



RELX  
Interim results 2019

Erik Engstrom, CEO  
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Erik Engstrom, CEO

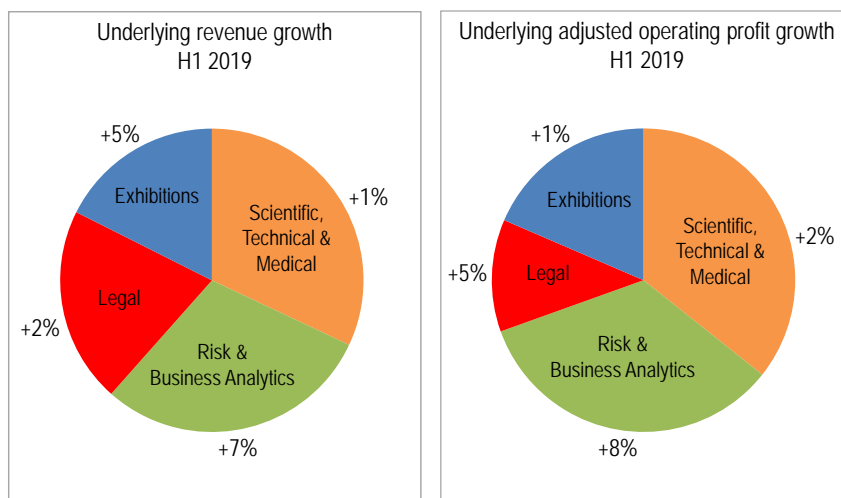
## RELX H1 2019 progress

- Positive financial performance
  - Underlying revenue growth across all four business areas
  - Underlying profit growth ahead of underlying revenue growth
- Further strategic and operational progress
  - Further organic development of analytics and decision tools
  - Recent acquisitions performing well

## H1 2019 financial highlights



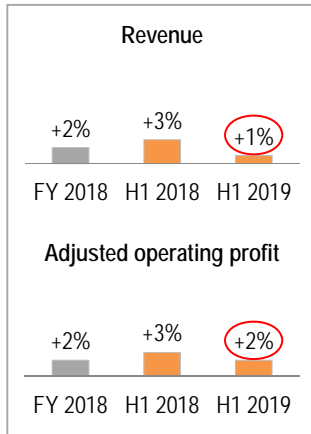
## Underlying revenue and adjusted operating profit



*Underlying revenue growth rates exclude exhibition cycling, and timing effects*

## Scientific, Technical & Medical

### Underlying growth



- Key business trends remained positive; underlying revenue growth rate in first half 2019 impacted by phasing differences in prior year
- Good growth in electronic revenues partially offset by print declines
- Primary research customer value enhancement: content sets; analytics; technology platforms; volume growth
- Databases & tools growth driven by enhanced functionality and content development
- Print books down in market that declined in line with historical trends; print pharma decline continued

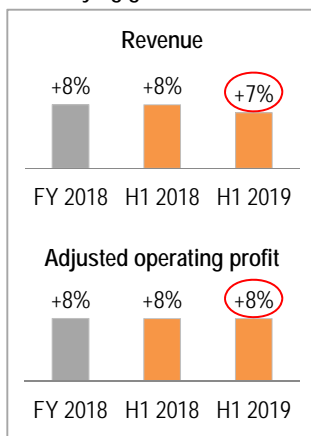
**Full year 2019 outlook:** Customer environment remains largely unchanged from recent years, and we expect another year of modest underlying revenue growth



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## Risk & Business Analytics

### Underlying growth



- Strong underlying revenue growth continued, underlying profit growth slightly ahead of revenue growth
- Insurance growth driven by enhanced analytics, extension of data sets, expansion in adjacent verticals
- Growth in Business Services driven by development of analytics across financial and corporate sectors
- Data Services driving growth through organic development
- Prior year acquisitions, ThreatMetrix, SST, Safe Banking Systems, performing well

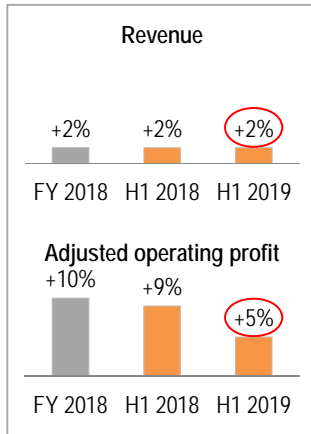
**Full year 2019 outlook:** Fundamental growth drivers remain strong. We expect revenue growth trends for the full year to be in line with full year 2018



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## Legal

### Underlying growth

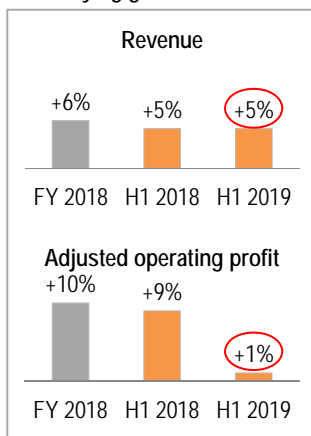


- Underlying revenue growth in line with prior year
- Margin increase reflects ongoing process improvement, latter stages of systems decommissioning
- Continued growth in electronic revenues partially offset by print declines; legal market environment stable
- Roll-out of new platform nearing completion, enabling release of broader datasets and market-leading legal analytics
- Announced joint venture with leading contract analytics provider Knowable

**Full year 2019 outlook:** Trends in our major customer markets are unchanged, and we expect another year of modest underlying revenue growth

## Exhibitions

### Underlying growth



- Strong underlying revenue growth in line with first half of prior year; underlying operating profit growth reflecting cycling-out effects
- Launched 25 new events; piloting and rolling out data analytics initiatives
- Good market conditions in Europe and US, strong in China
- Temporary venue constraints for Tokyo Olympic Games started in Q2
- Completed acquisition of Mack Brooks, leading organiser of over 30 complementary events; integration proceeding as planned

**Full year 2019 outlook:** We expect underlying revenue growth trends to continue in line with the prior year, temporary venue constraints aside. In 2019 we expect cycling-out effects to reduce reported revenue growth rate by around five percentage points

## Portfolio reshaping

### Selective acquisitions: Focused on data sets, analytics and high growth markets

- In H1 2019 completed 8 acquisitions; total consideration £246m
- Including Mack Brooks and Lumen

### Selective disposals of non-strategic assets

- In H1 2019 completed 5 minor asset disposals for £45m

Nick Luff, CFO

## H1 2019 financial highlights

### Income statement highlights

• Underlying revenue growth	+3%
• Underlying adjusted operating profit growth ahead of revenue growth	+4%
• Adjusted operating profit margin 40 basis points higher	31.9%
• Adjusted EPS growth at constant currencies	+8%

### Cash flow and balance sheet highlights

• Adjusted cash flow conversion	94%
• Net debt / EBITDA	2.6x*
• Dividend	13.6p; +10%
• Share buyback	£400m H1; £200m H2

*\*including leases as per IFRS 16 and pensions; calculated in US dollars; excluding leases and pensions 2.3x*

## Income statement

6 months to 30 June	2018 £m	2019 £m	change	change constant currency	change underlying
Revenue	3,653	3,888	+6%	+2%	+3%
Adjusted operating profit	1,149	1,240	+8%	+4%	+4%
<i>Adjusted operating margin</i>	<i>31.5%</i>	<i>31.9%</i>			
Adjusted net interest expense	(95)	(97)			
Effective interest rate	3.2%	3.1%			
Adjusted profit before tax	1,054	1,143	+8%	+5%	
<i>Adjusted tax rate %</i>	<i>22.2%</i>	<i>21.7%</i>			
Adjusted net profit	818	895	+9%	+6%	
Reported net profit	678	779	+15%		
Adjusted earnings per share	41.1p	45.9p	+12%	+8%	
Reported earnings per share	34.1p	39.9p	+17%		

## Revenue

Underlying growth in all business areas

6 months to 30 June	2018 £m	2019 £m	change	change constant currency	change underlying
Scientific, Technical & Medical	1,193	1,244	+4%	+1%	+1%
Risk & Business Analytics	1,020	1,149	+13%	+7%	+7%
Legal	783	811	+4%	0%	+2%
Exhibitions	657	684	+4%	+2%*	+5%
RELX	3,653	3,888	+6%	+2%	+3%

\*including -6% cycling-out and timing effects

## Adjusted operating profit

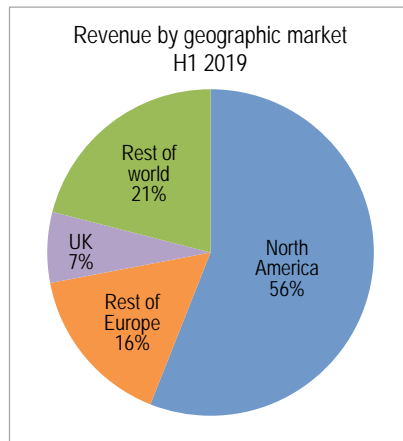
Underlying growth in all business areas

6 months to 30 June	2018 £m	2019 £m	change	change constant currency	change underlying
Scientific, Technical & Medical	426	445	+4%	+2%	<b>+2%</b>
Risk & Business Analytics	374	422	+13%	+6%	<b>+8%</b>
Legal	142	149	+5%	+2%	<b>+5%</b>
Exhibitions	214	231	+8%	+5%	<b>+1%</b>
Unallocated items	(7)	(7)			
<b>RELX</b>	<b>1,149</b>	<b>1,240</b>	<b>+8%</b>	<b>+4%</b>	<b>+4%</b>

## Adjusted operating margin

6 months to 30 June	2018	2019
Scientific, Technical & Medical	35.7%	35.8%
Risk & Business Analytics	36.7%	36.7%
Legal	18.1%	18.4%
Exhibitions	32.6%	33.8%
<b>RELX</b>	<b>31.5%</b>	<b>31.9%</b>

## Currency profile



- Revenue by currency broadly matches geographic split
- Hedging smooths volatility in sterling reported results
- At current exchange rates impact on FY 2019 sterling adjusted EPS growth positive relative to constant currency

## Free cash flow

6 months to 30 June	2018 £m	2019 £m
<b>Adjusted operating profit</b>	<b>1,149</b>	<b>1,240</b>
Depreciation*	167	186
Capital expenditure	(161)	(171)
Repayment of lease principal (net)	(43)	(42)
Working capital and other items	(44)	(48)
<b>Adjusted cash flow</b>	<b>1,068</b>	<b>1,165</b>
<i>Cash flow conversion rate</i>	<i>93%</i>	<i>94%</i>
Cash interest paid	(66)	(97)
Cash tax paid	(256)	(253)
Acquisition related costs**	(22)	(21)
<b>Free cash flow</b>	<b>724</b>	<b>794</b>

\*Includes depreciation of leased right-of-use assets of £40m (2018: £37m)

\*\*Net of cash tax relief

## Uses of free cash flow

6 months to 30 June	2018 £m	2019 £m
<b>Free cash flow</b>	<b>724</b>	<b>794</b>
Disposals: total consideration	26	45
Acquisitions: total consideration	(694)	(246)
Dividends	(548)	(578)
Share buybacks	(500)	(400)
Other*	(48)	(89)
Currency translation	(118)	11
<b>Movement in net debt</b>	<b>(1,158)</b>	<b>(463)</b>
Net debt at 30 June (including leases)	(6,200)	(6,640)
Net debt / EBITDA (including leases and pensions)	2.5x	2.6x
Net debt / EBITDA (excluding leases and pensions)	2.3x	2.3x

*\*Includes option proceeds, share purchases by the employee benefit trust, leases, acquisition and disposal timing effects and cash taxes on disposals*

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Erik Engstrom, CEO

## Summary

### H1 2019

- Positive financial performance
- Further strategic and operational progress

### 2019 Outlook

The full year outlook is unchanged. As we enter the second half of 2019 key business trends for the full year are in line with the full year 2018. We remain confident that, by continuing to execute on our strategy, we will deliver another year of underlying growth in revenue and in adjusted operating profit, together with growth in adjusted earnings per share on a constant currency basis in 2019.

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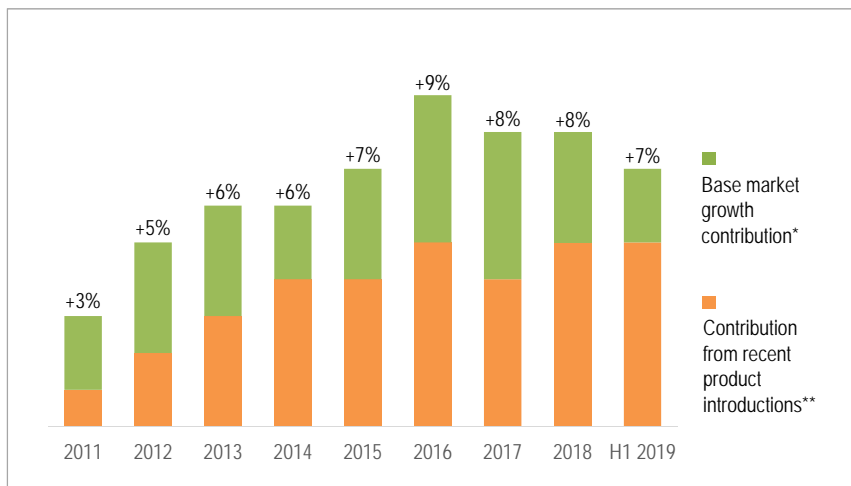
## Balance sheet

	30 June 2018 £m	31 Dec 2018 £m	30 June 2019 £m
Goodwill & acquired intangible assets	8,799	9,216	9,375
Internally developed intangible assets	1,182	1,217	1,249
Property, plant & equipment and investments	435	453	484
Right-of-use assets	279	263	272
Net assets held for sale	-	(3)	-
Net pension obligations	(209)	(433)	(457)
Working capital	(1,180)	(1,278)	(1,164)
Net capital employed (book value)	9,306	9,435	9,759

## Scientific, Technical & Medical Growth and currency analysis

	Underlying	Portfolio changes	Constant currency	Period change in hedge rates	Other currency	Total currency	Total
H1 2019 Revenue	+1%	0%	+1%	0%	+3%	+3%	+4%
Adjusted operating profit	+2%	0%	+2%	+1%	+1%	+2%	+4%
Adjusted operating margin	+0.4%	+0.2%	+0.6%	+0.3%	-0.8%	-0.5%	+0.1%
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FY 2018 Revenue	+2%	+2%	+4%	+1%	-2%	-1%	+3%
Adjusted operating profit	+2%	0%	+2%	+3%	-2%	+1%	+3%
Adjusted operating margin	0.0%	-0.7%	-0.7%	+0.6%	+0.2%	+0.8%	+0.1%
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FY 2017 Revenue	+2%	0%	+2%	0%	+5%	+5%	+7%
Adjusted operating profit	+3%	-1%	+2%	0%	+5%	+5%	+7%
Adjusted operating margin	+0.6%	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%

## Risk & Business Analytics underlying revenue growth



\* Products more than 5 years old

\*\* Products less than 5 years old

## Legal revenue, profit and margin progression

	Revenue growth			Adjusted operating profit growth			Margin	
	Underlying	Constant currency	Reported	Underlying	Constant currency	Reported	FY	H1
2019*	+2%	0%	+4%	+5%	+2%	+5%		18.4%
2018	+2%	-1%	-4%	+10%	0%	-2%	19.8%	18.1%
2017	+2%	-1%	+4%	+11%	+1%	+7%	19.6%	17.8%
2016	+2%	+2%	+12%	+12%	+2%	+14%	19.2%	17.4%
2015	+1%	+1%	+3%	+7%	+5%	+5%	19.0%	17.1%
2014	+1%	-6%	-11%	+6%	+10%	+4%	18.6%	16.6%
2013	+1%	-4%	-3%	+5%	+1%	+2%	15.9%	14.1%
2012	+1%	-1%	-1%	+4%	+4%	+2%	14.5%	12.8%
2011	+1%	-2%	-3%	-2%	-4%	-4%	14.0%	12.1%

\* Revenue and adjusted operating profit growth for H1; all other years full year growth rates  
 Note: 2012 and prior shown before revised allocation of corporate and shared costs



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## Exhibitions: cycling impact

Revenue growth	2014	2015	2016	2017	2018	H1 2019
Total at constant currencies	+11%	+1%	+9%	+1%	+12%	+2%
Impact of portfolio changes	+2%	+1%	+1%	+1%	+1%	+3%
Underlying with cycling	+9%	0%	+8%	+0%	+11%	-1%
Impact of cycling* shows	+2%	-5%	+3%	-6%	+5%	-6%
Underlying	+7%	+5%	+5%	+6%	+6%	+5%

\*H1 number includes cycling and timing effects



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## Exchange rates and shares outstanding

	At 31 Dec 2018	At 30 June 2019	Average H1 2018	Average FY 2018	Average H1 2019
<b>Exchange rates</b>					
£:\$	1.27	1.27	1.38	1.34	1.29
£:€	1.11	1.12	1.14	1.13	1.15
<b>Shares outstanding</b>					
Total:	1,962m	1,941m	1,988m	1,977m	1,952m