years. US driving activity recovered to around 95% of the prior year levels by January this year, from a low point of around 50% in April. Claims volumes have followed a similar trajectory. During 2020, we broadened our datasets in the connected car segment, through the growing number of relationships with the OEMs, enabling us to provide telematics and vehicle information related services to both insurance carriers and auto manufacturers. In adjacent verticals, we've seen strong growth in life insurance, as customers seek alternative target data sources and automation of the application and underwriting processes. Outside the US, we saw strong growth in the UK and China, driven by new product launches and expansion of contributory data.

In data services, which after the transfer of the Accuity financial services business units, represents just over 10% of divisional revenue, we saw continued good growth in petrochemicals, whilst aviation saw the double-digit growth rates at the beginning of the year, slowing, before turning into declines at the end of the year.

In government, representing around 5% of divisional revenue, strong growth was driven by the continued expansion and rollout of analytics and decision tools.

Going forward in 2021, we expect a year of strong underlying revenue growth, with the fundamentals for the majority of our markets, in line with pre COVID-19 trends.

### *Legal*

In Legal, underlying revenue growth was 1%, with underlying adjusted operating profit growth, ahead of revenue growth, at 7%, reflecting continued efficiency gains. Electronic revenue, now representing 87% of the divisional total, continued to grow 3% in line with the prior year, driven by the development and rollout of legal analytics, and new integrated functionality. Print revenue, declined in low double digits, steeper than the recent mid-single digit average, mainly due to supply disruption and temporary closure of customer offices, effectively reducing the divisional underlying revenue growth rate for the year by a percentage point.

In North America, which accounts for around two thirds of divisional revenue, the legal services market saw some COVID-19 related disruption in the early part of the pandemic, with new sales dipping in March and April. As the year progressed, the environment appeared to strengthen again, and in the second half of the year, new sales were running ahead of the

prior year. In September, we launched Lexis+ in the US; it uses machine learning and natural language processing, to unite multiple legal research and analytics functions, including advanced search practical guidance and brief analysis, all delivered through an upgraded and modernised user interface. It has been fully rolled out in law schools, where it has been very well received, and after the initial stage of the commercial rollout to law firms, customer response has been very positive, with adoption by new customers particularly encouraging. Going forward, trends in our major customer markets are stable, and we expect another year of modest underlying revenue growth.

#### *Exhibitions*

Exhibitions were significantly impacted by COVID-19 in 2020, and revenue for the year was down by around 70%. The business had a good start to the year but was severely disrupted from early March, exhibition venues began to close and local restrictions were introduced across most of our markets. As a result, we were able to hold only around 170 of the close to 500 face to face events that were originally scheduled for the year, with no significant events in Europe, or North America, since March. Venues reopened in China in June, in Japan, in August, and we held a small number of events in a few other countries in the second half. Through the disruption we have accelerated the rates of digital innovation. We have enabled both exhibitors and attendees to participate remotely in the physical events that have taken place, which has been particularly useful for international participants. Where physical events could not take place, we have experimented with a range of virtual alternatives, adding value for exhibitors and attendees and enabling us to maintain engagement within industry community. During the year, we also took action to reduce the ongoing operating cost structure of the business, and Nick will take you through the details of both exhibition revenues and costs in a few minutes.

Going forward, the evolving COVID-19 pandemic will continue to impact our ability to hold physical events, making the outlook for the year, uncertain.

#### *Strategic direction*

In 2020, we continue to reshape our portfolio, through selective acquisitions that support our organic growth strategy. We completed 11 acquisitions for a total consideration of £878 million. The most significant of which were Emailage, and ID analytics in risk, and SciBite and Shadow Health in STM.

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

## **2020 Results**

Nick Luff

*Chief Financial Officer, RELX*

#### *2020 financial highlights*

Thank you, Erik. Good morning everyone. Let me start by providing more detail on the group financials. As Erik said, our three largest business areas delivered continued underlying

revenue growth in 2020, but with a decline in exhibition, group revenue was 9% lower on an underlying basis. With exhibitions recording a loss, adjusted operating profit declined by 18% underlying, resulting in an adjusted operating margin of 29.2%. Adjusted earnings per share declined by 15% constant currency, reflecting the fall in operating profits, offset by a lower interest charge. Cash conversion was strong at 97%. Leveraged at the period end was 3.3 times including leases and pensions, up from 2.5 times at the end of 2019, because of the hit to EBITDA, caused by the loss in exhibitions. With the business outside of exhibitions proving its resilience and continuing to grow, we have been able to increase the full year dividend by 3% to 47 pence.

On the share buyback, we had deployed £150 million, when the programme was suspended in April, and we have confirmed today that the board does not intend to resume the programme this year.

#### *Revenue*

Looking at revenue, the three largest business areas, STM, risk and legal, continued to deliver underlying growth. The growth in those three businesses was more than offset by the reduction in revenue from exhibitions, which saw an underlying decline of 69%. Overall, group revenues were down 9% underlying. Combined, portfolio and cycling effects were a net drag of 1%, cross currency was neutral, resulting in total reported revenues down 10% for the year.

#### *Adjusted operating profit*

On adjusted operating profit, STM and Risk delivered underlying growth in line with, or slightly ahead of underlying revenue growth, with costs carefully controlled in response to the slower revenue growth compared to 2019. Underlying profit growth was strong in legal, aided by continued efficiency gains. Portfolio effects were a small drag in profits for STM and a larger one for legal, and we had lost the profit contribution from some software businesses sold in 2019. Risk saw a small net benefit from portfolio changes, driven by the profit contributions of recent acquisitions. Exhibitions reported another adjusted loss of £164 million, compared to a profit of 331 million in the prior year, with cost reductions not sufficient to offset the drop in revenue. Currency movements were a small benefit to profit growth, mainly driven by the hedging programme in STM. Overall group adjusted operating profit was down 17% to just under £2.1 billion.

#### *Adjusted operating margin*

Turning to margins, although STM's underlying profit growth was in line with underlying revenue growth, margins were higher as they benefit from exchange rate movements, mainly on the hedge book. Risk and legal both saw small increases in margin. In legal, the margin benefit of a strong underlying profit growth was partly offset by dilution from portfolio effects. At the group level, the loss in exhibitions resulted in a 2.4% reduction to the total margin, to 29.2%.

#### *Adjusted income statement*

Looking at the group level income statement, again you see the impact of exhibitions on both revenues and operating profit. Adjusted net interest expense was £150 million, well below the 2019 figure, which included a one-off charge, relating to an early bond redemption. The effective interest rate on gross debt was 2.1%. Adjusted tax charge was 373 million. The

adjusted effective tax rate was 19.5%, benefiting from some non-recurring credit. The rate was still higher than the 17.6% for 2019, which included a larger one-off credit. Adjusted net profit was a little over 1.5 billion, down 16% at constant currency. At 80.1 pence adjusted earnings per share was down 15% at constant currency, 14% reported exchange rate.

#### *Reported profit*

This next slide shows you what's going on between adjusted and reported profits. Amortisation of acquired intangibles increased to 376 million, partly due to new acquisition, but also including some impairments. We incurred £183 million of one-off costs in exhibition that we have treated as exceptional. That's made up of £61 million of costs relating to council events, 82 million of restructuring costs, and 40 million of impairments. I'll talk some more about the restructuring later. With an unusual acquisition accounting adjustment, relating to some buyout options for a minority interest in legal, leading to a net acquisition of £12 million, when that line item is normally a charge. Our venture fund owns a small stake in Palantir, which listed on Nasdaq in September. Palantir's price more than doubled between listing and the year end, resulting in a mark to market gain which is reflected in the non-operating credit of 130 million. The net of all that, gave reported profit before tax of just under 1.5 billion, down 20%, and reported the EPS of 63.5 pence, down 18%.

#### *Free cash flow*

Turning to cash flow, again you can see the impact of the loss in exhibitions which flowed through to EBITDA. Capex of 362 million, equivalent to 5% of revenue, in line with the previous year. As I mentioned earlier, cash conversion remains strong at 97%. Interest, tax and acquisition related payments were similar to the prior year, and £51 million of the exceptional cost in exhibitions were paid out in cash. That left total free cash flow of just over 1.2 billion.

#### *Uses of free cash flow*

And here's how we use that free cash flow, including acquisition spend of 878 million, with the largest deals being Emailage and ID Analytics within risk, followed by Shadow Health in STM. Total dividend payments were 880 million, and you can also see the 150 million we spent on buying back shares, prior to halting the programme in April.

Overall, net debt at the end of the year was 6.9 billion, 700 million higher than at the end of 2019, but 600 million lower than at the end of June. Leverage, which we calculated in US dollars, was 3.3 times including leases and pensions, or 2.9 times when you exclude them. Looking forward, we would expect to bring leverage back to our historic range, over the next couple of years.

#### *Uses of cash - priorities*

Despite the loss in exhibitions, the group remains highly cash-generative, and our priorities for the use of cash are unchanged. The first of those priorities is organic investment in the business, and as I mentioned, that has continued at the same sort of level, at around 5% of revenues. Acquisition spend depends on the opportunities that arise. 2020 was a year of higher than average spend, with the two most significant acquisitions, Emailage and ID Analytics, coming early in the year. We have continued to increase the dividend, reflecting the long-term prospect of the business, and continue to target cover of two times over the longer term. Due to the loss in exhibitions, leverage is higher than in the recent past, and as

I said, we aim to bring that back into the normal range, over the next couple of years, and the strong cash generation should enable us to do that.

Historically we have used surplus capital to buy back shares, with the leverage above our normal range, we don't have surplus capital at the moment, hence the decision not to resume the buy back this year.

#### *Exhibitions 2020 revenue and cost*

Clearly the swing into loss in exhibitions, had a significant impact on the group financials for 2020. With no major events in Europe or North America since early March, revenue dropped by a little over 900 million. Operating costs were lower of course, by about 450 million, in part because we're excluding 61 million of costs related to cancelled events which we have treated as exceptional. But, with a lower contribution from joint ventures as well, there's a swing of almost £500 million, from the profit in 2019, to the loss of 2020.

As Erik said, there is significant uncertainty on the short-term outlook for the business, and we will seek to manage the cost accordingly, staying flexible with the event programme and minimising commitments to event costs when we can. We have also taken action to reduce the ongoing overheads of the business. Looking back at 2019, indirect costs were about 40% of the overall cost base, at around 400 million. We are aiming for something around 25% lower than that, for indirect costs in 2021, and we would expect to sustain that in future years. A little under half of the reduction in indirect costs was achieved in 2020. The one-off restructuring cost to achieve that reduction at 82 million, which is part of the overall exception of 183 million.

#### *Exhibitions revenue phasing*

This chart shows you the phasing of exhibitions revenues in 2020, by quarter and by geography. For 2021, we currently have scheduled around three quarters of the number of events we held in 2019, and that would be a higher proportion, weighted by size of event. As you would expect, we have been moving events back in the calendar, whenever possible. Events are running in Japan right now, with some limits on visitor numbers. We have events scheduled for China, Japan, and elsewhere in Asia in Q2, albeit there will be reduced venue capacity in Tokyo from May, in the run up to the Olympics. Outside of Asia, there are very few events scheduled until Q3, and for Europe, not until near the end of that third quarter. The schedule for Q4 is pretty busy, with events scheduled across the world.

#### *Corporate responsibility and sustainability performance*

And finally, on ESG, we continue to track our performance very closely, with the same rigour as we do our financial performance. We publish a range of metrics in our annual report and in our corporate responsibility report, and I've picked out a few for you here. The decline in our emissions over 10 years is another example of how we drive change in the company, continuously seeking new ways to do better, moving step by step, relentlessly improving, with no endpoint to that improvement. Of course, 2020's emissions level was helped by the switch to remote working, but the trend downwards is clear, and I should add these are gross emissions, including offset, emissions for our own operations are already at net zero.

With that, I will hand you back to Erik.

## Summary

Erik Engstrom

*Chief Executive Officer, RELX*

Thank you, Nick, so just to summarise what we have covered this morning, in 2020, our three largest business areas continued to perform well, with all three delivering underlying revenue and adjusted operating profit growth. We made further strategic and operational progress, and continued to invest behind our strategic priorities, both organically and through acquisition. Going forward, we expect each of our three largest business areas, STM, risk and legal, to deliver another year of underlying revenue and adjusted operating profit growth, in 2021. Similar to pre-COVID-19 trends. Timing and pace of recovery in exhibitions remains uncertain.

And finally, I would like to thank Sir Anthony Habgood, for his exemplary leadership as Chair of RELX. For over a decade, he has expertly led the board, helped shape the strategic direction of the company, and provided constant and invaluable advice, support and guidance, to me and to the executive team.

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

## Q&A

**Operator:** Thank you ladies and gentlemen, we will now begin with the question-and-answer session. As a reminder, if you wish to ask a question, please press star and one on your telephone and wait for your name to be announced. Please stand by while we compile the Q&A queue; this will only take a few moments. If you wish to cancel your request, please press the hash key. Once again, please press star and one, if you wish to ask a question. And the first question comes from the line of Katherine Tait from Goldman Sachs, please ask your question, your line is now open.

**Katherine Tait (Goldman Sachs):** Good morning everyone, thanks for taking my questions. Firstly, just on the exhibitions outlook for the year, appreciate that sort of timetable in terms of, you know, when you're currently sort of scheduling things to come through. Can you help us understand, you know, how you're thinking about the cost structure – cost base for this year, you know, across the sort of – given the considerable uncertainty that you have over whether or not these events are going to run? Are there incremental cost cuts that you would need to do in that case, or are you sort of sufficiently happy that the sort of flexibility within your variable costs will enable you to see through any further difficulties, going forward?

Then secondly, in STM, good to hear the sort of update on the renewals and the sort of progress there. Can you, yeah, just give us a sense of whether or not you're seeing any sort of additional pressure on sort of the pricing of the descriptions at this point? Obviously, it's been a big focus invested, historically. But, balancing that with the open access growth that you're seeing. Just to get a little bit more detail in terms of how the growth is breaking down, and how you're anticipating that going into 2021 as well.

And then finally, just on legal; with the launch of Lexis+, can you just kind of give us a little bit more detail in terms of the corporate rollout? Is this being seen as a sort of upsell from the main description business today, or is it a sort of additional product? How should we think about the way that corporates are going to shift towards this product, over the next year or so? Thank you.

**Nick Luff:** Katherine, it's Nick here. Just to take your exhibitions question on managing the costs. I think as we said, if you go back to 2019, as a sort of last pre-COVID year, the cost base is about 60% direct, that relates directly to the events themselves, and 40% indirect or overhead costs. As we indicated, we've taken action to reduce that overhead cost, so I mean, it's about £400 million base we have in 2019. We're looking for it to run about 25% lower than that, in 2021, and obviously we made a step towards that last year. The indirect cost is where you have more variability within the year, of course depending on which events we run. So, we are looking wherever possible, to keep those costs low, to avoid committing too early to those direct costs. It partly depends on, if you can't run an event, how late in the process do you find out you're not going to run that event? And obviously we're trying to [inaudible] we can, to run as many as we can. But generally speaking, the direct cost of the events, we should be able to manage, pretty much, depending on what runs and what doesn't run. And the indirect cost, we've taken the action we've taken, and we should see that cost base come down. But clearly the overall outlook, very much depending on what revenue ultimately comes in.

**Katherine Tait:** Okay, thank you.

**Erik Engstrom:** On STM, as I said, in terms of this year's renewals, it appeared that your question was mostly directed at the general subscription side, which I think I said in my earlier update, that for the corporate side it's gone very well; we see strong growth across the – strong interest across the world. When it comes to the academic institutional subscription side, we have seen strong – continued strong response in some key Asian countries. But there is a varying degree of budget pressure across most other markets, and we have spent a significant amount of time, working customer by customer, so far, during this renewal cycle. And at this point, when it comes to completion, we're in a similar place to the last few years.

You asked, what does that mean going forward for 2021. I think that we're likely to see a similar type of pattern for the near future, but then in the medium term, it's unclear to us how this will develop. You also asked what's happening with the open access side and with future budget allocations. As a service provider to the research information industry, we are very happy to provide our customers with whichever combination of services that they are looking for, and we work with each one, to make sure that we come up with a set of alternatives for them to consider, that help them meet their needs, and that we do so in a way that provides higher quality to them, than other major providers, and at a lower effective cost to them, than other major providers. We expect to continue to gain slight market share on the subscription side, as we have over the last few years, and we expect to continue to gain market share, in the open access segments, faster, just like we have over the last few years.

When it comes to legal, you asked about Lexis+; this was rolled out commercially, basically in September, in the US, and this is an integrated solution, where a customer can choose different concepts[?] or different modules, different tools, different analytics to use on that

integrated solution, and they can also vary their usage, with the number of people using it and how they use it, and the pricing is set up accordingly. What we have seen so far is that new customers that come, or customers that have been away for a while, they overwhelmingly choose Lexis+ as the solution set, and a combination of content sets and analytics on top of that. When it comes to existing customers, we're only in the early stages of rolling out and launching alternative conversion upgrades for those customers, but the response has been very positive.

**Katherine Tait:** Thank you very much.

**Operator:** Thank you. And the next question comes from the line of Adam Berlin, from UBS, please ask your question, your line is now open.

**Adam Berlin (UBS):** Hi, good morning everyone, thanks for taking three questions please. The first question is; can you give any commentary on the run rate of RBA underlying revenue growth into Q1? I think you talked about after the Q3 results, it was kind of running at around delivering half the normal run rate; any update on that? And maybe specifically, you said in your commentary Erik, that the transaction revenue was down in March/April, and has been recovering; is that transaction revenue now up year on year, or is it still down year on year? Just a question on RBA.

Then, a question on STM; it's quite a remarkable improvement in EBITDA margins this year, given the pressures on the top line, I just wanted to understand what's driving that; is that just efficiency gains? Or is that to do with a mixture between print and electronic, helping the margin? Do you think this level of margin can be sustained? And just some commentary around that would be helpful.

And then thirdly, you mentioned the gain on the Palantir stake, can you just update us what's your current equity stake in Palantir? Thanks very much.

**Nick Luff:** Okay, so Adam, I'll just take the second and third of those, and let Erik comment on the risk dynamics. The STM margins, as you will have seen from the numbers, the underlying revenue growth and the underlying profit growth are actually in line with each other, and the portfolio changes weren't significant, so what actually was driving the margin [inaudible] was currency. Mainly from the hedge book, so it's actually the business is a bit more biased towards dollars, in terms of revenue, and a bit more towards sterling and euros in the cost base. But we do do hedging to smooth and manage those currency movements. And so the decline in sterling and euros a few years ago, is now just sort of working its way through the numbers, and that's what's given the margin differential from 2020 to 2019. Going forward, I think we're – like I said in the guidance, we are expecting operating profit growth to be slightly ahead of revenue growth, which will be marginally beneficial to margins, but then you've got to build in portfolio changes, whatever they do, and of course currency, we don't know. So, that can go either way. We're not specifically targeting moving margins, one way or the other; our objective is more focused on the profit growth, and relative to the revenue growth.

**Adam Berlin:** Sorry Nick, just to clarify –

**Nick Luff:** Your question on Palantir; we own, in rough numbers, about 10 million shares in Palantir, and you can see that in the investments lying within the balance sheet, so you know,

it's a great investment that our venture fund made in 2006, but it's – and it's a nice thing to have, and the revaluation gain as you see in 2020 was good, and Palantir's prices are up since the year end as well. But in overall RELX terms, it's not enormous.

**Adam Berlin:** Sorry Nick, just to clarify, if the currency stays where it is today, around 137, would you expect the STM margins to revert back towards where it was in 2019? Just help us kind of work that through.

**Nick Luff:** Yeah, I will. Directionally, a stronger sterling relative to the dollar, would be – over time would be a drag on margins in STM. But, because of the hedge programme, it takes quite a while to come through, so the – it's a little bit difficult. You have to have all the mix of currencies to say what exactly will happen in one year, but net-net, the pressure from stronger sterling, relative to dollars, is downward on margins.

**Erik Engstrom:** Okay, and on the risk question, what you saw, broadly speaking during the second half, was that the transactional revenues continued to strengthen, and we finished the year and ended up getting into this year, with many of the transactional growth rates that we described before, that some of them had gotten back up into double digit growth in some of our stronger segments. And some of the – some of the big trends, both business services and insurances, as we leave last year and enter this year, look similar to what they have looked like in the past. Some of them are even stronger, such as digital identity and so on.

On the other hand, as I mentioned, there are certain sub segments where we have subscription base slightly larger, such as – such as aviation; that had been impacted by COVID-19 and continued to be impacted by it. But we have slight offsets in physical retail, hospitality, travel, as well as in the aviation segment. They're not quite back where we have been in the past, but some are running better than they used to in the past, and some are slightly behind. So, that's why when we look at the output for this, we say that at this moment, as we can see six weeks into the year, if you look at this, compared to where we were prior to COVID-19, there are some differences, but broadly speaking, it looks pretty similar.

**Adam Berlin:** Thanks.

**Operator:** Thank you. And the next question comes from the line of Tom Singlehurst from Citi, please ask your question, your line is now open.

**Tom Singlehurst (Citi):** Thank you for taking the question, it's Tom here from Citi. Just a couple actually. Firstly, STM, we had a bit of a [inaudible], or at least it's a decimal point issue maybe, but the nine-month accelerated to 2%, and then obviously decelerated to 1%, for the full year, and you mentioned print was most likely the sort of driving force behind that. I was just wondering, just in general, with print, where you're, sort of, weighted to the second half, I mean should we end up with a profile where you typically deliver better growth for STM in the first half and then consistently see a slowdown in the second half because of the weighting to print, which presumably continued to be under pressure? So that's the first question.

And then the second question, I appreciate there's uncertainty for 2021, but can you just give us your best guess of when you'll be back to 2019 levels of activity in Exhibitions? I ask that on the basis that your best guess is probably better than my best guess. Thank you.

**Erik Engstrom:** Okay.

**Nick Luff:** Yeah.

**Erik Engstrom:** On the first question there, on the first question there regarding STM growth rates, it is true, print has historically been weighted towards the second half, that has been the case for many years, which means that, on average, you would expect that to, as long as it keeps declining, have a slightly larger impact on the second half, and that happened this year as well. On the other hand, the print ratio, the print ratio in the division keeps going down and, hopefully, as the declines are stabilising again, it should become a smaller and smaller issue as we go forward.

When it comes to Exhibitions, Nick?

**Nick Luff:** Yeah. Tom, I – well, I mean, as you say, it is a guess. Clearly, the – when we're able to operate, where we're able to operate, whether there'll be any restrictions, what impact there is on international travel and so on, I think, you know, we are – in the calendar for this year we have got, by number, about three-quarters of the events we ran in 2019. It's higher, a higher proportion of that, if you weighted it by size of event. So, you know, it's not that dramatic a decline but clearly there could be some revenue attrition, we will expect some revenue attrition, on those shows that we do run, but that's difficult to predict. 2022, we won't have the Olympic disruption in Tokyo, which will – you know, we all thought that was going to be in 2020 and now it's in 2021, and indeed we end up with more venue capacity in Tokyo, so that will help us. But how the rest of the portfolio evolves around the world, it's difficult to predict and we'll have to see how we go. So I suspect your guess is as good as mine actually, so...

**Thomas Singlehurst:** That's – no, that's very clear. And maybe one more, sort of, follow up on Exhibitions. Very simply, I mean is it better that an event takes place this year, even if it's massively under capacity, just to keep the brand going, or is it better just to, you know, not run them if they're not going to be running at full capacity? Is there any tension there between what's good for you and what's good for the customer is ultimately what I'm asking?

**Nick Luff:** Yeah, it's a fair question. We would actually do what we think's best strategically, and that means what's best for the customer. So even if, financially, you might be better off not running an event at all because you can save more costs on the revenue you lose, sort of thing, we would generally – our bias would be towards running the event if we can, and that's the better thing to do for the customer in the longer term.

So, you know, we'll have to see how it evolves, but that's definitely our bias as we look at the event. What matters, of course, is the event something that the customer values and, you know, is there an audience there that they want to in – Even with smaller attendee numbers, there's a quality of the audience if people are – the company's coming, are sending more senior people generally; even with fewer people, you can still get a very positive show and very good feedback from exhibitors. So the bias is definitely to run the event if at all possible.

**Thomas Singlehurst:** Very clear, thank you very much.

**Operator:** Thank you. And the next question comes from the line of Nick Dempsey from Barclays. Please ask your question, your line is now open.

**Nick Dempsey (Barclays Capital):** Yeah. Good morning guys. I've got three questions left. So first of all, when I listened to your comments, Erik, on 2021 for STM, you're saying that renewals for journals have been pretty normal overall. Print's smaller in the mix and has an easy comp, momentum seems good in databases and tools, and e-learning. So could we hope for a slightly better rate of revenue growth in 2021 at STM than we saw in 2011 to 2019?

Second question, just on Exhibitions, can you talk to us about conversations that you've been having with potential exhibitors in the geographies outside of Asia? So do you get the sense there is a lot of pent-up demand? Do your customers talk about issues with raising budget to come to an exhibition, even if the sales teams are keen to come? Just some colour there.

And the third question, just on change in working capital in 2021. Presumably, when you do run exhibitions in the second half, many of your customers will never have had their cash refunded from 2020, so will get a negative impact on change in working capital there, but I suppose, also, you could hope for more forward bookings in the second half of 2021. So just interested in how that all balances out for change in working capital in 2021.

**Erik Engstrom:** Okay. So on STM, the outlook for 2021, well, as you said there are places where we are hoping for a slight improvement in 2021, and, as you said, can we hope for it being even better going forward? Of course, we always hope but hope is not a strategy and we need to make sure that we work our way through every business segment, every product, every product launch, every product expansion, every customer one at a time to try to continue to deliver increased value and therefore drive a gradual improvement in the growth rates and STM over time. But I – we do have to acknowledge that a large part of our academic institution market, they all are under different ranges – a different range of budget pressures. Now, from what they would have been in an average year during the time period that you've described, and that is going to make it slightly harder for us to accelerate in the near term. And we do work with each one of our customers to make sure that they are in a position where they can continue to use our tools in the right way for them, given the situation that they're going through, so that we are positioned to get back to all of us growing, hopefully, post-pandemic world, and therefore hope for something better afterwards.

**Nick Luff:** And Nick, on your question on Exhibitions and the pent-up demand, we are in very regular dialogue with the major exhibitors, particularly as we are moving events around in the calendar and moving them back in the calendar, and those – that dialogue, there's, you know, a very high level of engagement and that tells us that the exhibitors are very interested in the – when the event is going to take place, they want the event to take place, so in that sense the demand is there. As you say, clearly people have saved money from not coming to events in prior years, but what matters to them is does coming to the event, when it's running again, add value? And they'll make a, you know, rational, commercial decision, and as long as we are providing the value of being there and the commercial value in the contact with customers, and the sales impact that has, then I think every confidence that the exhibitors will want to be there and will come back.

Your question on working capital, you're right, there was some effect of – because, obviously, the schedule of events in Q1 and, to some extent, Q2 this year is much thinner than normal, that did have some effect on deposits, although many have been rolled over, of course, from

last year. But, in RELX terms, it's still – it's not huge, and we actually did – 97% cash conversion was actually higher, notwithstanding that dynamic, actually higher overall group cash conversion. So you'll – if you look at the end of this year, you know, there should actually be a bit of help from – if the schedule of events in Q1 and Q2 2022 and the bookings for those is, you know, busier than we were at the end of this year going – end of last year going into this year. But, you know, these are relatively small numbers in group terms and I'm not expecting anything dramatically different on the – on cash conversion overall for 2021.

**Nick Dempsey:** Thanks guys.

**Operator:** Thank you. And the next question comes from the line of Patrick Wellington from Morgan Stanley. Please ask your question, your line is now open.

**Patrick Wellington (Morgan Stanley):** Yeah. Morning everybody. A couple of questions. First of all on STM, I think you gave us the number of article submissions at two and a half million. Can you tell us how many were published? I think it was half a million last time.

And then, just stepping back on the STM business. As you say, the number of articles published has, I think, doubled over the last five years and yet your growth is 2% per annum. So are you not sharing sufficiently, would you say, in the growth of this industry and are you being too good to your customers, and will that dynamic change with open access; do you think that the shift towards read and publish deals, where you're going to get paid on article volume growth, as opposed to the reading, will be beneficial to the underlying growth rates of the business?

And then last, sort of, element on STM, picking up on something I think Katherine Tait said at the beginning, which is that your volume of renewals, as you say, has been pretty good at the start of the year, but would you say that the mix, in terms of pricing against that volume, has been as good?

And finally, on STM, would you say that your relations with your customers have improved? I mean normally at this time of year we get one or two libraries around the world, on the academic journal side, saying, you know, 'We've cut our deal with Elsevier.' It's been very notable this year, the dog that doesn't bark, that that hasn't been the case and that, actually, you seem to be, as you say, signing deals quite well. So do you think there's been a big step forward, maybe over the last two years, in terms of your relationships with your STM customers?

And then finally, one more just on Legal. Nick, a couple of years ago you told us that Legal organic revenue growth and profit growth wouldn't be so out – quite so out of line, with the profit growth so much faster than the revenue growth. But, actually, if you look at the table at the back and you look at the result this year it's been pretty much the same relationship; plus one, plus seven. So should we – what should we expect going forward; will there continue to be that, sort of, notable difference? Thank you.

**Erik Engstrom:** Okay. So let me try to go through those from the beginning here. STM articles, just to make sure I'm clear on this, the number of submissions to the company over the last five years have almost doubled, the number of articles published over that time period have grown a bit over 40%, so the total number of articles published in the year, little

over – now over 550, actually it's slightly over 560,000 articles. So that's the growth rate we have seen in the year, right, and on articles published.

And you asked about the question of – that growth is higher than our revenue growth, and I think that's exactly the point of the strategy that we are pursuing in the primary research publishing market, illustrated there with the units, the unit growth, which is that we want to provide higher quality, higher volume, with an improving, sort of, value and price ratio per unit. So every single year for the last, now, 15 years at least we have tried to drive for an effective cost per article published, effective cost per article accessed or cost per article used for the majority of our customers going down every year; that is actually our strategy.

When it comes to, you said, the question of what does that mean or when we have an increase in open access, which is where revenue is priced per article on a more explicit basis, we believe that our customers are under varying degrees of budget constraints in the primary research market. And, as a provider of services to them, we are open to servicing them under any business model and any publishing model that they request from us, and our approach in each one is to say that we should do higher quality and lower effective price over time. And we don't believe that there's a fundamental advantage or disadvantage financially to providing service under one model or another.

When it comes to the question of mix this year, as I said, contract renewal completion rate for the academic subscriptions are at the same rate as before, you're absolutely accurate in pointing out that in some parts of the world, in many parts of the world outside of Asia, there is budget pressure on some of our customers, many of our customers. And, therefore, among the range of options and choices that we are talking to them in that, some of them have opted for solution sets and packages that, in the near term, are slightly less expansive or lower revenue growth than we would have had in a typical year over the previous ten-year period that you referred to.

And I think that that's why, at this point, if we look at the overall situation for the company or for STM for this year, that the output is similar to previous years because we also have many subsegments where the current growth rate, the current spend growth, is significantly higher than it has been over the last decade or so, in particular in corporate life sciences, in medical education, and other types of research management and digital tools that are growing often into double digits. So if you add it all up, beyond primary research, where we are today in terms of the outlook for the year at the beginning of the year, it is very similar to what we've seen over the last few years, but there are some ups and downs within that.

You also asked about the relationship. We have worked very, very hard to try to stay close with our customers and interact with them directly. And, on your question, which ones speak up publicly, that is something that's entirely up to our customers to decide when they feel that they want to express their views in public and when they want to do it directly with us. We prefer to spend our time working with them directly and trying to understand their issues, their concerns, their priorities, and help them reach their objectives in a way that works for them economically. And I guess that in a situation like this, when everybody's having a slightly unusual year and facing different kinds of pressures, if you work very, very intensively with many of your customers, we would hope that that would mean that they think that their relationship is gradually improving with you.

I think that covers the questions.

**Nick Luff:** And, Patrick, your question on Legal, Patrick, and the differential between profit growth and revenue growth. You're right, I mean obviously there was a decent differential in 2020. Not quite as high as it was; when we go back into 2016, 2017, 2018 we had – the differential between profit growth and revenue growth was 8%, 9% and even 10%, so it's narrowed a bit. I think we're still strategically looking to improve the margins in Legal over time. Clearly, any one year depends on FX and portfolio changes and the like, but that – maintaining that differential, or a differential, between profit growth and revenue growth is very much what we're trying to do. You know, I think it's very hard to sustain big differentials for a long time, and we have gone through that period now of getting off of the old platforms and the – taking out the dual running costs, but we are still focused on controlling the costs carefully, automating processes, doing things that are more, in fact[?], cheaper, to use a more cost-effective way. And so, it is our objective to maintain a differential; it may not be quite as big as we've had in recent years, but – and it has [inaudible], but, you know, we're still trying to maintain some sort of differential there.

**Patrick Wellington:** That's great. And forensic recall of the questions Erik, well done. Thank you.

**Operator:** Thank you. And the next question comes from the line of Matthew Walker from Credit Suisse. Please ask your question, your line is now open.

**Matthew Walker (Credit Suisse):** Thanks very much. I've got three as well, please. The first is on Lexis+. If you're an existing customer what kind of price uplift do you pay for the Lexis+? I mean I remember when Westlaw had something similar, but they did charge an uplift in price.

Second question is you've taken 25% out of the indirect cost base on Exhibitions. Does that signal that you think that there will be a, sort of, permanent imminution or deterioration in the revenue for Exhibitions, so even when it recovers it won't get back to 2019 levels, or do you intend, at some point, to put that cost back in?

And then, finally, you know, on Risk, I guess, you know, maybe you had 3.5% growth or whatever it was in Q4, how do you – can you just explain the building blocks for Risk to get back to more normal pre-COVID levels of growth in 2021 from that Q4 level? And then, finally, thanks very much to the chairman, who's been really exceptional.

**Erik Engstrom:** Okay. On Lexis+, it is not a direct replacement with a price uplift. It is actually an effect of integrated solutions that can be linked and integrated with machine learning, artificial intelligence links and so on, and pricing for each customer is going to reflect the services they use, how much they use it and also, to some extent, the value that they derive from it. And growth in revenue per customer is largely going to be driven by the increase uptake on the analytics product which Lexis+ facilitates. So, it's a very different way of looking at using illegal information tool and it will be priced differently because of that in terms of the different components and usage and the user base. It's modular in a very different way. Therefore, not clear what that would be for each customer. It depends on what they opt to use to collect from the analytic suite.

**Nick Luff:** And, Matthew, your question on exhibitions and indirect costs. [Inaudible] something we're always trying to do across all of our businesses to make sure we're operations are as cost effective as possible. That's what gives us the resource and the capacity to put behind the new market entry, new development, etc. And so that would have happened in RELX[?] anyway. We did have a new leader coming to the business, Hugh Jones who previously in our Risk Division has taken on the CEO position in Exhibitions. He's bringing fresh thinking to it. The situation has given him an opportunity to accelerate things he perhaps would have done over a period of time so bring forward some of the restructuring, creating a leaner, slicker organisation.

We've also reviewed the portfolio of events and removed some of the smaller ones but, you know, that's an ongoing process that would be happening anyway as well. And over time, of course, we'll launch new events so that will resolve. But, you know, the step change in direct cost, we expect that to be sustainable and we will continue to work on those and make sure we're as efficient as possible.

**Erik Engstrom:** Right, when it comes to how it look at the beginning of 2021 and the trends we're seeing at the market now, I think, we look particularly how things were trending right at the end of the year and early in this year. And, I think, that was behind the outlook statement we've made for this year. We had not tried to go back as, I think, you do mathematically to figure out what was there for the second half, for the second – third quarter or the fourth quarter. We look at the trends that we seeing towards the end of the year and into the beginning of this year and as we've said that if many of our business services segment, fraud prevention, [inaudible] and so on were back up to growing double digits, the digital identity tools growing even faster than that. And when it comes to insurance, shopping behaviour is coming back with the kind of growth rate we saw before. Even the driving patterns are still behind but gradually coming up. And offsetting that, of course, is slight softness in some of the segments that we mentioned before, four in particular – subscription, things in aviation and so on. So, placed all that together, that's what's behind the current outlook for the year.

**Matthew Walker:** One final quick follow up for you, Erik. Is have you had any thoughts about selling or merging the Exhibitions business?

**Erik Engstrom:** Well, as you might imagine, a company of this size as we are, we review every single one of our business – four business areas as well as all the major subunits each year, both internally and with the board. If we look at what we do today, they're positioning the group in their future strategy. And Exhibitions is not any exception to that. We do that every year. But as Nick said, at the end of 2019, we moved over one of the most senior executives from Risk over to the Exhibition business. And we did that because we believe that over the next five to ten years, the exhibition industry would go through a significant digital transformation that would increase the value of the industry participants yet from that industry.

We believed that RELX would be very well positioned to support that or, perhaps, even to lead that transformation because of our knowledge at how to build up content databases, develop sophisticated analytics and to leverage a very sophisticated and high powerful technology platforms that we already have in the company that Exhibitions can use for free.

As the pandemic developed, of course, we have shifted our attention to supporting the customers during the pandemic and during the recovery. And there are many people who believe that the pandemic will accelerate that digital transformation trend in the industry. And believe that by the time that face-to-face are going to come back that the industry will be much further down that path already and, therefore, that RELX will be positioned in a much better place before the downturn.

On the other hand, it's very possible that that does not happen at all and we do not believe that while we're in the middle of pandemic, you should focus on trying to make that kind of call or that kind of decision, but instead we are focused on the question of how do we support our customers right now with the best value we can and how do we accelerate the legal transformation to the highest value tools for our customers and how you would make sure that we're completely ready to recover when Exhibition venues open in most of the world while keeping the cost structure in line or as close to in line the revenue outlook as we can. So, therefore, that's where we are on the question on that on the role of Exhibitions. And we believe that it is probably very similar discussion that is taking place in other Exhibition owners around the industry. And I don't think therefore that we are going to see significant structural shift at the moment while you're in the middle of a pandemic.

**Matthew Walker:** Alright, thank you.

**Operator:** Thank you. And the next question comes from the line of Matti Littunen from Bernstein. Please ask your question. Your line is now open.

**Martti Littunen (Bernstein):** Good morning. Two questions. The first one on Exhibitions. You mentioned that there was material virtual events revenue for the first time. Could you give us a bit of colour on that? Is this coming mainly from attendees or – like for the physical events, is it mostly coming from the companies that would have been exhibited? And is there anything significance for the, for example, data-driven, lead generation revenue involved?

And then the other question on Risk and Business Analytics. With the Democrats now back in charge, the FTC's again making noises about data brokers, I know, LexisNexis risk solutions is not technically a data broker but do you see any kind of changes in the regulatory environment for Risk and BA going forward? Thank you very much.

**Nick Luff:** Matthew, thank you, this on the Exhibitions question virtual event. Yeah, I think, it's fair to say that we are still experimenting with different revenue models and different formats of virtual events, seeing what exhibitors find helpful, what attendees find helpful, where they see value, what they're willing to pay for. Most of the revenue generation still is biased towards exhibitors but – and, obviously, if you are talking consumer events, then it's more based on attendees but are more traditional B2B events – exhibitors. But in different revenue models whether directly linked to lead[?] generation or around advertising and promotion or, you know, meeting generation and so on. So, still a lot. I would think, I would say an experimentation phase but still focused on revenue from the exhibitors who were the people who derive the most direct value from being at the event.

**Erik Engstrom:** On risk, as you know, we've been in the risk and data industry for many, many years and have seen quite a fair amount of change in terms of regulatory frameworks, compliance, rules, primarily in the US but also in other geographies. And while on the surface increased regulation and complexity might seem that it could be negative to people actually

serving customers with information, database analytics like us, I actually believe that it also provides an opportunity because the harder it is to use the information, the harder the penalties is for incorrect use, larger the compliance requirement, the more, the broad range of customers that we serve need help in order to protect them and to take the right decisions in terms of how to use the data information, how to get value from the existing data. And, I think, that we are also well positioned to capture that opportunity to help them do better by adjusting quickly and doing it across our customer industry segment so they all don't have to do it at the same time individually, but rather companies like us can then be stepping in and help them comply and help them get the value while following the new regulations.

So, I'm not making any predictions of what exactly will change in regulation but what is clear is that it will continue to evolve. Regulation will continue to change, it will continue to get more complex and most likely diverse and we see that as partly as a challenge and partly as an opportunity to help our customers back.

**Matti Littunen:** Very helpful. Thank you both.

**Operator:** Thank you. And the next question comes from the line of Konrad Zomer from ABN AMRO ODDO. Please ask your question. Your line is now open.

**Konrad Zomer (ABN AMRO):** Hi, good morning, gentlemen. It's Konrad Zomer ABN AMRO. Two questions please. The first one, Exhibitions. I would guess that most of the cost base is variable instead of fixed and the 25% reduction suggests that that may be true. But can you share with us what that split is in your opinion? And if 2021 was to work out to be another difficult year for events, how much further do you think you could and would be willing to reduce the cost base?

And my second question, did I hear you say, Nick, owned 10 million shares in Palantir, because if that's true then that reflects the value about \$350 million which is more financially than I thought you owned in the company but I might have misheard it. I apologise if I did. Thank you.

**Nick Luff:** You heard correctly. That is, I mean, round numbers but it's roughly how many shares that we have in Palantir. Ad it's mark to market, the stake is marked to the value of the shares at the end of the year in our balance sheet; as you say, the share price, I mean, it's been very volatile, but the share price is higher now than it was at the end of December.

Your question on Exhibitions and variable fixed costs. I would say the philosophy we have is that no cost is fixed. All costs can be managed over time. But I would – and I gave these numbers earlier – we do break the cost base down. If you go back to 2019, this is the last normal year, if you like, the overall cost base which is then was about a billion pounds is split roughly 60/40 between direct cost that relate directly to the events that you're running – so hiring the hall and generating the audience and marketing costs and things like that – and 40% is indirect cost for overhead costs. So, that's cost of your own people and offices and so on.

When we talk about the 25% reduction through the restructuring we've done, that is referring specifically to the indirect costs and the actions we're taking there. The direct cost, clearly, as I said earlier, managing those in a sense they do vary with the events you run much more readily – at some point [inaudible] to the event you have to make some commitments, and so

we seek to minimise our commitments with the uncertainty over the event schedule; but we'll have to see how that pans out for later in the year when most of the events are now scheduled. But overall, it's quite short-term flexible cost base for that 60%, the other 40% on the indirect cost is, you know, takes time to manage.

**Konrad Zomer:** Very clear. Thank you very much.

**Operator:** Thank you. And the question comes from the line of Sami Kassab from Exane. Please ask your question. Your line is now open.

**Sami Kassab (Exane):** Thank you and good morning everyone. It's Sami of Exane. Two questions please. The first one in STM. What is the share of revenues on open access in 2020? I think, it was high single digit last year. Have you crossed the 10% mark or will you cross it this year, perhaps?

Secondly, on Exhibition. Can you comment on the revenue attrition for shows currently taking place in China and Japan? To me, Japan looks like it's down 50% plus. Is that, indeed what you're seeing there and is that what we should expect for Europe or the US as well for the shows to take place later?

And, lastly, on Risk. Could you please elaborate on the revenue side and the growth trends for two subsegments of the division namely the international division in Insurance and Business Services as well as the cyber fraud solutions? How big are they and what's their current growth rate please? Thank you.

**Nick Luff:** Okay. On the STM side, you were fairly accurate when you describe where we are in terms of the share of open access of the primary research subsegment of STM. In terms of article count, we're now into double digits share of our total articles. And when it comes to the revenue share, on the margin there, it is becoming slightly less precise because we have a few more of these overall customer agreement where you have subscription and a certain number of open access articles or things included in our overall spend number, and it's about [inaudible] attribute on the [inaudible] there. So, I think, the way you described it is actually very accurate, that, I think, you said last you were high single digits and, perhaps, that will be crossing double digits or [inaudible], that is exactly probably how many of us would describe it depending on exactly how you attribute, whether you – in combined deals.

But as you heard, number of articles received is growing very quickly and, therefore the number of articles published and the revenues are growing faster, of course, in open access for us than for many other industry participants as well as growing faster for us here than the subscription segment even though the subscription segment is open for us.

**Erik Engstrom:** Sami, your question on exhibitions and revenue attrition. I mean, at the moment we are running events in Japan and in Russia. We're actually haven't had any in China for a few weeks just where the [inaudible] happened to work out. China is a – the venues are open. The revenue big picture for those events is very wide. There are restrictions in Japan. You can't have more than 5,000 people at an event at any one time; so to that – the bigger events are being impacted by that restriction. Smaller events less so. The variability and the range of revenues are very broad. The extent to which the audience of the exhibits are [inaudible]. International, obviously, has a big – close in to it. You know, that 50% you mentioned in terms of exhibits, numbers is probably a fair guide for what's

going on and revenue would broadly follow that, but I don't think you can read anything into what that means for other geographies, what it means for events later in the year in other parts of the world. I really wouldn't encourage you to extrapolate it. I think, the uncertainty you can't read too much into it, into what we are seeing in one particular geography a few events, so we'll have to see what happens.

Your other question on Risk. The international revenues in Insurance and Business Services are still growing well. They're just ahead of the overall average for the division, and that's continued through 2020 as they had some disruption to transactional revenues in the same way as the region as a whole but continue to run well ahead of the domestic US revenues in both Insurance and Business Services.

And fraud prevention, cyber fraud prevention that is a very strong subsegment that is growing well into double digits. It depends on what exactly you count as cyber fraud; but fraud prevention, identity verification, is one of the stronger parts and that's come back strongly, quickly.

**Sami Kassab:** And how big are these two subsegments roughly?

**Erik Engstrom:** Well, if you're taking the business services before we – sort of, [inaudible] into it which is a more international business and insurance, I guess they're about plus 5% of those two subsegments. And the fraud is a – I mean, it's a big part of the business services, the cyber – fraud prevention is a, you know, reasonably big part, depends on how you categorise the product but fraud prevention is a big part of the business services segment.

**Sami Kassab:** Thank you very much, gentlemen.

**Operator:** Thank you. And we just received one last question from Rajesh Kumar from HSBC. Please ask your question. Your line is now open.

**Rajesh Kumar (HSBC):** Thanks for taking the question. Just in terms of thinking about new investments in various products as we look ahead in a post [inaudible] world, what are the areas that you are most excited about?

And the second one is a quick follow up on STM. You provided quite a lot of colour in terms of how these negotiations are progressing. Can I request you to give some more colour on if the renegotiations are better on the corporate side versus the academic library or, you know, are there differences by geography or segment that we should bear in mind when thinking about the future?

**Erik Engstrom:** Yes, let me answer the last one first. It's very easy, because there is a difference between corporate and academic segment. There are all significant differences between the different geographies and also between different types of institutions within those subsegments. Overall, corporate is currently in terms of this discussions on renewals, stronger, and we're particularly strong in the largest book of segment [inaudible] which is life science-related industry where we have seen strong demands from a wide range of our tools and products.

And on the first question, I just want to make sure I understood it. When you talked about new investment in products, were you asking across the company or did you ask specifics? I couldn't quite hear. Were you specific with focusing on one of the divisions?

**Rajesh Kumar:** No, across the company. What things are exciting?

**Erik Engstrom:** Yeah. I believe that the most exciting so in general opportunity for this company is the transition that we're going through and continuing to go through of moving from electronic reference, information reference tools, databases to more sophisticated higher value add analytics and decision tools where you can work with a customer group or an industry group to actually identify and measure the results they get from using different types of analytics to actually measure the value and provide and increasing value through those broader data sets, more sophisticated analytics and new technologies.

We look at driving in that direction across all our market segments and all our four divisions. We have gone the furthest down that path, of course, in the Risk divisions. We have been at this longer. We have built up the technology capability there earlier and it's very sophisticated and very powerful. We have leveraged that into the other divisions and we're primarily building up the solutions that were more sophisticated analytics organically.

Sometimes we are also adding acquisitions when it supports those organic growth strategies and where we are the natural owners directly fix the analytic build up that we've done internally. But that transition of continuing to invest organically primarily in analytics and decision tool products, many of them using more advanced machine learning, artificial intelligence tools, that is definitely a primary area for [inaudible].

**Rajesh Kumar:** Understood. Thank you very much.

**Operator:** Thank you. And this was our last question. Please continue with your closing remarks.

**Erik Engstrom:** I would just like to thank you all for joining us this morning on this slightly unusual full year results review for us. I look forward to seeing you in person at some point in the future and hopefully, that will happen at some point over the next year or so. So, thank you again for taking the time and for joining us today.

**Operator:** Thank you. Ladies and gentlemen. That does conclude our conference for today. Thank you for participating. You may all disconnect.

[END OF TRANSCRIPT]