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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for holding and welcome to this conference call on the second quarter 2012 results for Nielsen Holdings NV. [Operator Instructions]

I will now turn the conference over to the host, Liz Zale, Senior Vice President of Investor Relations. Ms. Zale, please proceed.

Elizabeth A. Zale

Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

Thank you, Rocco. Good morning, everyone, and thank you for joining us to discuss Nielsen's second quarter financial performance. Joining me on the call today from Nielsen is David Calhoun, our Chief Executive Officer and Brian West, our Chief Financial Officer.

Before we begin our prepared remarks I'd like to remind all of you that the following discussion contains forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include comments about Nielsen's outlook, expectations and prospects. These and other statements that relate to future financial results and events are based on Nielsen's view as of today, July 25, 2012.

Our actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties. The risks and uncertainties that we believe to be material are outlined in Nielsen's 2011 Form 10-K and other filings and materials which you can find on ir.nielsen.com. We encourage you to consult these documents for a more complete understanding of these risks and uncertainties. We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as may be required by securities laws.

A slide presentation that we'll use on this call is available under the events section of our investor relations website at ir.nielsen.com.

We use certain non-GAAP measures to evaluate the results of our operations. We believe these non-GAAP measures provide useful information to investors regarding financial and business trends when viewed in conjunction with our GAAP results of operations. Further definition and a reconciliation of these non-GAAP measures to our results under GAAP is available at the end of our press release. It is also in the appendix of the webcast live presentation we're using on today's call and on our IR website.

Our agenda for today's call, we'll start with Dave with a brief summary of our results for the quarter and a business update. Then Brian will discuss financials for the quarter and will take us through full-year guidance and then we'll take time to address your questions. And now to start the call, I'd like to introduce our CEO, David Calhoun.

David L. Calhoun

Chief Executive Officer & Executive Director, Nielsen Holdings NV

Hi. Good morning, everyone. First slide, absent currency translation we had a very solid operating quarter. Revenue on a reported basis declined 1%, on a constant currency basis grew 4%. Adjusted EBITDA grew 1% on a reported basis and up 5% on a constant currency basis. Margin expansion met expectations in every way, a net debt leverage of four times as we finish the quarter.

Growth and resilience were sort of apparent in what is clearly a more difficult macro environment. And for us we see those implications in the developing markets as well as the developed markets. Tangible progress in all our growth investments; high confidence, we'll talk about a few of those here in the upfront comments and then we'll get more into it in Q&A, I'm sure. And we are re-affirming our 2012 guidance.

With respect to the operating environment; strong growth in North America. For us it has been robust, 7% on the Buy side, which is of course, the bigger piece of puzzle. And the Walmart implementation went beautifully with very, very little lift in 2Q with respect to revenue in Buys, so those days are ahead of us. A difficult operating climate in Western Europe; not news to anybody. Just to frame it, that is a little less than 15% of our overall revenue. Despite that tough environment, the resilience of our information business always is apparent, and it continues to grow. Insights has been – has declined quite a bit, over 20%; solid growth in the developing markets, but not as robust as I would like.

As you all know, we have a target of double-digit. In the quarter, it grew 7%. Global multinationals are clearly being more selective. Believe it or not, I believe most of that is a reaction to difficulties in developed markets and just more selective resource calls. Local clients continue to accelerate. Our first-time client count continues to go up. And the growth in our priority markets, or what I'll call our investment markets; China, India and Africa, does across the board, meet the double-digit test; consistent growth in Watch. We've had real momentum in OCR, and in Ad Solutions. We don't talk a lot about the Ad Solutions piece, but it is a very robust business for that environment.

Next just a brief update on investments that we have been making and talking to you for quite some time about. First, the investment that we made in coverage expansion in the United States, largely built on the inclusion of Walmart data, but also included some other robust sources in other distribution arenas, has gone exceedingly well. It is done, the data's out, we've had very few reconciliation issues with our clients. There is no question the confidence in the read that we provide to them week in and week out has gone up, and more importantly, it is fertile ground for Analytics and Insights. Starting typically with assortment, moving through pricing which will go on for quite some time and then also distribution alternatives.

In a Buy developing world, which we talk about frequently, our priority investments are our footprint expansions in Africa, China and India, to provide for future growth. We remain fully committed to those initiatives. They remain on track and I'll remind everybody that the long-term growth implications of these populations, and the move into first time consumption in middle class is huge and will continue for decades into the future.

Watch digital. OCR has gone very well. We love the adoption rates. We continue to take on more advertising campaigns, well over 1,000 at this stage. We have 70 advertisers and agencies involved, and 60 publishers. And the use cases are apparent to all of the advertisers. The issues we faced in a broad adoption typically revolve around how to embed it into the operating systems and ultimately how the agencies best utilize it in servicing those clients. But we continue to expand our reach into the agency environment and like the progress that we're making.

XCR, this is again the cross audience metric across these two mediums. We have a real opportunity with the Olympics and some very good robust advertisers to demonstrate the worth of XCR. And those are underway and so we feel very good about the proof of XCR as a real tool for both the agencies and advertisers.

And then finally we completed an acquisition we've had our eyes on for quite a while, a company called Vizu, which does a really a resonance metric or, in effect, how did the audience we reached react to the ad. And so Vizu sits right along OCR, gives us both reach and resonance. They have a robust technology platform and a terrific approach to the agency community. As an indication of our confidence and comfort with this program, we will be expanding into six countries before the end of this year and will continue our global expansion strongly into next year.

Finally a program we've talked to you about for quite a while which has just been announced and launched which is a more robust metric around local TV. I'll remind everyone that stability of measurement in the very local television market has been an age-old problem for our company simply because of sample sizes. As we approached this problem, it was paramount that we maintain representation of the audiences that we measure. And therefore, we had to invent our way to a solution. We could not just take single forms of distribution data to the marketplace. So part of this program involved the invention of a device called a Code Reader which is a box about the size of an old cigarette box that, in effect, reads the encoded signals in a wireless basis. So we have very little installation. It's a cost effective box. And it is ubiquitous to all forms of devices and content distribution. And, therefore, we can put it in a perfectly representative set of households and collect those signals regardless of how content is distributed. So we're very, very confident and believe we have a robust, cost effective answer here that will increase sample sizes anywhere from two to four times their current levels and will solve the stability issue that our local clients have always had.

So with that I'll turn it over to Brian West. He'll move into our financials.

Brian J. West

Chief Financial Officer, Nielsen Holdings NV

Great. Thanks, David. Good morning. I'm on Page 9 of the slide deck, total Nielsen Company results.

Revenue for the quarter came in at $1.385 billion. That's up 4%; solid growth for the quarter. Adjusted EBITDA came in at $389 million. That's up 5% year-over-year constant currency.

Regarding currency, as Dave mentioned, there was an impact for us, a 430 basis point drag on revenue and a 415 basis point drag on adjusted EBITDA which is just a reporting impact as we translate into U.S. dollars which is why we measure the company on constant currency to reflect the underlying operating performance.

On adjusted margin rates, the rate for the quarter came in at 28.1%. That's 36 basis points of margin expansion year-over-year on a constant currency basis. And it was 44 basis points of expansion on a reported basis. The state of margin expansion is both year-over-year and sequentially better as we continue our investment programs as Dave mentioned.

Adjusted net income came in at $157 million, and our diluted ANI per share came in at $0.42.

Adjusted income was up 7% constant currency in the quarter and up 30% constant currency in the first half, reflective of the underlying earnings power of the model.

And our free cash flow was a generation of $46 million, that's favorable year-over-year and sequentially.

Moving on to Page 10, segment revenue, I'll start with the Buy business. The total Buy business revenues came in at $849 million. That's up 3% year-over-year. Our Information business was up 5% which accounts for around 75% of our revenues. We saw growth in our Information business across every region, reflective of the must-have nature of our data. Within Information, developed markets were up 3%, Western Europe grew 2%. North America, high single digits as Dave mentioned. Developing markets were up 8%. And we saw growth in every region, Latin America, Asia, Eastern Europe, India and Middle East; all faster growth.

Insights, the more discretionary part of the portfolio was flat globally. Western Europe, as Dave mentioned, down close to 20%, reflective of that difficult operating environment but offset by North America growing high single-digits and developing markets up 6%. And notwithstanding the pressure in Western Europe, the growth all around the world reminds us that, the importance of our Insights to our clients even when times are tough.

Moving onto the developing markets, for the quarter, revenue was up 7%, impacted as Dave mentioned by the global multinationals who are being more selective in certain markets and for the first half it was up 9%.

One thing I would point out is we've been here before. Very high single-digit growth rate, back in 2009, we know what this looks like and our confidence that this reaccelerates as global clients get more confident and ramp up of investment is high, because we are the global player to give them that picture and that view in order for them to capture growth.

On the Watch business, revenue came in at just under $500 million, that's up 4% year-over-year constant currency and the core television audience measurement business grew 5%. A lot of confidence as Dave mentioned in our online program particularly OCR. Our campaigns is now over 1,100 campaigns. And as Dave mentioned our confidence in investing, is we're now going to go out into six more countries with the global platform that we've constructed and a relationship with Facebook.

On Expos we're flat for the quarter. There's really some differences in show timing. First half we'll up 5% for Expos with good momentum, so overall, solid broad-based growth across many parts of the portfolio. And we continue to have high level of visibility on revenue.

[audio gap] (14:02-14:16)

Operator: Pardon the interruption, ladies and gentlemen, it appears we have disconnected from our speaker line. The call will resume momentarily. In the meantime, I will put hold music into the call. Thank you.

[audio gap] (14:28-15:12)

Operator: Ladies and gentlemen, thank you for your patience. I am rejoining the speaker line now. All right, everybody. I have rejoined the speaker line. Thank you.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

Thank you. Sorry about that, everyone. We're going to go ahead and pick it back up at foreign currency impact on Slide 11.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

Yeah. So one thing we try to do is help the investment community understand how currency impacts our business. If you look at year-to-date, our U.S. dollar exposure proportion of revenue was a bit higher than we saw last year.

But we still have significant impact FX translation in the quarter and for the rest of the year. So we want to describe for everyone is how we expect that to happen for the balance of the year.

Based on currency rates, current, current rates in our expected revenue mix, we project 450 basis points of negative impact on the third quarter, 225 basis points of negative impact on the fourth quarter, and 325 basis points of negative impact for the full year; all that is revenue impact. And we expect slightly less impact on the adjusted EBITDA line based on how each region's profit contribution is converted into the U.S. dollar. So on EBITDA, we project 350 basis points of negative impact on the third quarter, 175 basis points of negative impact in the fourth quarter, and 275 basis points of negative impact for the full year 2012. Again that's based on current rates.

All of this is reporting representation. We report on constant currency. That reflects how we run the business and how the underlying operating performance of the model performs. And we've always done it this way. I would remind you that regardless of the foreign currency exchange swing, this is a story about revenue compounding growth and one that we feel very good about going forward.

Moving on to Page 12 on segment profitability; as I mentioned for the quarter, adjusted EBITDA came in at $389 million. That's up 5%. You can see Buy at $169 million, Watch $212 million, Expo is at $14 million. One thing I would point out is that we achieved margin expansion for all segments year-over-year and sequentially, even as we had start-up costs related to things like Walmart or the continued expansion investments in the emerging markets.

We will see margin expansion in the Buy business in the second half. And we continue to see good profitability improvement in both Watch and Expos. This picture is a reminder not only do we have a commitment to cost leadership, but margins grow as our business grows just based on the underlying nature of our syndicated model.

Moving on to Page 13, the cash flow and balance sheet. Cash flow for the quarter was a generation of $46 million, again favorable year-over-year and sequentially. And this really is reflective of the usual pattern we see, the seasonality of our cash flows. And it's similar to last year's pattern, more favorable cash flow characteristics in the back half of the year.

CapEx was $70 million, more evenly distributed this year than last. Cash taxes in the quarter was $39 million and year-to-date, $62 million, which is driven by successful programs that we have around planning as well as some timing, and I'll address this one a little bit more further on the full year guidance and our go forward look. Restructuring was $26 million for the quarter. The expense charge in the quarter was $16 million, that's down from a $37 million charge in the first quarter.

On the balance sheet side the net debt ratio was four times for the quarter. The loan balance increased slightly for short-term borrowings that offset mandatory debt repayments, maturities I should say, and the expectation is that we will have cash flow generation in the back half of the year such that we're positioned to do voluntary debt repayments similar to last year. And the weighted average interest rate was essentially flat at 5.61%.

Moving on to Page 14 on 2012 guidance, revenue growth still at 5% to 6% constant currency. The benefit in the second half will be momentum in our North America Buy business driven by Walmart, as we've discussed previously. Margin expansion for the first half, constant currency margin expansion was 28 basis points and the reported basis was 29 basis points, so just a touch under the 30 basis points bottom end of the range. And that will accelerate in the second half as our Buy business primarily will expand margins. And that puts us in the full year at the 30 to 50 basis points range, both in a reported and a constant currency basis.

Adjusted net income will be 15% to 20% constant currency growth, and an EPS range of $1.76 to $1.82. Any negative impact from FX is offset by lower expectations for both cash taxes and depreciation and amortization, which I'll get to in a moment. On the deleveraging side, half a turn reduction as we expect the cash flow conversion the second half and voluntary debt pay downs as we close the year.

A couple of house keeping items. CapEx, we're still at the same, of $340 million to $360 million; restructuring the same, $75 million to $100 million. The ones that change are in the middle; depreciation amortization, $520 million to $530 million; net book interest $520 million to $525 million (sic) [$420 million to $425 million] (20:52); and then cash taxes, $135 million to $145 million. I'm sorry, net book interest was $420 million to $425 million; cash taxes $135 million to $145 million; and all of these are in line with what our first half results are and what our second half run rate expectations are. The cash tax number, based against the planning things that we're working on, given the jurisdictions that we have and the assets that we have on the balance sheet, would have a cash tax rate in the 17% to 18% range, which is lower than the long-term guidance that we've given.

Finally I'd like to go to Page 15, the long-term financial framework. Now it's important, we want to provide clarity on the underlying drivers and expectations of the model and take a minute to put everything in context. Since January of 2011, we've used this financial framework to help describe what we view as the attributes of an incredible business model. And I think we'd like to take a minute to remind everyone of those attributes and how that aligns with where 2012 is going and where we think it's headed.

On the revenue side, as an Information Service business with long-term contracts and the must-have data we have for our clients, our revenue grows mid single-digits constant currency basis. And even with a tougher global economy, we still see that in the mix for this year being 5% to 6%. And it's steady and it's consistent. We've had 22 straight quarters of revenue growth. And this year is going to feel real good on that front. And our expectations for 2012 are right in line with this long-term outlook.

On the adjusted EBITDA side, margin expansion again is within the range. It will be 30 to 50 basis points as we continue to remain committed on the investments that Dave talked about. And we benefit from the scalable model where margins grow naturally as our business grows. And we see that as well as work on cost management. Make no mistake that as we make investments to reinvest in the business, whether it's organic or an acquisition or [ph] due productivity (22:50), it must meet a rigorous standard of payback. And we think about that a lot and we think that that accrues to our benefit over the long term.

On the developing market front, this is one where there is more near-term pressure. But as I mentioned, this is a moment in time. We've been here before. The big things that we feel very confident about are just the reasons why we're investing which is that massive population growth in the emerging world, the under-penetration of our services, and our local clients who are just starting to use our services. And we're in the very early stages of building those local books of business. So we remain committed to building out that global footprint.

On the adjusted net income front, two to three times EBITDA growth. This year will be in that zip code. And on the adjusted income, it's important to remind everyone that we do make certain adjustments to this number such as including stock compensation charges while excluding acquisition related D&A. And these adjustments reflect the [ph] true range (23:52) power of this business that will be incremental to shareholder value creation over time. It's the way to look at our business, and we think some of these things differentiate us and our model, particularly on the front of the capital structure, and the tax position.

Capital structure and debt paid out and lower interest charges will accrue to the model and accrue to the benefits of the financial model. And the cash taxes, I've got great assets. I've got lots of jurisdictions and I do planning all the time which means that the long-term range of the 20% to 25% cash tax rate, we will be at the very low end of that range over the next several years because of the, because what we're seeing today from planning and what we expect in the future, and that will all go to benefit us on an ongoing basis.

And finally on deleveraging, as we march down the path towards investment-grade, we'll take leverage down and we'll de-risk the balance sheet. And we have a proven track record of some level of leverage. And it's driven by the consistency of our cash flows. Our business continues to be highly valued by the debt capital markets, and it's reflective in our current pricing which is at a premium at this moment. And we believe that over time, as we get to the more appropriate capital structure, we're going to move towards a model that will benefit equity holders over time for sure, so just a reminder in terms of how we view the business going forward and how we put that in context to this year.

With that, I'll turn it over to Liz.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

Great. Rocco, we'll go ahead and start the question and answer session.

QUESTION AND ANSWER SECTION

Operator: Absolutely. [Operator Instructions] Our first question comes from Andrew Steinerman of JPMorgan. Please go ahead.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

Good morning, Dave, Brian, and Liz. When talking about the expected constant currency revenue growth acceleration implied in the second half from the full year guidance, will this all come from the AOC, inclusive of Walmart database? Will all that lift be in Buy Information? And will Buy Insights rebound on a lagged basis?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

The AOC will be a big part of it for sure. And we're not expecting big robust recoveries in the Insights business in the back half.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

Right. And but you do think that Buy Insights maybe less – moving out to 2013 will have a ricochet effect of having the lift once the customers have the AOC database for a while?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yeah. For sure. We still feel like there is a tailwind over time on our Analytics business related to our U.S. book of business related to that AOC, or Walmart, as we traditionally referred to it as. No doubt about it.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC
Q

Last little bit, AOC has a set-up cost. I know customers pay a one-time fee. Is that a significant portion of the third quarter?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

No.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC
Q

Thank you so much.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC
A

Thanks, Andrew. Next question, please.

Operator: Our next question comes from Suzie Stein of Morgan Stanley. Please go ahead.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC
Q

Hi. I guess just a follow-up on that question. I just want to make sure I understand your confidence in the revenue growth in the back half of the year. I know that you can't really break it down specifically, but how much of the Walmart boost is actually signed contracts versus just simple price increases that you're putting through for increased service? And also what's implied in your numbers for Western Europe in the second half?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

So the way we're rolling out the year, everything is contracted. So we're not – there's no – we're not guessing that there's some giant lift that we don't see in a very, very clear way, with respect to Walmart and data and even Insight, as it relates to that.

With respect to Western Europe, we expect nothing to get better, so the down 20 is, we'll extrapolate that to the second half. I will tell you the actions we took at the end of last year, and the implementation of the restructuring is accruing wonderful benefits there. So we pat ourselves on the back for having gotten ahead of that one, and to know that the restructuring benefits accrue through the least the middle of next year, and we have some great ideas on how to sort of remodel that service delivery. Last reminder, even in a rough, rough, rough space, Information Services, how am I doing, is going quite well. It's very steady, it has not declined, in fact it has grown, even in this tough environment.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC
Q

I mean, just a follow up, I just wanted to get a little more clarity on what we should expect as far as price increases, maybe over the next 12 months, just as Walmart is incorporated. I mean, will the price increases be, sort of, out sized just based on the improvement in service?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Well there's no doubt, that as we report, our third quarter results you will see a pick up in our Information business, largely because of this one time benefit we see with the new data and the value that we receive for that. And that will happen for four quarters.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

I'd rather not use the word price. It's a contracted revenue for an improved service.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC

Q

Okay, and if I could just one get follow up. Just on the local markets, can you just talk about the size of that business and maybe the size of the recent investment?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Well you know, as we've said before, the long tail, the diary end of our local market is less than 1% of total company revenue. And while we're not disclosing the amount of the investments, make no mistake, as we've been working on this technology it was always geared towards making sure that it could be economically and financially viable for this long tail of a market. And that's one of the important return thresholds that we put on any project.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC

Q

Okay.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

It's within the framework we always talk about our investment governors. We always talk about margin reinvestments as a function of margin expansion, and we also talk about CapEx as a function of the reinvestment ratio. And that program will be within those governors.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yeah, in fact, even amongst as measured against other programs, it will not register high on that list.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC

Q

Okay, great. Thank you.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yep.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Thanks, Suzie. Next question please.

Operator: Our next question comes from Brian Karimzad of Goldman Sachs. Please go ahead.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Q

Hi. On the emerging market deceleration, are we in a situation where it's a few customers pulling back meaningfully? Or a situation where it's many of them pulling back modestly? And any more geographic color you can offer versus what you talked about last quarter would be helpful. And I have a follow-up.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

I'm going to be careful because I don't have a total analysis sitting in front of me, but I believe it's the former. In other words, it's a few big guys who are retrenching in some ways and are drawing back. And I think if you read most of the CPG headlines you'd figure it out which.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Yeah, Brian. That's actually completely accurate.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Q

Okay. And what is the customer concentration in that business relative to the company as a whole? Intuitively it sounds like that's one where you are more concentrated, say in about 10 big customers.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

The way I would think about it is in some of these markets, there is more multi-nationals because they're earlier stage. And they will be – feel more concentrated. And then other markets that have been more mature, such as Latin America, you'll have more local clients. So it really depends on the market. I just don't have it at this moment in time. Big global multi-nationals I think, as Dave mentioned, because of their developed pressures, are just being resource-scarce. And we're feeling the effect of that. What I would also offer is that in many markets, our local clients are accelerating growth. They're just not overall as big as the big multi-nationals.

Brian Karimzad
Analyst, Goldman Sachs & Co.

Q

Okay. That's fair. And then for your outlook for the balance of the year, you're assuming no acceleration in the growth rate from what we've seen in 2Q?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Yeah. No. We've extrapolated. In our guidance we always extrapolate conservatively and so we're not expecting the developing world to jump back.

Brian Karimzad
Analyst, Goldman Sachs & Co.
Q

All right. Fair enough. Thank you.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV
A

Yes.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC
A

Thank you, Brian. Operator, next question, please.

Operator: Our next question comes from Eric Boyer of Wells Fargo. Please go ahead.

Eric James Boyer
Analyst, Wells Fargo Advisors LLC
Q

All right. Thank you. Just on the developing market topic again, can you give us a sense of which developing markets are being the most impacted? And then have you pulled back investment in your developing market initiatives?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

Brian, I'll let Brian comment after me, but no, we haven't pulled back. Our priority markets, remember, the big investments relate to big footprint expansions in three markets. Africa, which by the way, we have very little revenue attached to anyway simply because we're building a first-time metric, India and China. And so if you aggregate them, we are, in fact, growing double digits against that investment. The real drawdown has been in more ancillary countries, as again, our clients prioritize. And so Southeast Asian perimeter has been tough. Middle East, of course, is tough for other reasons. And so that's really where we're feeling most of the pressure.

Eric James Boyer
Analyst, Wells Fargo Advisors LLC
Q

Okay. And thanks for the detail on the FX exposure, what's the margin expansion impact for the year that you're expecting from the FX headwind?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV
A

For the year, total year margin expansion will be right in line with total constant currency. So, 30 to 50 basis points at this moment in time for the year would be both on a constant currency and a reported basis.

Eric James Boyer
Analyst, Wells Fargo Advisors LLC
Q

Okay. Great. And then with that Insights business, what was the growth rate in North American Insights? I missed that. And then would you expect an acceleration in Insights within North America because of the Walmart inclusion in the back half?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Our Insights business in North America was high single-digits. And over the longer term, and we don't know exactly precisely when, that will feel frothy as people spend more on analytics given the new set of data. I just don't know how much or when.

Eric James Boyer
Analyst, Wells Fargo Advisors LLC

Q

Okay. Great. Thank you.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

But it's a nice tailwind.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Thanks, Eric. Operator, next question.

Operator: Our next question comes from Sara Gubins of Bank of America Merrill Lynch. Please go ahead.

Sara Rebecca Gubins
Analyst, Bank of America Merrill Lynch

Q

Hi. Thanks. Good morning. Is there any reason to think that Watch revenue growth should ramp in the second half versus the first half?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

What I would say to that one is that our Watch business historically grows 4% to 5%. Looking back, it has done that very consistently and very steady basis. And up till this point, year-to-date, it's not quite there yet. But I expect the future to look a lot like history.

Sara Rebecca Gubins
Analyst, Bank of America Merrill Lynch

Q

Can you maybe talk about what's been dragging it in the first half of the year?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Well it was really the first quarter. We grew 3% because there were some discrete comps that it was up against. That's gone away. As I mentioned, in the second quarter, Watch grew 4% which is a sequential acceleration of the growth rate. And that's going to get better in the second half.

Sara Rebecca Gubins
Analyst, Bank of America Merrill Lynch

Q

Okay. And then in terms of online campaign ratings, any change to the timing of when you think that should start to really contribute to revenue growth? Is it something that we would begin to see at all the second half of the year or is it more 2013?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yeah. No, on a measured basis you'll, 2013 is when you'll start to talk to us about it. It's taken longer than I'd like. But I like, I really do like the penetration and the confidence that we're seeing in each of the necessary constituents. I think probably I underestimated the importance of the agency role and their ability to ingrain it into their systems, et cetera. But I really do like it. I will also tell you the immediate impact is on video because video, of course, is the higher value component and it is clearly being attached to that faster. And if you look at the up fronts and some of the guarantees that were built around OCR, I expect that to continue maybe more robustly here as we finish the year.

Sara Rebecca Gubins
Analyst, Bank of America Merrill Lynch

Q

Great. Thank you.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Thanks, Sara. Operator, next question, please.

Operator: Our next question comes from Matt Chesler of Deutsche Bank. Please go ahead.

Matt Todd Chesler
Analyst, Deutsche Bank Securities, Inc.

Q

Good morning. Maybe you could drill down a little bit further into the U.S. Buy performance which you highlighted was strong in the quarter. It sounds like Walmart was a small contributor. But any commentary about short versus long cycle revenue and potential reallocation from your slow-growing western markets into U.S. if that happened at all?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Well what I would say, as Dave mentioned, there wasn't a whole lot of Walmart in the numbers in the second quarter. That would be a back half benefit. And there really wasn't much of a difference between Info and Insights. Those both did very well in the North America business. And our view is that right now if you look at a shaky world view, North America is something people are being more confident on. And we're seeing that.

Matt Todd Chesler
Analyst, Deutsche Bank Securities, Inc.

Q

Are you seeing some of your customers explicitly reallocate into the U.S.? Or is it they just remain confident in the domestic market in and of itself?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yeah. I wouldn't say, I'd hate to say reallocate. I think what they've done as they have tried to become more productive broadly speaking, they have drawn down a little more relative to their historic spending. And again, we're talking about a few selected clients in the developing world relative to the U.S. market. Everybody is reacting to Europe. So that is a draw down across the board. But if we're talking about the U.S., I wouldn't say they're reallocating into it, it's just that they're going to sustain those investments and I think draw down on others.

Matt Todd Chesler
Analyst, Deutsche Bank Securities, Inc.

Q

And TV did 5.7% constant currency. Seems like a good number. Can you talk about what is driving that?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Our TV business around the world is a very steady, consistent grower. It's a great platform. You get all the benefits of that model. And you also have the benefit of other things like ancillary analytics that perform well, particularly in this market. So it's an overall good quarter. But it's a consistent quarter.

Matt Todd Chesler
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. And then just the one last housekeeping item. I know maybe it's a little bit early to talk about the cash tax rate for next year, but it seems to be moving around quite a bit. Any indication of whether or not 2013 can remain at this level or any way to think about what that could be for next year?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

I'm not going to give you a number for next year, but I will tell you that the last two years, this year, as I mentioned, will be in the 17% to 18% rate based on what I just told you for full year. Last year was around the same zip code. And while our long-term projection was always 20%, 25%, it feels like over the next several years it's going to be at the low end of that range for the foreseeable future. What exactly next year looks like, I don't know, but I think that it's kind of range bound in that kind of zip code I just gave you.

Matt Todd Chesler
Analyst, Deutsche Bank Securities, Inc.

Q

Okay. All right. Thanks a lot.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Great.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

We've got more planning opportunity than you can imagine. We work on them all day. That's the benefit you're seeing.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Thank you, Matt. Operator, next question please.

Operator: Our next question comes from Doug Arthur of Evercore. Please go ahead.

Douglas M. Arthur
Analyst, Evercore Partners (Securities)
Q

Yeah. Brian, I'm wondering if you can expand a little bit on the adjusted constant currency EBITDA performance for the two segments. Buy seemed a little light. Watch seemed very strong. I'm wondering how much of that is timing and / investment spending.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV
A

Yeah. Thanks, Doug. Good question. So our Buy business, while we are reinvesting primarily in the developing market footprint and the Walmart start-up costs, that is impacting the leverage where EBITDA has only grown 1% constant currency. As I mentioned, in the second half, the Buy business will begin to accelerate, meaning that it will have more operating leverage. The EBITDA will grow faster than the bottom line, top line, rather, as a result of the Walmart experience being behind us. On the Watch business, there's nothing timing related. It's just consistent and steady.

Douglas M. Arthur
Analyst, Evercore Partners (Securities)
Q

Okay. Great. Thank you.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC
A

Thank you, Doug. Operator, next question.

Operator: Our next question comes from Bill Warmington of Raymond James. Please go ahead.

Bill A. Warmington
Analyst, Raymond James & Associates
Q

Good morning, everyone.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

Good morning, Bill.

Bill A. Warmington
Analyst, Raymond James & Associates
Q

A couple questions. One is, what needs to happen, in your opinion, to see a reacceleration in the spending in the emerging markets?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

Oh boy. We get, so we just have to reduce anxiety about what's going on in the world. And I hate to say all roads lead to European financial markets, but I happen to believe that. I just think there is an angst out there that you can feel and touch and everyone is being a little, just being a little hesitant to run full speed. There are some isolated problems with big players that they are reacting to. And they happen to be significant and good clients of ours. So I can't really add any more to that, but I am not anticipating a fast or big recovery, absent Europe beginning to settle down.

Bill A. Warmington
Analyst, Raymond James & Associates
Q

Gotcha. And then in terms of looking at the EBITDA margins, you've talked about a longer term, 100 to 150 basis point type expansion potential. And near term we're running at 30 to 50 basis points. I just want to know if you can review for us some of the investments you're doing in terms of the quantification to bridge those two?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV
A

Yeah. So, Bill, we had said 100 basis points was the top end. When you get to a one to two times revenue, that's about what you get. And that's if we didn't reinvest a nickel for growth. Now it just so happens that we're in the mode of building businesses and trying to grow this platform for the long term, and it's really reflected in our commitment to build out the developing market footprint.

And, as Dave mentioned, Africa, India, China right now, is where we're investing ahead of clients so that in the next two to three years we will have that incremental growth as they go there to attract the next consumer. So it's all consistent with what we've said. We hope we're in growth mode. We're not in a mood to stop investing in those developing markets because they're just too powerful, too important, and too important to our clients for the long-term.

Bill A. Warmington
Analyst, Raymond James & Associates
Q

Got you, and one housekeeping question. What's the British pound as a percentage of revenue, approximately?

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC
A

Well, anything lower than the Euro, anything outside the Euro, is less than 10%. It is in the low single digits.

Bill A. Warmington
Analyst, Raymond James & Associates
Q

Gotcha, thanks.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC
A

Thank you, Bill. Next question, please.

Operator: Our next question comes from Kelly Flynn of Credit Suisse. Please go ahead.

Kelly A. Flynn
Analyst, Credit Suisse (United States)
Q

Thanks, guys. I just wanted to clarify some of your earlier comments on Western Europe and general macro assumptions. So with respect to the back half, or constant currency growth, excluding Walmart, are you assuming total constant currency revenue growth remains about the same in the back half as it was in Q2, or are you assuming it gets a little bit worse on an underlying basis?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Yeah, I'm not quite sure how to pick apart that question, only to say that as Dave mentioned, we're not forecasting in the second half anything recovering, for sure. And we're trying to call it as conservative as we can.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Yeah and I think, Kelly, I would just add to that, as both Dave and Brian said, the impact relating to the addition of Walmart is contracted and we are already starting to see revenue for that and we will see the full benefit of that starting in the third quarter. So this is as certain as something can be.

Kelly A. Flynn
Analyst, Credit Suisse (United States)

Q

No, that I understand. I guess what I'm trying to get at, I mean it's clear you're not assuming an improvement, but I think if there were to be a concern it would be that it looks like things are getting worse in Western Europe and potentially, in developing markets, so it would seem reasonable that you might actually assume that both Western Europe declines and developing market growth would actually worsen in the second half of the year. And I'm trying to understand if your conservatism bakes in worsening, or does it just assume no improvement?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Well here's the way I think about it. It starts with our Information business, right? The big part – and this is all Buy side, by the way. The Watch side is kind of over in the kind of consistent historical pattern I already mentioned in the 4% to 5% range. If you think about, which only will accelerate in the back half, as I mentioned.

On the Buy side, our Information business, which is 75% of the revenues in the second quarter, it grew 5%. It is under long-term contract and we had broad growth, even in Western Europe. So that is the safety, the consistency and the security of that part of the business under the long-term contract. The Insights, it'll ebb and flow depending upon the region of the world. Western Europe was down 20%. And that's something that if it got a little bit worse, I don't think that's going to necessarily impact the broader portfolio. We're not assuming things get any better. And I think given the Information business, the size of it and the consistency of it, it's going to do just fine. Our Insights business in 2009 it didn't grow a lot either. And the business held up beautifully.

Kelly A. Flynn
Analyst, Credit Suisse (United States)

Q

Okay. That's fair. And then just switching gears again touching on something that came up earlier. I just want to clarify on OCR and this local stuff that you're talking about, are you assuming any material incremental revenue in the back half from either one of those? Or is it all Walmart that is causing the acceleration?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

It's Walmart.

Kelly A. Flynn
Analyst, Credit Suisse (United States)
Q

Okay. Thanks, guys.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC
A

Thanks, Kelly. Operator, next question.

Operator: Our next question, and pardon the pronunciation, comes from Ashwin Shirvaikar of Citi. Please go ahead.

Ashwin Shirvaikar
Analyst, Citigroup Global Markets (United States)
Q

Hi. It's Ashwin Shirvaikar from Citi. Quick question. As I think of 3Q versus 4Q, should I assume normal seasonality? Or is there any kind of a meaningful lift from the Olympics? Are there any particular pattern changes because of Walmart?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV
A

With the exception of what we talked about in terms of Walmart just being higher revenues that will happen equally over the back half. Other than that, there's no real seasonality in the top line that we would expect.

Ashwin Shirvaikar
Analyst, Citigroup Global Markets (United States)
Q

Okay. And in terms of just the expenses, the cost side of things. Is there any particular pattern to the investments you're making?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV
A

No. There isn't. But I would point you toward the historical expansions of margins in the second half that tend to be more heavily weighted in the fourth quarter for a variety of reasons. That's the only thing that – seasonality that you'll look back historically and see will likely be the same pattern going forward. But it has nothing to do with our investment ramp or profile.

Ashwin Shirvaikar
Analyst, Citigroup Global Markets (United States)
Q

Got it. One question on OCR. And you guys have mentioned a few times now 2013 would be when we start seeing some material revenues from that, or if it's measurable revenues, from OCR. Are you looking at any particular timeframe within 2013? And from an external standpoint, as investors [ph] data, need (48:27) data points we can look at or measure to see how OCR specifically is performing?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV
A

Yeah. I've proven that I can't call that quarter. So I'm going to just continue to update you on where we are, whether we're penetrating these markets. And as soon as I can call a quarter and call your attention to revenue, I will. I promise.

Ashwin Shirvaikar
Analyst, Citigroup Global Markets (United States)
Q

Okay. Got it. Thank you.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC
A

Thanks, Ashwin. Next question, please.

Operator: Our next question comes from Tim Nollen of Macquarie. Please go ahead.

Tim W. Nollen
Analyst, Macquarie Capital (USA), Inc.
Q

Hi. Thanks. Two questions, please. One is once again on OCR, not about the numbers or the timing, but could you please explain what it takes to make this a more standardized measurement tool for online ratings? I just want to understand what the process is, what you need to do and how your customers and all the customers in the market are thinking about making that a standard. And then secondly, based on the comments you've made about slow down in emerging markets, is there anything you can say about how you think advertising trends look there right now? Thanks.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

Advertising trends and emerging markets. Okay. Let me start with the first one. So to become a standard, first of all, you have to define a product that has the ability to be a standard. So that's why we defined this OCR product as simply a reach metric. So who did my video or my display ad reach in the marketplace? We built a product that allows for a immediate turn around and metric on an actual campaign which previously did not exist. It was a – the former representations were panel-based, didn't give the kind of data to advertisers or agencies that allowed it to be directly compared to the alternative medium or complementary medium, television. So we created a new product that had the ability to become a currency. And I still believe that that is the case. First you have to convince advertisers broadly that they want that accountability, that they want to buy guaranteed audiences. That's not that hard except you got to get them all to experiment with it and understand exactly what it will tell them relative to today's campaign experiences. That's actually going quite well.

The second big part of the puzzle is you want publishers to understand what that metric is going to mean to them because previously they all sold their services under typically captive metrics or potentially a planning metric that either we or comScore or a few others represented. And when we present the OCR, the actual reach metric, if it is something less than what had been previously represented, there is a hesitancy to call attention to it. So you have to get them to want to embrace it and understand how to use it to their favor. The people where it represents very, very well and robust. People like Facebook where the representation of audience had always had a high level of integrity.

These, it's a very good thing, and it gets embraced very quickly. The toughest piece of the puzzle is the crowd that stands between everybody, which is the agencies who buy and sell media, buy and sell the medium, help the advertiser plan audiences. They have to learn how to embed it in their systems, how to buy differently. Do they want to guarantee audiences across both mediums? It is not a small matter for them to think about how to ingrain it into their business model. We've had a few that just quickly jumped out of the gates, embraced it and built their own products around it, around both, which as been great. GroupM, I would call your attention to, but they're all beginning to understand the benefits of the accountability metric. And so, and I'm out there with them all the time, our teams are, so I feel very good about that. And they tell me every day, be patient, just be patient. And so that's what we're being, and we're going to continue to stick with that, believing that this is the right way to build a currency.

Oh, I'm sorry, the second question. Advertising in emerging markets. I don't have a number sitting on the top of my head and I don't, other than the number of enquiries and discussions we have around it. We don't have big Watch businesses out there and so we don't – we're not as directly involved in that. So I'd rather not comment because I'd probably be guessing and speculating.

Tim W. Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Okay, thanks.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yep.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Thank you, Tim. Operator, next question.

Operator: Our next question comes from Mark Zgutowicz of Piper Jaffray. Please go ahead.

Mark J. Zgutowicz
Analyst, Piper Jaffray, Inc.

Q

Thank you, I just had one question. I'm curious as relative to the Buy segment, to what extent might the incremental Walmart contribution be offset by cuts in ad hoc project work, both either short term or long term?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yeah, and it's a great question and that potential always exists. We have not seen – no indication of it occurring. And here is the real dynamic that goes on inside these businesses is, okay, I've got all this information and the other guys are using it to their benefit. I'd better be using it to my benefit. So you end up with this sort of, big pressure with new data, wanting to build new analytics versus, you know, cost control. So, so far we have not seen that cost control element overtake the former and we're very attentive to that, but so far, so good.

Mark J. Zgutowicz
Analyst, Piper Jaffray, Inc.

Q

Okay, and then, I guess I have one other question. I know you have mentioned in the past that your China domestic growth was growing at about one and a half times your multinational growth there. Just curious, are you still seeing strong growth trends in China domestically?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yes.

Mark J. Zgutowicz
Analyst, Piper Jaffray, Inc.

Q

Okay, great. Thanks much.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Thank you, Mark. Operator, next question please.

Operator: Our next question comes from Bishop Cheen of Wells Fargo. Please go ahead.

Bishop Cheen
Analyst, Wells Fargo Advisors LLC

Q

Hi, everyone. Thanks for the update and the presentation. Very helpful. So my question is not an emerging markets question – actually two quick questions. One, looking at your balance sheet near-term, you've really pared everything down. What do you got? Maybe between now and 2014, $300 million or something of maturities coming up. $260 million in 2013 and $200 million in 2014? Or did I miss something?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Yes. That's about right.

Bishop Cheen
Analyst, Wells Fargo Advisors LLC

Q

Okay. So that's certainly not a mountain. And that answers my own question and brings me to competition.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

But just on that one though, Bishop, don't forget the one thing that we're going to very opportunistically address, and we think of it all the time, are the ones that come callable in May and June of next year. So there is $800 million of high coupon notes that become callable that we're very focused on.

Bishop Cheen
Analyst, Wells Fargo Advisors LLC

Q

Okay. That's on the first call stuff of...

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

It will be the 11.5s and the 8.5s.

Bishop Cheen
Analyst, Wells Fargo Advisors LLC

Q

2017?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Yes. The, exactly. The 2017 8.5s and then the 11.5s.

Bishop Cheen
Analyst, Wells Fargo Advisors LLC

Q

Right. Okay. Yeah. Focused as you should be. You have arbitraged your balance sheet for six years to a positive advantageous tone for you. Thank you. And then competition, which I guess kind of gets lost in all the worry about the macroeconomic mood. Can you just give us a little color on where you see competition, North America? Clearly we get to see the news wire all the time and it's all about the competition to the Watch segment. Can you give us color how you think about whatever competition is out there or coming?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yeah. So across the board, I believe we are gaining share. The competitive circumstance in developing world we feel advantaged. We will continue to feel even more advantaged as we build first-time footprints. In the Watch world, the typical headline that you read about or that I get questioned about, I'll just put in some perspective. We grew our Watch business here, just television, roughly $30 million in the first half. You can add up all the gains by all the other guys. You'll like the share. You'll like the share gain in the first half, I'm pretty sure. It's just, I feel good about it. I feel good about the investments we have that whatever competitors have surfaced are going to face in the next 12 or 18 months.

In the Buy business where we do face tough competitors in certain developed markets, it has been a very stable market share world. I'm very happy with our position. If anything, I believe we've been in a slight gain position for six straight years. And so I feel very good about all of that. And the only space that is a total fight forever is digital. That's just life. It's, there are people coming at it from 1,000 directions. We believe there is one opportunity, one, in the digital space, to create a competitive advantage at the size and scale that we're used to. And that is in a reach metric for display and for video consumption. And that is exactly what we have attempted to do. Otherwise we will compete with all the rest in resident metrics and other things on marketing effectiveness. And we love that business. It's a good one but that one will be a, always a big battle with lots and lots of new entrants.

Bishop Cheen
Analyst, Wells Fargo Advisors LLC

Q

Okay. Thank you.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

A

Thank you, Bishop. Operator, next question, please.

Operator: Our next question comes from Edward Atorino from Benchmark. Please go ahead.

Ed J. Atorino
Analyst, The Benchmark Co. LLC

Q

Thank you. That's a great segue into my question. I was going to ask what are you doing to address the explosion in viewing alternatives, Apple iPads, telephones, et cetera? There have been a couple of articles that you have some developments in place to go after those, I guess call them audiences. Could you elaborate a little bit?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Yeah. We develop technology on a continuous basis to capture signals in each and every one of the devices. That goes actually quite well. That's not the hard part. We have technology that will capture video in an iPad. We have technology that will capture video in all these devices. And what we do as we go down that path is then we work with the various industry interests, the distributors, the content providers, et cetera. And in effect, validate it for them and with them and then ultimately try to get it included in the video metrics.

So the fact that our OCR metric is wanting to be combined with the TV metric is all about their desire to capture bigger audiences on all devices. So we're confident. We're comfortable that we're heading down the right path. We understand our client's objectives to measure all eyeballs. But there are lots of industry interests that have to get navigated. And we just continue to work on that and continue to do it. So, but I feel good about it. I'm confident. Technology is not, is not a hurdle.

Ed J. Atorino
Analyst, The Benchmark Co. LLC

Q

Will this mean more discrete type products like OCR or just a sort of family of products?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

OCR will be device ubiquitous in that regard. And so for us it's just a question of, in effect, getting the distributors to engage with us and embed the device in apps, because apps often deliver signal.

Ed J. Atorino
Analyst, The Benchmark Co. LLC

Q

Thank you very much.

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Yeah.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

Thank you, Ed. I believe that's the end of our questions. Is that operator?

Operator: Yes, ma'am. No further questions.

Elizabeth A. Zale
Senior Vice President-Investor Relations, Nielsen Co. (US) LLC

Great. Well thank you again to everyone for joining us today. We certainly look forward to continuing our interactions with you as we head into the end of summer and we'll see you as conference season starts back up in September. Thank you.

Operator: This concludes the Nielsen Holdings NV second quarter 2012 call. A replay of this call will available on the Nielsen Investor Relations website shortly. Thank you.