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NLSN - Nielsen Holdings NV Announces Mitch Barns to Be Next Chief Executive Officer

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Brian West *Nielsen Holdings N.V. - CFO*

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Sara Gubins *BofA Merrill Lynch - Analyst*

Doug Arthur *Evercore - Analyst*

Todd Juenger *Sanford Bernstein - Analyst*

Ashwin Shirvaikar *Citi - Analyst*

PRESENTATION

Operator

Good morning, everyone, and welcome to the Nielsen Holdings update call. All participants will be in a listen-only mode. (Operator Instructions) Please note, today's event is being recorded.

At this time, I'd like to turn the conference call over to Ms. Kate Vanek, Senior Vice President of Investor Relations. Ma'am, please go ahead.

Kate Vanek - *Nielsen Holdings N.V. - SVP, IR*

Thank you so much. Good morning, everybody, and thank you for joining us. Joining me on today's call from Nielsen is David Calhoun, Chief Executive Officer, and Mitch Barnes, President Global Client Service.

Before we begin our prepared remarks, I'd like to remind you all that this following discussion may contain forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995.

For today's call, both Mitch and Dave will be making some brief comments, and then we will open it up to questions. Our CFO, Brian West, is also with us to be of assistance during Q&A. We ask that as always, you stick to one question and one follow-up.

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

David Calhoun - *Nielsen Holdings N.V. - CEO*

Thank you, Kate. I promise I'll keep this brief. This is a decision that may sound sudden to some, but truthfully this is the culmination of a lot of work over many years and a commitment to the development of [Academy] company here at Nielsen, and most importantly leaders that are capable of leading the company.

So I'm excited. I feel great about Mitch's appointment as the CEO. And what I'd like to do is just give you a little background on sort of how this all developed.



Back in 2007, literally the first quarter of 2007, we declared our intent to build a real leadership Academy for the marketing information world. We invested heavily in that process. A lot of that is sort of exposing our leaders to external constituents and others who can influence their thinking and raise the level of performance for the Company.

But the other major part of it is the movement of our people around different areas of our Company, so that as we preach simple and integrated and open, we actually have people who know how to do it. And anyway, Mitch is sort of a role model for that experience and that reach. He has done all sorts of things for the Company; I'll walk you through a couple.

But most importantly at every step of the way, he set vision, he achieved his objectives, he exceeded his objectives in many cases, and he is ready for this.

So the earliest move ever, after having identified Mitch as a real high potential that we asked him to take on was to build our business in China. Mitch went over; he did a spectacular job in a little over two years of taking a business that was sort of very modest and not so bright with respect to future, and he turned it into a real player in our world. It became a standalone business. It has grown every year, every quarter, since that moment. And we're very proud of the team that we have in China today.

The second major area of exposure that we asked Mitch to take on was our Watch business. Everybody knows we're in a digital explosion. The marriage of digital media into our traditional television world was a big deal, and we have to do it at the doorstep of our clients. And we have made enormous progress in doing just that. Many of the announcements you read about today with respect to mobile and tablets and the future of all that, the OCR product development and its incorporation into many of our media clients.

This was Mitch at the frontline with his team having developed a new model, pushing it. So with respect to that, that particular growth vector for us, media fragmentation and the incorporation of everything digital, Mitch has real hands-on experience with the people that matter the most, our clients.

So, finally in the last year, having gone through really an extensive process with the Board, we highlighted Mitch's capability. And in order to prepare for this readiness, we asked him to take on a Global Client Service role which, in effect, manages most of the P&L decisions that our Company has to make every day in order to meet the objectives of investors, our clients and our associates.

And Mitch has been doing that very effectively over the course of the year. It's a natural act for him. So in our view and the Board's view, he's ready.

As Executive Chair, and I'll say this briefly, the Board has asked me for at least two years to support Mitch and anything he needs, and that's the way I'll think about it. I'll think about helping him, helping him succeed in this process. I will commit whatever time he needs to be able to do that.

And with respect to my ongoing career interests, which I have some, I'll be certain to fill this commitment. That's a commitment I made to the Board and a commitment I've made to Mitch.

So with that, I will turn it over to Mitch who now is at the very first inning of what I think is going to be a great game for Nielsen. Mitch, it's all yours.

Mitch Barnes - Nielsen Holdings N.V. - President, Global Client Service

Thanks, Dave. Well, I've been privileged to work with Nielsen for these many years. And I'm honored to have this opportunity and I'm thankful for the Board's confidence. I'm now 28 years into my career, which I consider to be a good start. 16 of those years have been with Nielsen, and during that time I've worked in almost every part of our business; three continents -- North America, Europe and in Asia.

I've worked on both the watch and the buy side of our business. I've worked in both the information and the insights portions of our business. And as Dave mentioned, in my current role I'm president of our Global Client Service organization. And that's leaving all of our watch and buy client service teams around the world with all of our region leaders reporting into me. And that represents about \$5.55 billion of our revenue this year.



Prior to that, I was, as Dave said, head of our US Media business where our TV Ratings business importantly sits. I was there for about two years. And then President of our Greater China region, and then also a number of other roles in my earlier years with Nielsen.

I join Nielsen in 1997, and that was after 12 years with Procter & Gamble where I also had a great run of experiences and roles in both marketing and marketing research. So the thing I would want you to know is I've spent my whole career in this business, starting out as an analyst working my way through a wide range of roles. And I love the work that we do.

I think when it's done well and when it's used well, it helps brands and companies and businesses and markets perform better. And to me, that's meaningful and it's important. And here at Nielsen we've got tons of opportunity in front of us, and I look forward to it every single day I come to work.

David Calhoun - Nielsen Holdings N.V. - CEO

So that's the summary, and why don't we turn it over to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Sara Gubins, Bank of America Merrill Lynch.

Sara Gubins - BofA Merrill Lynch - Analyst

Hi. Thank you, good morning. Dave, is the commitment that you will be Exec Chair then for the next two years and presumably would not take on an active management role somewhere else during that period? And it mentions that -- in the release it mentions that you will remain a shareholder. I'm wondering if there are any restrictions around that?

David Calhoun - Nielsen Holdings N.V. - CEO

No, there's no restrictions. My intent is, of course, to stay invested in this Company for as long as the Board will have me. So while we've made some commitments around the term Executive Chair, which is to make sure that Mitch gets everything he needs over this transition period, my hope is that the Board will want to continue with me in that Chair role for as long as the eye can see.

So my heart and soul has been in this business. The transformation of our Company, the times we have ahead of us, I'm very excited about. So, again, I hope this association lasts forever.

My interests, I will do something else. I have interests that mostly stem in the private world, and I will be certain that whatever those interests are, they accommodate this and this commitment. And while that may limit some of the things I have to think about, that's life. Anyway, I want to hang around as long as Mitch and the Board would like to have me hang around.

Sara Gubins - BofA Merrill Lynch - Analyst

Okay, and then just as a follow-up. Brian, are there any special compensation-related expenses or charges that we should be aware of that would be upcoming?



Brian West - *Nielsen Holdings N.V. - CFO*

Sara, no, none at all.

Sara Gubins - *BofA Merrill Lynch - Analyst*

Okay, great. Well, Mitch, congratulations on your new role. We look forward to spending more time with you. Thank you.

Mitch Barnes - *Nielsen Holdings N.V. - President, Global Client Service*

Thanks, Sara.

Operator

Doug Arthur, Evercore.

Doug Arthur - *Evercore - Analyst*

David, I mean I guess there's never a great time for these transitions per se, but the timing here seems particularly, shall I say, unusual. I mean, the Arbitron deal was just closed; you've got an awful lot of new product balls up in the air that are just kind of hitting critical mass. So the timing of a major change at the top seems a little unusual. Any comments?

David Calhoun - *Nielsen Holdings N.V. - CEO*

Yes, actually I beg to differ, only since I call all of those things momentum. I believe our Company has it. I like the prospects, and there is no better moment to turn it over to a successor than when you have it. So that's what we are all about. Our leadership team is set and ready to deliver on the products.

I have a phenomenal digital team. Steve Hasker and his crowd are as good as it gets. My COO, Mitchell Habib, has been here. He's been doing the hard work from day one. He can program manage the Arbitron integration better than I can. So this is a first-rate team.

Brian, you all know Brian. He's been sitting here since day one. He's a big architect and help in everything that we do. So this is a great team. We have real momentum. The digital world is beginning to open for us.

So that's -- I view it sort of the opposite. It's not the sort of carry everybody through every moment. It's let's set it up for success and then let's give it our best shot. And Mitch is ready to do that.

Doug Arthur - *Evercore - Analyst*

Okay, thank you.

Operator

(Operator Instructions) Todd Juenger, Sanford Bernstein.



Todd Juenger - *Sanford Bernstein - Analyst*

Hi, good morning. Congratulations, Dave, and congratulations, Mitch. Mitch, I'll ask you I guess sort of the T-ball question, but I'd love to hear your thoughts. Most people in your shoes probably have sort of a 100-day plan in mind to bring you a lot of new energy to the new role.

So what is on your list of the imminent things you hope to tackle and achieve as you move into this new role? Thanks.

Mitch Barnes - *Nielsen Holdings N.V. - President, Global Client Service*

Thanks, Todd. Well, I'm not ready to declare any big plans or new strategies or anything like that. In fact, what I'd want to say is I like our values, I like our strategy. I like the direction our Company is going. I think the trajectory we're on is a good one. So I don't think anybody should anticipate any abrupt left turns or anything like that at all.

We will still have changes going forward, but we've had changes in the past as well, and I think we will kind of stay in that rhythm. I've been a part of shaping the strategy and the direction and the priorities of our business over these past several years. So I kind of own them and support them, so we will continue with our current game plan. I think that's probably what I would say you should expect most over these next 100 days.

Todd Juenger - *Sanford Bernstein - Analyst*

Fair enough, and I'm sure we will hear little more on December 12 as well. So thank you both, and talk to you soon, Mitch.

David Calhoun - *Nielsen Holdings N.V. - CEO*

Thanks, Todd.

Operator

Ashwin Shirvaikar, Citi.

Ashwin Shirvaikar - *Citi - Analyst*

Dave, it's been a pleasure working with you; hope that continues for a couple of more years here. And Mitch, congratulations. I guess my question is in terms of -- Mitch, in terms of your having seen various different parts of the Company over so many years, today where do you see the biggest, you know, couple of risks to the business and the couple of biggest opportunities in the business; if you could give us your view of the world?

Mitch Barnes - *Nielsen Holdings N.V. - President, Global Client Service*

Well, opportunities are -- there's a long list of those. That's the good news for our Company. I think what we're doing when we're connecting the watch and the buy part of our business, we're really in the early days of that and we're were having great success. And we're going to continue to expand the role that that plays for our clients in driving growth for their business.

I love that we've done in terms of thinking about our world on the watch side of the business in terms of video, not just TV; and now audio, not just radio. That opens up the way we think and opens up opportunity in terms of how we serve our clients in the marketplace, and I think that is going to continue to serve us well.



When I look through the other parts of the world, the opportunity in the traditional trade believe it or not is still very, very rich in terms of how we can help our clients and drive value to their business. The local clients in many of those other developing regions of the world are performing extremely well.

Our business is growing much faster with the local clients, partly because they're outperforming the multinational companies in their regions of the world. And we're really well-positioned to continue to help them grow and develop as they not only develop their business within their home markets, but as many of them now start to look to be regional and global players. With our global footprint, that's a great opportunity for us to add yet another source of big growth for the longer-term.

And then what we've done in the digital area with OCR continues to be exciting and we continue to make progress, and it continues to play a broader and more important role in how we think about the future.

I also want to just echo what Dave said in response to a question earlier with regard to our leadership team at the Company. We have a great strategy, we have great products, technology, global footprint, all that stuff. But the most important thing we have, which I think will really create the opportunity for us, is the leadership team and the depth of talent in terms of people all around the world in our business.

And that's the thing that I'm probably the most in touch with, given the way that I travel these days, and the thing that energizes me and enthruses me. I think it's truly a strength of our Company. And the investments that we have made over the past six or seven years in leadership development, that's just paying off for us in a huge way for us these days. And that's what allows us to make all these other opportunities in the marketplace come to life.

Ashwin Shirvaikar - Citi - Analyst

And you didn't address the risk part of the question. Where do you see the risks?

Mitch Barnes - Nielsen Holdings N.V. - President, Global Client Service

The risks are not something that I wake up worrying about every day because I know that we're on top of it. If we were complacent -- in other words, media fragmentation, let's take that one. That's a risk if you are complacent. It's an opportunity if you're proactive, in terms of serving the challenge that that brings to our clients in the marketplace.

Population growth and population shifts, that's a risk if you're asleep at the wheel. It's an opportunity if you're out in front of it and you're looking to invest ahead of the curve and help clients figure out what that means for their business.

So like everything really, it can be a risk if you are on the wrong side of an opportunity or if you're on the right side of it. I like where our Company is with regard to these changes that are occurring in the marketplace.

Ashwin Shirvaikar - Citi - Analyst

Fair enough. If I can sneak one more in. The team that you'll bring to play, should we expect changes in the rest of the management team or in any parts there?

Mitch Barnes - Nielsen Holdings N.V. - President, Global Client Service

No, no more changes than what's been normal in the past. So you shouldn't expect anything significant on that front.



Ashwin Shirvaikar - Citi - Analyst

Okay, thank you. Look forward to working with you.

Mitch Barnes - Nielsen Holdings N.V. - President, Global Client Service

Thank you.

Operator

Ladies and gentlemen, at this time it is showing no additional questions. I'd like to turn the conference call back over for any closing remarks.

Kate Vanek - Nielsen Holdings N.V. - SVP, IR

Thank you all for joining us. You know how to find us if you need anything in the way of follow-up. Have a great day.

David Calhoun - Nielsen Holdings N.V. - CEO

Thank you.

Operator

Everyone, we do thank you for joining today's conference call. It has now concluded. You may now disconnect your telephone lines.

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