Clarivate 2021 Investor Day
November 9, 2021



Mark Donohue:

Hello, and welcome to the Clarivate 2021 Virtual Investor Day. I'm Mark Donohue, vice president of investor relations. Today, we'll hear from members of our executive leadership team. We'll wrap up the day with a live Q&A session following the conclusion of the presentations.



Forward-Looking Statements

This communication contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management's current views concerning future business, events, trends, contingencies, financial performance, or financial condition, appear at various places in this communication and may use words like "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "future," "goal," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "see," "seek," "should," "strategy," "strive," "target," "will," and "would" and similar expressions, and variations or negatives of these words. Examples of forward-looking statements include, among others, statements we make regarding: guidance outlook and predictions relating to expected operating results, such as revenue growth and earnings; our expectations around our ability to consummate our pending acquisition of ProQuest, which is subject to customary closing conditions including receipt of approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976; strategic actions such as acquisitions, joint ventures, and dispositions, including the anticipated benefits therefrom, and our success in integrating acquired businesses; anticipated levels of capital expenditures in future periods; our ability to successfully realize cost savings initiatives and transition services expenses; our belief that we have sufficiently liquidity to fund our ongoing business operations; expectations of the effect on our financial condition of claims, litigation, environmental costs, the COVID-19 pandemic and governmental responses thereto, contingent liabilities, and governmental and regulatory investigations and proceedings; and our strategy for customer retention, growth, product development, market position, financial results, and reserves. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on management's current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are difficult to predict and many of which are outside of our control. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include those factors discussed under the caption "Risk Factors" in our 2020 annual report on Form 10-K/A, along with our other filings with the U.S. Securities and Exchange Commission ("SEC"). However, those factors should not be considered to be a complete statement of all potential risks and uncertainties. Additional risks and uncertainties not known to us or that we currently deem immaterial may also impair our business operations. Forward-looking statements are based only on information currently available to our management and speak only as of the date of this communication. We do not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws. Please consult our public filings with the SEC or on our website at www.clarivate.com.

Non-GAAP Financial Measures

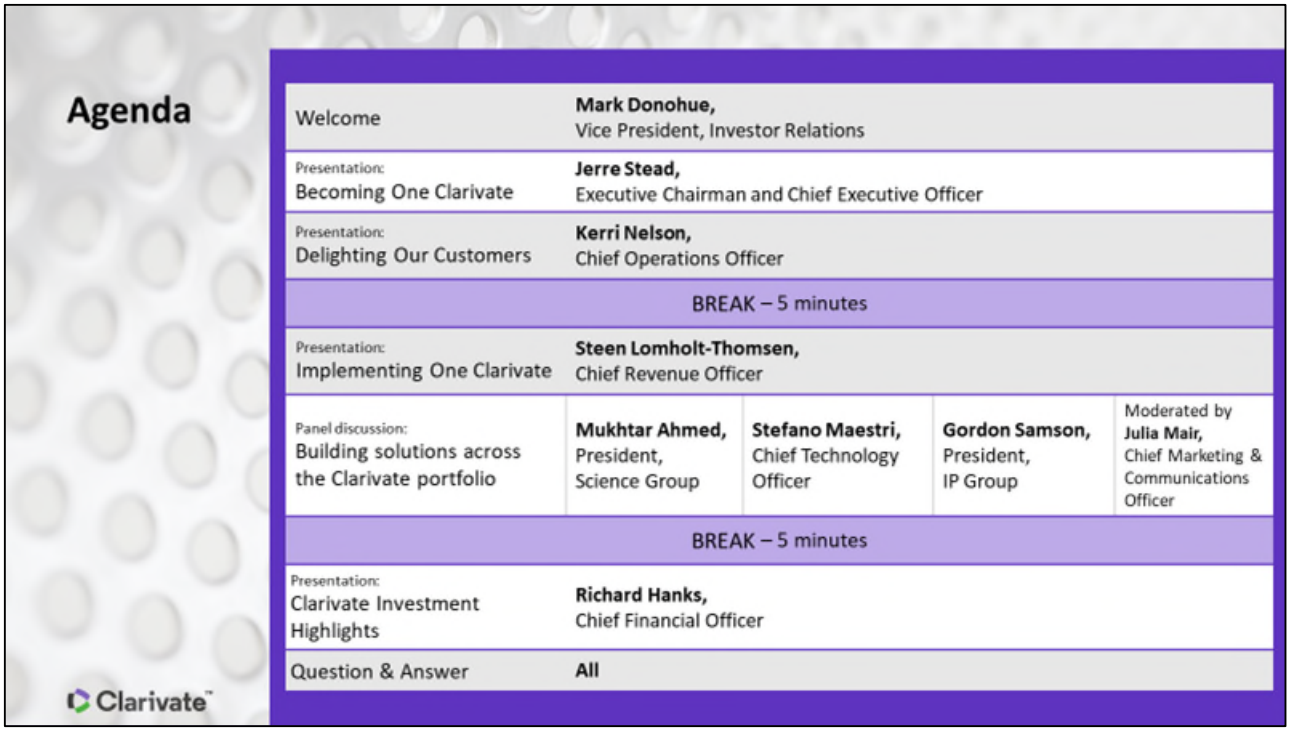
This presentation contains financial measures which have not been calculated in accordance with United States generally accepted accounting principles ("GAAP"), including Adjusted Revenues, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Adjusted Free Cash Flow, and Organic Revenues because they are a basis upon which our management assesses our performance and we believe they reflect the underlying trends and indicators of our business. Although we believe these measures may be useful for investors for the same reasons, these financial measures should not be considered as an alternative to GAAP financial measures as a measure of the Company's financial condition, profitability and performance or liquidity. In addition, these financial measures may not be comparable to similar measures used by other companies. At the Appendix to this presentation, we provide further descriptions of these non-GAAP measures and reconciliations of these non-GAAP measures to the corresponding most closely related GAAP measures.

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The presentations in today's Investor Day include forward- looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the business or developments in Clarivate's industry to different materially from the anticipated results, performance achievements, or developments expressed or implied by such forward-looking statements. Additional information regarding these factors in this presentation are included on the slide entitled Forward-Looking Statements and Other Notices, and under Risk Factors in our form 10- K and 10-Qs. Our discussion will include non-gap measures or adjusted numbers. Reconciliation of these measures to gap measures are available in today's presentation, which will be available on our website.

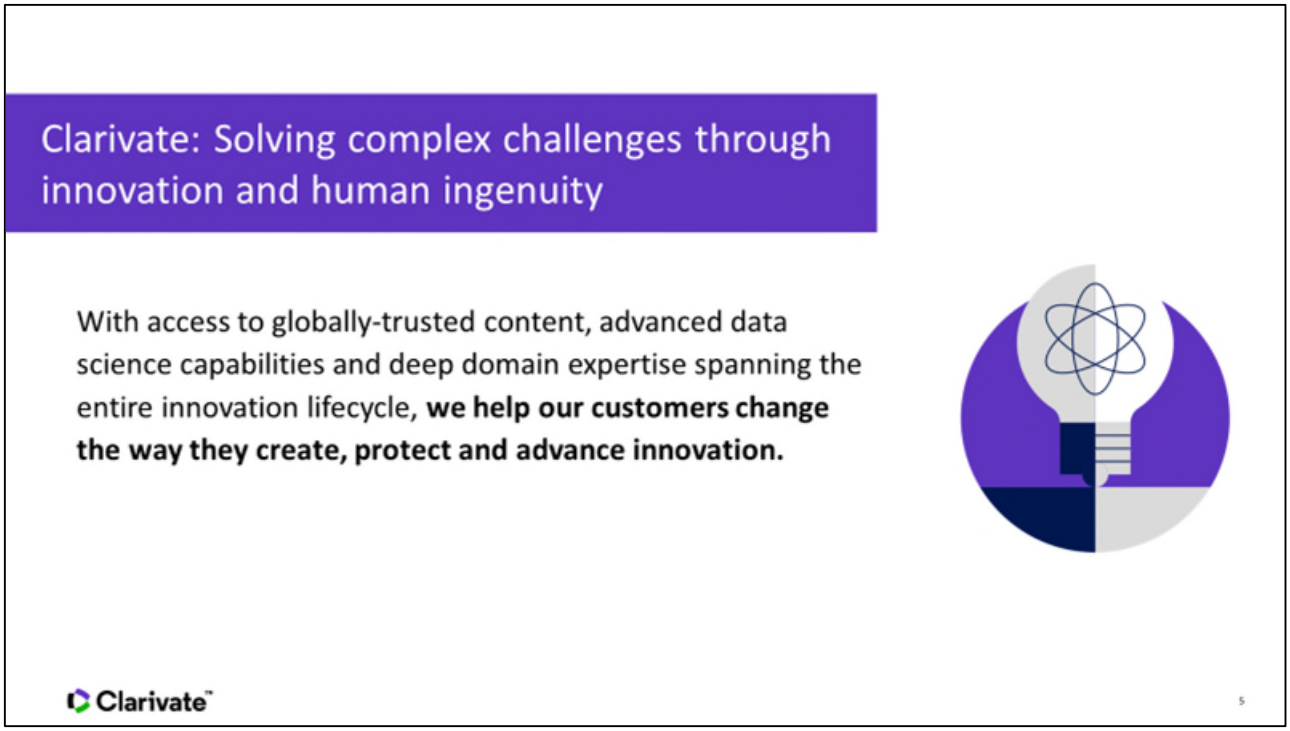


Turning to our agenda, Jerre Stead, our executive chairman and CEO, will lead us off in a moment with a high-level view of our business. Then Kerri Nelson, our chief operations officer, will talk about our evolution in delighting our customers. Following Kerri's presentation, we'll take a five- minute break. Returning from the break, you will hear from Steen Lomholt-Thomsen, who joined us in early August as our new chief revenue officer. He will provide a deeper understanding of our One Clarivate strategy. Then Mukhtar Ahmed, president of our science group, Gordon Samson, president of our IP group, and Stef Maestri, chief technology officer, will participate in fireside chat to discuss and provide real-life examples of how we are building solutions for our customers. At the conclusion of their presentation, we'll take our second five-minute break. Returning from the break, Richard Hanks, chief financial officer, will walk through some financial and investment highlights. Then we'll host a live Q&A session with all the presenters.

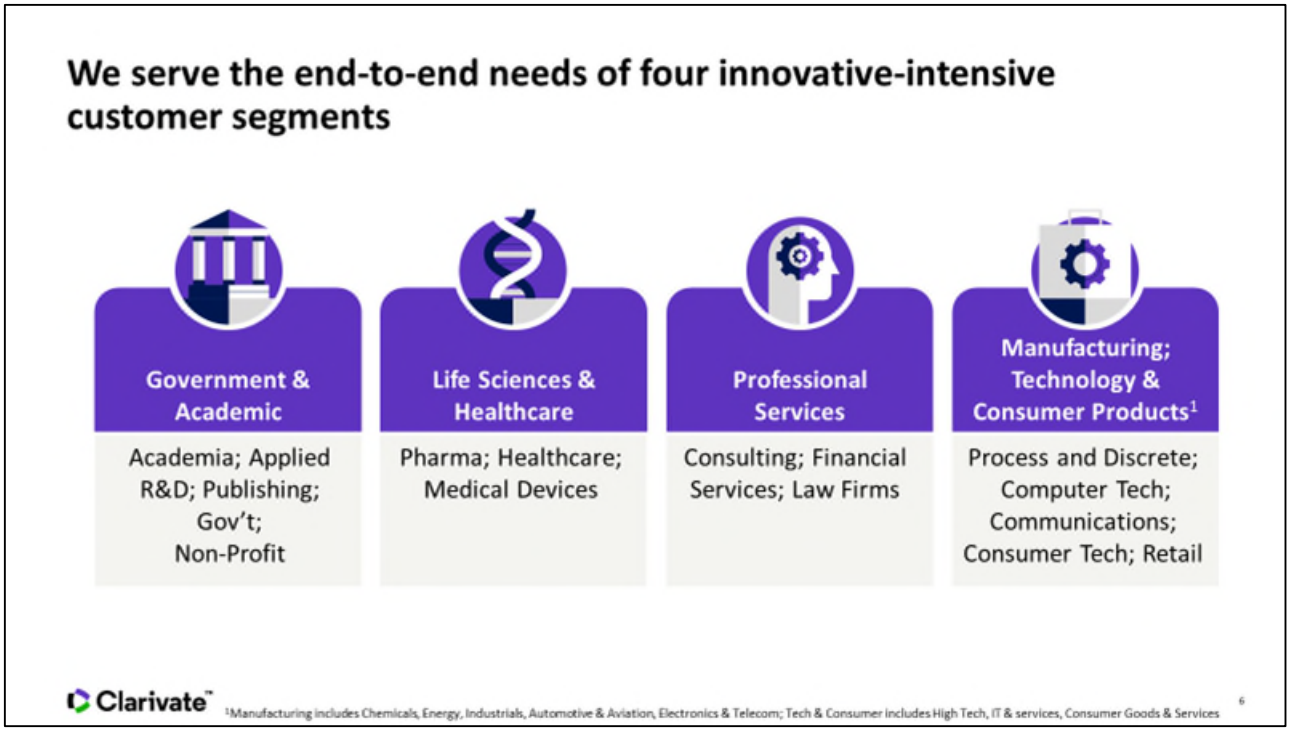


Jerre Stead:

Good day to each of you, and thank you so much for joining us on our Third Annual Investor Day. It's been a very exciting time since we went public in May of 2019. The progress we've made I'm very proud of, and you're going to hear a lot about that today. I'm delighted with the team that I'm fortunate enough to support. We've made amazing changes to each year of improvement, and we'll continue to do that for years to come.

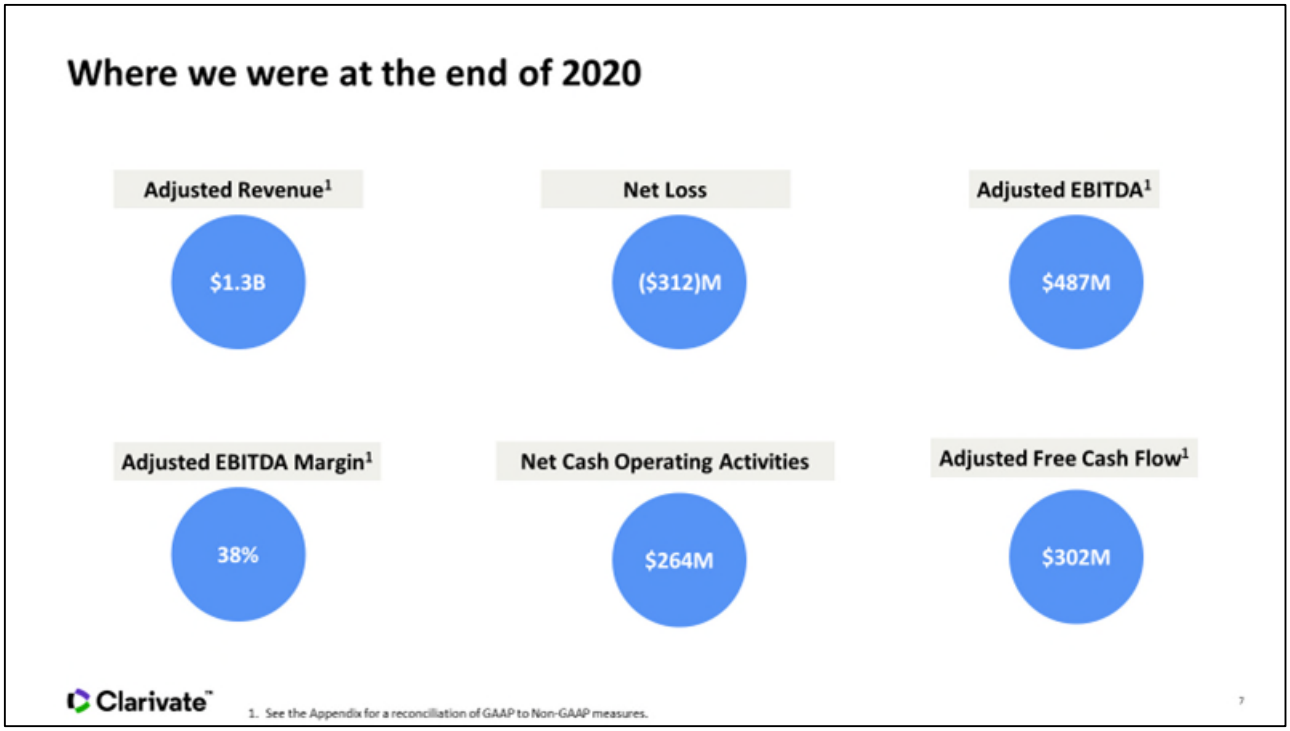


As you all should know and remember, I always start with a quote. This quote, as we get into the meat of the presentation, is, "A dream doesn't become reality through magic. A dream is turned into a vision. The vision becomes reality, and it takes focus, determination, and hard work." We've done that, and we will continue to do that. If you think about what we've gone after in our company, is solving some of the most complex challenges in the world, and making us a really critical part of many, many customers' information, many customers' insights. And many, many customers, and we'll continue to add many for years to come, to help them create, protect, and advance innovation.

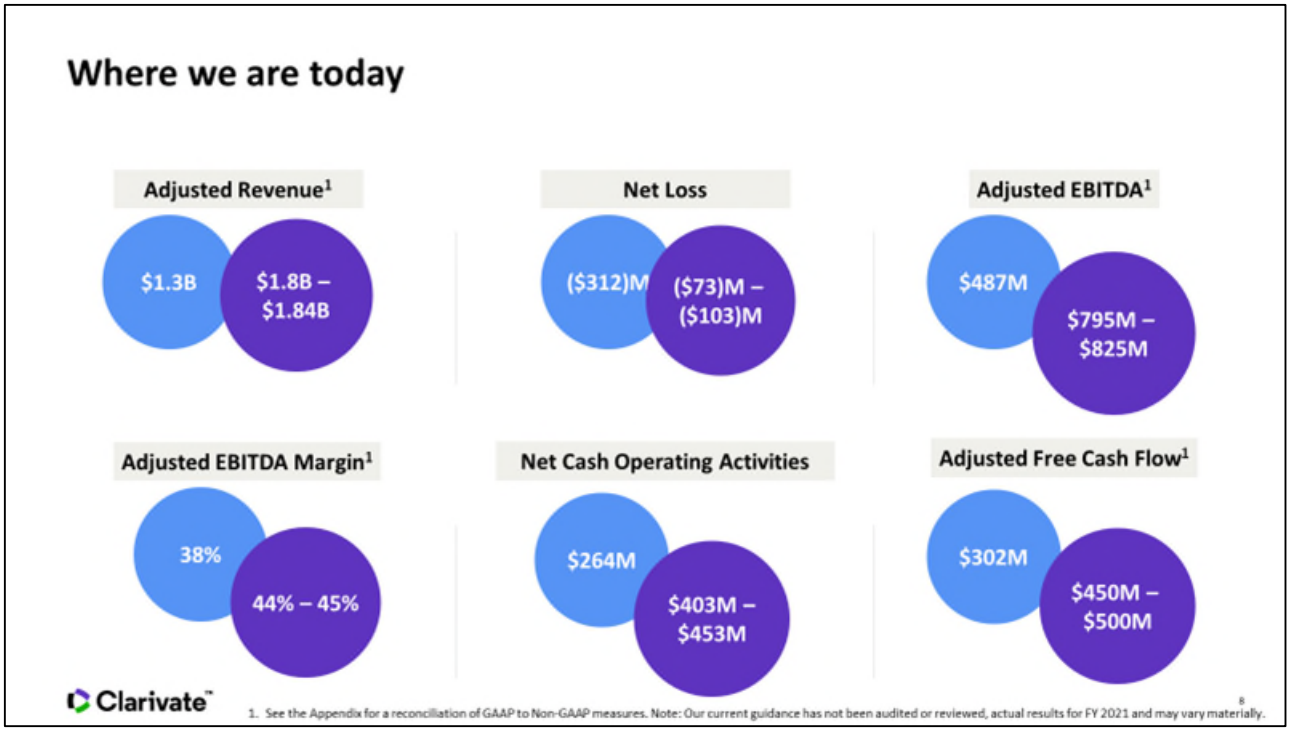


It's a joy to be able to share the four innovative, intensive customer segments. We talked about at this last year in November. We told you that we would be moving to One Clarivate. Just as a reminder for everybody, when we took over in May of 2019, we had seven relatively small businesses, and they had operated independently. In September of 2019, we moved to two groups, the science group and the IP group. That started our transformation of becoming outside-in versus products-out. We've made great progress. You're going to hear a lot about that today. These four market segments, customer segments, and you're going to hear a lot about numbers with this, represent our huge opportunity. And you'll get us to play through that, including actual examples, later today. Those four are government and academic, life science and healthcare, professional services, manufacturing technology and consumer products.

Down the road, when we have more scale, we'll split out the consumer products from the manufacturing technology. But right now we're focused. Two other quick comments. We put this in place. Gordon did a great job for six months in our Asia PAC region testing this, and it was in place on July 1 of this year. Now, we evolve to this. Taking our entire company in a reorganization that I couldn't be more proud of. We'll talk more about scale, but just remember, these markets together represent $102 billion of annual potential for us.



So great start, and let's talk about how we're going to get there. We started last year ... In fact, I want to go back just for a minute. At 2018, if you take out the companies that we divested of, we were about $800 million of revenue. At the end of 2020, despite COVID, we were a $1.3 billion company. We won't go through all these numbers now, but the important thing was that we were a 38%-EBITDA-margin company who had increased the margins by 900 basis points between 2020 and 2019. Cash is one of the things that you're going to hear a lot about. You know that's what I've always tried to do, is lead companies based on free cash flow. And then organic growth that we all want to see. That was 1.2% actual in 2020.



So, let's look at where we're at for 2021. This is what makes me very proud of our organization. We've moved to the current guidance. If you take the midpoint, it'd be $1.82 billion, up well over 500 million of revenue for the year. You can see we've moved from a loss of 106 million to a guidance right now of 117 to 147. You'll see adjusted EBITDA, think about this, almost doubling in 2021, and more to come on that. We've given that guidance, just so you know, for the year on revenue- adjusted EBITDA, EBITDA margin, and free cash flow. We've given that each quarter. We actually raised the bottom of the revenue and the EBITDA twice during the year. So we're up 20 million from where we started with revenue, and up 10 million with EBITDA. And we're going to exit, I'm so proud of our team, exit at 44 to 45% EBITDA margin.

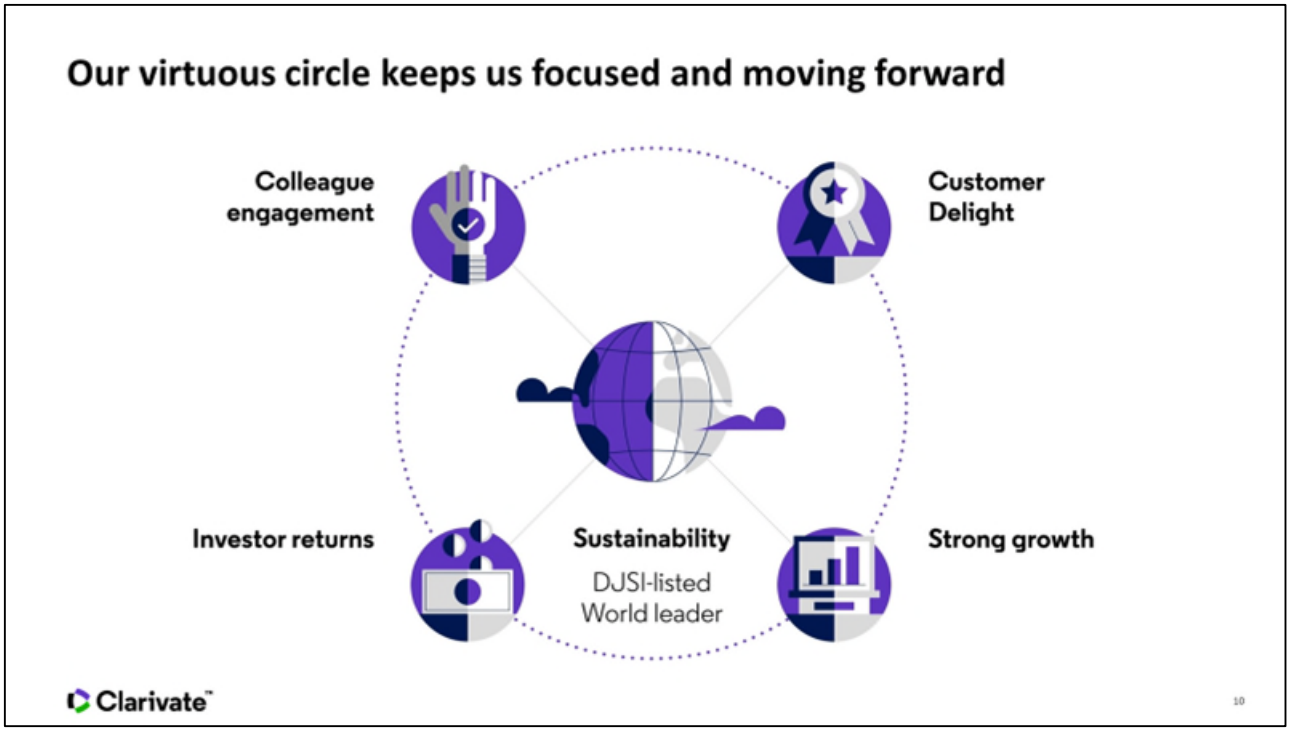
We've talked for a long time about our ability to deliver 50% margins with this great company that we're creating. You'll see us hit that 50% adjusted EBITDA margin, or right at it, in this exact fourth quarter that we're now part of. Net cash operating activities, almost double in 2021 over 2020. Adjusted cash flow, we'll talk more about that later, free cash flow. That's the driver. I've always tried to lead companies by providing cash per share, and we're making great progress with that. One thing I'm tremendously proud of is that we expect to close the year at 6 to 6.5% organic revenue growth for the year, and very excited to do that.

So if you think about that as background, let's move on to talking about what we've laid out at the very beginning.



We've shared this. In every company I've ever built, there's been a purpose, vision, mission, and values. This is the one, I get excited talking about it. Saying, "We believe human ingenuity can transform the work and improve our future." Our future is the world's future. That's what we're working on. Vision is always something that is a beacon to the future, should stand the test of time. It must be customer-focused, and it must be measurable. We will improve, that's the measure we're using, the way the world creates, protects, advances innovation. Mission is the tools I ask all of our team, our 8,000-plus colleagues around the world, to focus on when they're making priority decisions.

Then the values, I'm so proud of these. Nine words. Aim for greatness, value every voice, own your own action. One thing you should know. The way we lead, I hold our leadership team 50% accountable for being role models of living the values and 50% on performance. That's what really creates great teams. I work with a situation where we treat every person with equal dignity and respect. Our entire company is focused on that, and where we do our very best to trust every person to be able to make the decisions they're capable of making to move us forward. So great vision, mission, values.



This is the circle I've used for years. I'm going to talk about it at length, and then you're actually going to see us tie this into our ESG sustainability in a little while. Colleague engagement. I believe that every company, to be successful, has to be the very best at colleague engagement. We just finished our second survey last week. More details of that to come, but I'm so proud of what we're focused on. At the end of the day, the only sustainable competitive advantage any organization has is its people. And I'm so excited to be of this organization, where we bring great colleagues the opportunity to be ever-more successful.

Customer delight. You're going to hear about that after I finish from Kerri Nelson, who's been a great leader for us of making customer delight a reality. I'm very excited about where we're at, at the end of the day. This weekend, I read every one of the customer delight write-ins from thousands of customers. So we know what we need to do to become an ever-better customer-focused company outside in. Strong growth, top-and-bottom-line growth. We'll cover that in more detail. Then investor returns. Investor returns, for me, is the end of the day, the one thing I want to do better than any company does is focus on cash per share. And we're working that hard. We'll talk about sustainability in just a couple of minutes.



Culture is the way I've led companies always. Culture, culture, culture. Our focus for 2022. Because at the end of the day, I start, when we make acquisitions, trying to understand what the culture is of the company like DRG, like CPA, Darts-ip, the other acquisitions we've made, because it's such an important part. Outside-in. First of all, critical. Everything we do, I ask everybody, "How do we help our customers help their customers? How do we make sure we're in the work streams of our customers, letting them be more successful?" Teamwork is critical for me. This is a team sport. We have great individuals, but this is a team sport. I think the most important thing we can do, and I use these words with all of our leaders, collaborate, listen, learn, and celebrate. Listening is, I think, a art that's been lost. I try to spend at least half of my time, as does all of our leadership team and our whole company, in listening and learning from each other.

I operate, and we all do, with focus, simplify, and execute. Huge job. We've made great progress. We've got further to go. Our life has to be, how to do we focus, how do we simplify, and then execute better than anybody else? Simplify is the toughest thing to do, and we've worked hard on getting rid of bureaucracy and listening to our customers when they tell us what they want from us on an easy-to-do business-with company. So, culture guides our action and our focus for 2022.



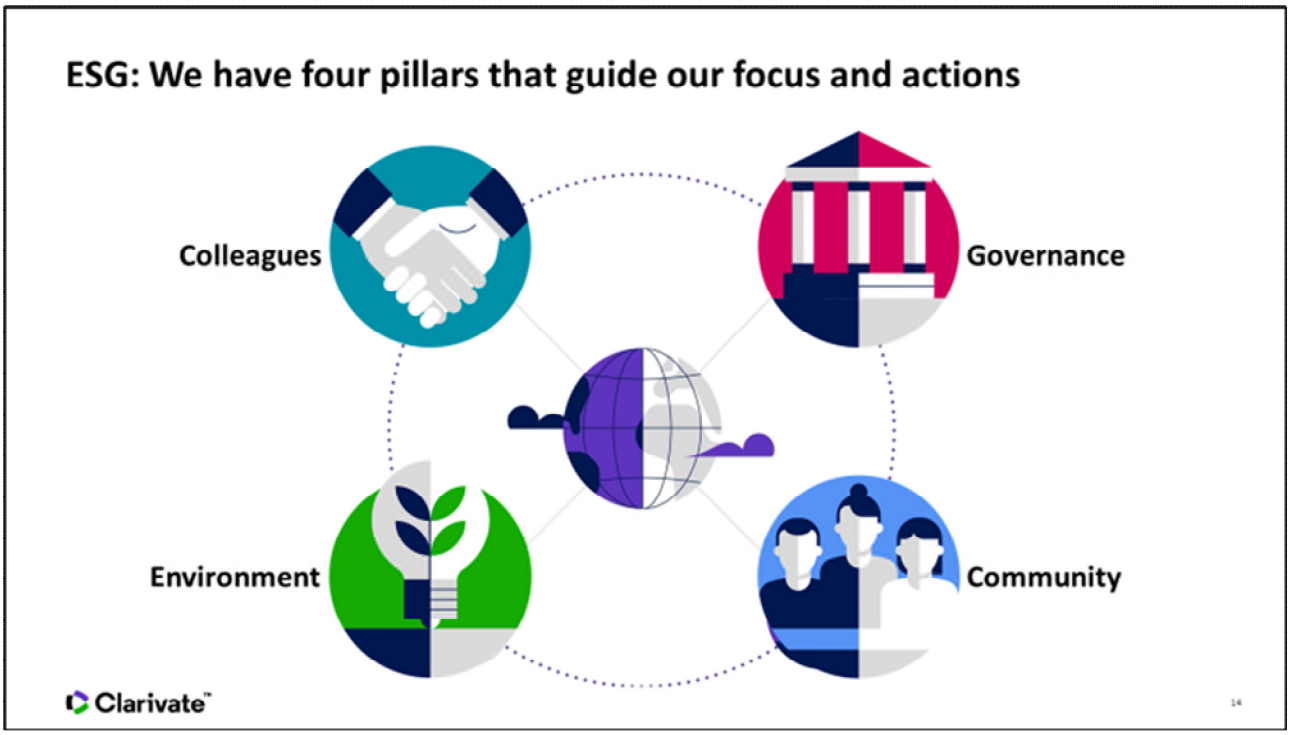
Here's, as I said a minute ago, this is the May survey we're just finishing. And we'll share those results with you on our February 28th Q4 announcement of results, how we did in the fall survey. But we had 88% response rate, which I'm delighted with. Think about having 95% of our people working out of their homes since March of 2020, and I couldn't be more pleased with what they've done, our colleagues, and what they are doing. Feedback, communication, action-taking. Those are strengths, really great ones that we'll continue to work on. We always take our top three opportunities to improve, those being decision-making, growth, and belonging. Belonging's a critical one, because as we shifted away from offices around the world to equipping everybody working from home, which is just something I never imagined but something that I couldn't be prouder that we've accomplished, belonging is an important part. As we bring our company back together with new platforms and new footprints of property, you'll see us working hard at making sure we have that belonging in place.

Decision-making, and that feedback's critical. We have to continue to operate with a sense of urgency to make our decisions quicker. We can fix anything once we've made the decision if we make a mistake. What we can't do is take too long to make decisions. That's where sense of urgency plays so important. The growth here is two points. One, our colleagues want to see a company like we're delivering. The 6 to 6.5% organic growth, complimented by acquisitions in the years to come, and the growth that they are given. The opportunity for career path growth. So, that's what we got feedback in May. I'll give you the report in February or sooner of the response from this fall.



Customer delight. This is as good as it gets for us. We set a goal this year of 77 ... 76, sorry, which was 2020's score. And because of the uncertainty we had, we delivered 78, which is incredible improvement. I couldn't be happier, and I'm so proud of what we did. Best practice, which we'll get to in the next couple of years, I'll talk about what we have to do to get there, is critical for us. Just as a reminder, we're the only company today I know of, public company, that provides shares if and when we meet the board-approved outside-measured customer delights, which we've actually exceeded. We set the goal at 76, and we've maxed out at 78 for this year. Something I'm very proud of, and I've done this for a long, long time. All of our leadership team has. The quality of products and services, information, and insights are the highest scores I've ever seen, and they continue to be the highest scores.

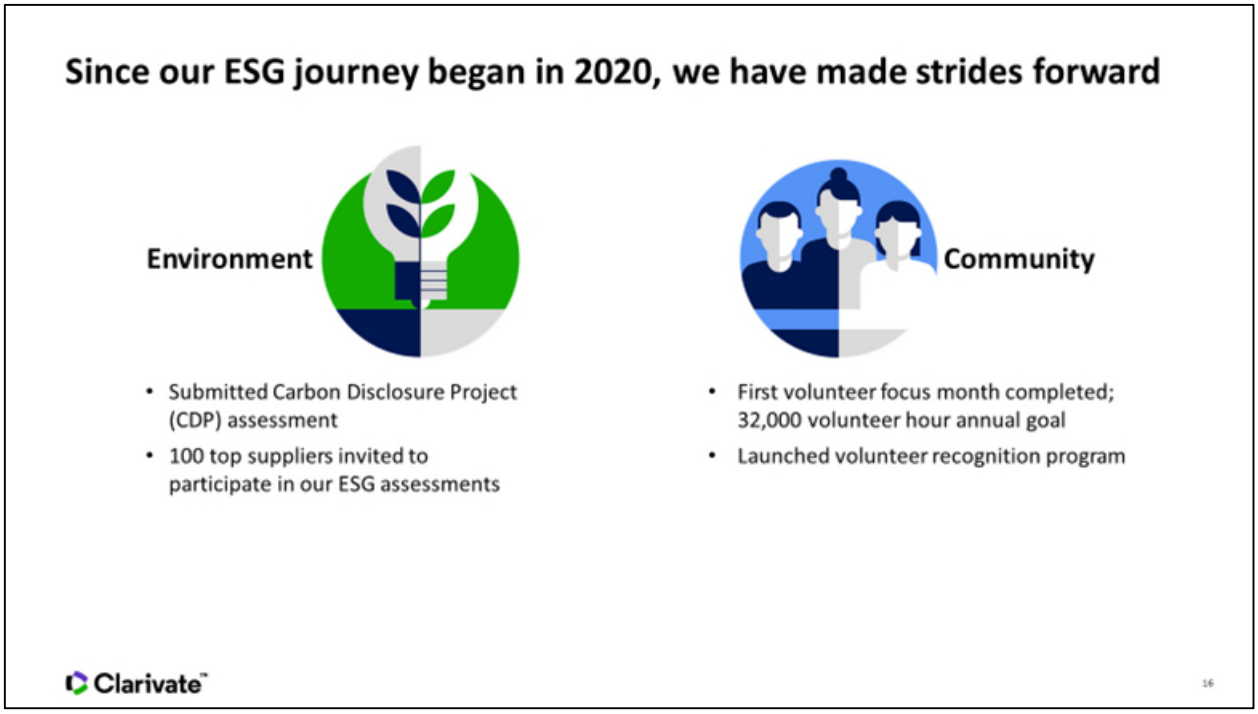
The place we have to and continue to do massive changes of improvement is being more responsive and becoming the easy-to-do-business-with company. And we are making progress and will continue to. It's our biggest opportunity as we move to the three centers of excellence, worldwide 24X7 coverage, much-improved responsiveness. You'll see that we make that happen better than any company's ever done before. And we're on that path, and we listen to our colleagues when they tell us what they need from us to make sure we do what the customer wants. Feel great about it, but this was ... I didn't know. I don't think any of us knew in 2021 what would happen, and this was just a amazing step forward for 2021. And will it make it it even better in 2022?



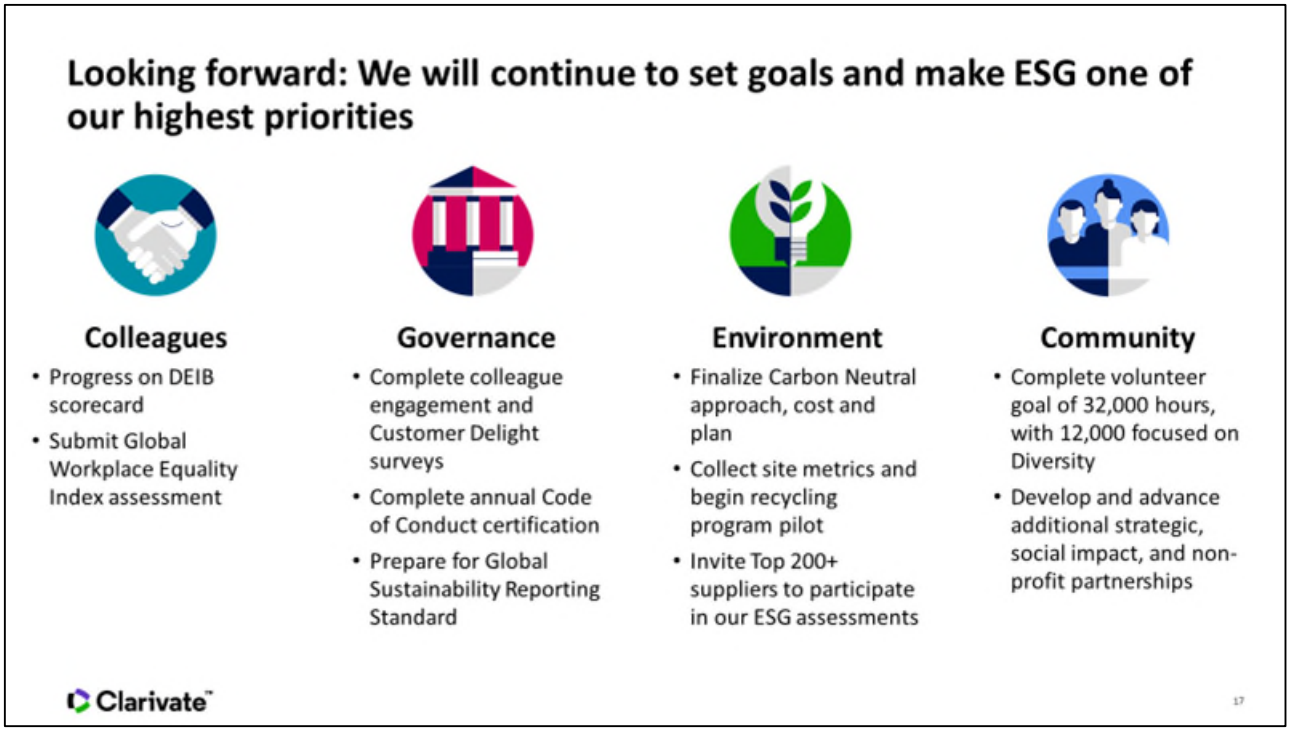
So as I said, with ESG, we've set up similar pillars that we are using for our focus and actions. Colleagues, colleague engagement, and I'll talk a little bit about each of these, of what we've done, governance, community, and environment. So, think about those matching the world that we live in.



Here's what we've done since we began actually in the second quarter of 2020, and here's what we've accomplished thus far. Not going to read all those, but we're on point to meet the targets that we laid out to be in the preferred group in the world. I was delighted last week to receive from one of our larger investors their measure, and we measured quite well for first year compared to some other measurements. So, I felt very good about that. Under governance, we've been working this hard before we even started ESG, and will continue to. I always try to build a very diverse board that really represents the very best, representing our share owners, representing each of you.



If we go to the next slide, you'll see the next pieces, environment and community. Like I talked about, that virtual circle. Think about community. First volunteer we did this year. I was proud to be able to give hundreds of my hours as an annual goal, and we went out really great progress on volunteer recognition programs. Much more of that to come. Environment is an area that we're working hard on. We will become a leader. We're using all of the power of our own insight to make that happen going forward.



Then what we'll do for 2022 is the following. Colleagues, you can see. Submit Global Workplace Equality Index. That, we're going to make happen. The governance you can see, environment you can see, and community you can see. Those are critical for us, because we want to be the world leader, and will be, as we know each of our investors expect us to, from ESG. So, great progress there. We'll report on that like we do our other measurements each quarter.



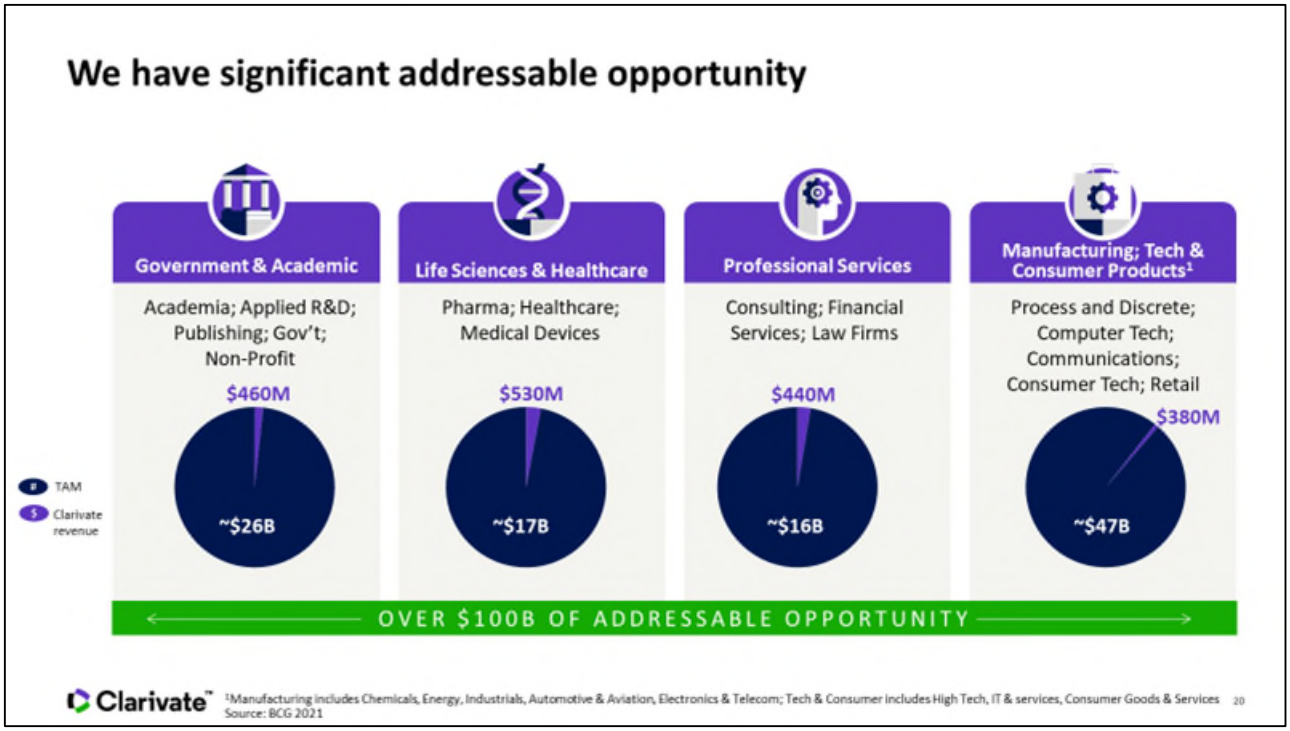
Let's move to what's the most exciting thing that I've been working on now for the last two-and-a-half years as a privileged leader, as a CEO of the great group of colleagues, One Clarivate. As I reminded you, we started with seven independent businesses. We moved to two groups, and now we're moving to One Clarivate. Being outside-in, customer-centric, and focusing, and I'm going to talk about those in just a minute, on the four customer segments. With this strategy ... And I'm actually going to read this, because I normally don't ever read slides, but I want you to hear. We put our customers at the center and move from product focus to customer solution focus. A huge step for us. You'll hear a lot about that today, including examples of live, successful examples of solutions we've provided that are changing customers' ways.



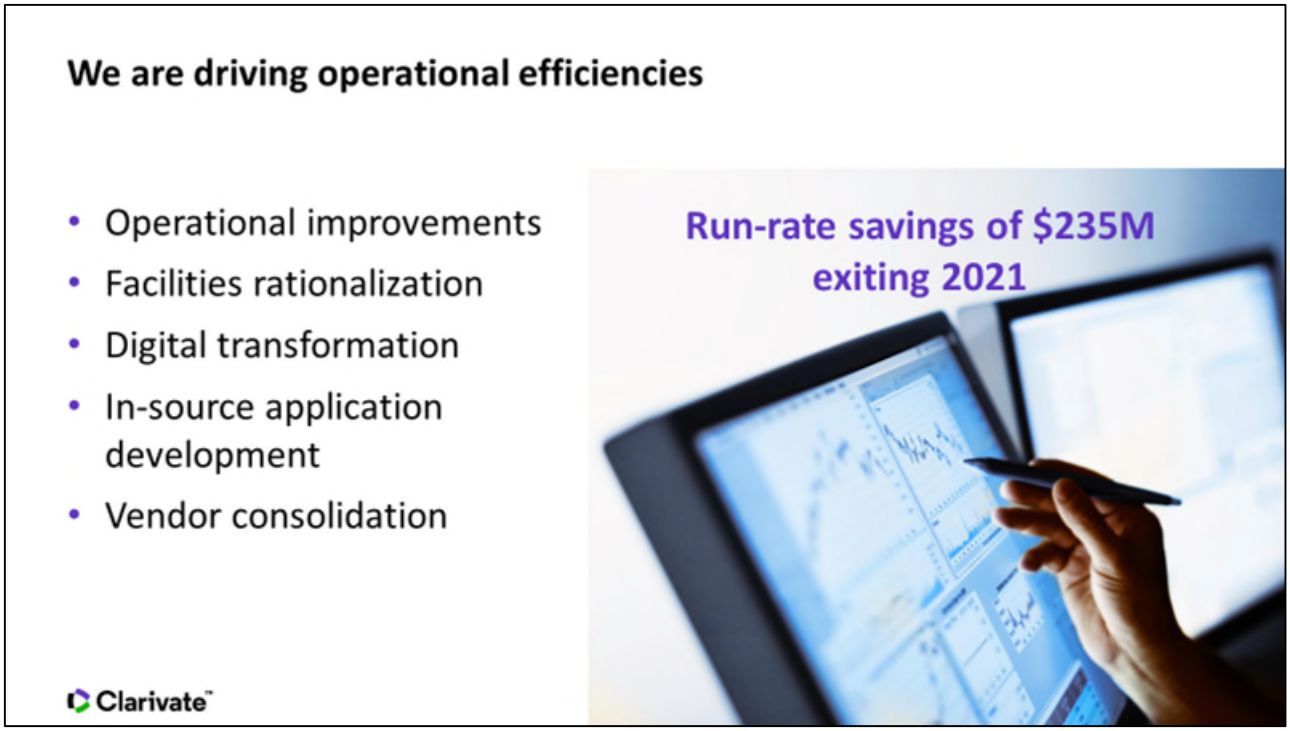
Here's where we're at. This is what's so exciting to me, because it'll even change the way we're making acquisitions. We're going to those four global markets. Here's the addressable market and the growth therein. Healthcare, academic, and government markets are growing at 11% compounded per year. Global patent and trademarks are compounded growth of 10% on global basis, and the consumer manufacturing and technology segment that we've pulled together are also growing at 10% CAGR. So, I feel very good about where we're at. By the way, one misnomer is that when people read academic, they assume that it's a very tight market without increase. We look at academic and government markets together, because there's tremendous overlap between the two. And that market is one that we're ripe to move forward on, and we will make sure it happens, and it's got great organic internal growth, if you will, on a worldwide basis. You'll hear a lot more about that today.

Why are we so well set-up? We tackle and deliver answers for complex problems. Our customers need us to provide end-to-end solutions. As I just said, you're going to see real, live examples from our team. And our ability to move, we talked a lot about cross-sell. I talked about it when we went public in 2019. We put measurements in 2020, and now we're moving to where we're providing solutions that include all of our products. Example only, when we're in the academic world, that now our total offering includes obviously Web of Science and all of its great benefits. But also for research universities, it includes all of our healthcare opportunities, which we didn't use historically. It also provides us the opportunity to manage for universities and academic environments the patents and trademark applications. So, it will use all of our products as we move forward.

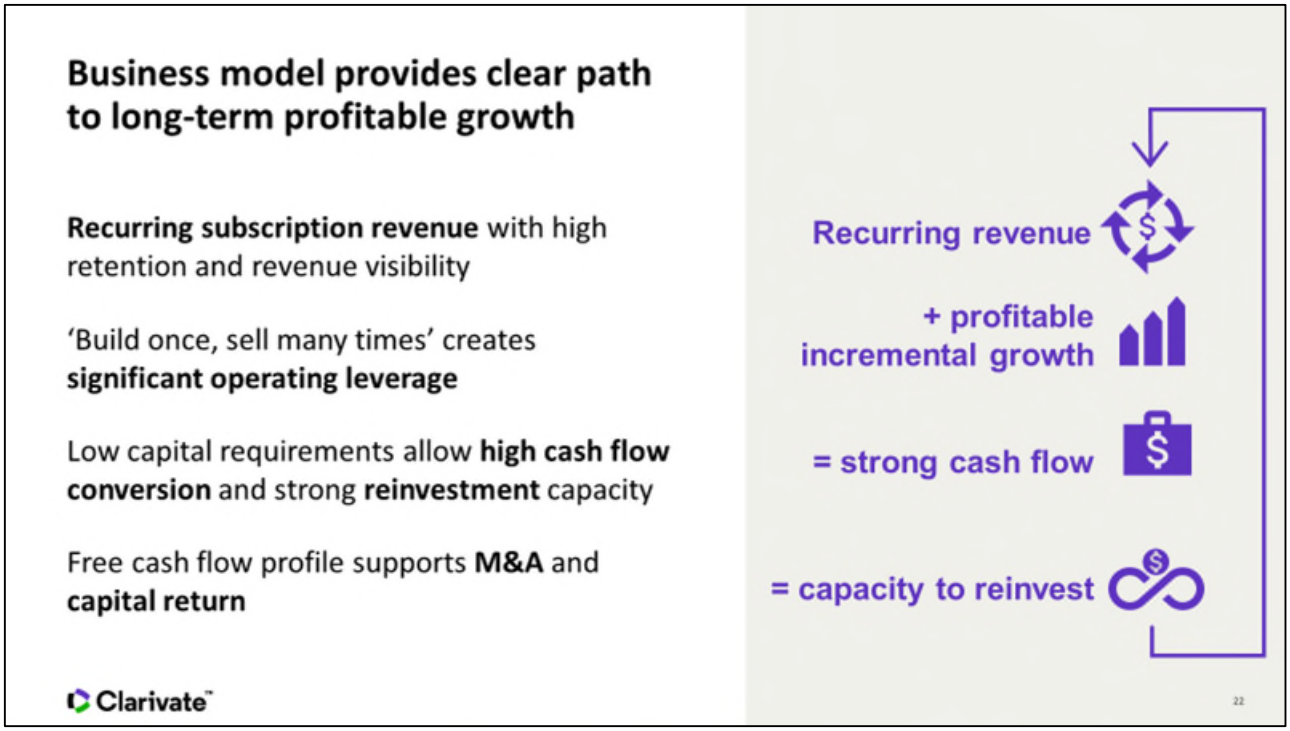
You'll hear from Steen later about how we've reorganized our field sales organization. We announced two years ago that we were going to three global centers, centers of excellence, with inside sales. That's up and running. I couldn't be prouder of the products, and Steen will lay out how critical that was. That was the first step we had to make to get where we're at today.



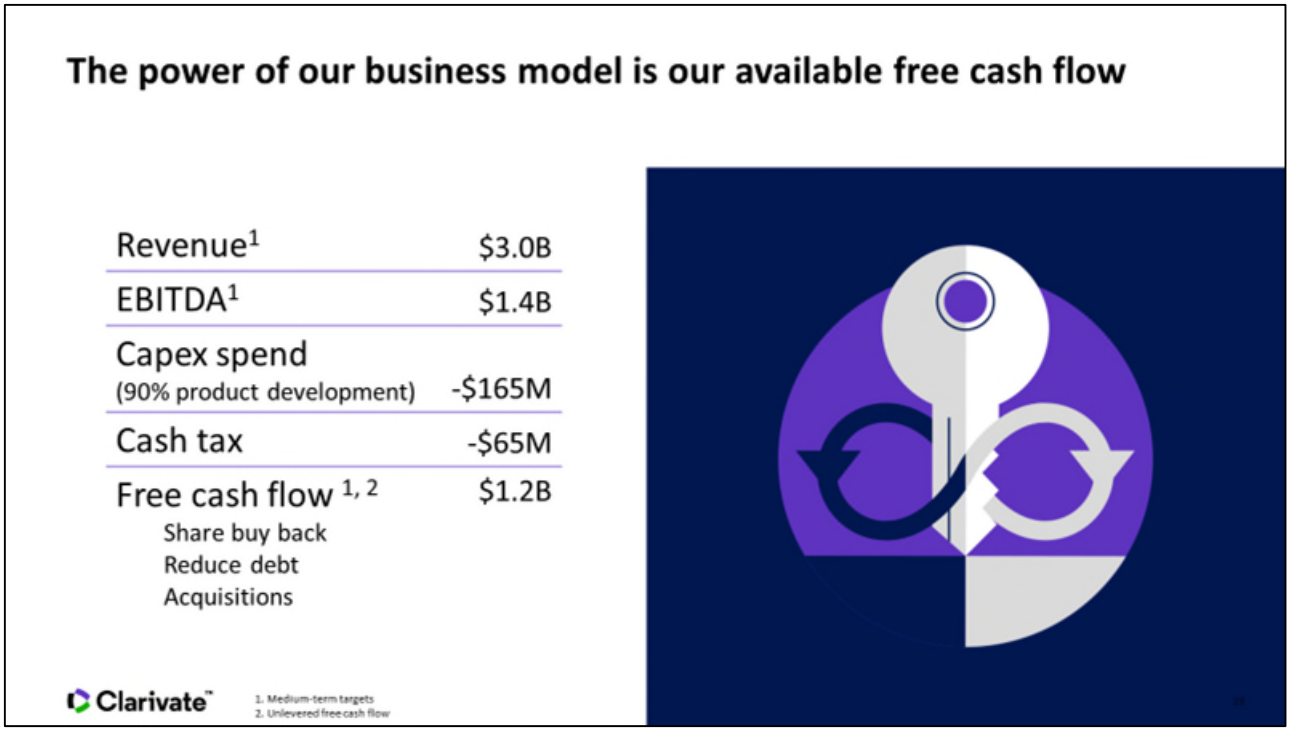
If we move on, here's the things I want to share with you. Starting with government and academic, these are our current revenue numbers. You'll see the 460 million. Those are our estimates for 2021. That's a $26 billion market. You'll see pharma, which is healthcare, medical devices, 17 billion. Fastest-growing market. You'll see consulting, where we're very strong with the addition of CPA, 16 billion, growing 9, 10%. And then that combination, where we have huge upside of $47 billion market, manufacturing, technology, and consumer products. Think about this. Think about us making strategic tuck-in and strategic larger acquisitions that will compliment us on a global basis in these markets. Very exciting with more to come.



Operational efficiency is one I've never been more proud of than what we've accomplished at Clarivate. You'll see, as we exit, $235 million we have saved. Facts as our friends, done and in place. You'll see it across the board. I'm very, very pleased of the efforts we've made, and we'll continue to make that for years to come. As we simplify things, as we make sure that we give our people more people power to move quicker, you'll see us get productivity and continue to get better year after year. Couldn't be happier. You're going to see much more of these savings as we give guidance for 2022.

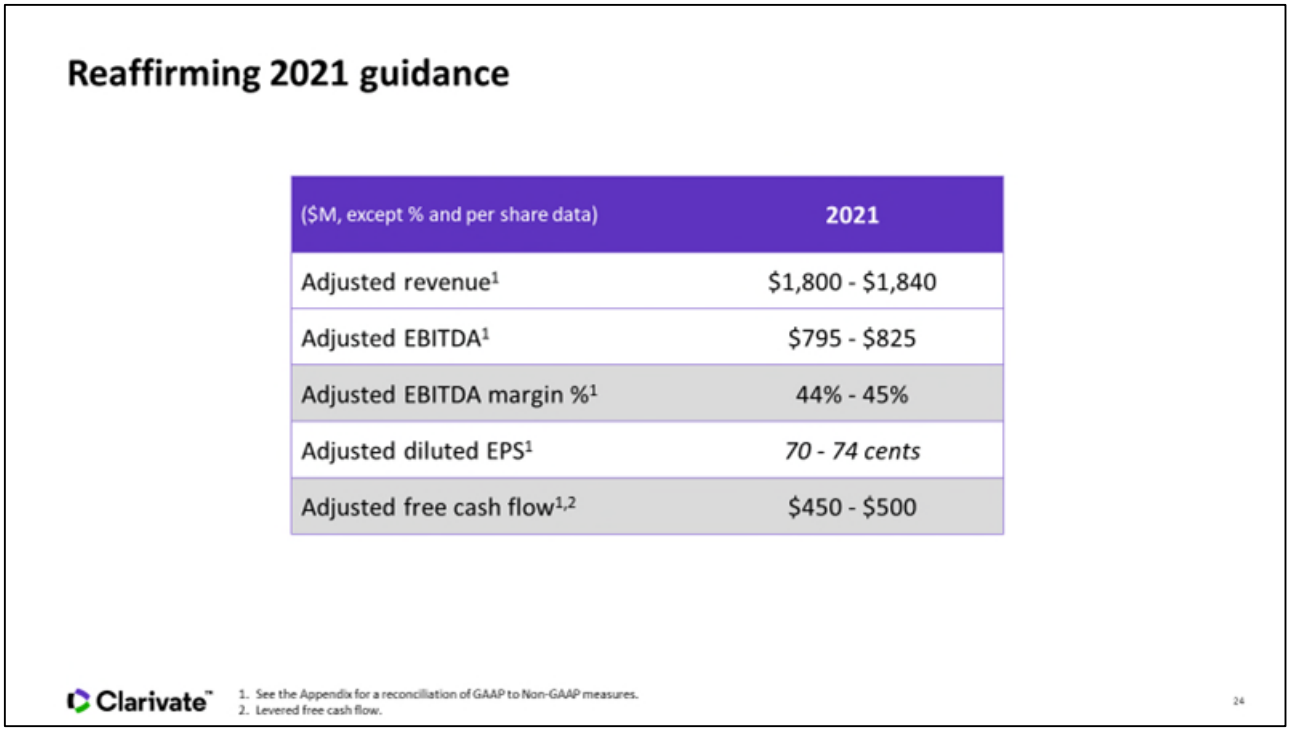


This is my favorite slide, because I've been fortunate. I'm now leading my 10th public company, and I'm in my 42nd year. This model that I was privileged to be part of and create at IHS, then IHS Markit, and now Clarivate, is a wonderful model. Because the more recurring revenue we create, the more profitable the incremental growth, and I mean high 70%-plus incremental growth. Which means the more cash flow we provide, therefore the more opportunity to invest and reinvest. One with new products, two with tuck-ins, two with major, major acquisitions, like we've made two of now. Very proud of what we did with DRG, very proud of what we've done with CPA, and I look forward to closing with ProQuest after we meet and complete all the requirements that we're doing working with the Federal Trade Commission. And we're hopeful that we'll close that by year-end.



Here's my way of describing what we've done. Think about this. This is a machine that we've now created. The numbers you see here are the ones that I gave as my personal goals in November of last year. I said, "We hope to exit, I did, 2023 at 3 billion of revenue, a billion-four of adjusted EBITDA." And I'll come back to those two numbers, and then what it does for free cash flow and how we'll use that. But just think about, as I said, 800 million revenue in 2018, 3 billion revenue in 2023, EBITDA billion-four with upside. Again, my personal goal is a billion-four upside, as I said a few minutes ago. I think we'll be at or very close to 50% EBITDA in this year's 2021 Q4.

So, here's the way to think about it. 1.4 billion generated of EBITDA, and my personal goal of 3 billion of revenue. Our CapEx spend will continue to be about 165 million. A simple way to think about that is, 90% of that CapEx, 90% of that is for product development. We're doing that today, and it's about 5.5% all-in of CapEx of revenue. And then our cash tax is 65 million. So if you look at that, what that does is generate 1.2 billion of free cash flow, where we'll make the best decisions for the highest return to our share owners. That's share buyback, reduce debt, acquisitions, and a combination of those that gives our share owners the very best benefits that they deserve and we will provide. And then of course what that does is, if you do math, you'll see that my personal goal is we move towards $1.50 of cash per share. $1.50 of cash per share as we go out of 2023 into 2024. So, that's the excitement about this business model that we've created and will continue to grow with.



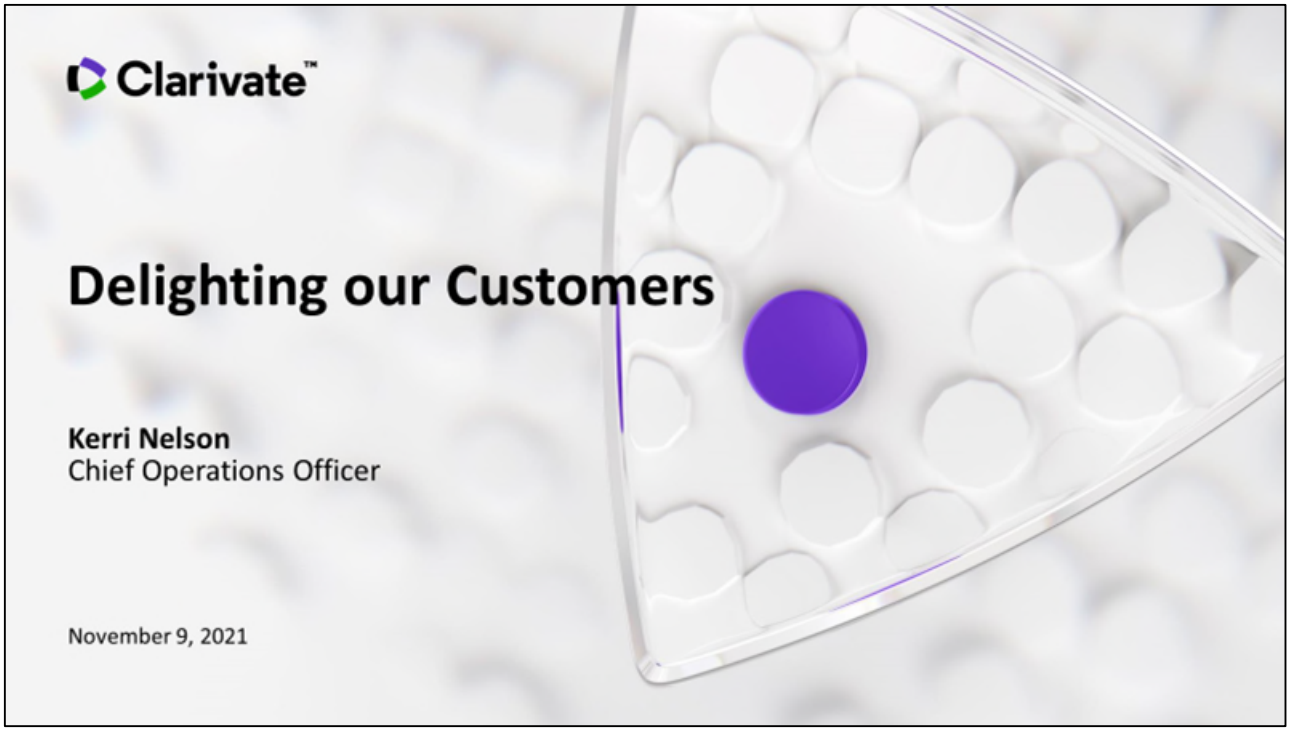
In conclusion I'll do the 2021 guidance, and then wrap up with a few words of why I'm so excited about where we're at. This is the current, that we're reaffirming, guidance. 1.8 to 1.84 billion revenue, adjusted revenue. 6 to 6.5% exiting 2021 into 2022 for all-in organic growth. Remember, 1.2, 1.3% in 2020, 6 to 6.5% for the year of organic growth as we exit 2021. Couldn't be prouder. Adjusted EBITDA, 795 to 825. As I said earlier, we've moved up the bottom of the adjusted revenue by 20 billion ... 20 million, sorry, during the year, and we moved up the bottom by 10 million on EBITDA. We're almost going to double EBITDA from 2020 into 2021.

Adjusted EBITDA margin, again, I just couldn't be more proud. 44 to 45%, with much upside left in the years to come. And then adjusted diluted EPS, 70 to 74 cents. By the way, that will include our commitment that we get at least 10% adjusted EPS at the end of the first year of each of our major acquisitions. We're on point, having delivered that with DRG, and clearly on point delivering that with CPA. Then finally, adjust free cash flow. That's levered free cash flow. So you'll see where we're at, and I'm excited to wrap this up and provide guidance of 2022 soon.



So, summary. Like I said, I've been blessed to lead 10 great companies with wonderful people. This one does more together than any place I've been, largely because of our ability to help change the world. To help inventors and creators do things faster, to provide all the things that every customer of ours so deserves for years to come. Strong financial attributes. Like I said, 70%-plus incremental margin. Just couldn't be happier. We've got many levers to drive our growth, our profit, and our cash flow. We'll use all those as we move forward. We'll continue to increase our revenue growth on an organic and acquisitive basis. We'll continue to drive profitability, and therefore, as the last couple charts I showed you, create cash flow machine that will allow us to give ever-better returns. And we will do that.

Like I said at the big beginning, products that we're creating today are so critical inside of our customers work streams to help them manage their workflows, to help them help their customers. You've seen what we laid out to do, where we started this race for success in May of 2019 and where we're going now with one Clarivate, with huge white space to create internal new products, to acquire products and to provide solutions that make an amazing and magnificent difference for our customers. Finally, we'll continue to be purpose-driven purpose-based culture in place today and make it an even better one with great leadership team that I'm privileged to be able to support. With that, I'm going to turn it over to Kerri Nelson. I look forward to coming back at the end of our session today, and we'll be live with Q&A. Thank you, thank you, thank you. Very proud of our team and very excited about where we're going in the future.

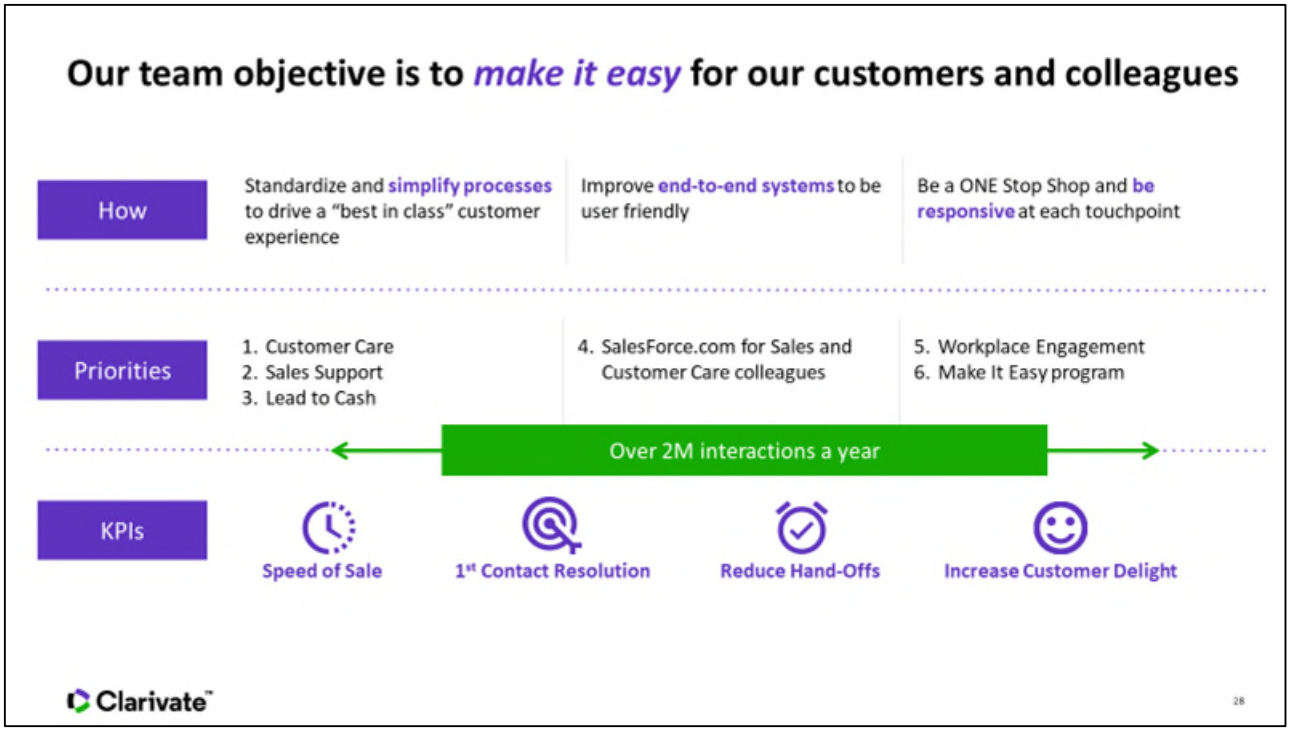


Kerri Nelson:

Hi, my name is Kerri Nelson and I am Clarivate's chief operations officer. My team focuses on making it easy for our customers and our colleagues every day across two million interactions, making it easy as a top priority in delighting our customers. Over the past 25 years, I've gathered many learnings and best practices all with the lens on how to be the very best.

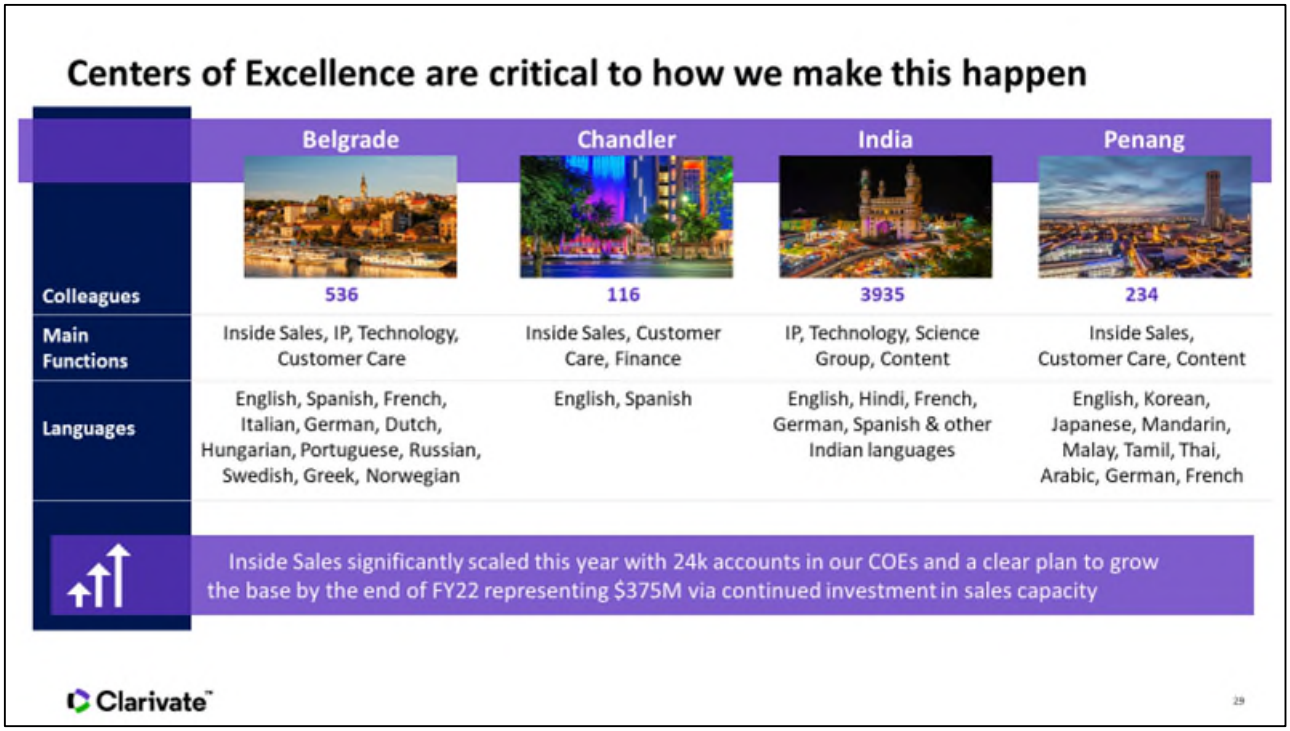


One of my basic beliefs is that the only reality that matters is our perceptions from our customers. That is what drives me and my team every day. My team is 100% focused on measuring the most impactful touch points we have with our customers based on their feedback.

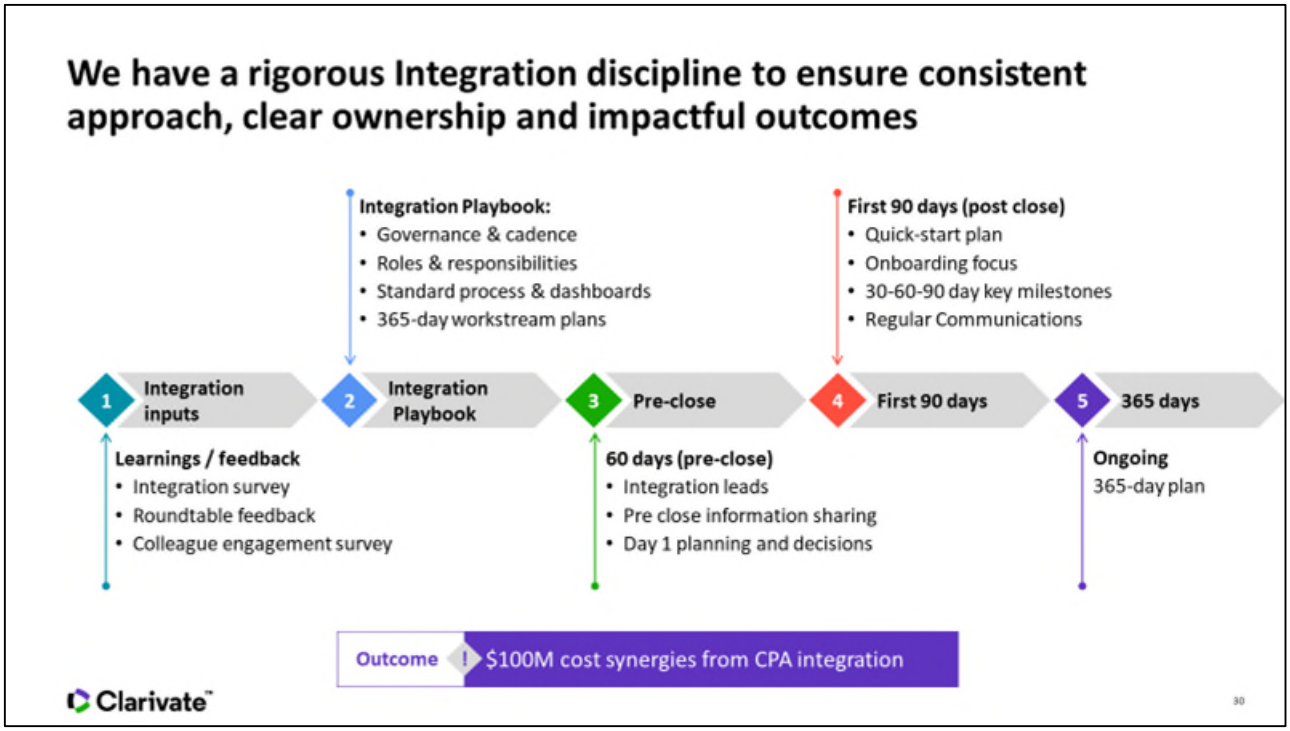


Let me share with you how we approach making it easy. We do this by simplifying our processes from an outside in lens, also by connecting our end to end systems to be easy to use, and lastly, responding to each other quickly across these 2 million interactions that include our customer care and sale support interactions via phone, email and chat, as well as ensuring our orders and invoices are correct and timely.

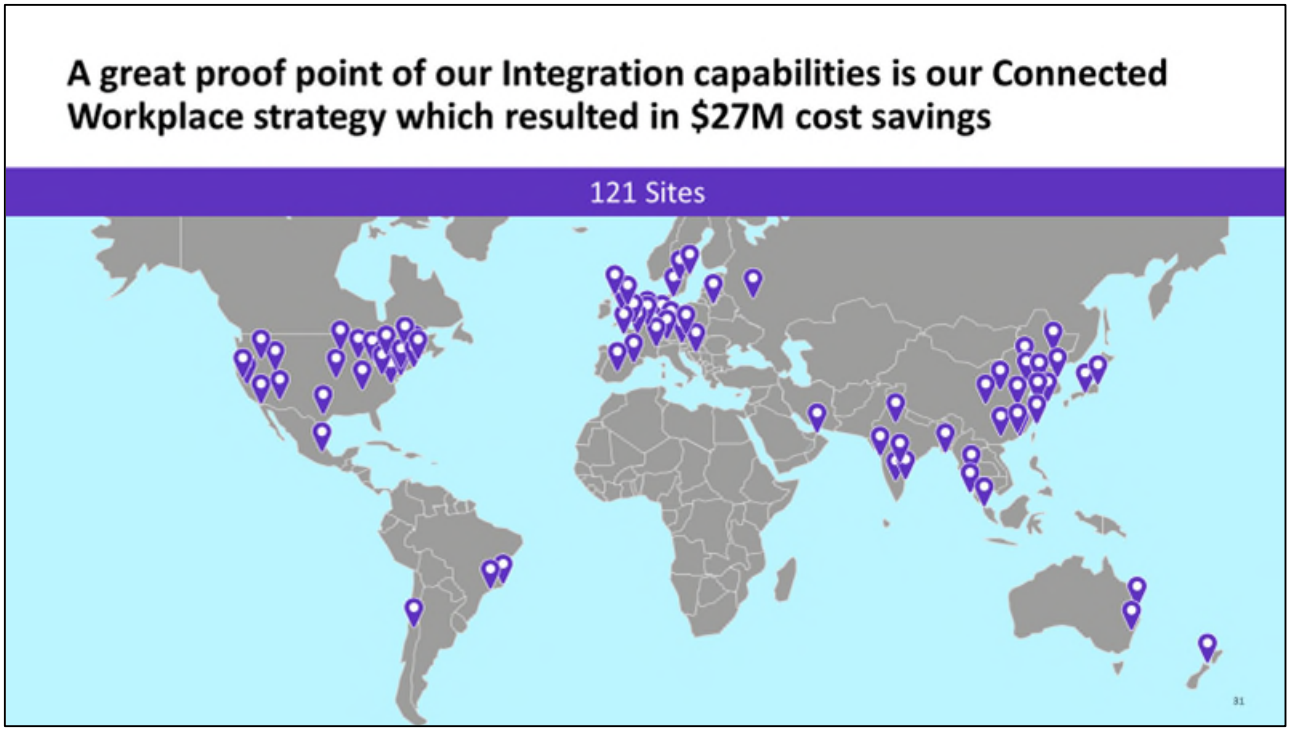
We measure everything we do. How fast we answer the phones with the best practice goal of 10 seconds, how quickly we get orders to our customers within 24 hours and reducing handoffs in approval processes by 75%.



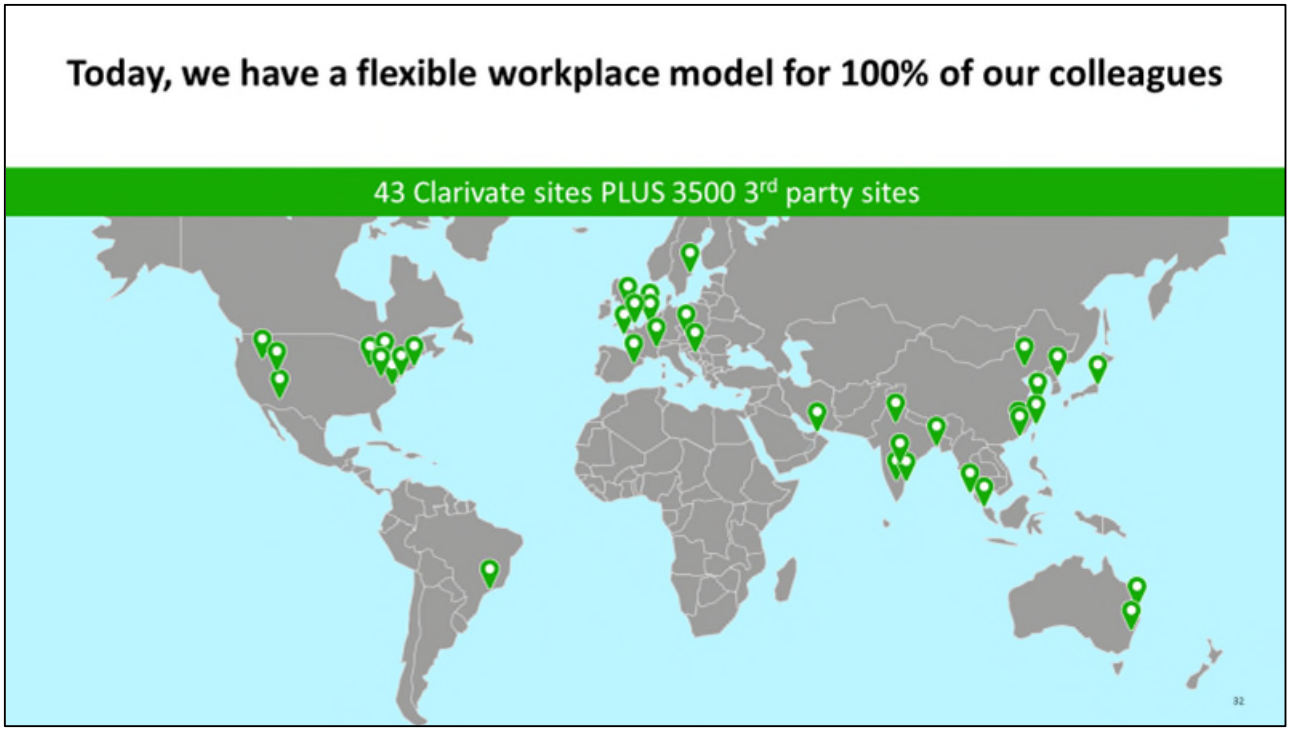
Our centers of excellence are critical to how we deliver these outcomes. With 4,600 colleagues in our centers today, and ramping up to over 6,000 colleagues by the end of 2022, the operations we have in our centers of excellence, our customer care, content operations, IT, product and inside sales. We cover over 12 languages and continue to grow and invest in moving more of our customer accounts to our centers of excellence, to better serve our customers and connect with them on a more frequent basis. All of our operational rigor is then applied to our integration end to end process. We integrate our acquisitions in a consistent matter, based on learnings and colleague feedback.



Over the past 15 years, I integrated over 40 acquisitions and continue to learn what works and what can be better with each one. We have a very detailed playbook across 14 work streams that helps us prioritize our actions from a people, a process, and a system perspective. All of this feeds into our 365 day plan to ensure we deliver our business outcomes. A great example of this is CPA global, where we just celebrated our one-year anniversary together and delivered $100 million in cost synergies.



A great proof point of our ability to integrate and improve our colleagues experience is our connected workplace strategy, which has resulted in $27 million of cost savings. Prior to the pandemic we had over 121 dedicated sites.



We had the opportunity to step back and re-look at our footprint. We now have a more flexible and cost effective model to bring our colleagues together anywhere in the world. We have 43 Clarivate sites today with over 3,500 third party sites available so our colleagues can connect during onboarding, training and celebration activities. Our sites and connections are now much more purpose driven.



Most important to having space available for our colleagues is ensuring safety with clear protocols. Some of these protocols include six feet social distancing and desk spacing using a contact tracing app when you go into one of our sites and vaccines are highly recommended and now required in the US.



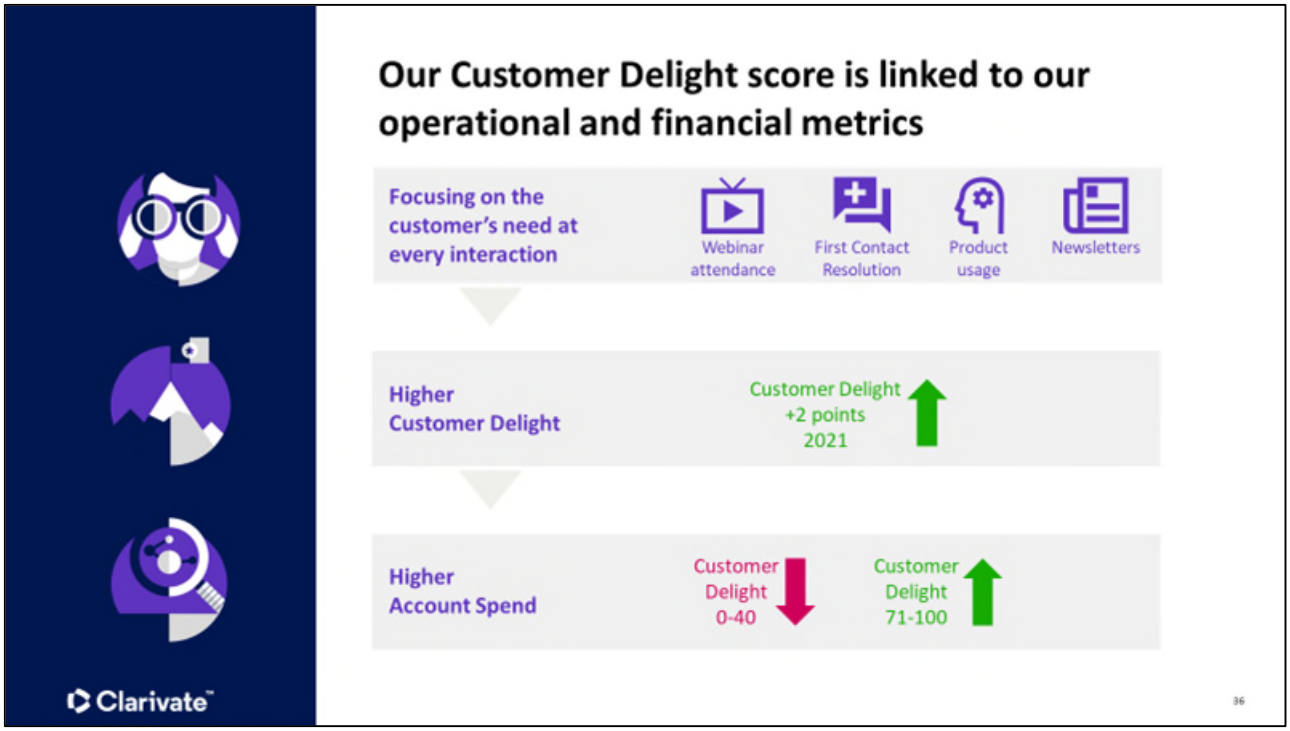
Core to our ability to scale and increase productivity is our constant engagement with our colleagues around the world. We are listening to our colleagues via round tables and networking sessions. We also have a make-it-easy program to get ideas directly from our colleagues.

They are our best source of ideas with over 105 submitted to date and 91% of those, we've implemented. We also ensure that we're having fun together. This is so important to make sure that we're each inspiring and motivating each other, because this ultimately helps our recruiting and retention efforts. Lastly, how do we know this is all working?



We have a world class customer delight program that has three main components. The first one is, listen. We listen. When while a customer joins us the first 90 days in onboarding, we listen while our customers use our products and get their feedback. We also talk to customers that leave us. We've learned a lot that way in order to keep improving our customers experience. The second thing we do that's very important is we act on this feedback and we have a very clear scorecard in place that really measures the progress in areas that matter most to our customers, such as timeliness of our content, user friendly products and responsiveness via customer care.

And lastly, we communicate. It's really important to communicate back to our customers what we heard and what we're doing based on their feedback. So we do that very frequently. We also, as part of this program, reward 100% of our colleagues with Clarivate restricted stock units based on our customer delight performance. We do this because we know our customer's feedback matters to their spending behaviors.



We know that when our customers attend a webinar, read a newsletter, or we respond to their question via customer care the first time they contact us, this all leads to higher levels of customer delight, which then leads to higher levels of usage and spend. In October, we received feedback from over 18,000 customers and had a two point improvement in our customer delight score. So we know many of the actions we are taking are working. It is great to see our progress to date.

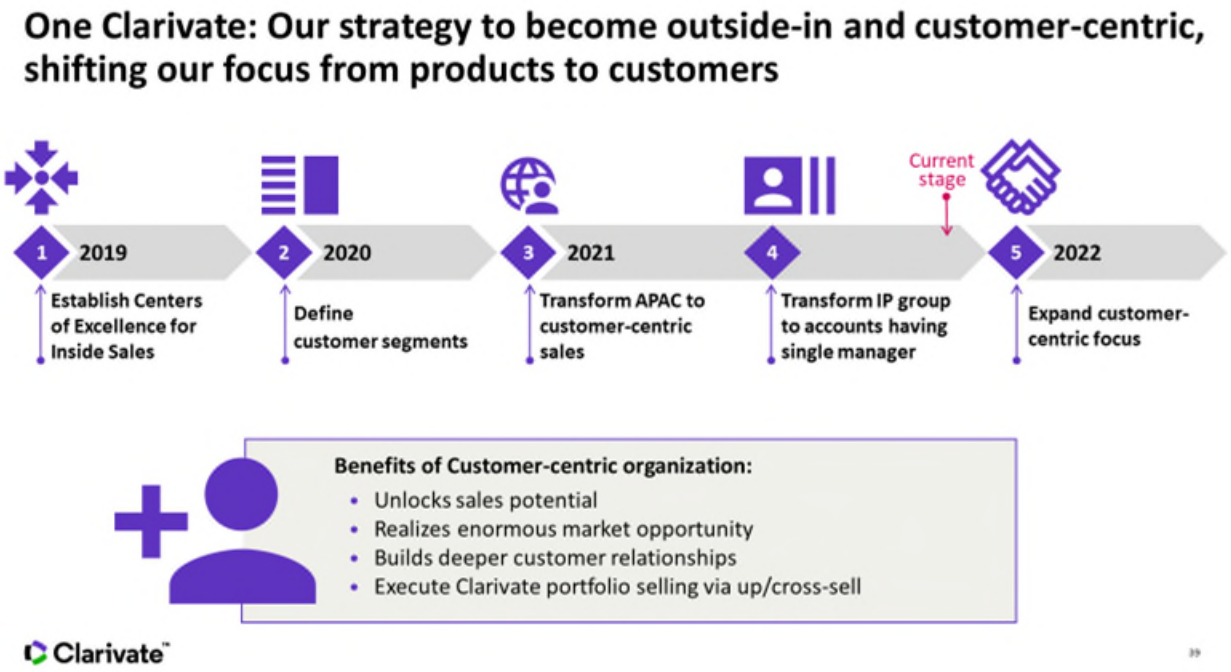


However, we do have more to do, especially in the area of making it easy for our customers. As Jerre mentioned, we have five company goals that are tightly connected. From colleague engagement lens, we are ensuring the safety of our 8,700 colleagues while being productive and having fun. We know that driving responsiveness across Clarivate, processing customer orders faster and scaling our centers of excellence will continue to improve our customers delight and our financial performance. And finally, at the heart of everything is making sure sustainability is core to how we operate globally. Thank you for letting me share our focus on making it easy and delighting our customers. We are now going to take a short break. And when we return, you'll be hearing from our chief revenue officer, Steen Lomholt-Thompson.

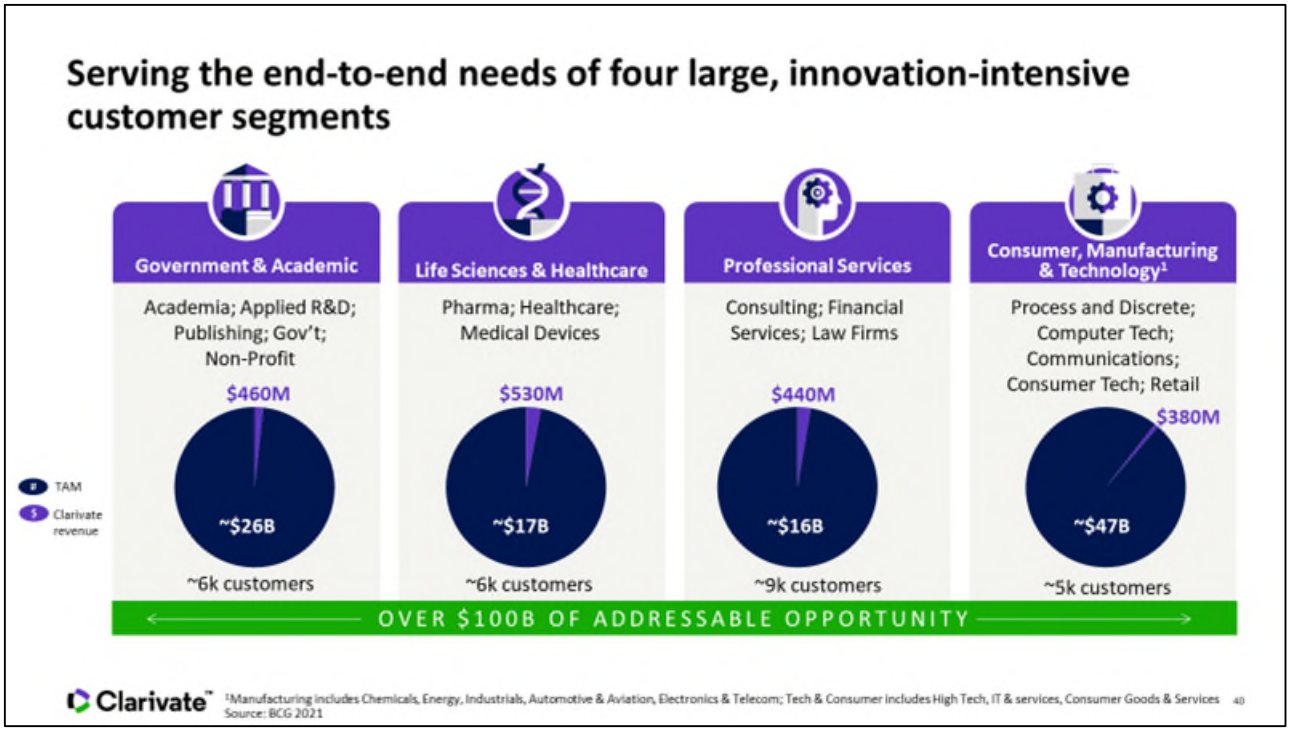


Steen Lomholt-Thomsen:

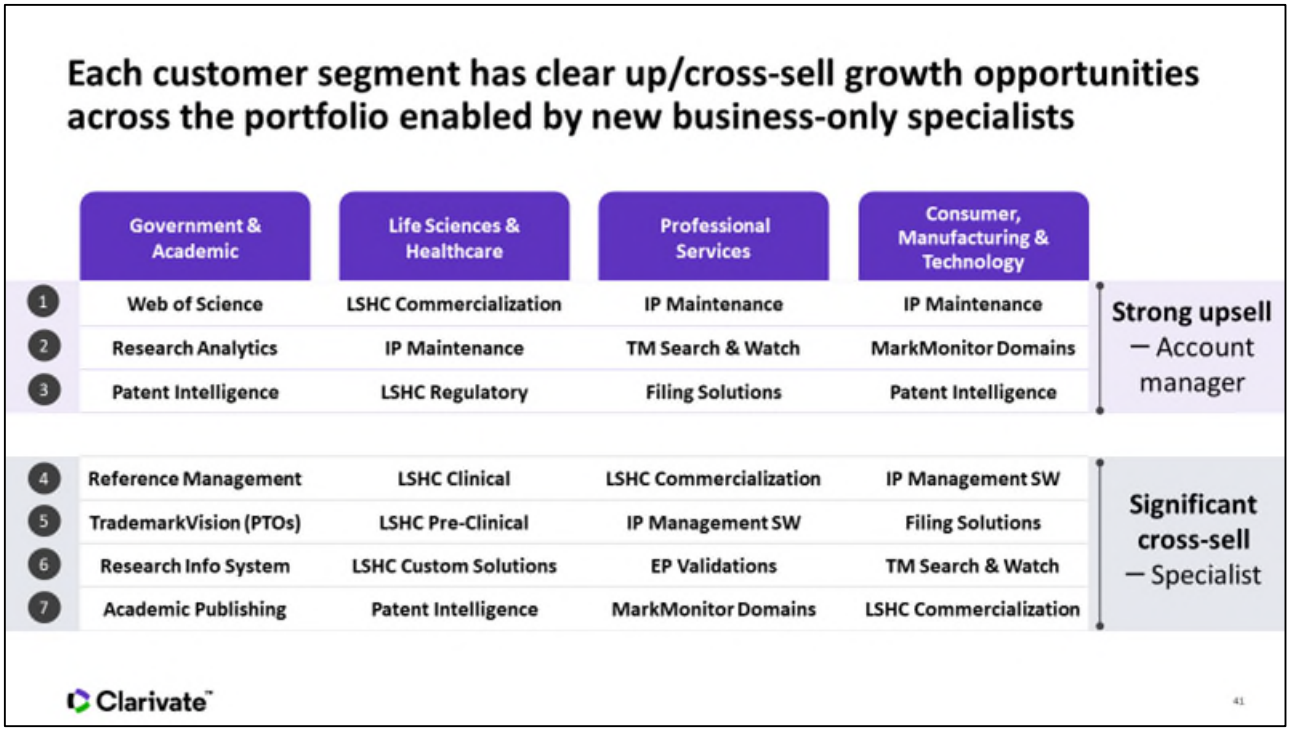
Hello, everybody. I am excited to be talking to all of you today, and I'm really delighted to be part of the Clarivate family. My name is Steen Lomholt-Thompson, and I recently joined as the chief revenue officer being responsible for the customer facing organization in Clarivate. I've all my life been helping businesses grow and scale, and I look forward to doing that in Clarivate as well. I'm really impressed with the market opportunity that Clarivate has ahead of it, and I'm also very excited about the incredible talent and colleagues we have in Clarivate. Today, I would like to talk to you about what we call One Clarivate, and this is really our customer centric strategy that we want to bring to market next year. And this is really all about driving fast organic growth for the company of Clarivate. And it's really centered around how do we drive higher penetration of our solutions and our product into install base?



How do we get closer to our customers, so we better understand their strategic and their end to end needs, and how do we match that with our best in class solutions? And overall, how do we ensure that that delivers strong, organic growth for the company? Now, Clarivate has been on an amazing and a fantastic journey over the last number of years. Since it went public in 2019, fantastic acquisitions, and a lot of important strategic decisions has been made as well. Now, clearly Clarivate has been re-architected as a business, but even under those circumstances, this year, we will deliver more than 6% organic growth, which I think is pretty impressive. Clarivate has also made a lot of important decision that has really enabled us to move to the One Clarivate, our customer-centric organization coming in Clarivate '22. What we are looking to achieve strategically through this strategy is really to unlock our sales potential, is really to build deeper customer relationships, and it is clearly to drive more strategically and more systematically cross and upsell of the Clarivate portfolio into our customer base.



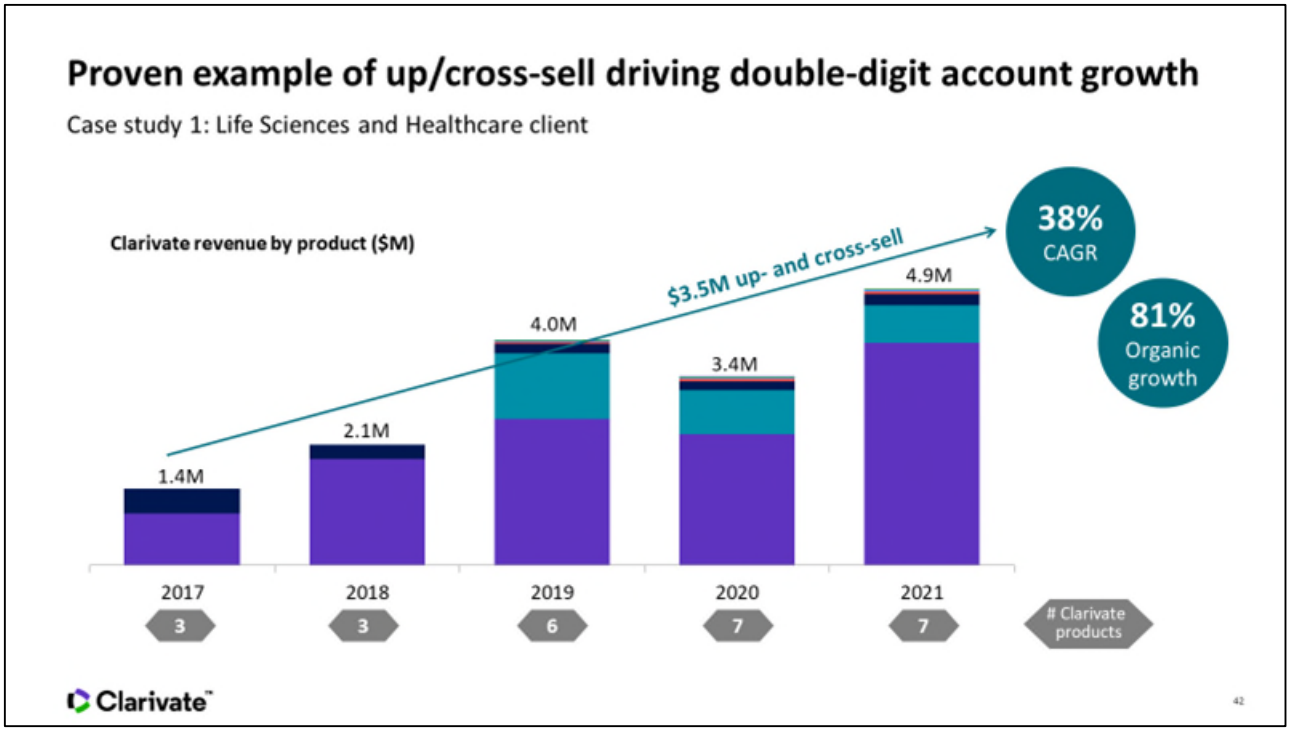
Now, Clarivate will go to market and will operate based on four key customer segments. They're all very innovative, intensive, and they are really, really strategic and a great match to the value proposition that we have within our portfolio. They all represent high to double digit growth for the business. And as you can see on this slide, we have a pretty good distribution of our revenue across our four segments. But most interesting is we have an amazing customer base here. And most compellingly, we have an incredible white space that we are looking to pursue. The addressable market for our business is more than $100 billion, and we are looking to catch more of that as we look for faster growth.



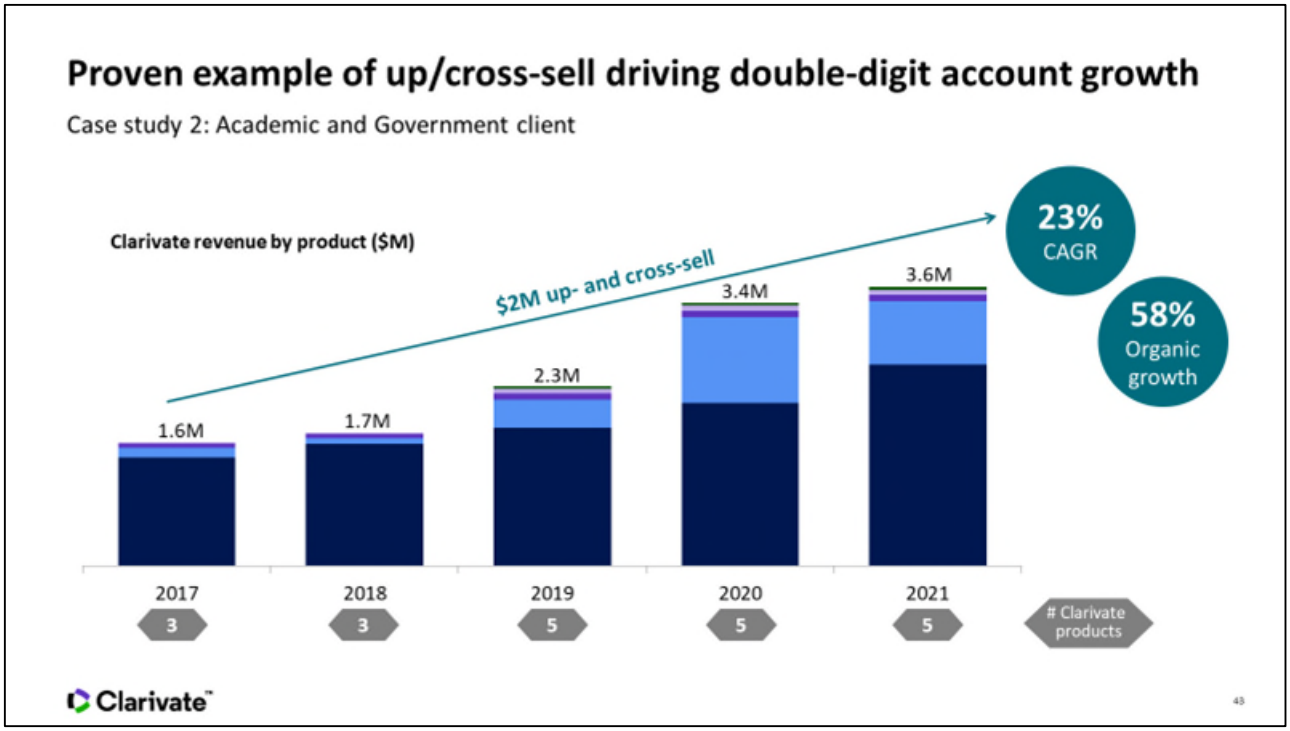
Now, we built a solution map because we wanted to understand what are the most successful products that we so far have succeeded with, and from a go-to-market perspective, and from a customer segmentation perspective, you can see by customer segment, the top three solutions and our top growers that we have.

But more importantly, what we find really compelling is the opportunity for the second tier of solutions across our four customer segments and the grow potential that they have in each of the segments. And this is really part of the cross sell and the upsell strategy that we want to execute. So we now have a clear path, and we have a clear plan on how we look to expand our presence in our different customer segments and we know exactly the solution that has the highest growth potential. And what we plan to do is that for the top products that you see, we will have our account managers with our customer success organization really drive a continuous expansion and growth. And then we want to deploy dedicated sales specialists, a dedicated sales team, really focus on this next year solutions to make sure that we can drive faster growth into our different customer segments.

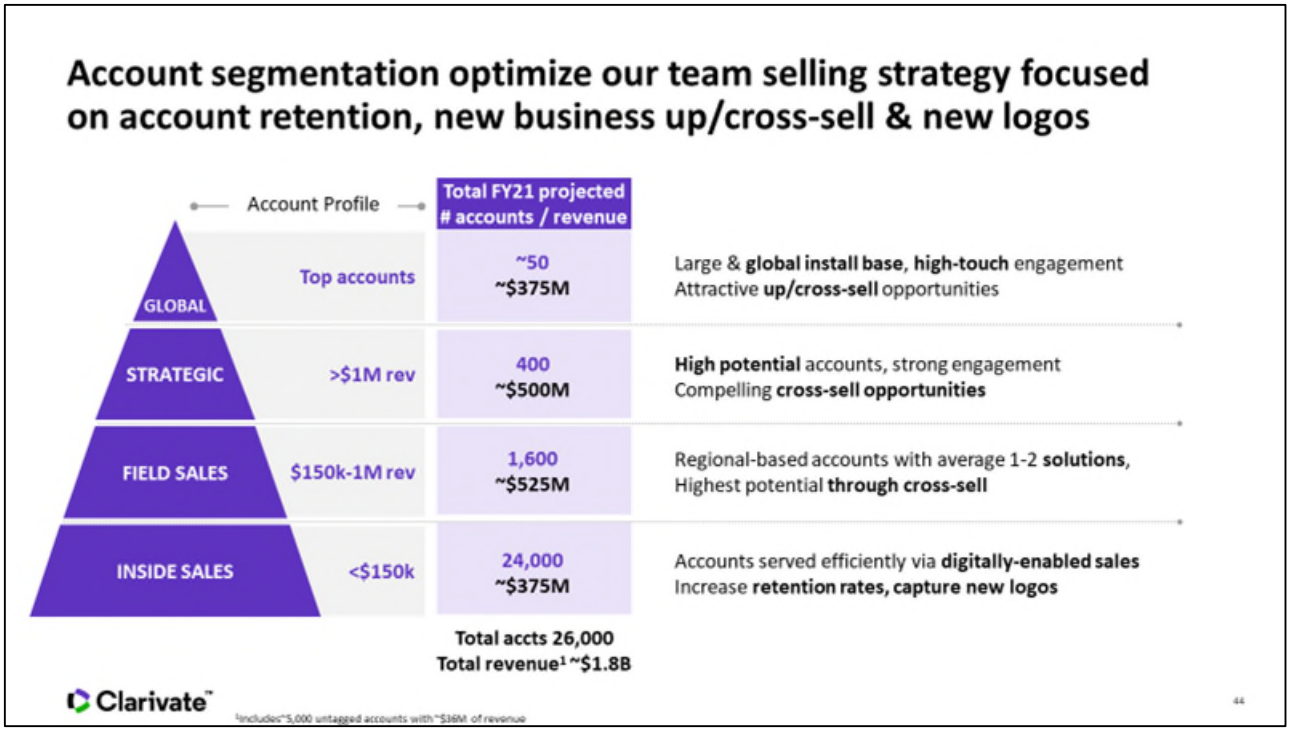
And the reason we are so confident on that strategy is that we have a number of references, a number of accounts where we've been able to deliver that kind of growth.



One example is a life science and a healthcare client where we basic over the last number of years grown that account more than double digit on an annual basis, and actually increased our growth with three and a half million. Or said in a different way, we've gone from three products to seven products. Or said differently, we've grown 38% on an annual basis. Organically, we've grown 81%.

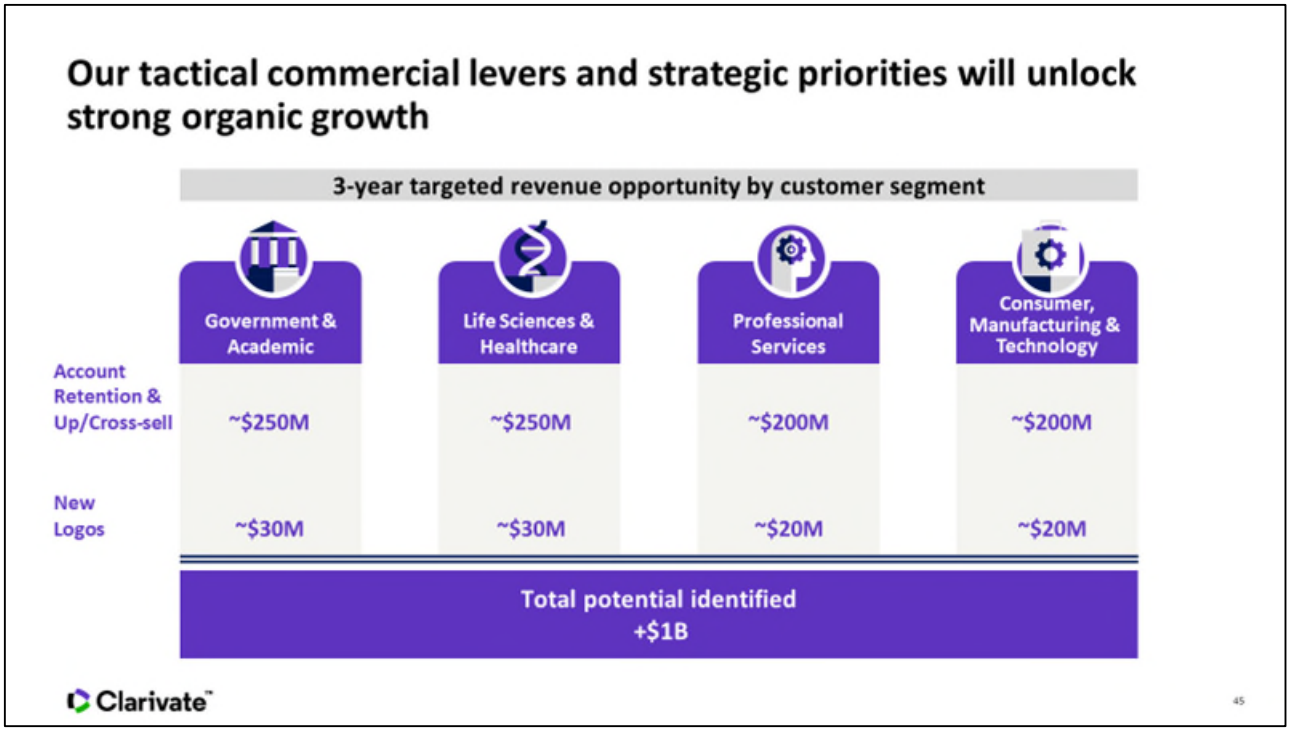


Now we have another great example where we've done the same. We've basically gone from three products to five products, and we've been able to increase our install base with another $2 million over the last number of years. And that is an annual growth percent of 23% on organic growth of 58%. So the strategy is clear. We want to take these great references where we've driven double digit growth in these type of accounts, and we want to replicate that across not one, not 10, but across hundreds of accounts that we have within our portfolio.



Now, the other thing we've done, we've looked at our 26,000 accounts and we've asked the following question. Where it is the biggest opportunity? And the second question we asked ourselves is, how do we capture that growth and how do we capture that as fast as possible? So how we have segmented our account is really around four tiers. And at the top, we have our global accounts, which is typically we have our global top brands that clearly are very strategically important for us. And we know within this customer segment, we still have very attractive up and cross sale opportunities. Our strategic account segment is about 25% of our total revenue. And here we know, based on the analysis we've done, that we have a very compelling and a significant cross sale opportunities that we need to go and pursue. And then we have our field accounts that are typically more regional based, or maybe even country based where typically we have one or two solutions installed.

And we also know based on our analysis that we have high potential to drive further cross sale into these accounts as well. And then last but certainly not least, we have 24,000 accounts that sits in our sales function. And we have completed the transition of all these accounts insight sales. And our strategic priority for inside sales function and for this segment is two things. One is to improve the retention rate and two, to continue to expand new business, including new logos. So hopefully you can see by this segmentation, we can configure our sales force to be as effective and as efficient in terms of how they serve our clients. And what we are going to do for the top three tier is that we are going to deploy a dedicated Clarivate account manager that's going to be the quarterback to make sure that we serve the client the best possible way, and we find the best possible opportunities to drive growth for the company and for the business.



The way that we have quantified these opportunities and the way we think about how we can execute this is really looking at our four customer segments and really thinking about what is the tactical short term opportunities that we want to go and pursue. We have quantified that as more than a billion dollars in potential, that we are very focused on executing and capturing. And as you look at the four customer segment, you can see that we envision significant growth both in government academic, and also in life science and healthcare. But you can also see that professional services and consumer manufacturing and tech also have significant and very compelling growth opportunities. And the way we think about driving growth is looking at our key commercial levels and they are naturally looking at how do we improve retention?

We think we're going to improve retention by getting closer to our customers, building deeper relationships and getting more embedded into the workflow so they can see more value from our solutions. We also think that through the cross sale and the upsell strategy that I've already laid out, that we can with later focus, make sure that we map the right solution to the right customer, to the right segment. And then last but certainly not least, we understand the importance of keep expanding our customer base. And we are very keen to do that as well to expand from the 26,000 out that we have today. So clearly we'll have a strategic focus as well on expanding new logos and that we are going to do across our four segments as well. So the One Clarivate or our customer centric strategy is really all about putting the customer at the center of everything that we do, and it's making sure that we operate outside in.



We think there are really unique benefits for our customers by working with us and through this strategy that we are deploying. Clearly, we think that this will help build deeper and more strategic partnership with our clients. And be sure that we can show, and we can commit to the long-term strategy to our client and of their business, and how they work with their clients. We think we can create more value, and we think we can create more value by actually understanding our customers need and requirement better, and by mapping that with our best in-class solutions. And then last, but certainly not least, we are a company that is committed and we have a mission that is to improve the way that the world creates, protects and advances innovation. And we think that would drive further benefit for our clients as well.

Clearly for Clarivate, there are also significant benefits. We believe that this go-to-market strategy and this model will clearly empower the organization. It will improve speed of execution, and it will ensure that we can faster capture the growth opportunities we have ahead of us. We believe it's going to accelerate product innovation as we get closer to our clients, as we listen more to our clients, as we understand better exactly what we need to do with our portfolio so we can be a better partner for them. And we think it's going to help us prioritize both how we do development, and also the investment decision that we make.

Clearly, the team setting approach with an account manager and a team around them to maximize how we serve and delight our customers will improve our retention rate and will improve retention. We know it's going to drive account experience and fundamentally, of course, it will increase customer delight. So we are convinced with this go-to-market model that we will strategically drive the right type and level of up and cross sale within our different customer segments and fundamentally deliver what we're all looking for, which is increased organic growth for the business.



So as I close, the path forward is the following. The One Clarivate will be put in place by January the 1st, and it will ensure, and it will guarantee that we operate outside in.

Strategically, this go-to-market model will ensure that we can scale our different customer segments. And tactically, we have clear commercial levels, we have clear commercial programs that will drive the up and cross sale we are looking to achieve next year that will enable us to expand our 26,000 account base by finding new logos and by improving our retention rig through the focus on our clients within the model. And fundamentally, we are sure that that's going to unlock organic growth for the company. So in summary, we have a clear strategy. We have identified our opportunities. We have our growth and business set. And we are convinced that our One Clarivate, our customer centric go to market model will realize this. Thank you very much for your attention today. I appreciate you listening to me.



Julia Mair:

Welcome. My name's Julia Mair. I'm the chief marketing and communications officer and I'm the head of sustainability. And I'm here today with my colleagues, Gordon Samson, president of the IP Group, Mukhtar Ahmed, president of the Science Group and Stef Maestri, who is our chief technology officer. Now, earlier today, we heard Jerre talking about how we're really helping our customers to solve some of the world's most complex problems. But for today's session, we're going to talk about product and technology and investments that we are making to really improve customer experience, drive customer delight, how we are working with our product portfolios, bringing new products to market, really to drive cross selling and retention. But before we dive in today, I'd like to hear from each of you about what are the customer challenges that you are really seeing out there when you're talking to your customers, and I'll start with you Gordon.

Gordon Samson:

Thank you, Julia. First of all, it's great to share the podium, if this can be a podium, with Mukhtar and Stef and hopefully it'll give the listeners a bit of an insight into how we work together across the IP and science portfolio to build solutions, but you can be the judge of that later. But to answer your question, what I see in the marketplace is the pace of both innovation and globalization, and they both support and drive each other. Customers under what looks like ever increasing pressure for ROI on research, on investment, innovation and, or realizing value from their IP assets. And we have a great role to play in supporting that. But again, perhaps that'll come out of the conversation. Finally, we need to think like our customers and be part of their industry vertical, not part of our world, but looking forward to hear what Mukhtar and Stef have to say.

Julia Mair:

Yeah, well Mukhtar, what are the challenges you're seeing?

Mukhtar Ahmed:

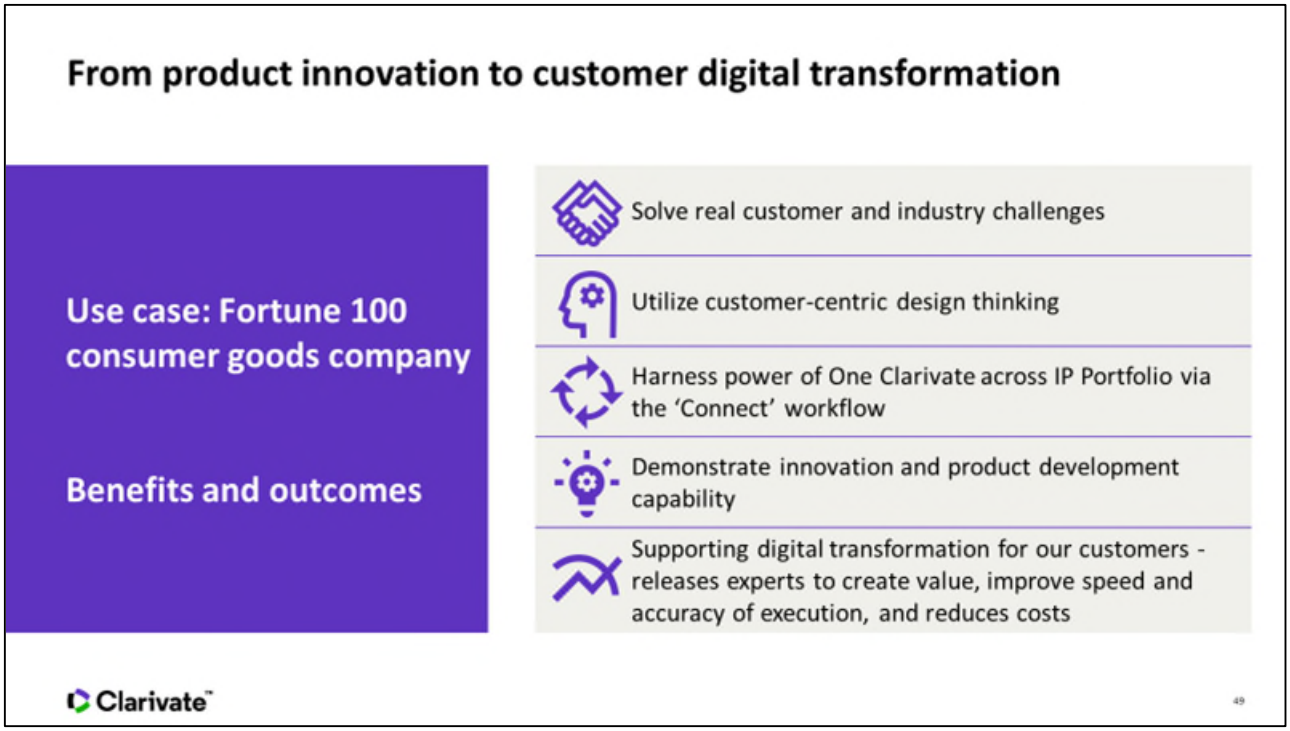
Yeah. Happy to pick up. If we look at this in the context of the post pandemic era in particular here, Julia, what we're seeing is a lot of our customers really are seeking a lot of help to just navigate through a lot of the economic and industry challenges that they face. In some cases, regulatory, some cases, financial, but ultimately revolves and using data. And if anything, the volume and velocity of data continues to increase. And in that lots of challenges opposed for our customers in that they need to navigate through that data really to draw and extract insights. They want to be empowered. Those self-service analytics, being able to go off and use that data to drive actionable outcomes. And therein, I think also lies an opportunity for ourselves here to work with those customers, to really address those challenges and to of those in a rapid timeframe.

Julia Mair:

Yeah, that's great. And Stef, what about you?

Stefano Maestri:

I would say really complementing both Gordon and Mukhtar's commentary really. So as a technologist, there's three things that I worry about every day. One is how do we actually manage this data explosion from a system perspective and how do we do that and how do our customers do that, and how do we help one another? The second one is actually the pace of technology change. So there's always more and more new solutions that we can adopt and really help us grow. The problem is which one of the right ones to pick and at what time. And the last thing I guess I would really talk about is our customers rightfully expect seeing this interoperability of our services and products. And that's, I guess, the third challenge that hopefully we'll give you some insight today in the conversation.



Julia Mair:

Great, great. Well, we've heard some of the challenges, so let's talk about how we're helping to solve those. So Gordon, last year, we've been talking about building end to end solutions, integrating our products into our customers environments. How's that going in the IP Group? Are there things that you're working on that you can share with us now?

Gordon Samson:

Well, a few examples. Let me think of one that I think is really, really interesting. First of all, when we talk about these examples today, and I'm sure that Mukhtar and Stef will do so, we're going to talk about outcomes, but not product details. So this is a story that starts in 2019 with a Fortune 100 global customer, super interesting story. The IP industry has a challenge in the filing and prosecution space. That space is largely a semi-automated or manual process, which is therefore full of challenges and opportunities for error, as well as success. We had an idea in 2019 and we approached this customer who'd been a product partner customer before. The idea was essentially simple. So what was the answer? Well connect and I could stop there. And if you listened to the demo day, you would know a bit about this, but let me explain that a bit more.

We developed a digital workflow platform, which fundamentally addresses two things. One is a real pain point in the customer's workflow and their IP operation. It also addresses a real pain point in the industry, which has been a challenge for many years. In fact, for decades. This digital workflow platform that we brought to market addresses the need for their operational teams to make quality decisions and send clear instructions with accurate data from our data and content sources. I'm sure we'll talk a bit about that. And using IP asset management software that they sit on every day. So a proper integration with a workflow tool, really exciting and solves both their issue and an industry issue. We started by delivering a trademark solution at the beginning of 2021. And in January '22, we'll launch the patent solution, which we're super excited about. It will give them access to much richer data, real time

information to make better, faster decisions. There are many other examples, but I think that's a really terrific one, and it's about bringing a new product to market. And frankly, to compliment Stef and the team, it's all about those fundamental building block...

To compliment Stef and the team, it's all about those fundamental building blocks that technology been working on for some time, perhaps behind the scenes, so we can now deliver these integrated solutions.

Julia Mair:

This kind of customer centric example, does it post problems for you on the technology side and how do you solve those?

Stefano Maestri:

That's a good question. Look, I think it post problem, but also that we have this present solutions that you can adopt. So Gordon mentioned agile and I'll start there. And I actually talked about agile last year to some degree. As a company we've really evolved our agility and also the way we operate in terms of delivering software and solutions.

So that was like a great foundation block for us to sort of help our customers. I think the evolution we've made in the last 12 months are really twofold that really helped complement this customer use case, but also more broadly other customers is, we've adopted a design thinking philosophy, which is really thinking about the motivations and the outcomes customers really need, and trying to really empathize within to understand what's actually driving those things.

Often, the case is people talk about requirements rather than what's actually driving those requirements and really trying to get into the nub of those aspects of the combination. The second thing we've done, which I think has been another big driver and hopefully Gordon and Mukhtar will agree with their support. In fact, they were wholeheartedly behind this transformation was to start to bring together our user experience and user interface teams as one.

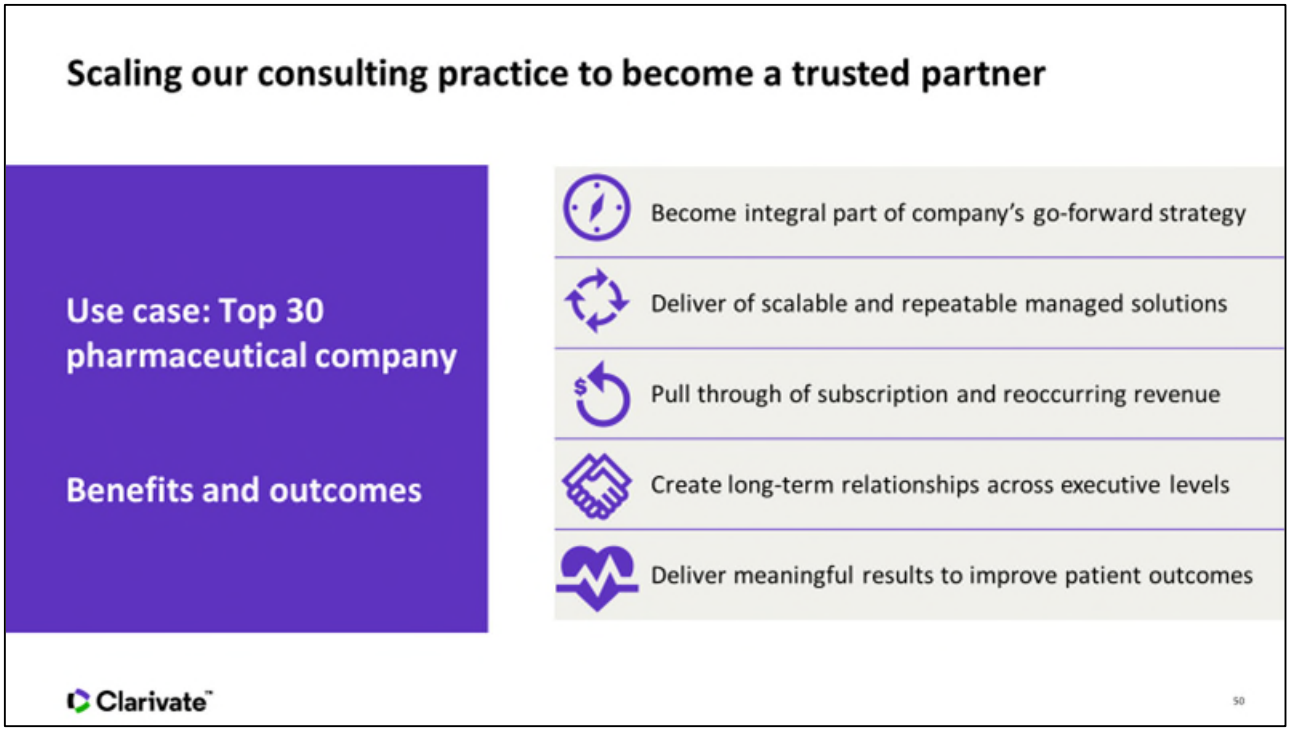
Number one, of course, to help us drive the one Clarivate vision. But more importantly to enable some of the things I opened with, which is how do you start to get seamless integration? How do you start to get the feeling of you are using one product rather than many? I think they're the three pillars we use to help drive that support for our customers. And again, I'm very pleased with the outcomes and hopefully Gordon and Mukhtar will agree.

Julia Mair:

Well, I'm sure they're creating some pretty powerful customer experiences as well.

Stefano Maestri:

Absolutely.



Julia Mair:

Mukhtar back to you, we've all been through a pandemic for the past two years. Has put a lot of focus on the pharmaceutical life science industry. You've talked about in the past about some of the challenges they face, particularly in the regulatory and drug areas. Is there anything we're doing there that we're doing to help our customers manage those rather complex landscapes?

Mukhtar Ahmed:

Yeah, let me perhaps just draw on one particular example here, because I think examples in case studies always useful ways to actually understand customers problems and how we help to solve those problems. But before I do so, let me just roll back here, just as a reminder on our business model, because this is quite important. Our business model is underpinned really by three core tenants.

We offer software as a service and this is really all of our analytics suite across the enterprise, both science and IEP. And remember we're talking about integration here and interoperability across the enterprise. So having access to our subscription software is absolutely critical. The second component is access to the underlying data. Remember we've invested heavily in building that data architecture, building that data together so that we can serve it through our applications.

But there are a slew of customers that want access to that data as a service. And we are enabling that through our cloud and I'm sure Stef will talk more about the cloud and I'm sure Gordon will also have examples. So that's the second tenant. The third one, which is really important here is consulting. Our consulting organization and this is deep domain specialization in the industries that we operate.

And remember we've moved to five industries and we are focused on those from a go-to-market and solutioning perspective. But then intertwining that with and complementing it with deep data sciences expertise, and that's really understanding data sciences technology and being able to apply those. And so it's really that third tenant in this particular example, it's a top 30 biopharmaceutical organization, global span, wonderful drug portfolio.

And in this particular instance, the customer had an issue with really optimizing their regulatory processes. And remember in drug development, huge amount of investment in discovery developing the drug, but the key focus is to get the approval as quickly. And obviously in the pandemic, we've seen that accelerated with all the vaccines. In this case, the real problem was optimization of those regulatory workflows using data to drive decision and really to streamline the entire process of R&D.

Our consulting team in this first instance, engaged with that customer to really understand what are the issues and how can we assemble the right information here to drive decision making. So very much working at the C-level in this biopharmaceutical organization and over the course of almost three years now, we've built a fantastic relationship from the executive level all the way through to the operational and delivery teams in this particular customer.

And what we've done here is help them assemble solutions, advice on how to make the data to actionable, but also a fair amount of business transformation and change around using those insights. Now the beauty of this is, that through that process, this customer has been able to really leverage not just our regulatory data, but they've been able to leverage all of our products and data across the enterprise.

Cortellis, our academic suite, into intellectual property. So it's a fantastic example of working with a customer and helping them to adopt our solutions and offerings. And the key thing here, it's a wonderful template that we can reuse over and over again with large customers. Very excited about this.

Julia Mair:

Yeah, very powerful story. Stef back to you, because what he's talking about obviously has implications on the technology side. Data as a service, gave a nod to you to talk about cloud, but what else behind the scenes have to do to be able to deliver on this?

Stefano Maestri:

I think the first thing I say is, we were as a company, I think very progressive and we already had about 80% of our assets hosted in the cloud. So that's a great foundation to build on. And we spent a lot of time over the last two, three years of starting to number one, become a cloud first company. Any new products and services we build are built in a cloud native way.

But beyond that, we've also been looking at our broader portfolio and picking and re-engineering products over time. And I think you mentioned Cortellis Mukhtar. I always knew Cortellis as the sort of shining light for the whole team and for the company, insofar as it's achieved something that I thinks quite transformational actually from a cloud perspective.

We've got Cortellis to the point now where it's able to release at will. Now, you may ask well, is that actually absolutely necessary? And I would say is, "Well, in many cases, not really." But what I would say is, what reason will actually give you is two things. Number one, just to first of all, just to explain what it is, it's the ability to release software without customers really knowing it's happening at any point in the day.

And in order to do that, the things that enable that are three things, number one, you have to have a very good automation suite of testing and making sure the product is engineered in the right way. Number two, you need to be able to deploy change without interrupting service. And number three, you need to be able to do that in a fully automated, repeatable fashion.

And then really the three tenants we're building on in the company around making us as cloud native as possible. And I think Cortellis is the shining light for the rest of the company that we're aspiring to. And

again, I think if we do that right, and continue to grow our assets in the same way, interoperability and cross-selling and all these things will become much more easy over time. I think that's really, what I would add there is our journey to become more cloud native.

Julia Mair:

Yeah, that's right.

Mukhtar Ahmed:

If I can just maybe add something, if you don't mind, Stef and Julia, just with the infrastructure that Stef has just talked about, there's an important point around our customers and with our applications in particular, we've focused on what we call the practitioners of information, the decision makers, and we've done that really well. You heard from Gordon of course, I've given you an example. But the other area of focus is our customer's customers, really focusing on the end users, because ultimately that's who we're trying to influence, because they're the real consumers of the value that we create.

And so mobility of course, is important. If we think about our users, we're not just designing for the users of today, we're also designing for the users of tomorrow. So we've invested heavily into the human center design and the whole UX experience. And we've released a number of applications, MyRA, which is the my research assistant that gives a gateway, for example, to web signs.

We've done something similar in the regulatory arena as well, and we'll continue to do so, but that mobility capability and that's native mobility, I think is something that's strategically important for us that we can truly connect with all of our end user communities. But don't know Stef if you want to add to that as well.

Stefano Maestri:

No, and I think it's a great call out. Actually, MyRA being a great example of that innovation, where the engineering discipline required to build mobile apps that function on the go and are able to recover and release it will, et cetera, is something that we've evolved over the last two years.

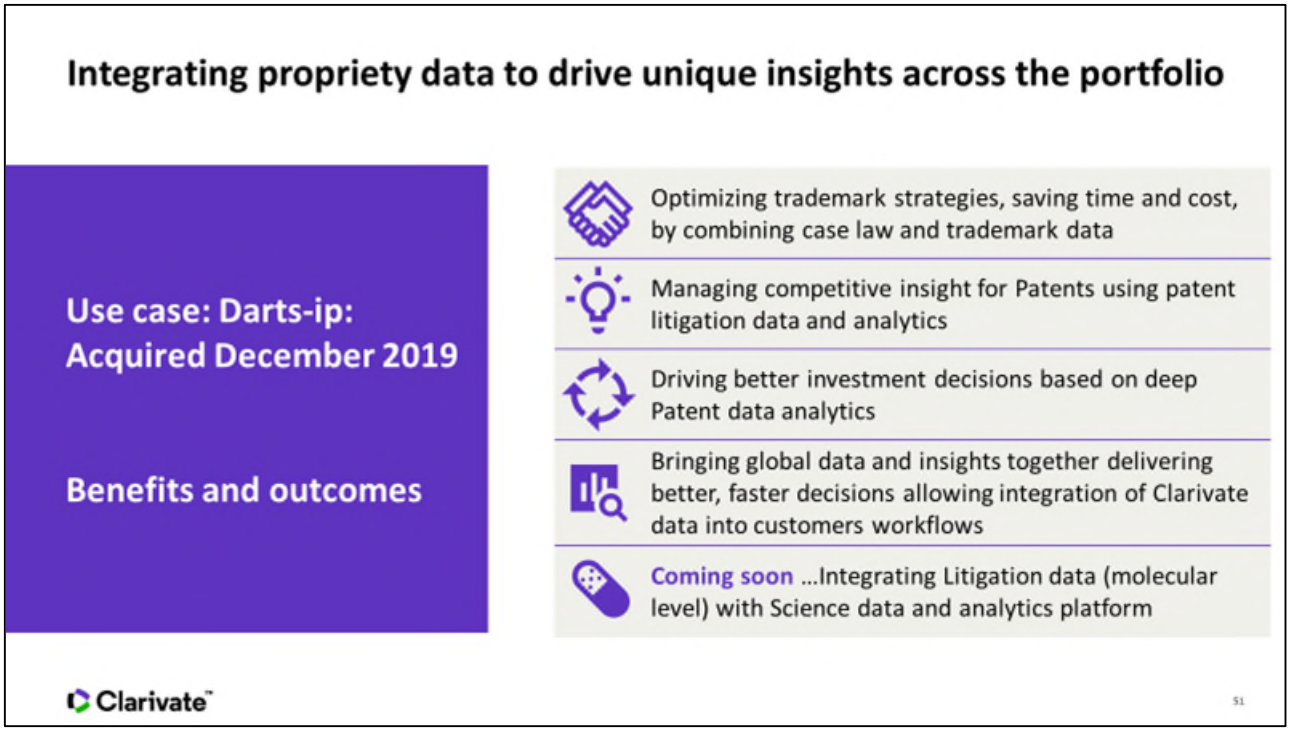
And I think again, it's about upskilling and growing our capabilities as a technology group to support the business imperatives. And I think MyRA is a great call out, and actually I'm sure the team would be kicking me virtually under the table for not mentioning it. So thank you for bringing up.

Mukhtar Ahmed:

And it's one of many.

Stefano Maestri:

Yes. It is one of many.



Julia Mair:

One of many, one of many. Gordon, I turn back to you. You're talking about customer challenges at very start of this session, you mentioned the time, the energy, the complexity of managing intellectual property, especially around trademarks and especially when it comes to litigation of those, what are we doing to help our customers really manage those and move beyond them? Do you have an example?

Gordon Samson:

Well, we're doing quite a lot. Before I give you an example, just Mukhtar commented about the business process change that happens when we provide solutions to customers and that actually is a big impact on them. So the comment about getting closer to our customers is really important, because it's not what we do with them, it's the impact on their organizations that we need to help with as well.

So it's a great, great comments and nothing I'm going to talk about is possible that my friend Stef, this is my plea for more support from Stef. So I'm now in pole position for next year's support. Let me talk a bit about something that I'm really excited about, which is in 2019, Clarivate acquired a business called Darts-ip. I try not to many product or entity names, but it is important.

They're a leading business in the IP litigation data space and the acquisition of that dataset and a terrific team resulted in some really interesting integrations that were all part of the strategy. The stories about how we use data, get customers to make better decisions that the amount only wasted in the innovation research and IP life cycle that doesn't have an ROI is quite a scary discussion, but probably too big a topic for today.

Back to the story, immediately after the acquisition of the Darts-ip business, the team said about integrating Darts-ip litigation data first with our trademark business, and many people will know our trademark platforms, CompuMark, the world leading platform. But by combining the litigation data and the trademark case data, it enriches the decision making and the risk profiling tremendously, really

important for the practitioners that are making those decisions in the front line, as Mukhtar has explained.

We did that really quickly, I mean, within the first quarter after acquisition and 2020 was very, very busy. So in quarter sort of two to four of 2020, the business then integrated the Darts-ip litigation data into two of our three patent intelligence suite products.

And that's really exciting from a customer perspective because you're trying to get a deeper understanding of the concentration of where litigation happens and why, and the likely outcome, much better due diligence on patent investigation. And that combination of litigation data and the world's leading patent dataset again, back to Stef, technology and content team has made a real difference to customers that are now adopting that combined dataset.

But the journey's not over there, because that's sort of the IP side of the story, but the integration of Darts-ip data, litigation data is an end-to-end research innovation, IP lifecycle all the way through. So perhaps Mukhtar, you might want to comment on what that's meant for the science group, because I think it shows we don't generally talk about science and IP internally. We talk about Clarivate. So that's something that Mukhtar might want to pick up on.

Mukhtar Ahmed:

Yeah, thanks Gordon. I mean, you're absolutely right. I mean, we talk about our solutions across the enterprise and some of the things that Stef just mentioned around interoperability, the fact that we've invested heavily in our data architecture, which of course we call singularity. And then we also have to call out the efforts of Armughan, our chief data officer, with his vision we've been able to realize this.

But it allows us to master our data, ingest it, and then use that across the enterprise. And this is a terrific example of that with the Darts-ip data, because we've been using it in Cortellis, specifically in the generic space and it really provides some fantastic predictive analytics around challenges to particular patents.

And what that really means for generics and biosimilars companies is, they can look at the markets, they can look at their supply chains, they can look at sourcing and they can really define those strategies all the way through to whatever their market access and commercialization strategies may be. So it's extremely powerful.

Julia Mair:

So this is a great example of how we using our content across the company, we're getting so much new content into the company as we go through acquisitions. What kind of technology solutions or opportunities do you see to really pick up our content and reuse it in all of our different product portfolios?

Stefano Maestri:

Well, I'd start with, I think Gordon's use case, and joint use case is a great one, because the Darts-ip data was actually redistributed across the company using singularity. So that's the backbone of redistribution, but an opportunity we had beyond that was really to look at okay, but how do we then distribute out to our customers?

And you may recall some of the commentary last year, I think Mukhtar may have spoken about the research intelligence cloud. And we also spoke about the IP cloud. And I think I mentioned this last year actually, which was, there was an opportunity there to bring the technology sets together and reimagine

how we do that in the consistent way. And more importantly, in a scalable way that we can continue to delight our customers.

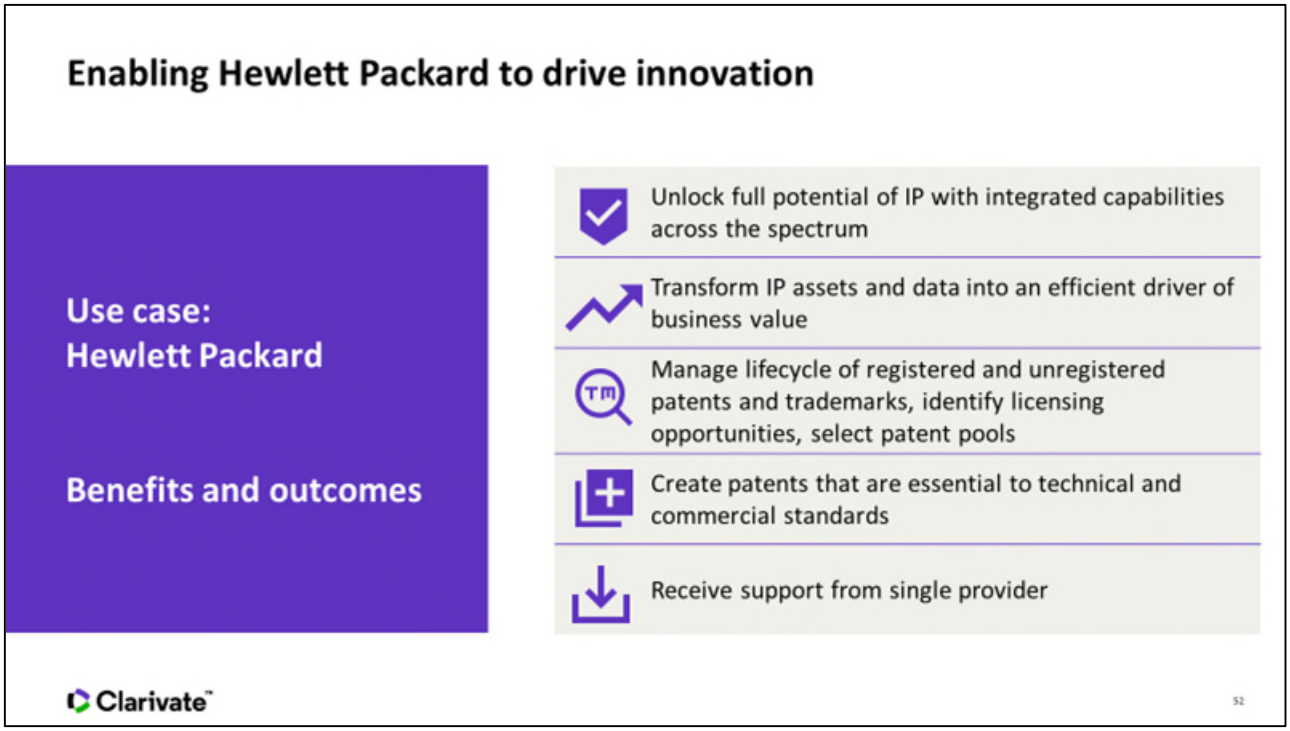
What we did there was we started an initiative, which I labeled C3, the C3 platform, which is really the underpinnings of those services our customers consume today. We've built a common architecture now to A, deliver consistent APIs for customers consume, but also to authenticate in the same way and to really build a foundation block that we continue to build up on top of, I almost think of it as building a Lego tower. We've got the base done really well now, and it's just picking bits of Lego as new use cases and opportunities come through to allow us to continue to innovate. So that's what I would add.

Julia Mair:

Oh, I love a Lego analogy, that's really good. Gordon, I'm going to pick on something that actually my team worked a little bit on. You're looking very confused.

Gordon Samson:

I'm worried now.



Julia Mair:

It's a press release. So that's the part my team contributed, but we did recently put out a press release with Hewlett Packard and it seemed like a really interesting story, where we almost co-created together. Can you tell us a little bit more about the details, because the press release didn't get too deep into it?

Gordon Samson:

Sure. I I'd be delighted to, and I should start by saying thank you to Hewlett Packard for allowing us to use their name in the press release. And hopefully also to discuss that today, I should, however, say that I should have mentioned that the APIs from that customers are consuming the Darts data on are a great example of what Stef was saying. It's how customers want to consume the data, not necessarily how we use the data. So just a great, great link. Back to the question, so Hewlett Packard have got a very clear intent and they've stated to the marketplace that their role is to bring apps and innovation to market faster. The keyword there for us in is faster, because clearly Clarivate intent is out there to use our data, our platforms, and our expertise, and we shouldn't forget our expert people.

They play a huge role in both our science and our IP solutions across the business, and which I talked about consulting, which is a terrific example of that. They want to move faster, they want to move with surety and they have a number of important objectives in that surety. One is to identify licensing opportunities when they're developing IP.

It's a very big part of the IP world that is often not spoken about very much. It's not just about bringing product to market, they also want to make sure that when they bring IP to market, that it's got real strategic value. So looking to make sure patents have got what they call essentially, which means it's got much deeper reach in the market than just a traditional pattern would have.

So a number of different corporate drivers that HP have, and they sit extreme evenly well with Clarivate's intent and stated approach to the marketplace. Knowing what HP's objective was, and again, an existing customer, but a product based customer. We said about integrating, I was going to use the

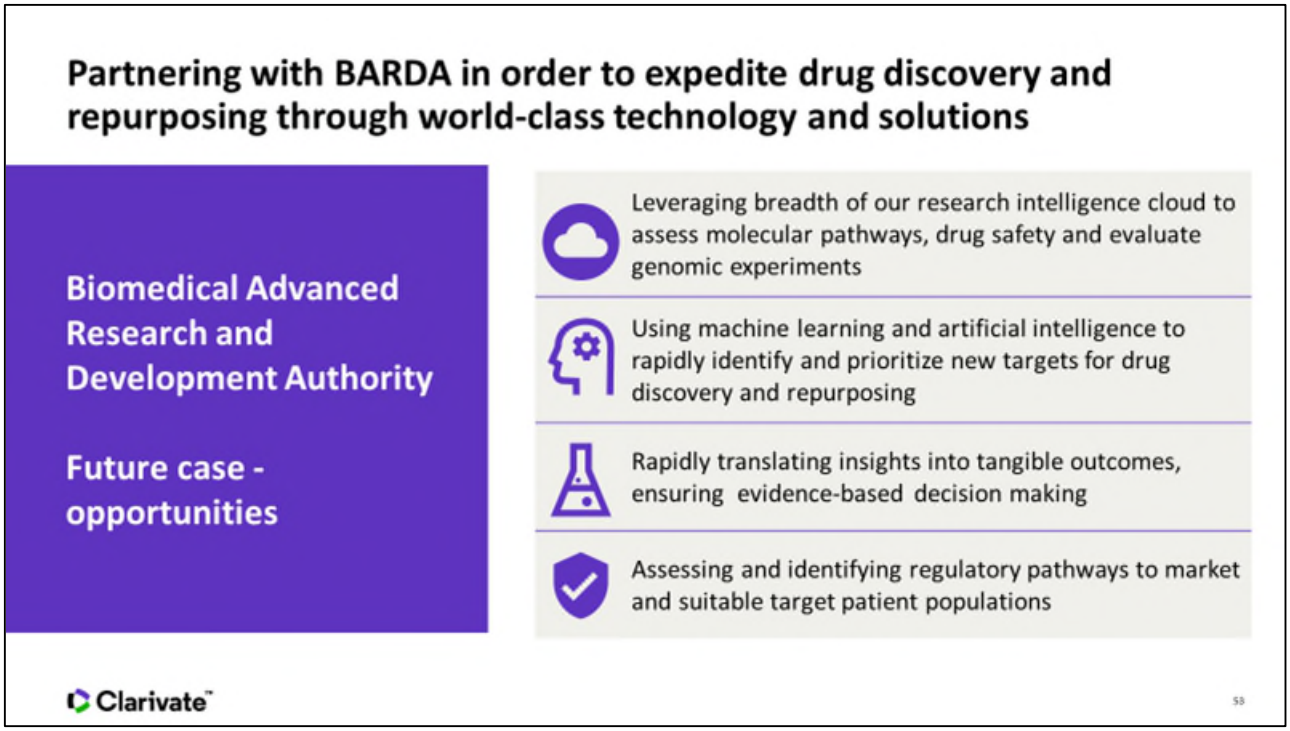
phrase deep integration. I've said it now and Stef can explain it later, which is a good way of me not having to explain it myself.

That deep integration means that we brought our data and our content sets. And you've got a bit of an idea of how deep those content sets are from what you've heard from Mukhtar and Stef. And we combined those, and we brought them together with our leading IP analytics software and asset management, so that Hewlett Packard's team can make faster decisions, but importantly, with accurate data and timely accurate data.

And these decisions have long reaching consequences, not a few months, but a decade or two in some cases, in terms of potential longevity. So super important, we're very excited about working with HP on this. I think rather than me try and tell you how good it is from our perspective, I should probably share what Chun Kuo said from HP. And I'll slightly paraphrase, but rather than guess what he said, I did write this down. So out of respect for his quote, but he talks about a couple of things in his quote in our press release.

He says that the deep integration of IPfolio, which is our SaaS leading asset management software products in the IP space, with the products and services across Clarivate's portfolio was a key decision in partnering and extending the relationship with Clarivate. Our breadth of our services across both the IP and science.

He also mentions the API suite, which I think again is an indicator of a customer's view of what we're doing. And he closes by talking about allowing them to have cutting edge applications, brought faster to market to drive innovation. If you don't listen to what we've been saying, then perhaps listen to what Chun Kuo said as a customer, which is the best summary of all. It's a great story and one that we're proud of and to be associated with HP in this journey has been terrific.



Julia Mair:

It's been great hearing all of these customer stories today. And as we wrap up, I think I want to hear a little bit about what you're excited about for the year ahead. And I'm going to start with you Mukhtar, because I know that you're working on a project that's really interesting. Your team is just getting started, maybe you could tell us a little bit about that.

Mukhtar Ahmed:

Sure. Julia, and I think you're referring to our recent press release on our BARDA.

Julia Mair:

I am.

Mukhtar Ahmed:

Initiative, and BARDA standing for, of course, the Biomedical Advanced Research and Development Authority. So this one's really exciting for us primarily because we are partnering with them to really apply cutting edge bio informatics in data sciences, to really look at the exposure of chemicals across a number of therapeutic areas.

And it's innovative, it's one of a kind, and it's so exciting here because we are taking our tools, our data, our deep expertise in bioinformatics drug discovery. And we're applying that all together in a solution here to really help them drive predictive analytics and outcomes in that particular space. So very, very exciting.

Julia Mair:

Gordon, what about you? What are you excited about for the year ahead with IP group?

Gordon Samson:

Wow, many things. I think the thing that is most interesting from my perspective is getting really deeply into our customer segments. What do I mean by that? You've heard us talk about when Clarivate talk about being aligned to our customer verticals or segments. If we're providing solutions and you've heard a bit about that in a lot yesterday, then we need to understand how our customer's business operates.

Being experts in what we do is a given, but giving confidence to customers that our solutions drive real outcomes for them. And to Mukhtar's point, to their customers end user is what it's really all about. So you heard Jerry and Steve talk about one Clarivate that reorganizing to be in line with the market, the whole organization's doing that, but the outside world doesn't see it all. But that probably is the most exciting thing for me in 2022.

Julia Mair:

And I think something for all of us to be looking forward to. Stef, why don't you close it out for us, what's ahead for the technology group in 2022.

Stefano Maestri:

I'm going to be greedy Julia and talk about two things. One is security. So something that's close to both our hearts and we partner on quite closely, because in 2021 we achieved ISO 27001 Certification for Clarivate, which is a big achievement. Lots of investment from the team, but also more broadly from product partners and everybody really rallying behind making sure we're as secure as we can be.

But most importantly, that underpins our ESG aspirations as a company. I know we talk about that a lot and certainly close to all our hearts. So that's the first thing I would mention. The second one, which I think is something we should talk about is our people. So in technology we've we talked a lot about last year and cultural transformation of technology and really I can really see that happening now in the group.

We've reduced our contractor dependency to pretty much single digits, which is a very healthy place to be. We've grown our strategic centers significantly in the last year, but what that's really resulted in is a shift in culture of the group and really three things I would point out. There's more collaboration and there's more curiosity across the group, which I think is the other very important piece of the puzzle.

But last but not least is, there's definitely commitment on what we're doing as a company and where we want to go in the future. I think it's very exciting, I'm very happy with the way we're progressing and look forward to 2022.

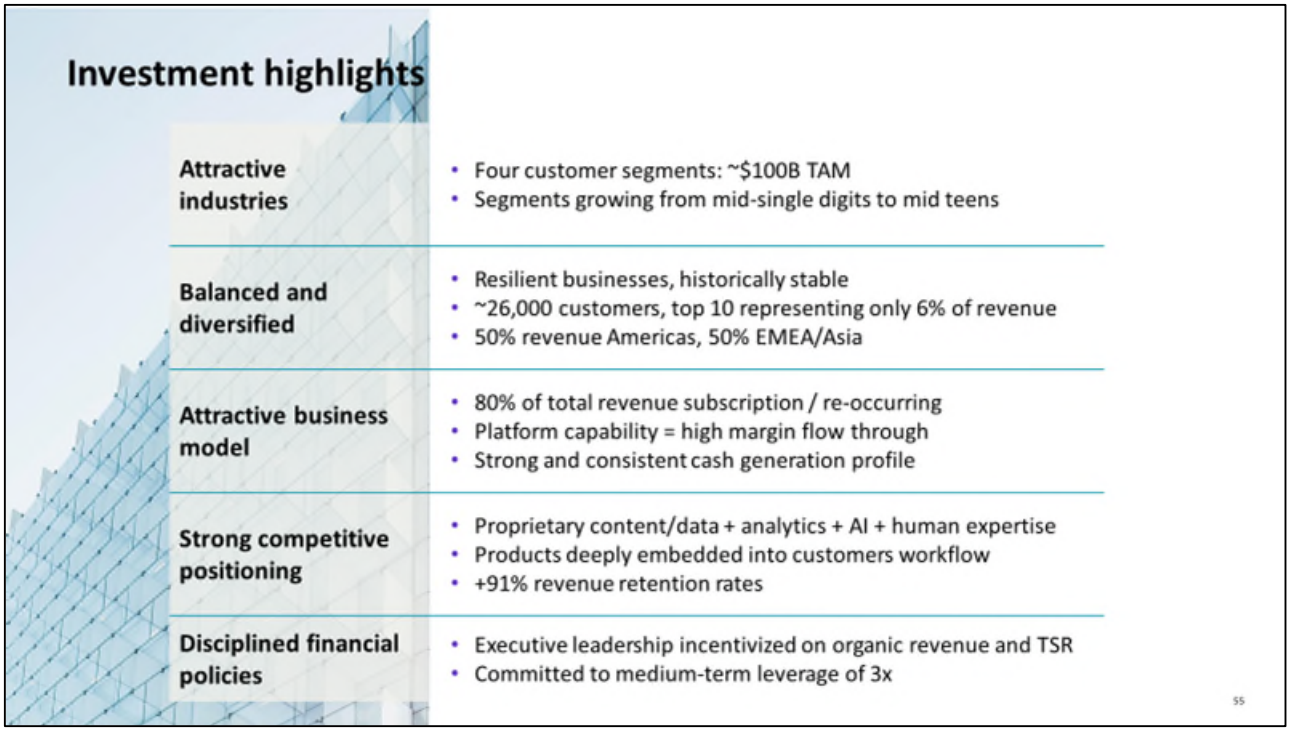
Julia Mair:

So thank you all so much for your time today. We're going to end it here. Been some great stories that you've shared, the progress that we've made over the course of 2021. And Stef, I loved that you ended on our colleagues. Thank you so much for joining us, I hope you enjoyed the panel to discussion. We're going to take a short break right now and we'll come back to hear from Richard Hanks, our CFO.



Richard Hanks:

Good morning and good afternoon. I'm Richard Hanks, chief financial officer for Clarivate. And thank you once again for joining us today, you've heard from a number of different presenters today, and the common theme that links all of these presentations together is our honoring focus on top line growth. We have some important market dynamics that work in our favor, and I'll cover those in my presentation.



Today, I will cover revenue growth, margin expansion, free cash flow, and adjusted EPS. And with that, let's look at some of our core investment highlights, these are some of the investment highlights that I'd like to focus on, that really are the core drivers of value for our shareholders. We operate in attractive industries, Steen covered this in his presentation.

Four customer segments, with a target addressable market of $100 billion. These market opportunities are very, very significant, and these market are all growing. In terms of our individual segments, we have certain segments growing in the mid to high single digits and others such as life sciences and healthcare, which have nice mid teen annual growth rates.

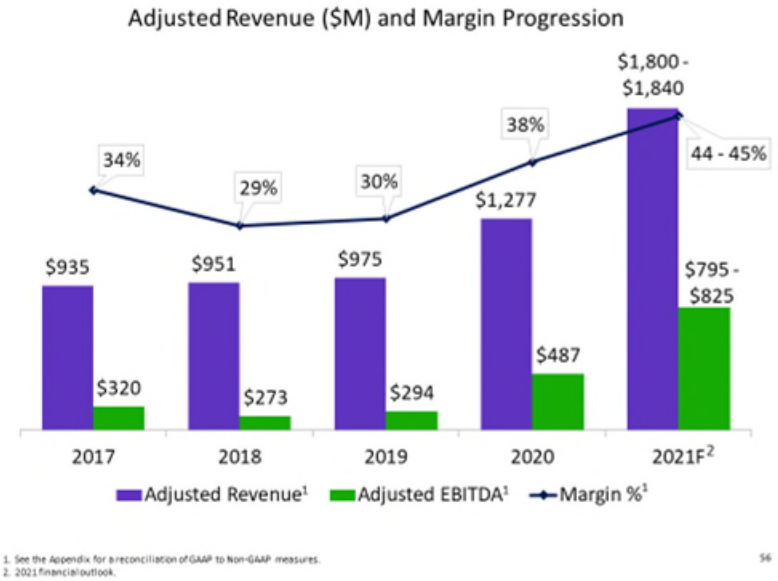
With a very balanced on diversified portfolio, we have a business that is resilient both through the ups and the down cycles due principally to the fact that we have such a large percentage of our revenue concentrated in subscriptions and recurring revenues.

26,000 customers, limited customer concentration, half of our revenue stemming from the Americas, half EMEA and Asia Pacific. We have an attractive business model, we have near term optics into revenue and free cash flow, because 80% of our revenue is recurring and subscription in nature. We have constructed some significant platform capabilities that enable significant margin and cash flows flow through as the top line expands either organically or through M&A, and a very consistent cash generation profile.

We've been very consistent in our competitive positioning from a solution set point of view. We have stated we need to provide end-to-end solutions to the clients that we serve. We have proprietary data at the core, we have 91% renewal rates with more upside, and we're deeply embedded into our client's workflow.

We are disciplined financial operators, we've managed the business extremely well in the last three years. We've integrated transformational acquisitions, we have over delivered in terms of our cost saving targets, and we've set ourselves a medium term leverage ratio of three times EBITDA.

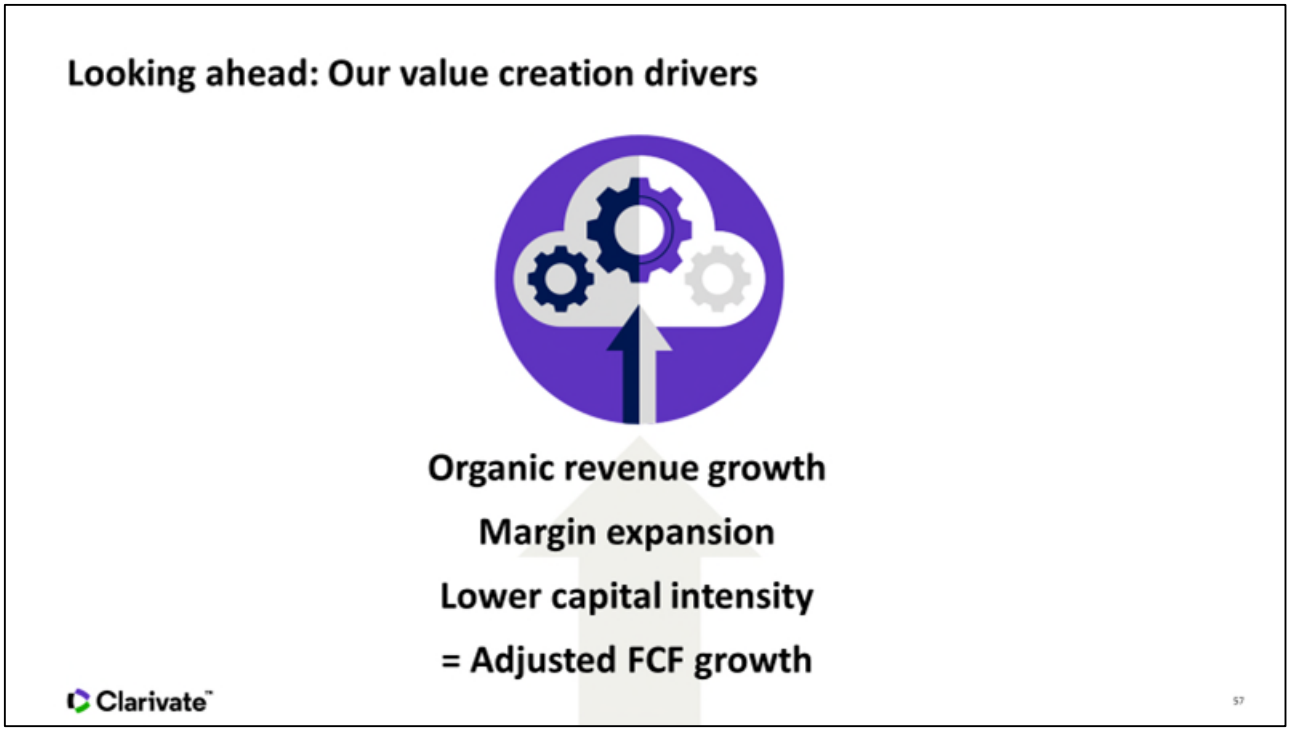




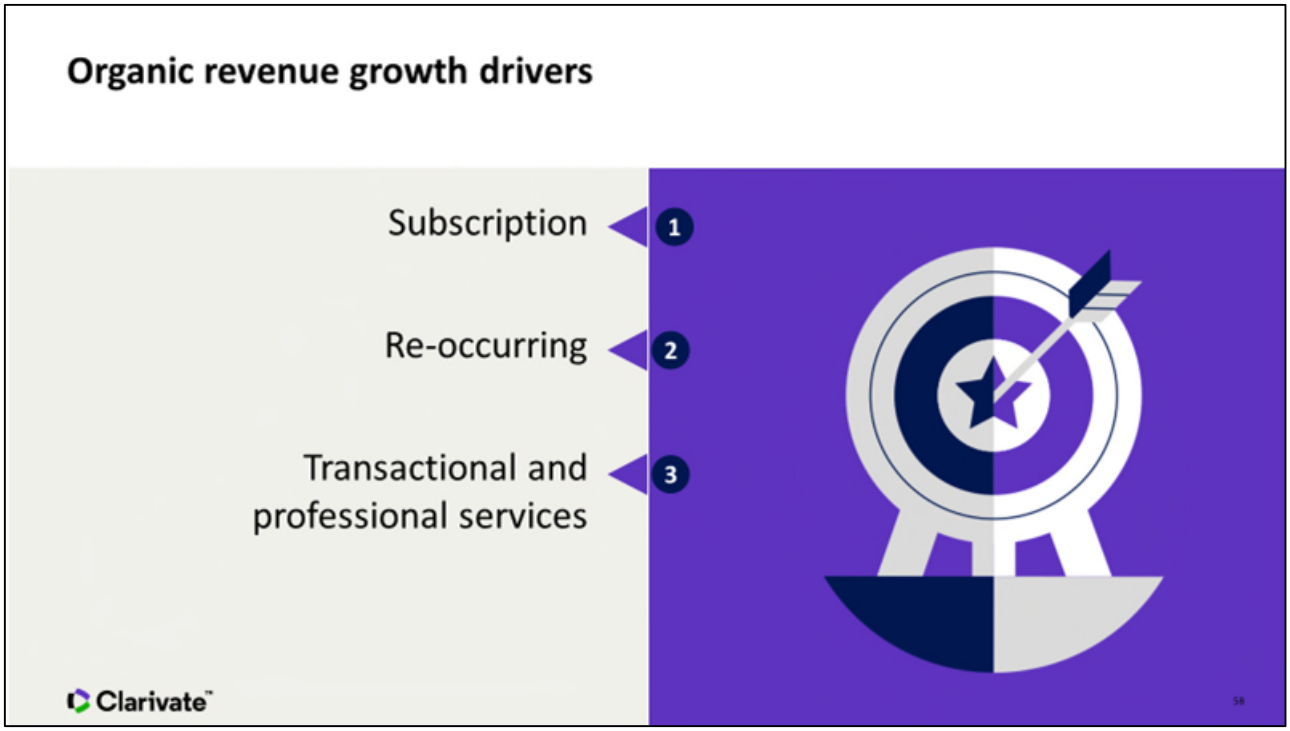
Let's now look at our recent evolution since we became a public company in May of 2019. And we look at this through two lenses, an organization evolution and a financial evolution. Looking at our organizational evolution first, we started with seven relatively independent siloed business units, limited cross pollination of content and capabilities from one business to the next.

We made the needed transformation to two product groups to ensure that we were absolutely focused on building out those end-to-end capabilities through a combination of acquisitions, DRG in the life sciences space, and CPA Global both last year, as well as a series of tuck-ins. We now have real scale...

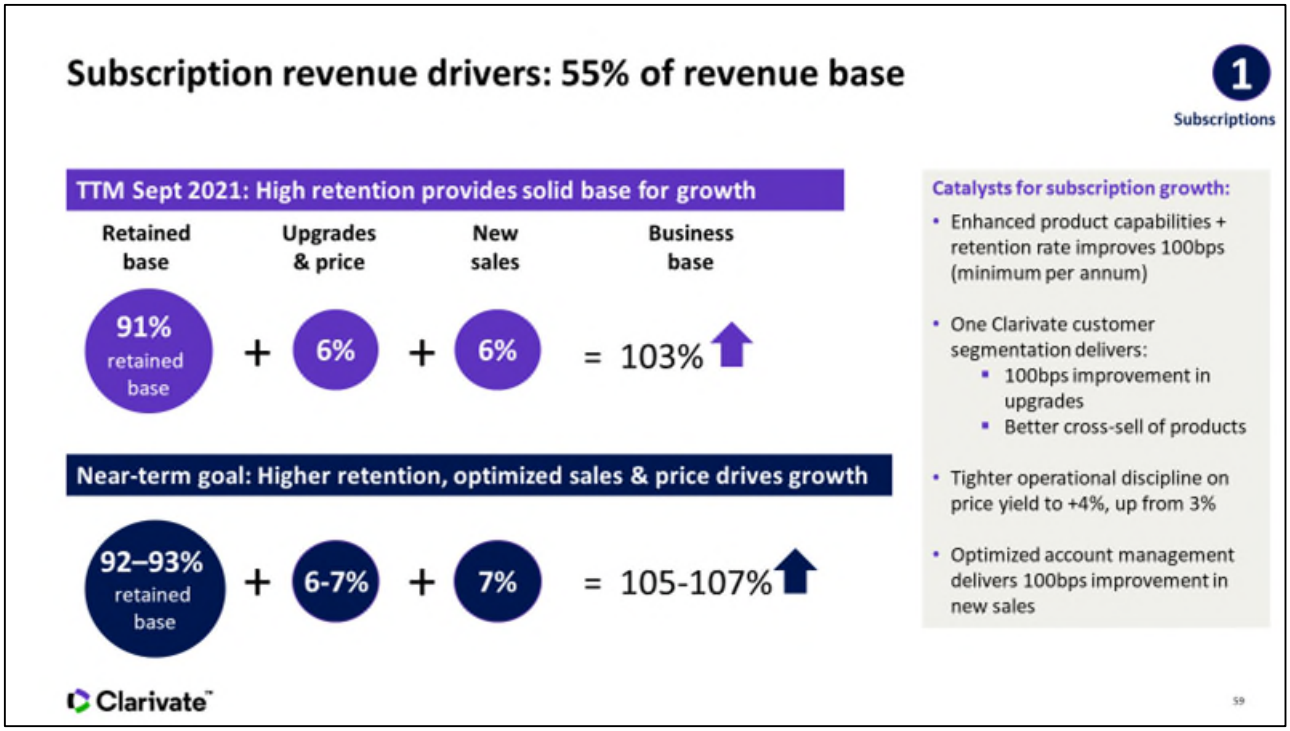
Well, there's a series of tuck-ins. We now have real scale in the two product groups. Now is the time to make the final shift to the custom in segment model that Steen described in his presentation. That will be a propellant of growth, significant growth for us as we go forward. In terms of our financial evolution, revenues in the last two years have doubled to 1.8 to 1.84 billion, which is our guidance for 2021. EBITDA has nearly tripled to our guidance for this year of $795 to $825 million. Adjusted EBITDA margins have increased from 30% in 2019 to mid-forties, which is our goal for this year and upside opportunity available for us in the medium term. An adjusted free cash flow has more than quadrupled from $100 million in 2019 to $450 to $500 million, which is our guidance for 2021.



Let's now look at the value creation drivers supporting our business. I'll deal with each of these in turn, organic revenue growth, margin expansion, free cash flow.



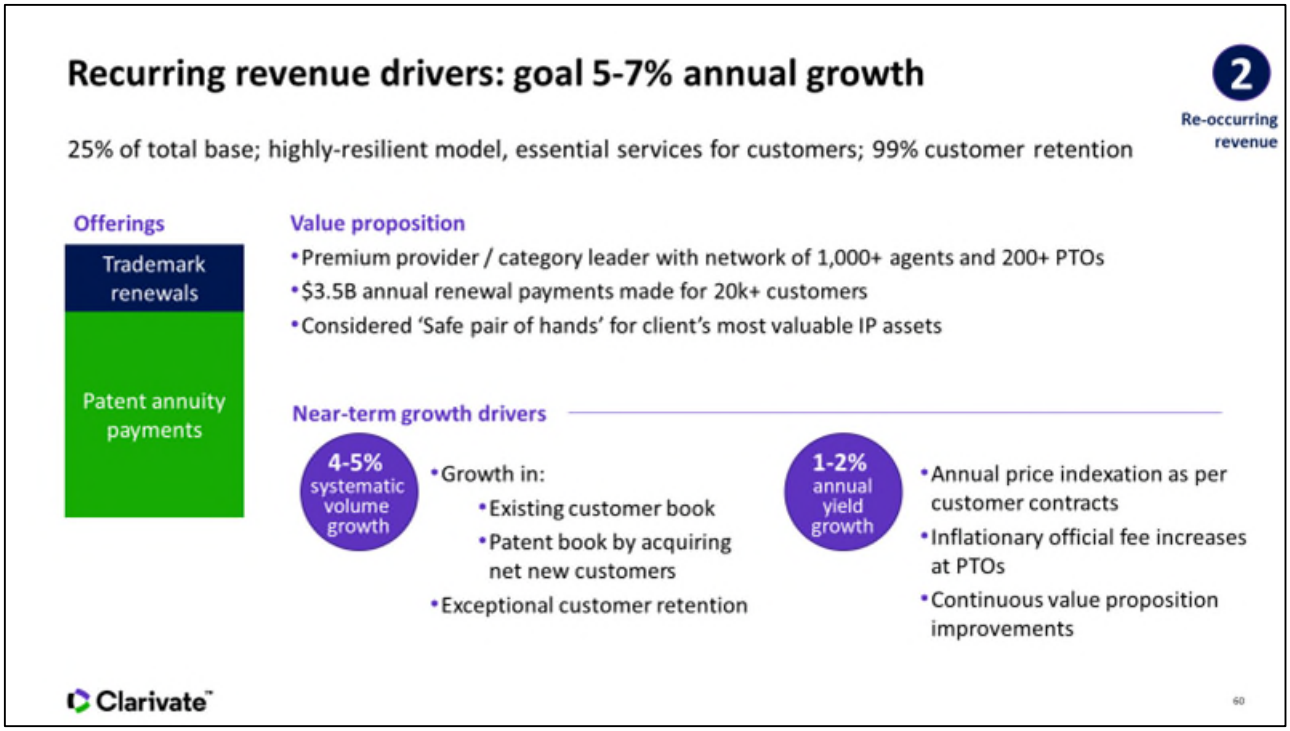
Let's start with organic revenue first. These are the three components of revenue that we report to the market each quarter, subscription revenues, reoccurring revenues, transactional and professional services revenues.



Starting with subscription revenues. Subscription revenues represent 55% of our total revenue base. The top chart here in purple shows our growth in our subscription book of business to the trading 12-month period ending September, 2021 on an organic basis. So this excludes any contributions and acquisitions in that 12-month period in particular CPA Global. That business will anniversary into our organic growth in Q4 of this year. You can see in the trailing 12-month period, we enjoyed renewal rates of 91%. The contribution from product upgrades and price was 6%. And the contribution from new sales, that selling existing solution sets to new logos was 6%. So we enjoyed a 3% expansion of our subscription book of business last 12 months.

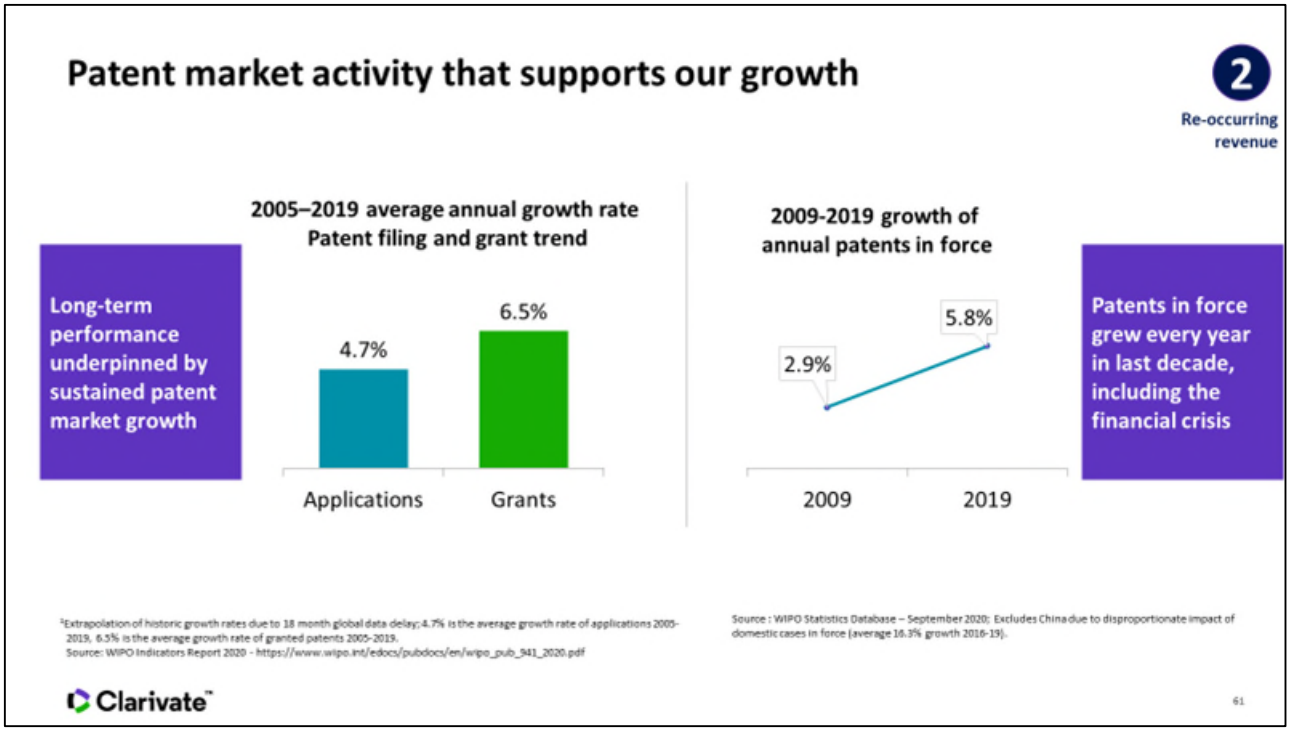
Now, as we look ahead to our near-term outlook, we see our renewal rates increasing to between 92% and 93%. So at least a hundred basis points of improvement in the renewal rates that we have enjoyed in the trading 12-month period. That stems from the continued investment we've made in products, the reorganization of the front office, and in particular, the investment in inside sales, which broadens our interface with the client, with the customers that we serve, as well as the investment in regional customer care that Kerri also covered. In terms of contribution from upgrades and price. This is customer upgrades at selling existing solution sets to the same client base, but more volume as well as price yield. We see 6% to 7% contribution from this category of the business. Management has real conviction at delivering price realization of at least 4% on our subscription book in 2022. We've made significant investments in product, significant investments in capabilities, and that is what we expect to deliver.

And in the near-term medium term, we expect price equilibrium between 4% and 5% realized each year. The final element is the contribution from new sales. We exceed at least a hundred basis points of improvement in here. Again, due, primarily from investment we've made and continue to make in our front office. So in the near term, we see our subscription book increasing and expanding at between 5% and 7%.

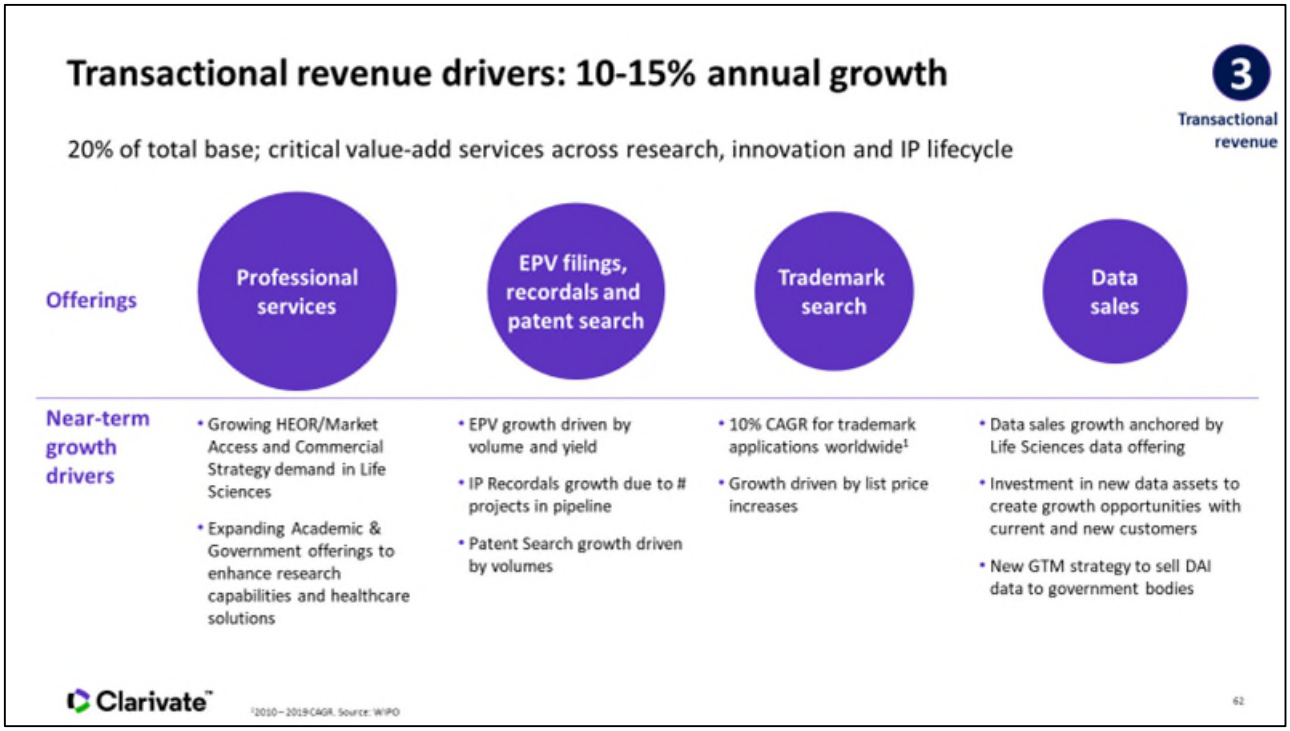


Let's look at the next element of revenue, which is recurring. This represents 25% of our total base. It is a highly resilient business and this revenue stream essentially came to Clarivate with the CPA Global acquisition. It is the patent management, trademark management, patent renewal, trademark renewal component of our business. We are the premium provider category leader in this space. In the case of patents, each patent that we manage on behalf of our clients pretty much has to be renewed in each jurisdiction every year. And we get a margin on each of those renewals. So essentially it's an annuity business.

In terms of growth, we see 5% to 7% annual growth year in, year out from this revenue stream. 4% to 5% from volume coming from natural growth in the patent books that we manage for our clients, as well as some market share take. And 1% to 2% from price yield if we look at some recent data points that support our volume growth assumptions.



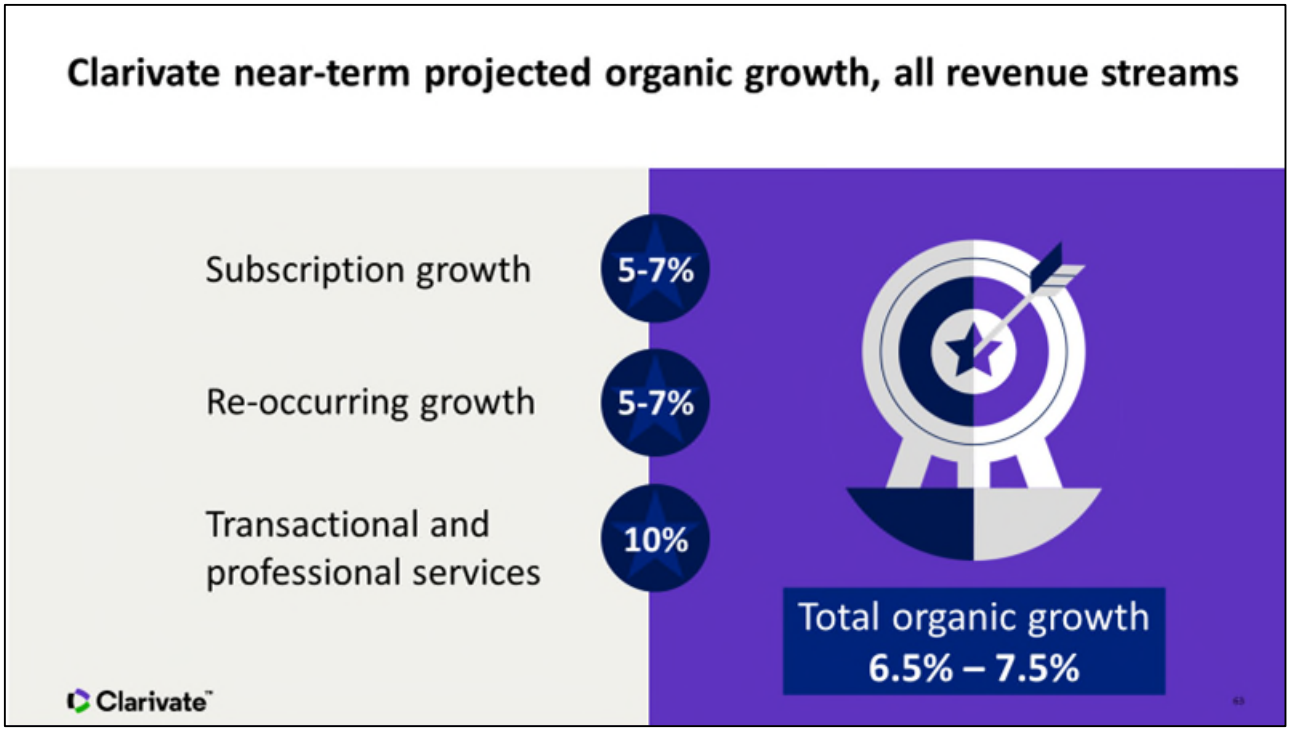
This is information that we've collected from the world information patent office based in Geneva, Switzerland. On the left hand side, you can see that the annual compound growth rate in patent grants each year 6.5% over that 15-year period. And on the right hand side, you can see the most recent data point being the growth in the annual patents in force 5.8%, so nearly 6%. So these data points are very consistent, market growth of between 6% and 6.5% per annum based upon patent grants and patents in force. And this absolutely supports the 4% to 5% volume assumptions that we have made for the near term growth of this segment of our business.



Let's look at the final revenue stream, which is transactional, and this represents 20% of our total book of business. Here we provide critical value added services across the research, innovation, and IP life cycle. We see our transactional revenue streams in the near term growing well into the double digits, 10% to 15% growth. I've set out here, the four main drivers of transactional revenue. These are not to scale, but suffice it to say that professional services on the left hand side is a larger revenue stream than data sales on the right hand side. In the case of professional services, we are selling to the top 50 life sciences and healthcare companies globally. These are repeat buys. We have real opportunity in government and academia. We have such heritage in that space as well as selling to major corporate clients. These are repeat by engagements. And what's really important is these professional services engagements oftentimes result in product pull through, subscription sales, as well as custom data sales as well. So they are catalyst for other parts of growth within the business.

EPV filings, recordals, patent search and trademark search. We've got a nice book of business. We've got real momentum in this category of transactional revenue. And this part of the transactional revenue stream benefits from the macro tailwinds I described in the previous slides around patent volume growth and trademark volume growth. The fourth and final element of transactional revenue stems from data sales. These can be customized data sales in the case of life sciences and healthcare, as well as the continued mining of back file and custom data sales that we position with our academic and government clients. From a strategic perspective, we have also assembled our content assets and data assets around two important data clouds. Mukhtar has built and invested in the research intelligence cloud, which contains all of our scientific data assets. And Gordon has invested in the IP data hub containing all of our IP data, and there can be cross pollination of these data sets from one cloud to the other.

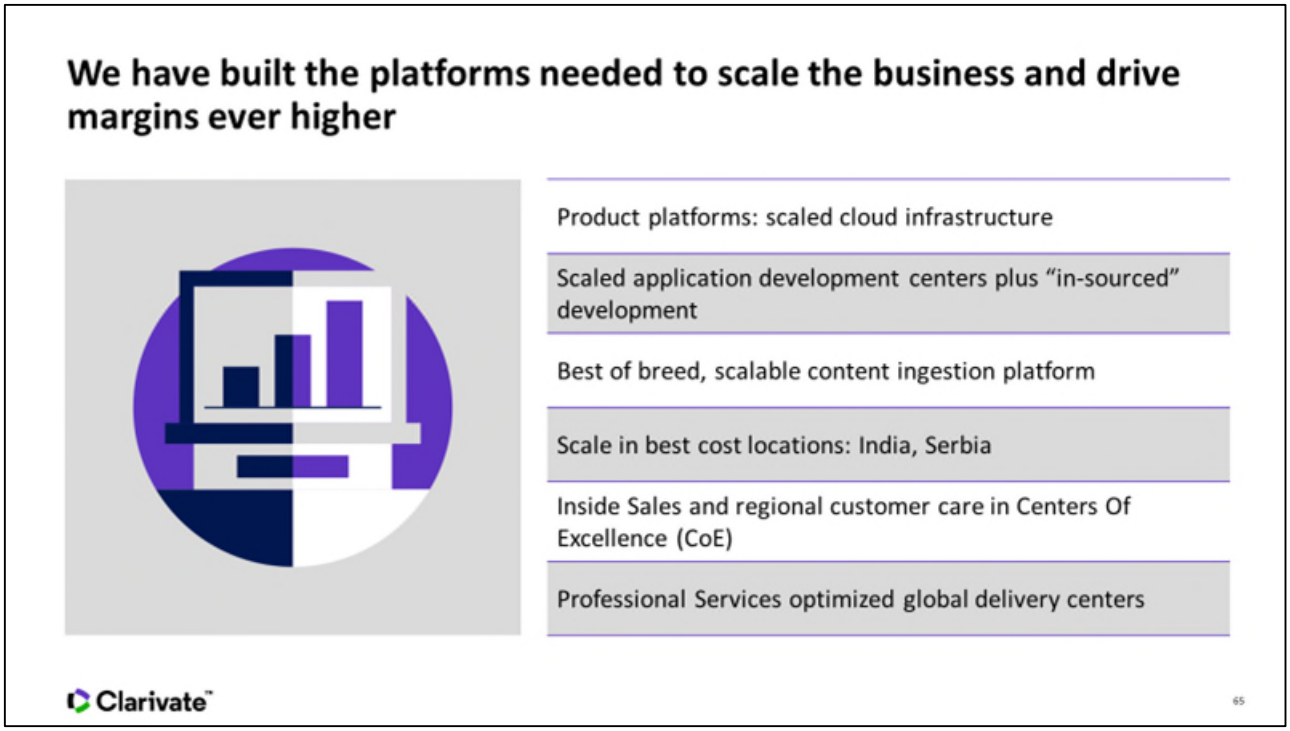
And that's really important because this enables our clients to access all of our rich data and to ingest that data into the environments in which they want to use those data sets. So really important transformational here in the way in which we are assembling our data assets and delivering them up to our clients.



Looking at the sum of the parts in terms of near-term organic growth, subscription, reoccurring, and transactional, we see near term growth from the sum of the parts of between six and a half and seven and a half per annum with a lot more to come beyond.



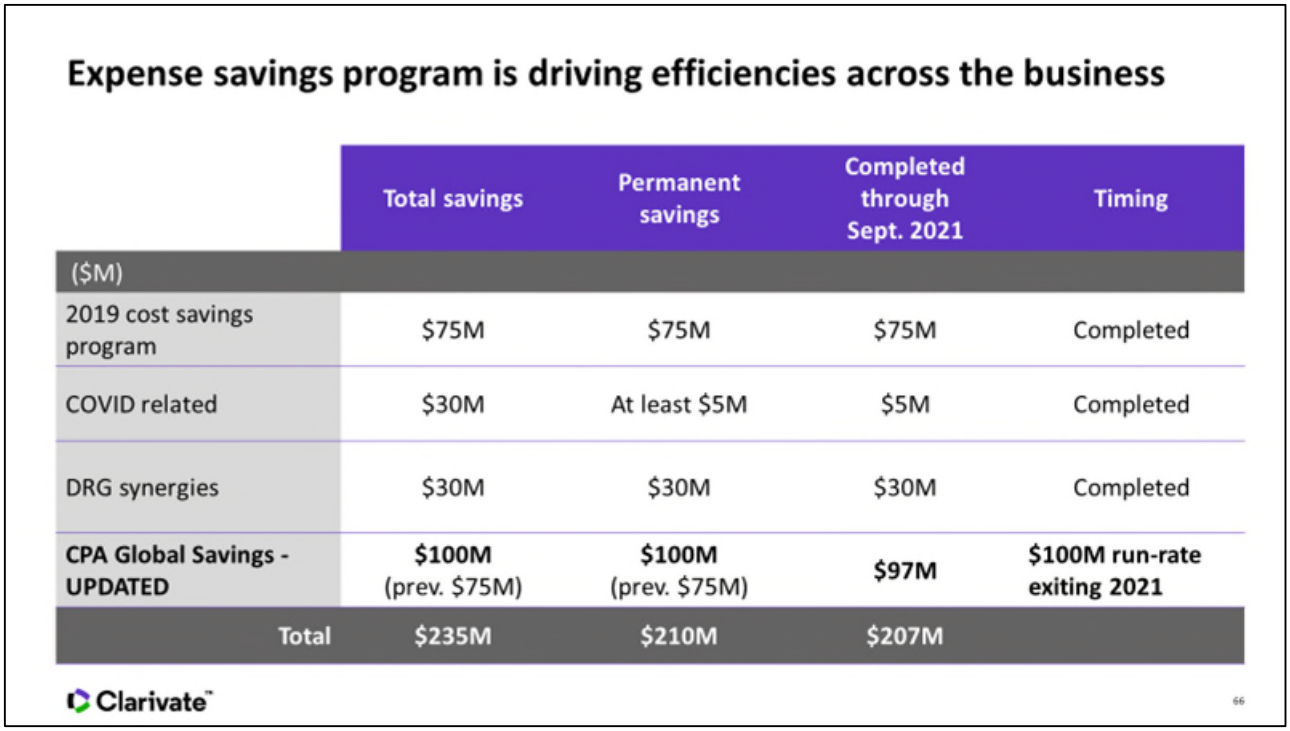
Turning now to expenses, margins, and free cash flow.



Building out our platform capabilities have been a very important strategy to enable us to drive ever high levels of margin and free cash flow. We have a build wants leverage many times model. In the case of product and Stef covered in his presentation. We now have real scale in our product cloud infrastructure, and we are able to release product at will.

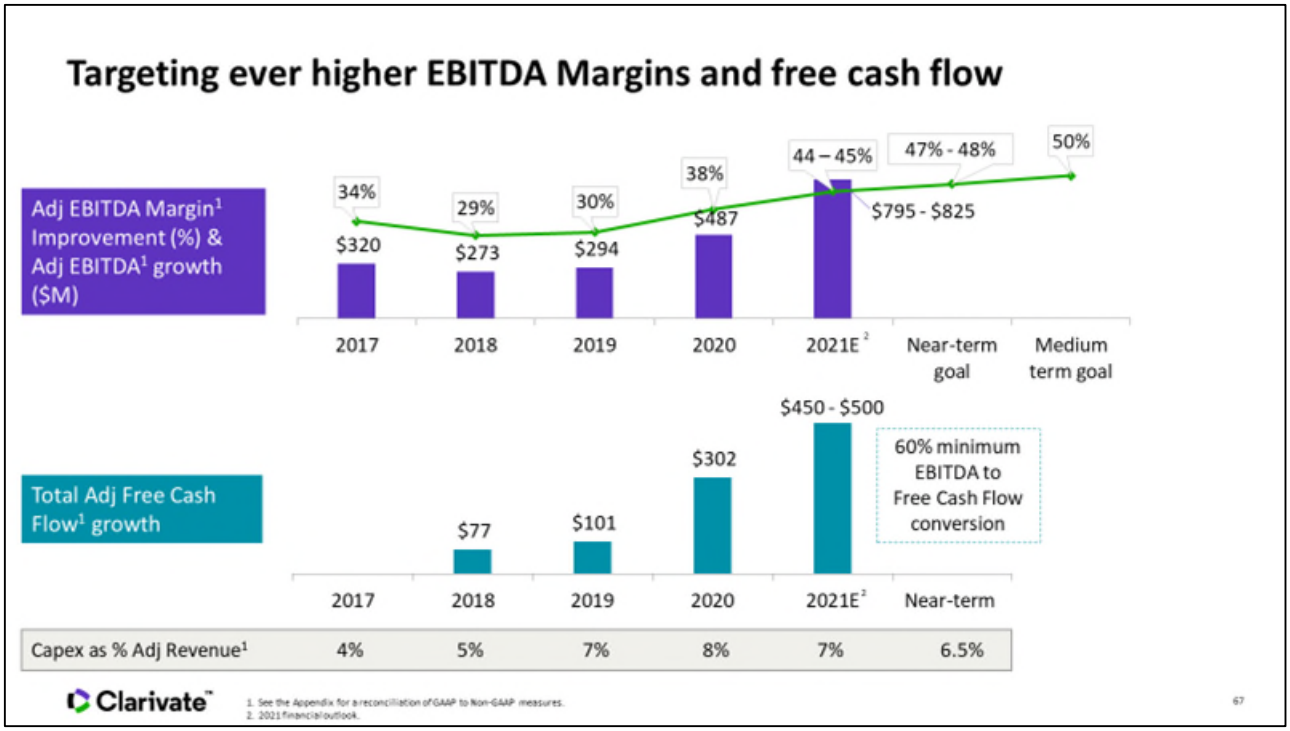
We have true scale and application development in our application development centers. If I go back four or five years, we had over 50% of our application development performed by third parties. That's now down to 8% and we have that 8% availability essentially for burst capacity reasons. For those of you who have the opportunity to attend the demo day yesterday, Armughan covered what we refer to as project singularity, which is the investment we have made in our content ingestion layer, machine learning and artificial intelligence to increase velocity with which we generate content and enable that to be absorbed within our products. But also really importantly, a rearchitecting of the content layer, so we're able to dexterously share our different content sets across our product solution sets. And that enables us to bring product to market much more rapidly.

We have real scale and best cost locations, India and Serbia for example. We've constructed a impressive inside sales and regional care capability, all focused on serving our clients, improving retention rates and driving new business in the case of inside sales. And Mukhtar has assembled an impressive professional service delivery center in India to support the growth in that part of our business.



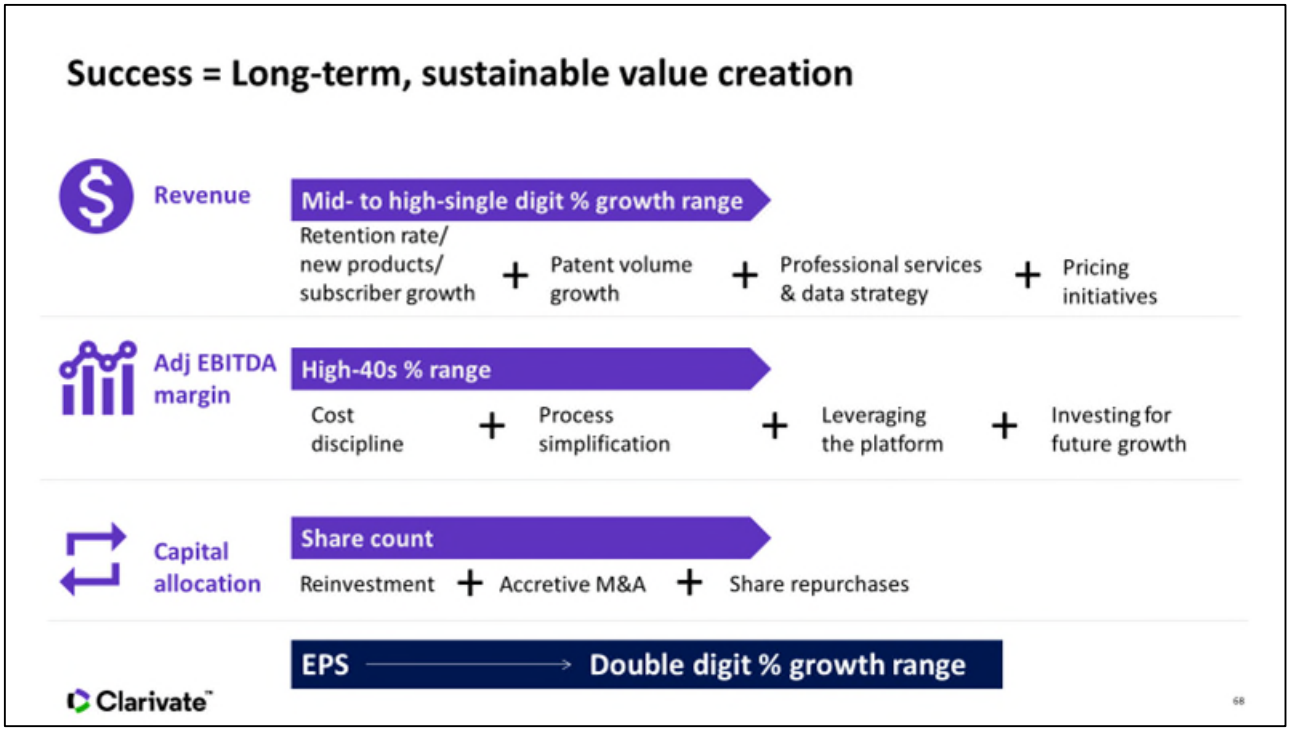
In terms of the management of the business from an expense perspective. Over the last three years, we have been managing four separate cost savings programs. In the aggregate total savings generated of at least $210 million. Three of these programs are now complete. The fourth CPA Global is still in flight, but is nearing completion. When we acquired CPA, we committed to the market savings of $75 million per annum that we would generate over an 18-month period. Because we have made such great progress with our integration, we actually increased our cost savings targets of the half year to $100 million to be executed over a 15-month period, so much faster.

As you can see from this chart, our run rate savings at the end of Q3 were $97 million. So we are very close to delivering our full commitment of $100 million and spiced to say, there is a bit more still to come. We have an integration project management office, which is very experienced in managing these acquisitions and tuck-ins. They have a repeatable playbook and we have demonstrated consistently that we can meet and beat the savings targets that we commit to.

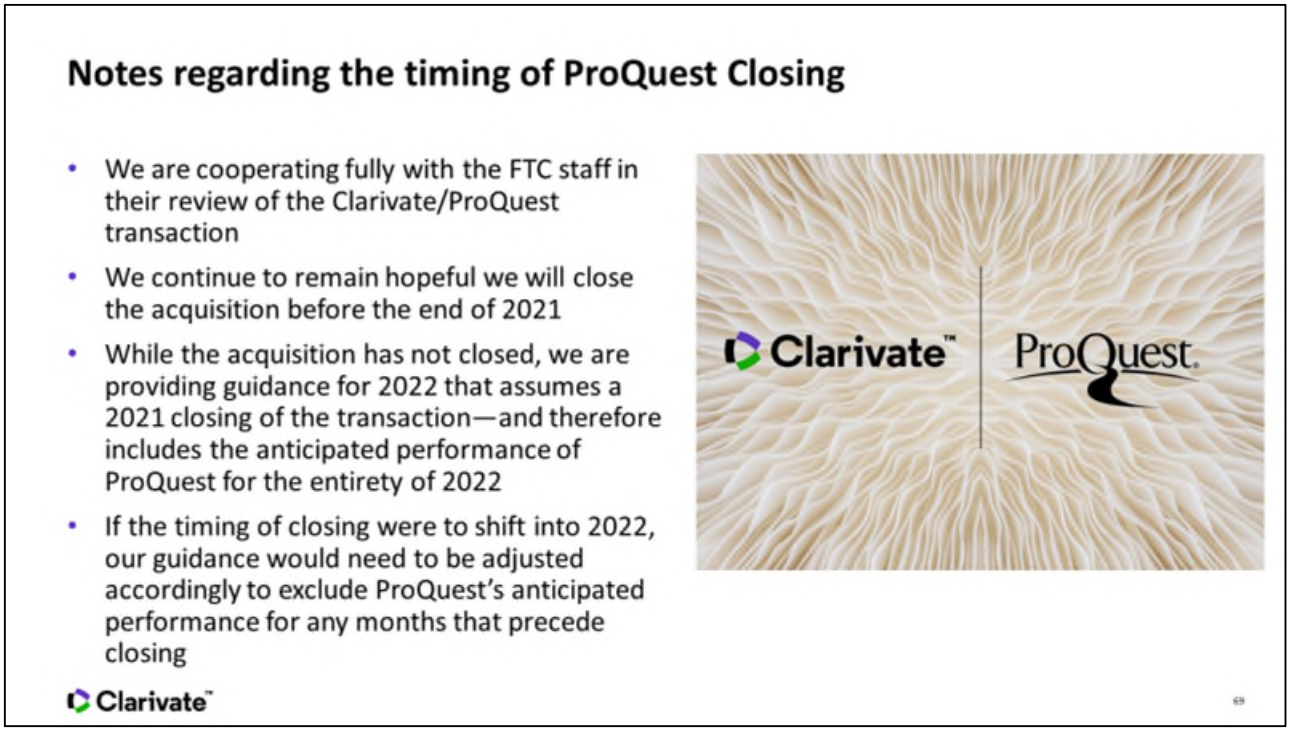


Looking at the sum of the parts in terms of margin accretion, top line growth, leveraging our platform capabilities, appropriate expense management. We are delivering margins this year in the mid 40%. In the near term, we see margins in the high forties. And in the medium term margins north of 50% on a sustained basis. In terms of free cash flow, $450 million to $500 million is our commitment for this year as I mentioned earlier, more than four times the free cash flow we generated in 2019. We see adjusted EBITDA to levered free cash flow conversion in the near term of plus 60%.

And as the business continues to scale, that will of course move upwards towards 70% mark.



In conclusion and pulling all of these threads together into the generation of sustainable value creation for our shareholders, starting with revenue first. Near term revenue growth, 6.5% to 7.5%. And in the medium term, well north of that. In terms of margins, we will deliver mid 40% margins in 2021. Near term, we see margins in the high 40%. And as I referenced earlier, in the medium term, north of 50% on a sustained basis. And in terms of EPS secretion, our commitment to at least double digit growth in EPS each year. Our goal is to continue the transformation of Clarivate into the leading business information service provider across the markets we serve. That is how we will all win and above all provide sustained and superior returns to our shareholders. Thank you very much for your time. And we look forward to your questions. And with that, I'll pass it back to Jerre for some closing remarks. Thank you very much.



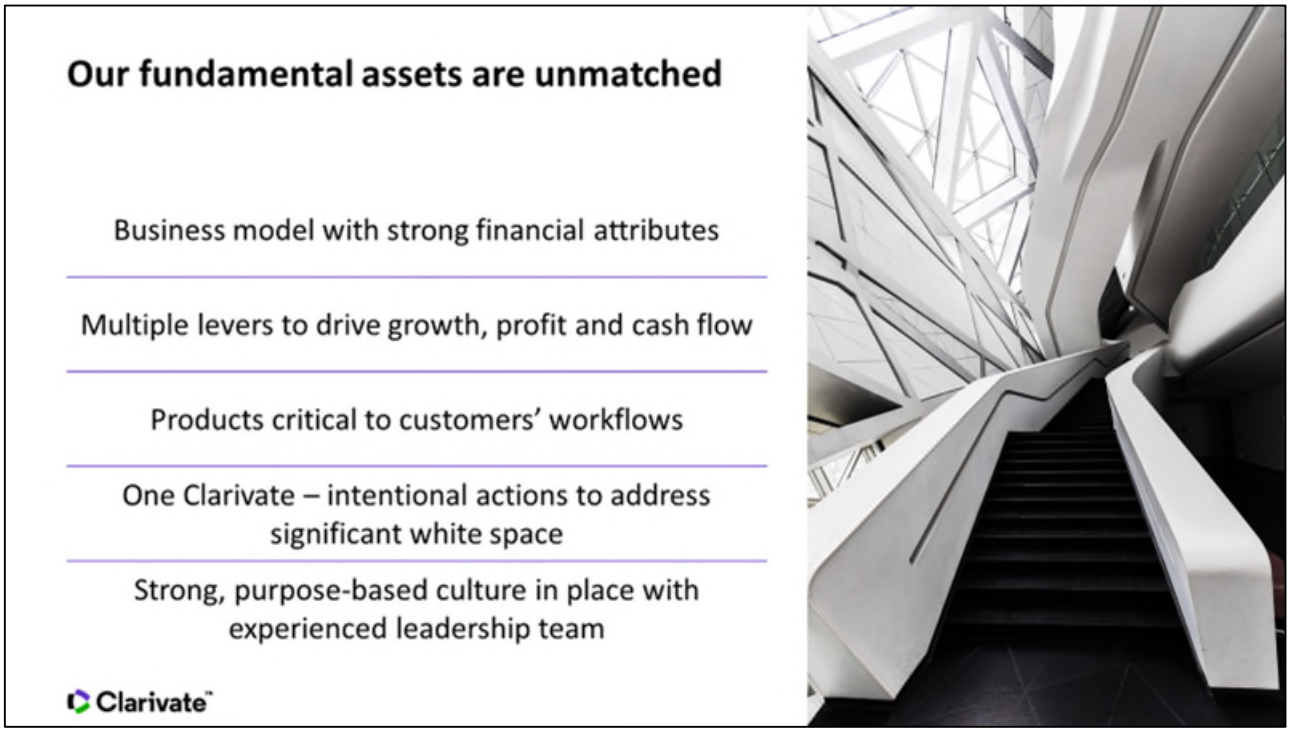
Jerre Stead:

Welcome to the live part of our program today. Thank you all very much for joining. I'm going to cover a couple of things up front. As we promised as we did at the Q3 announcement, then we'll move into Q and A, and I'll wrap up with a few comments at the end, but thank you very much. So as we promised, we are going to provide guidance for 2022. First, I want to make sure the slides up in front of you all, that I'll read it just so you can see it. We are cooperating fully with the FTC staff and the review of the Clarivate/ProQuest transaction. We continue to remain hopeful that we will close the acquisition before the end of 2021. While the acquisition is not closed, we are providing guidance for 2022 that assumes a 2021 closing of the transaction. And therefore includes the anticipated performance of ProQuest for the entirety of 2022. If the timing of closing were to shift into 2022, our guidance would need to be adjusted accordingly to exclude ProQuest anticipated performance for any of the months that proceed.

With that, and I will go slow, I will give you the guidance for 2022, including all in for the full year of Clarivate and ProQuest. We already reaffirmed the guidance for 2021. So just as a reminder, adjusted revenue for 2021 is $1.8 billion to $1.840 billion. Revenue guidance for 2022, including both is $2.875 billion to $2.935 billion. In other words, a growth at the low end of 5.1% and a growth at the top end of 7.3%. Adjusted EBITDA for 2021 is $795 million to $825 million. Adjusted EBITDA for 2022 is $1.21 billion and high of $1.260 billion. Adjusted EBITDA margins for 2021 are 44% and 45%. Adjusted EBITDA margins for 2022 are 42% to 43%. 47% all in margins when we finish the run rate cost savings, that is 42% to 43% for 2022. Once we finish the over a hundred million rate of cost savings, 47%. Adjusted diluted EPS 70 to 74 cents in 2021, 90 to 96 cents in 2022, and actually a $1.02 per share with all run rate cost savings. Feel great about that.

Finally, we've got two kinds of adjusted, a free cash flow unlevered, adjusted free cash flow is $950 million to $1 billion. Levered is $700 to $750 million, and 2021 is $450 to $500 million. If you remember the guidance, my own personal goals that we said we hope to exit 2023 in is very close to what we said

here. So this is exciting, more to come. As I said, we hope to close, before or at year end, and we look forward to reaffirming that.



I want to just wrap up what we've talked about before we move into Q and A, and it's one I'm very proud of. We build a business model. It's the most wonderful kind of financial attributes we're ever going to get. Great free cash flow, EBITDA that drives towards the 50% adjusted EBITDA and revenue growth that will increase each year as we drive towards ever faster organic growth.

We've got lots of multiple levers to drive growth, profit, and cash flow, and we will do that. Products are critical, they're in the work streams of our customers with more to come as we move. And you should have seen Steen and everybody else today, as we move to that solution providing that we'll do with that pyramid in 2022, that Steen laid out. And then the great examples that Stef, Mukhtar, and Gordon gave, a true solutions where we no longer worry about which part of the business it was in, but provide solutions that our customers want to help their customers do better. Then finally, we get to an ever stronger based culture within place with a great leadership team, one I'm very proud of to represent. With that Mark, we're ready to start questions.

Question & Answer Session

Mark Donohue:

Great. Thanks Jerre, And welcome everyone to our Investor Day. I'm joined by all the executives that presented today. Before we get started, a question just came in and I think it'll be important. Jerre, could you reiterate the guidance for 2022, please, just one more time?

Jerre Stead:

One more time. Let me do that for sure, very slowly. 2020 adjusted revenue, $2.875 billion to $2.935 billion, which is 5.1% to 7.3% bottom to top of pro forma growth. Adjusted EBITDA, $1.21 billion to $1.26 billion. Adjusted EBITDA margins, %42 to 43%. After we take the over a $100 million of cost out, it will be a run rate of 47% pro forma margin with the cost savings in place. Right spot on with what we expected. Adjusted diluted EPS, 90 to 96 cents. Again, once we get the all run rate cost savings in, a $1.02. We pass the magic number of a dollar two. Adjusted free cash flow, unlevered free cash flow, $950 to $1 billion dollars. And levered a $700 to $750 million. And sorry about putting water on you Richard. Okay

Mark Donohue:

Great. Thanks Jerre. And thanks everyone who have submitted questions so far, really appreciate it. So let's start with Jerre. Your goal of a 1.50 a share and free cash flow. What share were you using and is that levered or unlevered?

Jerre Stead:

That's unlevered 749 million, 750 million shares.

Mark Donohue:

Great. So our next question, can you please clarify if near term goal means 2022. Are you saying that you expect to hit 47%, 48% EBITDA margins in 2022 including ProQuest?

Jerre Stead:

Richard, that's great question for you to start with.

Richard Hanks:

Well, that's on a run rate basis coming out of 2022, including all of the integration and synergy savings from ProQuest. So we classify near term as meaning 2022, but that's specifically on the run rate.

Mark Donohue:

Next question. It would be nice to know what is explicit for 2022 guidance. And do all the targets assume ProQuest closes by the end of 2021?

Jerre Stead:

A great question. The answer is yes, 2021 closed, we assume. So that's full year 2022 and pretty straightforward from there.

Mark Donohue:

Great. So we have a question on customer delight. And so have you seen any pushback on price increases in the customer delight survey now that you are implementing higher price increases than you were historically?

Jerre Stead:

I'm going to have Kerri answer that in just a second, but I must tell you how we benchmark. Historically at IHS and in IHS market, we would go up to as high as 19% to 20% of the total comments on pricing. That was kind of a idea of how high maybe too high was, facts as our friends. Kerri, where we're at now.

Kerri Nelson:

Yes. So as I shared with all of you, we had 18,000 customers take our survey in October, and we had over 9,000 comments. Of those 9,000 comments, less than 2% were about pricing. So no, we're not seeing a negative with pricing and what we're seeing in pricing comments, the very few we get is just trying to be a little bit more clear and transparent and flexible with how we just share it, but otherwise nothing that's a high impact. And the last thing I would just share is we do see such great scores around information, insights, and products. So again, some of the highest scores I've seen in the last 25 years.

Jerre Stead:

Kerri and I have done this together for a long time. And that was by far, with the first survey we did and the most exciting one for us and has continued to improve. So very, very good scores. Thanks.

Mark Donohue:

Great. So our next question, given the regulatory environment or deals are getting scrutinized in delay like ProQuest, how does this impact your M&A strategy you going forward?

Jerre Stead:

It's a great question. Let me just start with a reminder that as we now move into those four global markets focus and everything that our team talked about today, and Steen's charts talked about today that opens up an entirely new market, and we're going to be focused on the opportunities to help our customers, help their customers straight pass through. And we won't be looking at whether it was patent information or whether it was science, et cetera. We'll be looking at solutions that give our customers in those four markets great answers. I would say two things. Right now, we're plenty busy getting ready to do the ProQuest pipeline for tuck-ins is very strong. We'll continue to buy, the one comment I want to make on that. After we went public years ago at IHS, about 80%, 75% to 80% of every acquisition we made was because customers told us they wanted us to make those acquisitions. That's where we'll go. That's where we're at. And that's where we'll continue to grow with time.

We will consider, in fact, we will assume that if we were to do any large acquisitions based on the current federal trade commission rules, we'll assume that it's going to be a second request. And we'll assume that we've got to take that into account with large ones on time and on cost. But plenty to do in the meantime, great pipeline of tuck-ins to compliment all the businesses. Good question.

Mark Donohue:

Great. Thanks Jerre. Can you talk about why DRG slowed in the third quarter and why you expect it to reaccelerate in the fourth quarter?

Jerre Stead:

Yeah. Great question. Mukhtar you pick it up. I just want to remind everybody, since we were fortunate enough to acquire DRG, they grow historically 36% of their total revenue is fourth quarter revenue. And Mukhtar get reason why, and then what we expect Q4 versus Q3, please.

Mukhtar Ahmed:

Yeah. No, there's nothing abnormal in terms of the DRG business and the markets that we serve. So typically the latter half of the year is where there's typically a pickup, it's a hockey stick effect here in terms of deals coming through and conversion into revenue. So we expect that to continue particularly in the healthcare commercialization and data space.

Jerre Stead:

One quick thing, Mukhtar, just pick up on it. We've gotten a lot of questions over time at what we're going to do to try to smooth that out. Because right now very large percent of that business is, like I said, 36%, fourth quarter. And when you add in CPAs, that's always their largest quarter too. So to take out the "hockey stick," what are you looking at in the life science business Mukhtar?

Mukhtar Ahmed:

I think it reflects our customers and how they use our data and our product, and our investment into data as a service in particular, through our cloud capabilities. The fact that we have rolled out a number of analytical products that our customers can use on a SaaS and subscription basis. This will allow those customers that have typically procured the data and procured those assets in the manner that we've just described. It'll allow them to smooth that out through the year, through a subscription process. So as more of those tools are adopted by our customers, we'll see that even out through the course of the year.

Jerre Stead:

Thanks, Mukhtar. Next question Mark.

Mark Donohue:

Will the global tax changes, minimum tax 15% affect your cash taxes, excluding your NOLs and carry forwards. What is your underlying tax rate?

Jerre Stead:

Great question. We're very current, please, Richard.

Richard Hanks:

Yeah. So our forecast for 2022, including ProQuest is a cash tax expense of $65 million. And under the Build Back Better Act, there's a 15% alternative minimum tax for organizations that have a billion dollars or more of taxable income. We are not in that category. So we don't expect there to be any impact from the recent legislative changes, which would take effect from tax years ending after the 31st of December, 2022.

Jerre Stead:

Thanks. Next question, Mark.

Mark Donohue:

Great. For the 7% to 8% of subscription revenue not retained each year, are these customers no longer using the products or switching to a competitor?

Jerre Stead:

Yeah. Let's get Richard to start with that and have our team pick up on it.

Richard Hanks:

Yeah. It's a combination of the two. Some of it is just they dialing down the usage of the product and some of it will be competitor loss, but at the margin.

Jerre Stead:

And Steen, pick up on that, if you would, because you've got a lot of focus to improve that cancellation percentage.

Steen Lomholt-Thomsen:

Absolutely, Jerre, and as I mentioned in my presentation, the strategic focus on inside sales is really helping us improve our retention rate. And we expect that we'll see that retention rate increase in, and even we hope that we can increase that the year after. I also talked about the investment we are making in inside sales so that we can ensure that one of the areas where we know we have attractive upside to improve retention rate is especially the long tail of renewals that we have. And with that investment, we have an inside sales that I described. We will see the retention rate increase for next year. Definitely.

Jerre Stead:

And I think we are, I'm hopeful, we deliver 92% to 93% next year and then go forward. Because as we get better and we give our sales force better tools. And as we sell into solutions, a critical number to remember, for every customer that we sell more than one product to. That is two as we move forward with solutions, it's about 98.7% renewal. So that's where you'll see us go with time. Next question. Thanks Steen. Mark.

Mark Donohue:

Great. So next question comes out of Gordon's presentation today. In an example, like Darts data being integrated into CompuMark and Cortellis do customers have to pay more to get the new data, or how do you monetize it?

Jerre Stead:

All yours Gordon.

Gordon Samson:

Thank you for the question. So we're really excited about the use of Darts-ip data, as you can tell from the presentation and also from some of the conversations in the marketplace. There are a number of ways that we approach customers on that. Primarily we look at the value that we deliver to each of those customer segments. And we have a charging mechanism that is relevant to both the customer segment, the scale of that customer interaction with us as a partner and also what use they make of the

data. So those interactions are very much focused around each individual client and how they intend to use that value within their organization for their end customers. That's how we approach that.

Jerre Stead:

I just add one thing to that, which is it's a perfect example of the kind of tuck-ins we want to make, where it's strategically advantaged, where it's a great opportunity to spread really good proprietary information around the world. And it allows us to take advantage of our scale. Thanks Gordon. Next question.

Mark Donohue:

What are your expectations for revenue retention rates in 2022?

Jerre Stead:

So I gave my warm up on 22% to 23%.

Mark Donohue:

Retention rates?

Jerre Stead:

I'm kidding. No, if you were listening, I said, we expected to see 92% to 93% at 2022, and then moving forward, we expect, like I said, if you think about getting more than one product sold to the customer, that'll drive us well north of the 97% to 98%. Only 30% of our customers today do they buy more than one product from us. And I must say, as Richard was saying, he would say our traditional web of science is well north of 95%, and that's exactly what we'll do in the future. Great question. Thanks.

Mark Donohue:

So the next question, we talked about a hundred billion adjustable market in our presentations. So where do you see the greatest opportunities?

Jerre Stead:

I'll say this. The reason we, way back went, actually Mukhtar and I said in the basement of a hotel in London in of 2019 and laid out what those markets would be. The reason we picked those is it gave us the greatest base potential strength for each of those markets on a worldwide basis. I could go through, and I won't today, each of those for different reasons have equally large opportunities. So suffice it to say, we're going to go where the customers want us to go, where we can build into their work streams, our products, and where we can make sure that we continue to help our customers help their customers. More to come on that later. Thanks.

Mark Donohue:

Great. So our next question. What's driving the transaction and professional services, revenue growth assumption of 10% in light of the fact that core organic transaction revenues haven't shown much improvement post the 2020 fall off?

Jerre Stead:

So let's get Mukhtar to start on that. That's a great question.

Mukhtar Ahmed:

Yeah, I think the way to look at our professional service is that we've moved from traditionally and historically implementation and delivery services to high value consulting services. And those consulting services really help our customers to not only to extract the insights from our wonderful content and through the software, but to make those a insights actionable for our customers. And that's the key word actionable, to drive that decision making, to be embedded into the workflows as Jerre has just said, within our customers and our customer's customers, which are the end users.

But consulting is really important for us, because it's a mean for driving what we deem is adoption of our products. So we look at our services for every dollar of standalone consulting services that we pull in. We look at pulling through 20 in our subscription products and data. So that 1 to 20 ratio is what we operate in.

Now because it's high value consulting, because it's about transformation and change and deep data sciences, then naturally one can associate higher rates and obviously profitability that's associated with those types of services.

Jerre Stead:

Thanks, Mukhtar. I'm going to ask Richard to just give the some color on actually the scale of that, because what you're going to see and all of us would agree on this. In the years ahead, more and more the transaction business will be what Mukhtar just described. Gordon and Mukhtar are working very well with Steen today on how we put that same system in place for what was the old IP business, but give them some flavor, Richard, please.

Richard Hanks:

Yeah, I think just in terms of the metrics, so transactional growth through the first nine months is 9%. And our objective is to get into double digits in 2022 as I described in my presentation. I think that Mukhtar's covered professional services, but we have real scale across our practice areas, particularly in life sciences. And when we think about the academic and government professional services segment, we have real heritage in that space, but we haven't invested historically in terms of our professional services capabilities there. And I think there's a really terrific opportunity, terrific market opportunity there.

And then if we come across the spectrum from professional services through to data sales, when we think about our data assets and all of the wonderful scientific assets we have within the research intelligence cloud and the terrific IP assets within the IP data hub and our ability to cross-pollinate across those two clouds to meet client needs, I think that in terms of the commercialization of our data assets is going to be a significant driver of growth for us, not just next year, but strategically well beyond there.

Jerre Stead:

Great question. Thanks. Next, Mark.

Mark Donohue:

So next one is around CPA global. How much price pressure do you face from low priced, new entrants and patent offices themselves becoming more user-friendly? How do you migrate?

Jerre Stead:

Couldn't be happier about that. Great question, Gordon, because I think clear up the misnomer first and then answer the rest of the question.

Gordon Samson:

Sure thing. Happy to. So we see no real change in price in the market in certainly last five years and there are a couple of reasons for that. First of all, we're offering an assurance service at Clarivate through the legacy CPA business. So we're managing people's portfolios, we're providing law updates, and giving guidance around what customers decide to do with those portfolios and we're making annuity payment. The competitors largely are not operating across that spectrum. They're more of a payment service and we respect our competition, but it's not exactly the same thing.

The second thing is, and this speaks to Kerri's comments about the customer delight feedback because we're adding value to the service, both as a standalone service, but increasingly as an integrated play with our software, our workflow, and our data assets, we're adding value on a quarterly and annual basis. So our service is increasing its value whilst maintaining a competitive price. So we don't really see a change in that. If anything, we see a gap appearing in terms of our service proposition to the competition.

Jerre Stead:

Thanks, Gordon. Next question, Mark.

Mark Donohue:

In which end markets customer segments does M&A make the most sense, particularly in terms of larger transactions? Where are the most obvious product gaps?

Jerre Stead:

Yeah, let me go back again. Each of those markets for different reasons give us huge opportunities. And again, we're going to do it just as a reminder. We'll never do a large acquisition unless it meets two minimum goal post, if you will. On one side is we expect to deliver at least 10% adjusted EPS at the end of the first year and mid-teens at the end of the second year.

And on the other side, we will not go above from a debt ratio standpoint, a number that would be uncomfortable for us in the future. So that's the balance, which means a couple things. One, it means that we must see significant synergies, just like we did with DRG, just like we've done with CPA and like we will do with ProQuest that allows us to meet those criteria. Every one of those markets for different reason, give us great upside opportunities for years to come.

So we'll look again. As a reminder, we don't do auctions. It's got to be, with those large one, it's got to be an exclusive agreement. So we'll see how that all plays out. But I could, our whole team spends a lot of time on this, and we could pick any one of those depending on what becomes available. We have to be the preferred acquirer. We have to be patient and we have to be persistent with those larger ones. And again, what's so excited for all of us is that we'll have, we are and will have our customers telling us what acquisitions it would help them the most. Thanks. Next question.

Mark Donohue:

Thanks, Jerre. How do the margins on transactional professional services, revenue compare to margins on subscription and reoccurring revenues?

Jerre Stead:

Mukhtar, you start. Richard, you pick up.

Mukhtar Ahmed:

Yeah, I think we pretty much covered this before. Naturally subscription software is always going to command higher than professional services, but remember our professional services are high value consulting. We've got deep domain experts. Really fantastic experts in data science and technology. So, these are very unique and our customers obviously will pay for the value that we create through those services. But I don't know if Richard wants add to that.

Jerre Stead:

Please.

Richard Hanks:

I mean the marginal yields on additional subscription sales and additional data sales are very, very high. In the case of professional services and Mukhtar's covered it. I mean, we look at our yields across our practice areas very closely and we're very, very pleased with the returns we're enjoying.

Jerre Stead:

Thanks much. Mark?

Mark Donohue:

Yep. So our next question. Please talk about the critical success factors to deliver revenue growth in 2022.

Jerre Stead:

Great one for you, Steen.

Steen Lomholt-Thomsen:

Great question. Thanks for the question. I'll cover three things. So first of all, the one Clarivate model is really the way that we are going to be the best strategic partner for our clients. And that's going to enable us to make the switch from being more product-centric and how we sell to our clients to being more solution centric. And we think that's going to help us increase the number of deals and also the number of solutions that we can succeed with into our client base.

And I talked a lot about the pyramid, so that's the second key driver. The way we're going to segment our client base and how we're going to align our resources to make sure that we are going to be the best strategic partner for clients across the four different customer segments that we have.

And then last but not least, I've also talked a lot about the continuous investment we are making in sales. We're investing in strategic learning for our sales force. We are helping our sales force get better aids on how they execute and drive sales and opportunities, and then certainly last but not least, we are deploying more people really focused on new sales and new business, so that a bigger percentage of our sales force is really dedicated to finding new business and new sales opportunities, both within the top of the pyramid and also for inside sales. And I believe all those strategic focus areas will help drive the growth we're looking for for next year.

Jerre Stead:

Great. Steen, I would just add, and you'll see that same effort continue in 23, 24, in 25, as we continue to invest and actually everything we thought we could do back in 2018 when we looked at making this reverse merger is coming to reality. And I just couldn't be happier about where we're at with everybody. Next question, Mark.

Mark Donohue:

Great. So what does the organic revenue growth embed in the 2022 guidance?

Jerre Stead:

So simple way to think about that. We'll split that out better after we close, because you'll see it obviously after we close with ProQuest. Each quarter, you'll see it from, from the actual presentation financially, but it would be, on a standalone basis, it would be at the level that we are operating plus some for the year in 2021. Next question.

Mark Donohue:

Can you clarify, what is revenue in EBITA contribution from ProQuest in 2022 outlook? What is your organic growth outlook of existing business and ProQuest?

Jerre Stead:

So I'll just leave it as I just said. We're happy to give much more detail after we get closed and after we're off to of the races. Thanks.

Mark Donohue:

Can you talk about the ProQuest software platform and if there is an opportunity to expand the platform outside of academic and government?

Jerre Stead:

A great question. Mukhtar, pick that up. Great question.

Mukhtar Ahmed:

Yeah, absolutely. I mean, in the context of our four core markets, we see the potential to take that portfolio into all of those four markets. Now, naturally academia, there's still significant addressable opportunity there. For example, we take our Web of Science portfolio into that K12 market and go deep there. Well, we are really excited because we can take all of those wonderful assets and go deep into all of our core markets.

Jerre Stead:

And, Stef, just add to that with what you see with the talent software development that we're picking up, please.

Stefano Maestri:

Yes. Thanks, Jerre. I mean, I think I raised a couple things. One is for sure, great engineering, discipline and great products that they've built over the years and again, with a very cloud-centric approach to

how they deliver software and solutions. And I think that's going to be very exciting to bring that combination together with the broader technology group at Clarivate, So I'm definitely excited by that opportunity in the go forward basis.

Jerre Stead:

Great. And, Richard, wrap up this question.

Richard Hanks:

I think that the, personally speaking, the work that ProQuest have done around their software assets is absolutely fantastic. I mean the Alma product, the Vega product. And then I think that the software modules that they've, that the team have contructed around those core anchor product lines has been really impressive. And there's sort of a deep domain understanding of the go to market opportunities within the software product portfolio is, I think it's really, really impressive. And we are really excited about having those assets within the portfolio and really driving growth, of course, initially in the academic and government sector but then, move across horizontally into the other segments as well where appropriate.

Jerre Stead:

Thanks. Next question, Mark.

Mark Donohue:

Sure. So the next question's about transactional revenue growth, which we've somewhat addressed, but it's obviously a very important topic. Q3 2021 transaction revenue grew 2.7% versus an negative 16 comp. You provided outlook to grow 10 to 15%. How are you confident in such a big inflection?

Jerre Stead:

Just summarize because we've covered most of it, Richard, but good question.

Richard Hanks:

Sure. So I mean, yeah, we were double digit transactional growth through the half year, 13% for each one. And then we grew, as you said 3% in Q3, 9% year-to-date September and July and August is naturally is a bit slower in terms of certain transactional revenue streams in particular, the CompuMark search business.

But as we've said, we are very, very confident in terms of hitting those double digit growth rates in 2022, given the optics we see in the marketplace and the product capabilities that we have, so we're holding to that guidance.

Jerre Stead:

And I just add two quick things. What Mukhtar talked about and Gordon talked about, remember Q4 36% of total DRG revenue comes into Q4 and [inaudible] CPA is their highest quarter of all, most of all of that in both cases, heavy transaction. Thanks. Next question, Mark.

Mark Donohue:

Sure. Next question. Can you please explain how you calculate the total addressable market again and who owns the total addressable market that Clarivate is not a part of today?

Jerre Stead:

That's a great question. That's about a two-hour answer by the way, because we've done a lot of work on that and by the way, we've had BCG do most of it as fact finding.

So the addressable market is defined as that product that is either or will be available to us in the next two years. A very large piece of that was split out with solutions as we're going forward and the addressable market, just put it in perspective, it is a hundred billion dollars and we'll be, make it number easy, three billion in 2022. Nobody crosses into those markets with the total product offering that we have. Nobody does. And as we turn it into much more solution selling like you've heard and seen, that puts us in just a better, better step for being. Mukhtar, Gordon, quickly add to that, please.

Mukhtar Ahmed:

Yeah. I mean naturally we have a pretty experienced strategy team that's completely in tune to the markets that we operate in. So through those, we're able to size those markets to determine what our roots to entry and growth are. And as you heard from the team here, we're very confident on being able to execute on our various go to market plans with our products, with our commercial teams and so that we can be successful in those markets. So the addressable opportunity that we've shared is directly addressable and not to be confused with strategic, addressable markets. Those are something different. This is all about white space, customers, segments, and go to market execution.

Jerre Stead:

Thanks, and wrap it up, Gordon, please.

Gordon Samson:

Sure thing. Really happy to. I'll drop it down a level, something really practical that you may have heard about yesterday. There are parts of the IP lifecycle that simply no one's had solutions to address. And one of those is the filing and prosecution phase. To give you a sense of scale it's about five times larger than the annuity maintenance or payments area with our connect workflow product that is integrating our data, our asset management platforms, as well as the insights that our tools bring.

We're really solving a puzzle for the ecosystem of the IP industry and there's a real science in IP data play there and effectively creating a brand new solution, which didn't exist before. The problem existed, but the solution didn't. And that gives you a sense of scale of just that one example there and that's absolutely addressable and we're doing that now and 22 looks exciting in that space.

Jerre Stead:

Thank you. Next question, Mark.

Mark Donohue:

Next questions are around ProQuest. So, how has ProQuest performed in the third quarter, which I think we'll probably not get into, but how has the acquisition being in limbo for a while impacted their momentum and performance?

Jerre Stead:

A great question. I'll pick that up and then Kerri will make quick comment as she's done the work as we prepare for integration and Mukhtar will close it.

Jerre Stead:

I couldn't be more pleased with their performance. We'll provide details the day after we announce and close. The cooperation without crossing the line has been just great. Kerri.

Kerri Nelson:

Yeah, absolutely agree. I mean, we started this summer and have joint teams working together across, as I talked about earlier, really all work streams, finance, HR, communications, and then but most importantly we're both focused on closing the year. So as we go to through the end of the year, we're all focused on taking care of our customers, close the year strong and then really focused on the things about engaging and onboarding colleagues is the number one focus as we get into the new year. So, yeah, it's going very well.

Jerre Stead:

Wrap it up, Mukhtar. Great question.

Mukhtar Ahmed:

Yeah. Yeah. I mean, I think Kerri's pretty much touched it. I mean, it's focus and continued execution by both companies and with the right amount of collaborate and touch points where appropriate, but apart from that, no, we're very confident and excited about this one.

Jerre Stead:

And as are they. It's just a great feeling and we'll be off to the races once we get it closed. Thanks. Next question.

Mark Donohue:

Great. So what is the share count assumed in the 2022 guidance and then also interest expense?

Jerre Stead:

Go ahead, Richard. That's a good question.

Richard Hanks:

741 million shares in terms of the share count and interest expense 237 million.

Mark Donohue:

Thank you. So our next question. Customers love the products and data, but there is a fall down in ease of use. When does that ease of use category cease to become a barrier to growth?

Jerre Stead:

It's a great question. I'll start. Kerri will pick it up. With the tools we use, we know exactly what it takes to grow organic growth, actually by product and by customer. And we see what we've done, we know exactly where we are. Out of the 8,000, was it, 8,100 comments? 80%, 70-

Kerri Nelson:

70.

Jerre Stead:

... to 80% were on this question. Kerri, facts is our friends, please.

Kerri Nelson:

Yeah, so what we see in the survey. So again, we use a five question index for two reasons. We have a question on information quality, and product, and value, ease of doing business with so pointed right to this question. And then we get comments and those comments, as we talked about, we had 9,000 comments. So for every question we can look and say for, make it easy, the bottom two box, what did our customers talk about?

And here's what's really exciting. And we saw this with all the effort that Mukhtar and Gordon's teams are making, is that the easiness of our products to use, actually we had more positives this survey, less negatives. And actually the areas that started to, we could see come up is like features and functionality, some basic stuff that we can do.

So again, we see the comments as very helpful. We are making great progress on that, make it easy, but it is our biggest opportunity, but it is around timeliness of the content and really the products and just continuing to make them better and better.

Jerre Stead:

Once we get through that, there's a magic number that we won't talk about today. But when we get north of that, which I think we will late 2022, early 2023, that's worth one and a half to 2% facts is our friends, organic growth for years to come. And I felt really good with the numbers this time, especially the right ends, because they are noticing.

If you think back when we talked about setting up the centers of excellence, inside sales, improving customer care, everything we said we were going to do, we're doing. It's the slowest one to move though, by the way, because you've got to be on top of your game every minute, all the way. And I'm really excited about the progress and look forward to. It's a very good question. That's worth probably actually 2% organic growth for many years to come. Thanks.

Mark Donohue:

Great. Thanks, Jerre. So a question. They don't specify the year, if there's 2021 or 2022. Can you highlight organic growth in the Legacy business?

Jerre Stead:

Yeah, I guess we mean not including DRG CPA? Yeah, go ahead, Richard.

Richard Hanks:

Well, I mean, in my presentation, we've spoken about the sum of the parts. So, I'm not going to differentiate between the Legacy Clarivate business and the DRG and CPA assets that we've acquired. They've been in the portfolio for one to two years now. And you can see from the product demonstrations, the degree of integration that we've done across the entire portfolio. So, we're looking at, you've got the guidance from the near term for the Clarivate to our standalone business from [inaudible] and those are the numbers that we're focused on.

Jerre Stead:

Yeah. Great, Richard. The other thing, just to be clear. When we laid this out, actually in 20, we announced January of 2019, we had very clearly in mind actually all three acquisitions and we expected those to play in, but what I'm most proud of is not only are we there with them, but most importantly is 60 new products or product improvements this year. And it was done by a great team of people. You're going to see us do that year after year after year. And I couldn't be prouder of that. Thanks, Mark. Next question.

Mark Donohue:

Yep. So there's a follow up here for Gordon on CPA. So clearly CPA is differentiated from competition with large, high end customers. How large is your small customer segment and how do you defend there?

Jerre Stead:

Let 'er rip, Gordon.

Gordon Samson:

Sure. So just to dispel a myth that CPA has that profile, actually we have a large number of medium-size and in fact, a very large number of small customers, both direct and what we describe as indirect, which means that we partner with those customers with our law firm partners. The IP industry is very much an ecosystem and how we defend there is the same way that we defend with any customer.

In fact, defend is the wrong word, how we sell our value there is on two things. One is continual investments in the service, integrating the service with our other products, including data and our workflow and asset management tools and making sure that we're listening to what customers want to do with that service. So it's back to the solution thinking and thinking from the customer backwards, but we don't differentiate how we do that. We speak to those customers in the segments and in their scale appropriately, but the approach is the same.

Jerre Stead:

Thanks, Gordon. Last question, Mark.

Mark Donohue:

Last question. So, and thanks, Gordon. Given high incremental margins, approximately 70%, what is the theoretical maximum margin you think the current set of assets can achieve without starving the business?

Jerre Stead:

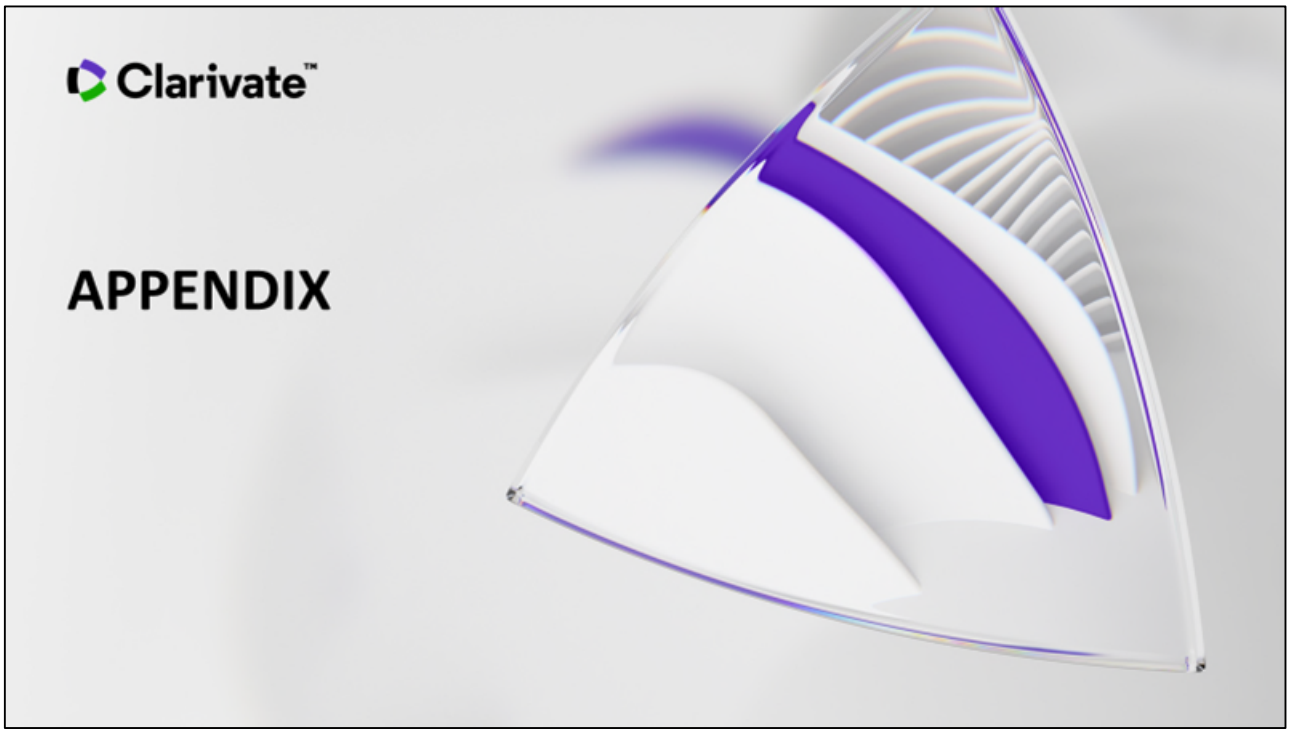
I get to honor of doing that one because I've done this forever. The way to think about it, by the way, they're higher than 70%. The way to think about that is you build it once, you keep it current, and you sell it over and over and over. And when you keep your cost, there's a, I think we need to publish that again, Mark, that scale of both sides.

If you look at organic growth on the top and you look at cost control on the left, if we keep our cost control, which we'll do for many years at 2% or less two and a half, because of all the opportunities we still have to integrate and improve and as technology takes over more and more of what we were able to do historically, are able to do much quicker now.

So if let's just say, make it easy at 3% growth a year and at 6% organic growth on the top line that will increase margins 150 basis points every year for as far as we go. So the facts are just think we've come from 22, 23% EBITDA to exiting close to 50% in 20, close to our at in 2021 adjusted EBITDA for the fourth quarter. And what you should be thinking about, that model. That model will drop 150 basis points a year to the bottom line for years to come.

I thank you all very, very much for participating. I am very proud to have this team in place. We've done a great job of getting to the points we said we're going to do. Look forward to delivering for our colleagues, our customers, and most importantly, today for our share owners. Thank you all very, very much.

END



Presentation of Certain Non-GAAP Financial Measures

This presentation contains financial measures which have not been calculated in accordance with US GAAP, including Adjusted Revenues and Adjusted EBITDA, because they are a basis upon which our management assesses our performance and we believe they reflect the underlining trends and indicators of our business.

Adjusted Revenues

Adjusted Revenues excludes the impact of the deferred revenues purchase accounting adjustment (primarily recorded in connection with recent acquisitions).

Our presentation of Adjusted Revenues is presented for informational purposes only and is not necessarily indicative of our future results. You should compensate for these limitations by relying primarily on our US GAAP results and only using Adjusted Revenues for supplementary analysis.

Adjusted EBITDA

Adjusted EBITDA represents net loss before provision for income taxes, depreciation and amortization, interest income and expense adjusted to exclude acquisition or disposal-related transaction costs (such costs include net income from continuing operations before provision for income taxes, depreciation and amortization and interest income and expense from divestitures), share-based compensation, mandatory convertible preferred share dividend expense, unrealized foreign currency gains/(losses), costs associated with the transition services agreement with Thomson Reuters, which we entered into in connection with our separation from Thomson Reuters in 2016, separation and integration costs, transformational and restructuring expenses, acquisition-related adjustments to deferred revenues, costs related to our merger with Churchill Capital Corp in 2019, non-operating income or expense, the impact of certain non-cash, mark to market adjustments on financial instruments and other items that are included in net income for the period that the Company does not consider indicative of its ongoing operating performance and certain unusual items impacting results in a particular period. Per Clarivate's Non-GAAP policy effective January 1, 2021, we have ceased use of adjustments for costs in connection with our separation from Thomson Reuters including costs related to the transition services agreement and separation, integration, and transformational expenses, as well as costs related to our merger with Churchill Capital Corp in 2019.

In evaluating Adjusted EBITDA you should be aware that in the future the Company may incur expenses that are the same as or similar to some of the included adjustments. The Company's presentation of Adjusted EBITDA should not be construed as an inference that the Company's future results will be unaffected by any of the adjusted items, or that the Company's projections and estimates will be realized in their entirety or at all.

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Presentation of Certain Non-GAAP Financial Measures

Adjusted EBITDA

The use of Adjusted EBITDA instead of US GAAP measures has limitations as an analytical tool, and you should not consider Adjusted EBITDA in isolation, or as a substitute for analysis of the Company's results of operations and operating cash flows as reported under US GAAP. For example, Adjusted EBITDA does not reflect:

- the Company's cash expenditures or future requirements for capital expenditures
- changes in, or cash requirements for, the Company's working capital needs
- interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debt
- any cash income taxes that the Company may be required to pay
- any cash requirements for replacements of assets that are depreciated or amortized over their estimated useful lives and may have to be replaced in the future
- all non-cash income or expense items that are reflected in the Company's statements of cash flows

The Company's definition of and method of calculating Adjusted EBITDA may vary from the definitions and methods used by other companies when calculating adjusted EBITDA, which may limit their usefulness as comparative measures.

The Company prepared the information included in this presentation based upon available information and assumptions and estimates that it believes are reasonable. The Company cannot assure you that its estimates and assumptions will prove to be accurate.

Adjusted EBITDA Margin

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Adjusted Revenues.

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Presentation of Certain Non-GAAP Financial Measures

Adjusted Net Income and Adjusted Diluted EPS

We use Adjusted Net Income and Adjusted Diluted Earnings Per Share ("Adjusted Diluted EPS") in our analysis of the financial performance of the Company. We believe Adjusted Net Income and Adjusted Diluted EPS are meaningful measures of the performance of the Company because they adjust for items that do not directly affect our ongoing operating performance in the period.

Adjusted Net Income is calculated using net loss, adjusted to exclude acquisition or disposal-related transaction costs (such costs include net income from continuing operations before provision for income taxes, depreciation and amortization and interest income and expense from the divested business), amortization related to acquired intangible assets, share-based compensation, mandatory convertible preferred share dividend expense, unrealized foreign currency gains/(losses), costs associated with the transition services agreement with Thomson Reuters, which we entered into in connection with our separation from Thomson Reuters in 2016, separation and integration costs, transformational and restructuring expenses, acquisition-related adjustments to deferred revenues, costs related to our merger with Churchill Capital Corp in 2019, non-operating income or expense, the impact of certain non-cash, mark to market adjustments on financial instruments, interest on debt held in escrow, and other items that are included in net income for the period that the Company does not consider indicative of its ongoing operating performance and certain unusual items impacting results in a particular period, and the income tax impact of any adjustments. Per Clarivate's Non-GAAP policy effective January 1, 2021, we have ceased use of adjustments for costs in connection with our separation from Thomson Reuters including costs related to the transition services agreement and separation, integration, and transformational expenses, as well as costs related to our merger with Churchill Capital Corp in 2019.

We calculate Adjusted Diluted EPS by using Adjusted Net Income divided by diluted weighted average shares for the period.

Standalone Adjusted EBITDA

We are required to report Standalone Adjusted EBITDA, which is identical to Consolidated EBITDA and EBITDA as such terms are defined under our credit facilities, dated as of October 31, 2019 and the indenture governing our secured notes due 2026 issued by Camelot Finance S.A. and guaranteed by certain of our subsidiaries, respectively. In addition, the credit facilities and the indenture contain certain restrictive covenants that govern debt incurrence and the making of restricted payments, among other matters. These restrictive covenants utilize Standalone Adjusted EBITDA as a primary component of the compliance metric governing our ability to undertake certain actions otherwise proscribed by such covenants. Standalone Adjusted EBITDA reflects further adjustments to Adjusted EBITDA for cost savings already implemented and excess standalone costs.

Excess standalone costs are the difference between our actual standalone company infrastructure costs, and our estimated steady state standalone infrastructure costs. We make an adjustment for the difference because we have had to incur costs under the transition services agreement with Thomson Reuters after we had implemented the infrastructure to replace the services provided pursuant to the transition services agreement, thereby incurring dual running costs. Furthermore, there has been a ramp up period for establishing and optimizing the necessary standalone infrastructure. Since our separation from Thomson Reuters, we have had to transition quickly to replace services provided under the transition services agreement, with optimization of the relevant standalone functions typically following thereafter. Cost savings reflect the annualized "run rate" expected cost savings, net of actual cost savings realized, related to restructuring and other cost savings initiatives undertaken during the relevant period. These costs wound down at the end of December 31, 2020.

Standalone Adjusted EBITDA is calculated under the credit facilities and the indenture by using our consolidated net income (loss) for the trailing 12-month period (defined in the credit facilities and the indenture as our U.S. GAAP net income adjusted for certain items specified in the credit facilities and the indenture) adjusted for items including: taxes, interest expense, depreciation and amortization, non-cash charges, expenses related to capital markets transactions, acquisitions and dispositions, restructuring and business optimization charges and expenses, consulting and advisory fees, run-rate cost savings to be realized as a result of actions taken or to be taken in connection with an acquisition, disposition, restructuring or cost savings or similar initiatives, "run rate" expected cost savings, operating expense reductions, restructuring charges and expenses and synergies related to the transition projected by us, costs related to any management or equity stock plan, other adjustments of the type that were presented in the offering memorandum used in connection with the issuance of the secured notes due 2026 and earn-out obligations incurred in connection with an acquisition or investment.

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Presentation of Certain Non-GAAP Financial Measures

Free Cash Flow and Adjusted Free Cash Flow

We use free cash flow and adjusted free cash flow in our operational and financial decision-making and believe free cash flow and adjusted free cash is useful to investors because similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate our competitors and to measure the ability of companies to service their debt. Free cash flow is calculated using net cash provided by operating activities less capital expenditures. Adjusted free cash flow is calculated as free cash flow, less cash paid for restructuring and lease-exit activities, transition services agreement, transition, transformation and integration expenses, transaction related costs, interest on debt held in escrow, and debt issuance costs offset by cash received for hedge accounting transactions. Per Clarivate's Non-GAAP policy effective January 1, 2021, we have ceased use of adjustments for costs in connection with our separation from Thomson Reuters including costs related to the transition services agreement and separation, integration, and transformational expenses, as well as costs related to our merger with Churchill Capital Corp in 2019.

Organic Revenues

This illustrates growth in businesses owned by the Company as of January 1, 2020.

Results excluding divestitures in this presentation exclude the previously announced November 6, 2020 divestiture of Techstreet.

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Diluted Share Count

Enterprise Value Build	@$22	@$26	@$30	Comments
(Forecasted as of and for the year ended December 31, 2021, $ in millions except for per share values)				
Share Price				
Ticker				
Current Share (Live)	$ 22.00	$ 26.00	$ 30.00	1
Enterprise Value Build				
Basic Shares Outstanding	626,810,880	626,810,880	626,810,880	
Preferred Shares	30,686,523	30,686,523	26,186,986	2
(+) Stock Dilution	11,136,746	13,283,974	15,067,904	
Forecasted Fully Diluted Shares Outstanding	**668,402,149**	**670,549,377**	**668,271,770**	
(x) Share Price	$ 22.00	$ 26.00	$ 30.00	
Equity Value ($ in millions)	**14,708.8**	**17,434.3**	**20,048.2**	
(+) Debt ($ in millions)	5,309.2	5,309.2	5,309.2	3
(-) Cash ($ in millions)	4,334.3	4,334.3	4,334.3	3
Enterprise Value ($ in millions)	**15,679.7**	**18,409.2**	**21,023.1**	
Stock Options				
Shares Contributing to Dilution	4,243,752	4,243,752	4,243,752	4
Weighted-average Exercise Price	Various	Various	Various	4
Options Dilution	2,651,561	4,094,206	3,809,479	4
Private Warrants Outstanding				
Exercisable as of December 31, 2020	17,813,826	17,813,826	17,813,826	
Weighted-average Exercise Price	$ 11.50	$ 11.50	$ 11.50	
Private Warrants Dilution	8,502,053	9,934,634	10,985,193	
RSUs				
RSUs Outstanding - Issued and 2021 Remaining Forecast	3,285,308	3,321,924	3,309,974	5
Weighted-average Exercise Price	-	-	-	
RSU Dilution	1,097,886	1,421,193	1,459,556	
PSUs				
PSUs - 2020 and 2021 Issued	180,971	180,971	180,971	6
Weighted-average Exercise Price	-	-	-	
PSU Dilution	253,609	16,772	54,563	
2021 Share Buyback				
Shares	(1,368,393)	(1,294,631)	(1,240,886)	7
Weighted-average Exercise Price	-	-	-	
Secondary Offering Dilution	(1,368,393)	(1,294,631)	(1,240,886)	
Total Stock Dilution	**11,136,746**	**13,283,974**	**15,067,904**	

Comments

Note: The analysis is not intended to replace the Treasury Stock Method as required under ASC 260, Earnings per Share

1. Inconsistent with the requirements of ASC 260, but for illustrative purposes, this analysis uses hypothetical shares prices and not the actual average share price for the period as required under US GAAP.

2. The conversion rate for the Company's outstanding Mandatory Convertible Preferred Share into the Company's Common Stock was determined using the conversion rate as outlined in the June 14, 2021 Mandatory Convertible Preferred Share offerings documents. If the Company's common stock is between $26.00 and $31.20 the conversation rate will fluctuate and if the value is below $26.00 or above $31.20 the conversion rate will be set.

3. Debt and cash amounts reflect 9/30/21 balances. This also reflects the $2,000 in restricted cash obtained from the issuance of the Unsecured and Secured notes.

4. Per the requirements of the Treasury Stock Method this excludes all management options that are antidilutive at the assumed share prices in this analysis and includes consideration of unrecognized compensation costs.

5. Consists of actual 2019, 2020, and 2021 issued RSUs, as well as forecasted RSUs for Q4 of 2021 and their related activity. This includes forecasted issuances of 25.1M RSUs in the remainder of 2021.

6. Consistent with the requirements of ASC 260, performance conditions for 0.6M of the PSUs granted in 2020 are not likely to be achieved as of this time, and therefore are excluded from this dilution analysis. Market conditions for 0.3M of the PSUS granted in 2020 are likely to be achieve based on the stock price's performance in the past year, and therefore are included in this dilution analysis. This figure includes one third of the PSUs issued in Q1 2021, Q2 2021, Q3 2021 as it has been deemed probable that the performance condition will be met. It does not include the portion of Q1 2021 PSU grants that do not have identified performance conditions yet. Additionally, it does not include forecasted grants for the remainder of 2021 as we are unable to determine the probability of achieving related performance conditions at this time.

7. The remaining approved share buyback amount of $185M is included and the relevant shares are divided equally between buybacks in the months of November 2021, December 2021, and January 2022. The weighted average associated with shares repurchased in November and December 2021 are reflected here.

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Reconciliation of Non-GAAP Financial Measures

Adjusted revenues, net and organic adjusted revenues, net

(in millions)	Twelve Months Ended December 31, 2020	2019	2018	2017
Revenues, net	$ 1,254.0	$ 974.4	$ 968.5	$ 917.6
Deferred revenues adjustment(1)	23.1	0.4	3.2	49.7
Revenue attributable to IPM Product Line	—	—	(20.5)	(31.8)
Adjusted revenues, net	$ 1,277.1	$ 974.8	$ 951.2	$ 935.5

Descriptions

Adjusted EBITDA adjustments

1. Reflects the deferred revenues adjustment as a result of purchase accounting associated with businesses that were acquired.

			Variance Increase/(Decrease)		Percentage of Factors Increase/(Decrease)			
	Twelve Months Ended December 31,		Total Variance (Dollars)	Total Variance (Percentage)	Acquisitive	Disposal	FX Impact	Organic
(in millions, except percentages)	2020	2019						
Subscription revenues	$ 867.7	$ 805.5	$ 62.2	7.7%	12.1%	(7.4)%	0.3%	2.7%
Transactional revenues	120.9	45.6	125.6	74.2%	83.3%	(3.0)%	0.4%	(6.5)%
Re-occurring transactional revenues	114.5	-	114.5	100.0%	100.0%	—%	—%	—%
Deferred revenues adjustment(1)	(23.1)	(0.4)	(22.7)	NM	NM	— %	— %	69.2%
Revenues, net	$ 1,254.0	$ 974.3	$ 279.7	28.7%	33.9%	(6.7)%	0.4 %	1.1 %
Deferred revenues adjustment(1)	23.1	0.4	22.7	NM	NM	— %	— %	69.2%
Adjusted revenues, net	$ 1,277.1	$ 974.7	$ 302.4	31.0%	36.2%	(6.7)%	0.4%	1.2%

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Reconciliation of Non-GAAP Financial Measures

(In millions)	Twelve Months Ended December 31, 2020	2019	2018	2017
Net loss attributable to ordinary shares	$ (311.9)	$ (258.6)	$ (242.2)	$ (263.9)
Dividends on preferred shares	—	—	—	—
Net loss	$ (311.9)	$ (258.6)	$ (242.2)	$ (263.9)
Provision (benefit) for income taxes	(2.3)	10.2	5.6	(21.3)
Depreciation and amortization	303.2	200.5	237.2	228.5
Interest expense and amortization of debt discount, net	111.9	157.7	130.8	138.2
Deferred revenues adjustment(1)	23.1	0.4	3.2	49.7
Transaction related costs(2)	97.5	46.2	2.5	2.2
Share-based compensation expense	41.7	51.4	13.7	17.7
Gain on sale of IPM Product Line	—	—	(36.1)	—
IPM adjusted operating margin(3)	—	—	(5.9)	(6.8)
Gain on sale of Techstreet	(28.1)	—	—	—
Tax indemnity asset (4)	—	—	33.8	—
Restructuring and impairment(5)	47.6	15.7	—	—
Mark to market adjustment on financial instruments(6)	205.1	47.7	—	—
Legal Settlement	—	(39.4)	—	—
Impairment on assets held for sale	—	18.4	—	—
Other(7)	(1.2)	43.9	130.3	175.4
Adjusted EBITDA	$ 486.6	$ 294.1	$ 272.9	$ 319.7
Adjusted EBITDA Margin	38.1 %	30.2 %	28.7 %	34.2 %

Descriptions

Adjusted EBITDA adjustments

1. Reflects the deferred revenues adjustment as a result of purchase accounting associated with businesses that were acquired.
2. Includes costs incurred to complete business combination transactions, including acquisitions, dispositions and capital market activities and include advisory, legal, and other professional and consulting costs. This also includes the mark to market adjustments on the contingent stock consideration associated with the CPA Global and DRG acquisitions, as well as the mark to market adjustment associated with the CPA phantom share liability plan.
3. Reflects the IPM Product Line's operating margin, excluding amortization and depreciation, prior to its divestiture in October 2018.
4. Reflects the write down of a tax indemnity asset.
5. Reflects costs primarily related to restructuring and impairment associated with the acquisition of DRG and CPA Global in 2020, as well as the approved One Clarivate restructuring program in 2021. This also includes costs incurred in connection with the initiative, following our merger with Churchill Capital Corp in 2019, to streamline our operations by simplifying our organization and focusing on two segments.
6. Reflects mark to market adjustments on our private placement warrant financial instruments. In periods after issuance, changes in the estimated fair value of the liabilities are reported through earnings.
7. Includes primarily the net impact of foreign exchange gains and losses related to the re-measurement of balances and other items that do not reflect our ongoing operating performance. The 2020 detail also includes costs related to a transition services agreement and offset by the reverse transition services agreement from the sale of MarkMonitor and costs incurred in connection with and after our separation from Thomson Reuters in 2016 relating to the implementation of our standalone company infrastructure and related cost-savings initiatives. These costs were largely wound down by the end of December 31, 2020.

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Reconciliation of Non-GAAP Financial Measures

Net Cash Provided By (Used In) Operating Activities to Free Cash Flow and Adjusted Free Cash Flow

(In millions)	Twelve Months Ended December 31, 2020	2019	2018
Net cash provided by (used in) operating activities	$ 263.5	$ 117.6	$ (26.1)
Capital expenditures	(107.7)	(69.8)	(45.4)
Free cash flow	$ 155.8	$ 47.8	$ (71.5)
Cash paid for restructuring and transaction related costs(1)	95.8	45.1	2.2
Cash paid for transition, integration and other costs(2)	46.3	40.9	72.7
Cash paid for transition services agreement(3)	(2.2)	12.0	73.6
Cash paid for debt issuance costs	7.7	—	—
Cash received for hedge accounting transactions	(1.7)	—	—
Cash received for legal settlement	—	(45.3)	—
Adjusted free cash flow	$ 301.7	$ 100.5	$ 77.0

Descriptions

Free Cash Flow and Adjusted Free Cash Flow Adjustments

1. Reflects cash payments for costs primarily related to restructuring and lease-exit activities associated with the acquisition of DRG and CPA Global in 2020. This also includes cash paid for costs incurred in connection with the initiative, following our merger with Churchill Capital Corp in 2019, to streamline our operations by simplifying our organization and focusing on two segments. Also includes cash paid for costs incurred to complete business combination transactions, including acquisitions, dispositions and capital market activities and include advisory, legal, and other professional and consulting costs.
2. Includes cash paid for costs incurred in 2020 and 2019 in connection with and after our separation from Thomson Reuters in 2016 relating to the implementation of our standalone company infrastructure and related cost-savings initiatives, costs for which were largely wound down by the end of December 31, 2020, as well as other costs that do not reflect our ongoing operating performance.
3. Includes cash payments to Thomson Reuters under the Transition Services Agreement. These costs decreased substantially in 2019, as we were in the final stages of implementing our standalone company infrastructure. In 2019, the Transition Services Agreement cash paid is offset by cash receipts from the IPM Product Line divestiture.

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Reconciliation of Non-GAAP Financial Measures

The following table presents our calculation of Adjusted Revenues, net for the Outlook for 2021 and reconciles this measure to Revenues for the same period:

Adjusted Revenues, Net

(in millions)	Year Ending December 31, 2021 (Forecasted) Low	High
Revenues, net	$ 1,796.1	$ 1,836.1
Deferred revenues adjustment[1]	3.9	3.9
Adjusted revenues, net	$ 1,800.0	$ 1,840.0

Descriptions

1. Reflects the deferred revenues adjustment as a result of purchase accounting associated with businesses that were acquired.

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Reconciliation of Non-GAAP Financial Measures

The following table presents our calculation of Adjusted EBITDA and Adjusted EBITDA Margin for the Outlook for 2021.

Adjusted EBITDA

($ in millions)	Year Ending December 31, 2021 (Forecasted) Low	High
Net loss attributable to ordinary shares	$ (102.8)	$ (72.8)
Dividends on preferred shares[1]	41.3	41.3
Net loss	(61.5)	(31.5)
Provision for income taxes	40.0	40.0
Depreciation and amortization	517.0	517.0
Interest expense and amortization of debt discount, net	199.5	199.5
Deferred revenue adjustment[2]	3.9	3.9
Restructuring and impairment[3]	126.5	126.5
Transaction related costs[4]	1.6	1.6
Mark to market adjustment on financial instruments[5]	(113.2)	(113.2)
Share-based compensation expense	56.4	56.4
Other[6]	24.8	24.8
Adjusted EBITDA	$ 795.0	$ 825.0

Adjusted EBITDA Margin

($ in millions)	Year Ending December 31, 2021 (Forecasted) Low	High
Adjusted Revenues, net	1,800.0	1,840.0
Adjusted EBITDA	795.0	825.0
Adjusted EBITDA Margin	44 %	45 %

Descriptions

1. Dividends on our mandatory convertible preferred shares ("MCPS") are payable quarterly at an annual rate of 5.25% of the liquidation preference of $100 per share. For the purposes of calculating net loss attributable to Clarivate, we have excluded the accrued and anticipated MCPS stock dividends.
2. Reflects the deferred revenues adjustment as a result of purchase accounting associated with businesses that were acquired.
3. Reflects costs primarily related to restructuring and impairment of right of use assets associated with the acquisition of DRG and CPA Global in 2020, and related lease optimization plans, as well as the approved One Clarivate restructuring program in 2021.
4. Includes costs incurred to complete business combination transactions, including acquisitions, dispositions and capital market activities and include advisory, legal, and other professional and consulting costs. This also includes the mark to market adjustments on the contingent stock consideration associated with the CPA Global and DRG acquisitions, as well as the mark to market adjustment associated with the CPA phantom share liability plan.
5. Reflects mark to market adjustments on our private placement warrant financial instruments. In periods after issuance, changes in the estimated fair value of the liabilities are reported through earnings.
6. Includes primarily the net impact of foreign exchange gains and losses related to the re-measurement of balances and other items incurred that do not reflect our ongoing operating performance.

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Reconciliation of Non-GAAP Financial Measures

The following table presents our calculation of Adjusted Diluted EPS for the Outlook for 2021 and reconciles this measure to our Net loss for the same period:

Net Loss Per Fully Diluted Weighted Shares Outstanding to Adjusted Diluted EPS

(in millions, except per share amounts)	Year Ending December 31, 2021 (Forecasted) Low Per Share	High Per Share
Net loss attributable to ordinary shares	(0.15)	(0.09)
Dividends on preferred shares(1)	0.06	0.06
Net loss	(0.09)	(0.03)
Restructuring and impairment(2)	0.19	0.19
Transaction related costs(3)	—	—
Share-based compensation expense	0.08	0.08
Amortization related to acquired intangible assets	0.65	0.65
Mark to market adjustment on financial instruments(4)	(0.17)	(0.17)
Interest on debt held in escrow(5)	0.07	0.07
Other(6)	0.04	0.04
Income tax impact of related adjustments	(0.09)	(0.09)
Adjusted Diluted EPS	0.70	0.74
Weighted average ordinary shares (Diluted)(7)	668,402,150	

Descriptions

Adjusted Diluted EPS Adjustments

1. Dividends on our mandatory convertible preferred shares ("MCPS") are payable quarterly at an annual rate of 5.25% of the liquidation preference of $100 per share. For the purposes of calculating net loss attributable to Clarivate, we have excluded the accrued and anticipated MCPS stock dividends.
2. Reflects costs primarily related to restructuring and impairment of right of use assets associated with the acquisition of DRG and CPA Global in 2020, and related lease optimization plans, as well as the approved One Clarivate restructuring program in 2021.
3. Includes costs incurred to complete business combination transactions, including acquisitions, dispositions and capital market activities and include advisory, legal, and other professional and consulting costs. This also includes the mark to market adjustments on the contingent stock consideration associated with the CPA Global and DRG acquisitions, as well as the mark to market adjustment associated with the CPA phantom share liability plan.
4. Reflects mark to market adjustments on our private placement warrant financial instruments. In periods after issuance, changes in the estimated fair value of the liabilities are reported through earnings.
5. Reflects interest expense incurred on the principal related to the 2021 debt offering, currently held in escrow until the completion of the pending acquisition of ProQuest. Clarivate intends to use the net proceeds to finance a portion of the purchase price and therefore, considered as part of the transaction costs associated with the pending acquisition.
6. Includes primarily the net impact of foreign exchange gains and losses related to the re-measurement of balances and other items incurred that do not reflect our ongoing operating performance.
7. For the purposes of calculating adjusted earnings per share, the Company has excluded the accrued and anticipated MCPS stock dividends and assumed the "if-converted" method of share dilution.

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Reconciliation of Non-GAAP Financial Measures

The following table presents our calculation of Free Cash Flow and Adjusted Free Cash Flow for the Outlook for 2021 and reconciles this measure to our Net cash provided by operating activities for the same period:

Net Cash Provided by Operating Activities to Free Cash Flow and Adjusted Free Cash Flow

(in millions)	Year Ending December 31, 2021 (Forecasted) Low	High
Net cash provided by operating activities	$ 403.2	$ 453.2
Capital expenditures	(123.0)	(123.0)
Free Cash Flow	$ 280.2	$ 330.2
Cash paid for restructuring costs(1)	81.6	81.6
Cash paid for transaction related costs(2)	38.6	38.6
Cash paid for other costs(3)	1.5	1.5
Cash paid for interest on debt held in escrow(4)	48.1	48.1
Adjusted Free Cash Flow	$ 450.0	$ 500.0

Descriptions

Adjusted Free Cash Flow Adjustments

1. Reflects cash payments for costs related to restructuring and lease-exit activities associated with the acquisition of primarily DRG and CPA Global in 2020. This also includes cash paid for costs incurred in connection with the initiative, following our merger with Churchill Capital Corp in 2019, to streamline our operations by simplifying our organization and focusing on two segments.
2. Includes cash paid for costs incurred to complete business combination transactions, including acquisitions, dispositions and capital market activities and include advisory, legal, and other professional and consulting costs.
3. Reflects cash paid for other costs that do not reflect our ongoing operating performance.
4. Reflects cash payments for the interest expense incurred on the principal related to the 2021 debt offering, currently held in escrow until the completion of the pending acquisition of ProQuest. Clarivate intends to use the net proceeds to finance a portion of the purchase price and therefore, considered as part of the transaction costs associated with the pending acquisition.

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