
Clarivate™
Q1 2025
Earnings Call
CLVT
LISTED
NYSE
Apr 29, 2025

Safe Harbor Statement and Non-GAAP Financial Measures

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Safe Harbor Statement and Non-GAAP Financial Measures

Non-GAAP Financial Measures

This presentation contains financial measures that have not been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Diluted EPS, Free Cash Flow, and Free Cash Flow Conversion. Non-GAAP financial measures are not recognized terms under GAAP, are not measures of financial condition or liquidity, and should not be considered as an alternative to profit or loss for the period determined in accordance with GAAP or operating cash flows determined in accordance with GAAP. As a result, you should not consider such measures in isolation from, or as a substitute for, financial measures or results of operations calculated or determined in accordance with GAAP. We use non-GAAP measures internally in our operational and financial decision-making, to assess the operating performance of our business, to assess performance for employee compensation purposes, and to decide how to allocate resources. We believe that such measures allow us to focus on what we deem to be more reliable indicators of ongoing operating performance and our ability to generate cash flow from operations, and we also believe that investors may find these non-GAAP financial measures useful for the same reasons. Non-GAAP measures are frequently used by securities analysts, investors, and other interested parties in their evaluation of companies comparable to us, many of which present non-GAAP measures when reporting their results. Further, these measures can be useful in evaluating our performance against our peer companies because we believe they provide users with valuable insight into key components of our GAAP financial disclosure. However, non-GAAP measures have limitations as analytical tools and because not all companies use identical calculations, our presentation of non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. Our presentation of non-GAAP measures should not be construed as an inference that our future results will be unaffected by any of the adjusted items, or that any projections and estimates will be realized in their entirety or at all. In the Appendix to this presentation, we provide definitions of these non-GAAP measures and reconciliations to the most directly comparable GAAP measures.

Industry and Market Data

The market data and other statistical information used throughout this presentation are based on industry publications and surveys, public filings, and various government sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the included information. We have not independently verified such third-party information, nor have we ascertained the underlying economic assumptions relied upon in those sources, and we are unable to assure you of the accuracy or completeness of such information contained in this presentation. While we are not aware of any misstatements regarding our market, industry, or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors.

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Agenda

Business Review	**Matti Shem Tov** Chief Executive Officer
Financial Review	**Jonathan Collins** Executive Vice President and Chief Financial Officer
Q&A	

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Business Review

Matti Shem Tov
Chief Executive Officer



Q1 2025 Overview

$594M

Revenues

Organic ACV: 1.2% ▲ 30 bps sequentially

Renewal Rate: 94% ▲ 1% YoY

Recurring Organic Revenue Growth: 0.6%

$233M

Adj. EBITDA[1]

39% Margin[1]

▲ 130 bps YoY

$110M

Free Cash Flow[1]

47% Conversion[1]

● Flat YoY

14¢

Adj. EPS[1]

● Flat YoY



Academia & Government

Early success in Q1 on new Web of Science commercial model with 15 customers signing multiyear deals totaling over $80m TCV, 4% YoY ACV CAGR

Monitoring ongoing policy changes to US federal funding of government agencies



Intellectual Property

AI enhancements in patent intelligence suite, show excellent customer feedback and adoption

Re-occurring revenue returning to growth supported by patent annuity volumes



Life Sciences & Healthcare

Secured cross-segment (A&G, LS&H) multi-million-dollar renewal and expansion with South American national consortia

90% renewal rate, increase of 3% YoY

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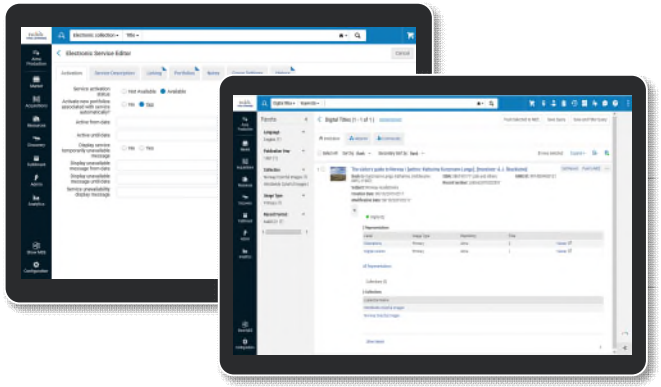
[1] See the Appendix for a reconciliation of GAAP to Non-GAAP measures.

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Powering The Largest Libraries In The World With Our Cloud Solutions

British Library

- Founded in 1973, **national library for the United Kingdom**; one of the largest libraries in the world, featuring 170 million items
- Long standing 20-year partnership; **selected to implement next generation library services platform and patron interface**
- Implementing Alma and Primo VE to deliver a **streamlined, cloud-based secure experience**
- British Library will be **43rd national and state library** to adopt Clarivate's flagship cloud-based library management system, **Alma**



BRITISH LIBRARY

Alma

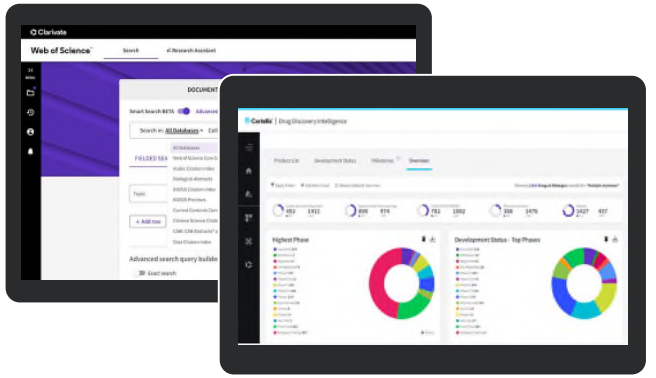
Primo

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Expanding Our Partnership In Brazil To Advance Research Programs

Coordenação de Aperfeiçoamento de Pessoal de Nível Superior (CAPES)

- Brazilian government agency **serving over 400 higher education and research institutions across the country**
- **Long standing 23-year partnership**; supporting CAPES to drive socioeconomic development aligned with the country's needs
- **Signed multi-year renewal, with a 57% increase in the number of higher education institutions** added to the contract
- CAPES has continued to invest in Clarivate solutions including **Web of Science, Cortellis Drug Discovery Intelligence, Derwent Innovation Index, and Journal Citation Reports**



CAPES

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Value Creation Plan Driving Focus, Growth and Innovation

Revenue
Business Model Optimization

Focus on driving core subscription and re-occurring revenue improving predictability

Increase Subscription and Re-occurring Revenue Mix

Sales
Improved Sales Execution

Drive sales execution, customer engagement and retention

Increase Organic Growth and Achieve Targets

Product & AI
Accelerated Innovation

Invest in proprietary assets and drive development velocity through customer collaboration

Optimize ROI and Support Sales Execution

Portfolio
Solutions Rationalization

Assess strategic alternatives to increase execution focus and optimize capital allocation

Unlock Value for Shareholders

Value Creation Enablers

- Talent and Culture
- Cost Rationalization
- Enterprise Technology

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Value Creation Plan on Track

Q4 2024

- Hired and promoted proven sales leaders and industry experts into leadership roles
- IP | Launched AI-Powered Patent Search in Derwent
- A&G | Completed ScholarOne Divestment
- Completed business strategic review and portfolio assessment

Q1 2025

- A&G | Launched ProQuest e-Books (subscription platform)
- A&G | Launched ProQuest Digital Collections (subscription product)
- LS&H | Launched DRG Fusion subscription platform powered by RWD
- Implemented revised sales incentive models

Q2 2025

- Implement initiative to grow and scale customer success teams for all segments
- A&G | Release e-Book Central AI-powered research assistant
- LS&H | Release enhanced AI-powered search functionality in Cortellis
- IP | Release Derwent Suite AI Powered Patent Classifier Tool (Innography) & AI Powered TM opposition assistant 'RiskMark'

H2 2025

- Introduce agentic AI capabilities across Clarivate
- A&G | Complete Digital Collections transition from transaction to subscription model
- IP | Release Derwent AI Patent Watch Solution
- LS&H | Release new MedTech subscription solutions

Business Model Optimization | **Improved Sales Execution** | **Accelerated Innovation** | **Solutions Rationalization**

Execute program to drive internal cost efficiencies

Evaluate strategic alternatives

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Financial Review

Jonathan Collins
Chief Financial Officer



Q1 2025 Financial Results

Revenues

- Decline due to inorganic divestitures, disposals, and Fx translation impacts partially offset by organic growth

Net Income

- Increased restructuring costs associated with the VCP are primary driver of net income and EPS reduction

Operating Cash Flow

- Modest increase in restructuring costs is the major contributor to the change versus prior year

Changes from Prior Year

$m except per share data	Q1 '25	Q1 '24	Change
Revenues	**$594**	**$621**	**$(27)**
Income / (Loss) from Operations	(21)	5	(26)
Interest Expense, Net	64	70	(6)
Income Tax Expense (Benefit)	19	15	4
Net Income / (Loss) to Ordinary Shares	**$(104)**	**$(94)**	**$(10)**
Net Income / (Loss) Per Share, basic	$(0.15)	$(0.14)	$(0.01)
Adjusted EBITDA[1]	233	236	(3)
Adjusted EBITDA Margin[1]	*39.3%*	*38.0%*	*130 bps*
Adjusted Diluted EPS[1]	$0.14	$0.14	-
Operating Cash Flow	**$171**	**$176**	**$(5)**
Capital Spending	61	64	(3)
Free Cash Flow[1]	110	112	(2)

[1] See the Appendix for a reconciliation of GAAP to Non-GAAP measures.
Note: Amounts in table may not sum due to rounding.

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Q1 2025 Revenues and Adj. EBITDA[1]

Organic

- Return to growth in patent renewal volumes drove recurring[2] organic growth of 0.6% and strong cost discipline led to more than full flow through to profit

Inorganic Disposals

- Largely impact of books business, negligible decline in digital collections and RWD

Inorganic Divestitures

- Primarily ScholarOne and Valipat divestitures

Foreign Exchange

- Strengthening of USD late in quarter drove transaction gains, weaker on average through quarter led to lower translation

Changes from Prior Year



[1] See the Appendix for a reconciliation of GAAP to Non-GAAP measures. [2] Subscription Revenues + Re-occurring Revenues.
Note: Amounts in table may not sum due to rounding.

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Q1 2025 Cash Flow

Free Cash Flow[1]

- Results in line with prior year and expectations

Capital Allocation

- Utilized nearly half of FCF to repurchase 11.7m shares at an average price of $4.29

Changes from Prior Year			
$m	**Q1 '25**	**Q1 '24**	**Change**
Adj. EBITDA[1]	**$233**	**$236**	**$(3)**
One-Time Costs[2]	(23)	(19)	(4)
Interest	(33)	(37)	4
Taxes	(7)	(8)	1
Working Capital	10	11	(1)
Other[3]	(8)	(8)	-
Operating Cash Flow	171	176	(5)
Capital Spending	(61)	(64)	3
Free Cash Flow[1]	**$110**	**$112**	**$(2)**
Free Cash Flow Conversion[1]	***47%***	***47%***	**-**
Preferred Dividend	-	(19)	19
Share Repurchase	(50)	-	(50)
Debt Repayment	-	(47)	47
M&A	-	-	-
Other[4]	(2)	(36)	34
Cash Flow	**$59**	**$10**	**$49**

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[1] See the Appendix for a reconciliation of GAAP to Non-GAAP measures. [2] Includes restructuring-related severance and transaction cost.
[3] Includes impaired contractual costs and refinancing cost. [4] Fx, Tax withholding for share-based compensation and refinancing cost.
Note: Amounts in table may not sum due to rounding.

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FY 2025 Guidance

Organic ACV

- Expect inflection this year as return on product investments will begin to materialize

Recurring Organic Growth

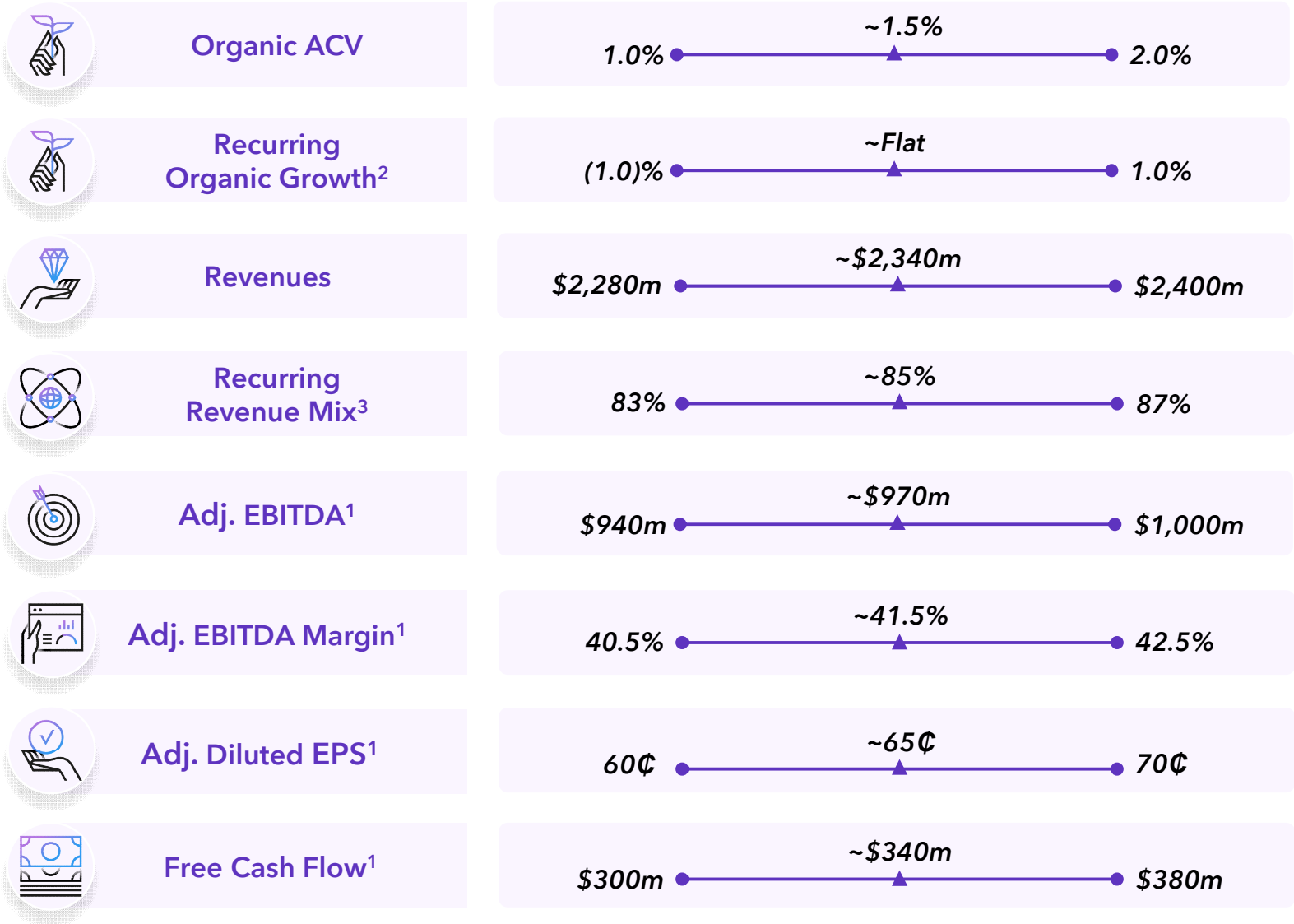
- Strategic disposal benefit affects transactional revenues, which are excluded from this metric

Revenues / Mix

- Range contemplates recurring organic variation, transactional variability including the rate of decline in disposals, and Fx
- Strategic disposals to improve recurring revenue mix by ~5%

Adj. EBITDA / Margin / FCF

- Expect to maintain Adj. EBITDA margin and FCF conversion despite lower revenue due to strategic disposals and cost efficiencies



[1] See the Appendix for a reconciliation of GAAP to Non-GAAP measures.
[2] Subscription + Re-occurring order types.
[3] (Subscription + Re-occurring) / Total Revenues.
[4] Mid Point included for illustrative purposes only.

Guidance Range ▲ Mid Point[4]

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FY 2025 Revenues and Adj. EBITDA[1] Outlook

Organic

- Expect modest revenue decline due to remaining transactional business
- Profit headwind due to continued investments in product innovation partially offset by VCP internal cost efficiencies

Inorganic Disposals

- Digital Collections transactional revenues gone by year end, Books and RWD in 2026

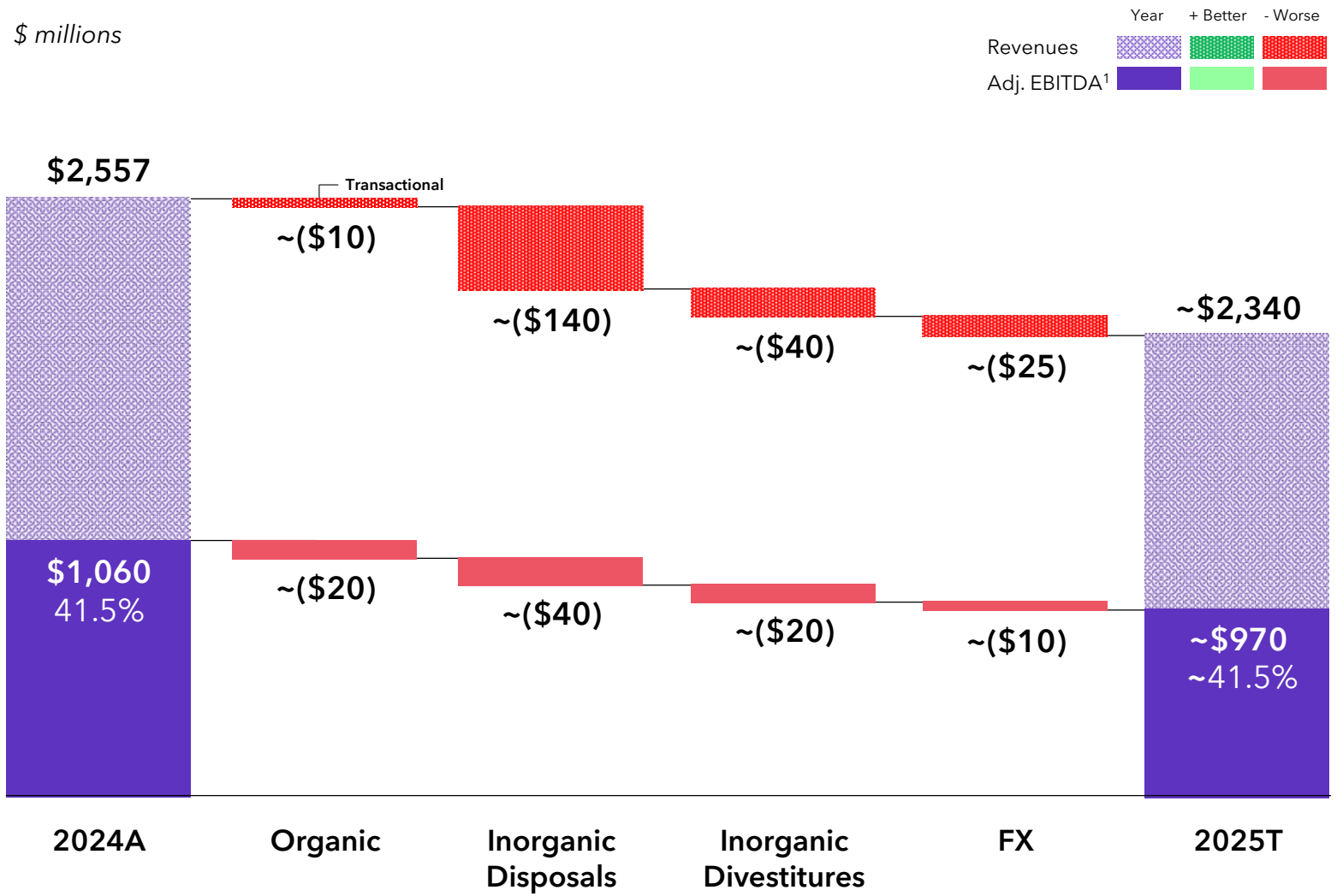
Inorganic Divestitures

- ScholarOne and Valipat divestitures

Foreign Exchange

- Outlook remains cautious due to high volatility despite recent weakening of the USD

Changes from Prior Year



[1] See the Appendix for a reconciliation of GAAP to Non-GAAP measures.
Note: Amounts in table may not sum due to rounding.

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FY 2025 Cash Flow Outlook

Free Cash Flow[1]

- Lower interest, working capital, and capital spending expected to largely offset lower profit to improve FCF conversion by ~1%

Capital Allocation

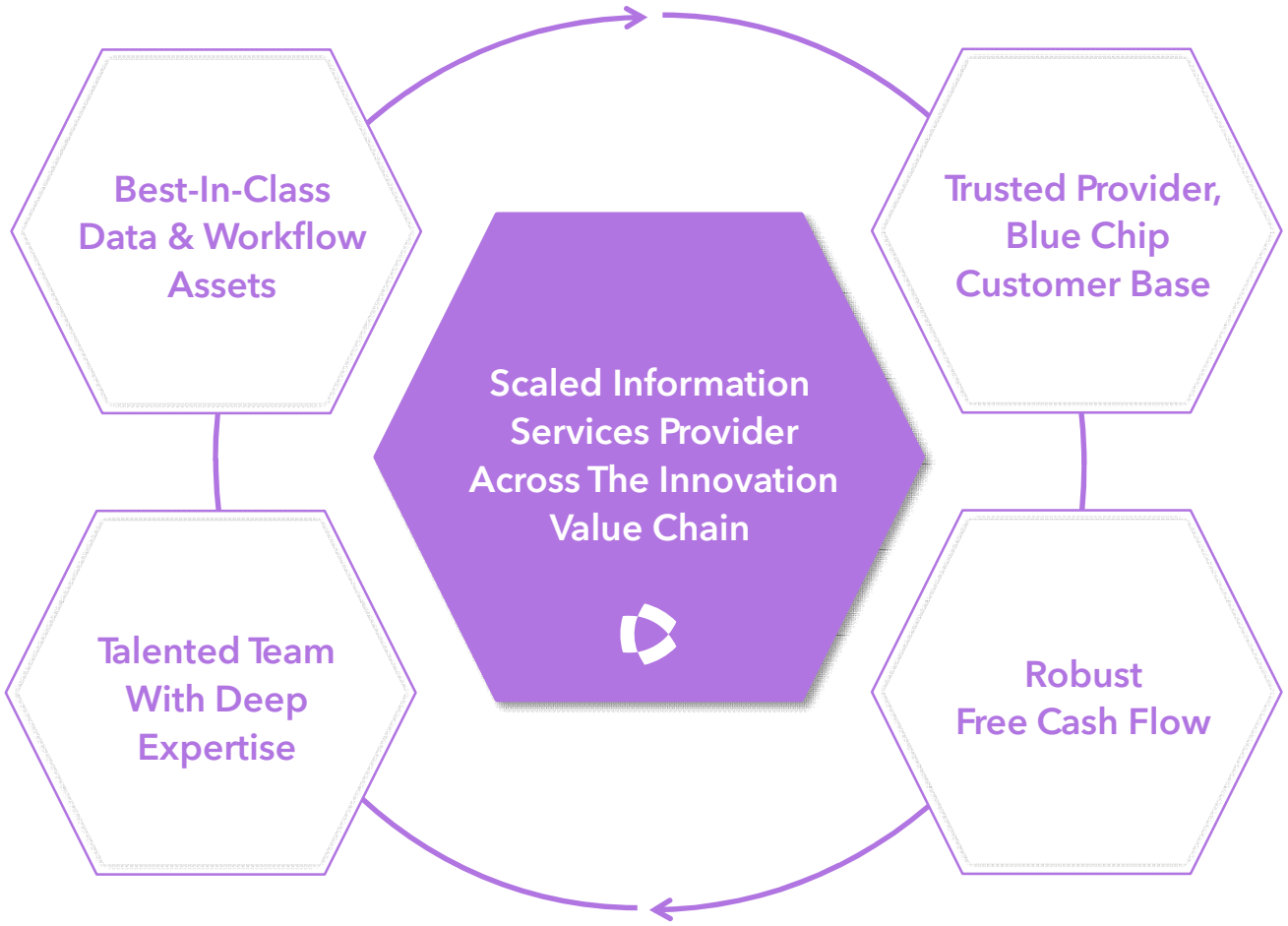
- Maintain flexibility between share repurchases and deleveraging

Changes from Prior Year			
$m	**2025 Outlook**	**2024 Actuals**	**Change**
Adj. EBITDA[1]	**~$970**	**$1,060**	**~$(90)**
One-Time Costs[2]	~(45)	(46)	~0
Interest	~(245)	(265)	~20
Taxes	~(55)	(53)	~0
Working Capital	~(5)	(23)	~20
Other[3]	~(25)	(26)	~0
Operating Cash Flow	~595	647	~(50)
Capital Spending	~(255)	(289)	~35
Free Cash Flow[1]	**~$340**	**$358**	**~$(20)**
Free Cash Flow Conversion[1]	***~35%***	***34%***	***~+1%***
Preferred Dividend	0	(38)	~40
Share Repurchase	~(300)	(200)	~40
Debt Repayment		(198)	
M&A		55	
Other[4]	~(40)	(53)	~15
Cash Flow	**~$0**	**$(76)**	**~$75**

[1] See the Appendix for a reconciliation of GAAP to Non-GAAP measures. [2] Includes restructuring-related severance and transaction cost.
[3] Includes impaired contractual costs and refinancing cost. [4] Fx, Tax withholding for share-based compensation and refinancing cost.
Note: Amounts in table may not sum due to rounding.

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Business Model Provides Clear Path to Long-Term Profitable Growth



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Q&A Session

Appendix
Presentation of Certain Non-GAAP Financial Measures

Presentation of Certain Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA represents net income (loss) before the provision (benefit) for income taxes, depreciation and amortization, and interest expense, net, adjusted to exclude share-based compensation, impairments, restructuring expenses, the impact of certain non-cash fair value adjustments on financial instruments, acquisition and/or disposal-related transaction costs, unrealized foreign currency gains/losses, legal settlements, and other items that are included in net income (loss) for the period that we do not consider indicative of our ongoing operating performance.

Net income (loss) margin is calculated by dividing net income (loss) by revenues. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues.

Adjusted net income and Adjusted diluted EPS

Adjusted net income represents net income (loss), adjusted to exclude amortization related to acquired intangible assets, share-based compensation, impairments, restructuring expenses, the impact of certain non-cash fair value adjustments on financial instruments, acquisition and/or disposal-related transaction costs, unrealized foreign currency gains/losses, legal settlements, and other items that are included in net income (loss) for the period that we do not consider indicative of our ongoing operating performance and the associated income tax impact of such adjustments.

Adjusted diluted EPS is calculated by dividing Adjusted net income by Adjusted diluted weighted average shares. The Adjusted diluted weighted average shares calculation assumes that all instruments in the calculation are dilutive.

Free cash flow and Free cash flow conversion

Free cash flow represents net cash provided by (used for) operating activities less capital expenditures.

Operating cash flow conversion is calculated by dividing net cash provided by (used for) operating activities by net income (loss). Free cash flow conversion is calculated by dividing Free cash flow by Adjusted EBITDA.

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Reconciliation of Non-GAAP Financial Measures

Net income (loss) to Adjusted EBITDA and Adjusted EBITDA margin

$m	Q1 '25	Q1 '24
Net income (loss)	**$(103.9)**	**$(75.0)**
Provision (benefit) for income taxes	18.8	15.0
Depreciation and amortization	185.4	179.4
Interest expense, net	64.3	70.2
Share-based compensation expense	11.1	15.4
Restructuring and other impairments	24.7	9.5
Fair value adjustment of warrants	–	(5.2)
Transaction related costs	6.3	4.4
Other[1]	26.5	22.6
Adjusted EBITDA	**$233.2**	**$236.3**
Net income (loss) margin	**(17.5)%**	**(12.1)%**
Adjusted EBITDA margin	**39.3%**	**38.0%**

Descriptions

1. Includes the net impact of foreign exchange gains and losses related to the remeasurement of balances and other items that do not reflect our ongoing operating performance. The three months ended March 31, 2024 also includes a $15.8 loss on divestiture.

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Reconciliation of Non-GAAP Financial Measures

Net income (loss) and Net income (loss) per share to Adjusted net income and Adjusted diluted EPS

$m except per share data	Q1 '25 Amount	Q1 '25 Per Share	Q1 '24 Amount	Q1 '24 Per Share
Net income (loss) and Diluted EPS	**$(103.9)**	**$(0.15)**	**$(75.0)**	**$(0.11)**
Amortization related to acquired intangible assets	136.3	0.20	138.5	0.21
Share-based compensation expense	11.1	0.02	15.4	0.02
Restructuring and other impairments	24.7	0.04	9.5	0.01
Fair value adjustment of warrants	–	–	(5.2)	(0.01)
Transaction related costs	6.3	0.01	4.4	0.01
Other[1]	26.5	0.03	22.6	0.02
Income tax impact of related adjustments	(5.2)	(0.01)	(6.7)	(0.01)
Adjusted net income and Adjusted diluted EPS	**$95.8**	**$0.14**	**$103.5**	**$0.14**
Adjusted weighted average ordinary shares, diluted	**695.2**		**727.6**	

Descriptions

1. Includes the net impact of foreign exchange gains and losses related to the remeasurement of balances and other items that do not reflect our ongoing operating performance. The three months ended March 31, 2024 also includes a $15.8 loss on divestiture.

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Reconciliation of Non-GAAP Financial Measures

Net cash provided by operating activities to Free cash flow and Free cash flow conversion		
$m	Q1 '25	Q1 '24
Net cash provided by operating activities	**$171.2**	**$176.2**
Capital expenditures	(60.9)	(64.4)
Free cash flow	**$110.3**	**$111.8**
Operating cash flow conversion	**(164.8)%**	**(234.9)%**
Free cash flow conversion	**47.3%**	**47.3%**

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Reconciliation of Non-GAAP Financial Measures – 2025 Outlook

The following table presents our calculation of Adjusted EBITDA and Adjusted EBITDA margin for the 2025 outlook and reconciles these non-GAAP measures to our Net income (loss) and Net income (loss) margin for the same period:

Net income (loss) to Adjusted EBITDA and Adjusted EBITDA margin

	Year Ending December 31, 2025 (Forecasted)	
$m	Low	High
Net income (loss)	**$(203)**	**$(127)**
Provision (benefit) for income taxes	55	59
Depreciation and amortization	697	687
Interest expense, net	262	252
Share-based compensation expense	84	84
Restructuring and other impairments[1]	30	30
Transaction related costs	10	10
Other	5	5
Adjusted EBITDA	**$940**	**$1,000**
Net income (loss) margin	**(8.9)%**	**(5.3)%**
Adjusted EBITDA margin	**40.5%**	**42.5%**

Descriptions

1. Reflects restructuring costs expected to be incurred in 2025 associated with the Value Creation Plan.

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Reconciliation of Non-GAAP Financial Measures – 2025 Outlook

The following table presents our calculation of Adjusted diluted EPS for the 2025 outlook and reconciles this non-GAAP measure to our Net income (loss) per share for the same period:

Net income (loss) per fully diluted weighted shares outstanding to Adjusted diluted EPS

	Year Ending December 31, 2025 (Forecasted)	
$m	Low	High
Net income (loss) per share	**$(0.28)**	**$(0.18)**
Amortization related to acquired intangible assets	0.75	0.75
Share-based compensation expense	0.12	0.12
Restructuring and other impairments[1]	0.04	0.04
Transaction related costs	0.01	0.01
Other	0.01	0.01
Income tax impact of related adjustments	(0.05)	(0.05)
Adjusted diluted EPS	**$0.60**	**$0.70**
Adjusted weighted average ordinary shares, diluted	**696 million**	

Descriptions

1. Reflects restructuring costs expected to be incurred in 2025 associated with the Value Creation Plan.

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Reconciliation of Non-GAAP Financial Measures – 2025 Outlook

The following table presents our calculation of Free cash flow and Free cash flow conversion for the 2025 outlook and reconciles these non-GAAP measures to our Net cash provided by operating activities and operating cash flow conversion for the same period:

Net cash provided by operating activities to Free cash flow and Free cash flow conversion

	Year Ending December 31, 2025 (Forecasted)	
$m	Low	High
Net cash provided by operating activities	**$555**	**$635**
Capital expenditures	(255)	(255)
Free cash flow	**$300**	**$380**
Operating cash flow conversion	**(273.4)%**	**(500.0)%**
Free cash flow conversion	**31.9%**	**38.0%**

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