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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for holding and welcome to this Conference Call on First Quarter 2014 Results for Nielsen Holdings NV. Please note, all lines are in a listen-only mode at this time. After the speakers' remarks there will be a question-and-answer session. [Operator Instructions] Thank you.

And I will now turn the call over to the host Ms. Kate Vanek, Senior Vice President of Investor Relations. Ms. Vanek, please proceed.

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

Thank you so much. Good morning, everybody and thank you for joining us to discuss Nielsen's first quarter 2014 financial performance. Joining me on today's call from Nielsen is Mitch Barns, CEO; Jamere Jackson, CFO; and Brian West, our COO. A slide presentation that we'll use on the call today is available under the Events section of our IR website at nielsen.com/investors.

Before we begin our prepared remarks as I always have to do, I need to remind 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, and are based on Nielsen's view as of today, April 24, 2014.

Our actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties, most of which are outlined in our 10-K and other filings and materials, which you can find again on our website.

For today's call, Mitch will start with some comments on our results for the quarter and an overview of the key highlights, and he will then provide an update on key growth catalysts that we have here at the company. Then Jamere will discuss financials for the quarter and obviously touch on guidance as well. During the Q&A, we ask everyone to limit themselves to one question and one follow-up in order to accommodate everybody that we have in the queue.

And now to start the call, I'd like to turn it over to our CEO, Mitch Barns.

Dwight Mitchell Barns

Chief Executive Officer, Nielsen Holdings NV

Yeah, thanks, Kate. Good morning, everybody. Thanks for joining the call. We appreciate the opportunity to update you on our business. We had a great first quarter with growth from all across our global client base and from all regions of the world. Let's walk through a high level look at the numbers for the quarter.

First, revenue. Revenue grew a little better than 15% on a constant currency basis. If we exclude our acquisitions of Arbitron and Harris Interactive, the core top line growth was just under 5%. Watch side of our business had a strong quarter which grew just over 6% and that reflects our increasing momentum in Digital and continued strong growth in Ad Solutions. On the Buy side, growth came in just under 4% driven by developing markets, client wins and steady consistent performance in developed markets.

Next, adjusted EBITDA, it was up 19.4% or just under 23% on a constant currency basis. And adjusted net income per share, it grew 48% coming in at $0.43 for the quarter. We continue to execute on the integration of Nielsen Audio and the positive impact from that is reflected in our numbers.

A few other highlights for the quarter that I want to call to your attention. First, as many of you know, we recently executed a series of transactions in the debt markets and those moves further strengthened our balance sheet and improved the economics of our debt structure. The moves were supportive of our long-term capital plan which we continue to feel very good about. Just as a reminder, our long-term capital plan follows a balanced approach. It starts with the dividend which is a great fit with our steady, consistent business model. We'll continue to grow the dividend at least in line with earnings.

For our net debt leverage, we recently reset our target to the three times area, and that gives us flexibility, flexibility for M&A, flexibility for share repurchases. Separately on the heels of another secondary offering by our private equity sponsors during the first quarter, approximately 75% of Nielsen shares are now publically held and we're pleased to reiterate our guidance for 2014. So big picture, we're off to a good start to the year, well-positioned to deliver steady, consistent growth on our core business throughout the rest of 2014 and beyond.

Population growth and media fragmentation, these continue to be the big long-term trends that inform our growth strategies. Our response to both of these is coverage, coverage of what consumers watch and listen to and coverage of what they buy and then we connect the two sides, we connect what people watch with what they buy and we use that to help our clients improve the effectiveness of their marketing. These are things that every client needs and these are things we can do better than anybody else.

Let's take a closer look at some of the specific efforts that we're working on against these objectives. The first one is our investments in our Buy business focused on the key developing markets: China, India, Indonesia, Africa, Mexico, Brazil. We love markets with growing populations, a rising middle class, and growing disposable incomes. We'll continuing investing for growth in markets like these all day long.

China's a great example and I'm sure you've all seen stories in the press about growth slowing in China, but our business in China saw strong double-digit growth in the first quarter, driven by both local clients and multinationals. Another source of strength for our Buy business are things that leverage our global presence and scale.

One example we've been rolling out over the past year is a product called Global Track Complete. This product provides C-level executives at the headquarters of our largest global consumer packaged goods clients a simple and clear view of their sales volume and market share harmonized globally, but with the ability to drill down and see region, country, or even city level views. This really delivers on the promise of Nielsen's global presence and our clients love it. It's one of the reasons why we're winning in our Buy business.

In our Watch business, we're making great progress on our audience measurement initiatives. TV of course remains the major platform and our franchise there continues to be rock solid, but the growth of digital video continues to build momentum and as it does the major digital players, they're increasingly aligning themselves with the metrics of the TV world. And they're doing this to meet the requirements of advertisers, who insist on the kind of independent third-party measurement that Nielsen provides. We like this trend.

Our Online Campaign Ratings metric or OCR is perfectly in tune with where the market is going and as a result, it continues to gain broader acceptance and its extension in the mobile advertising which continues to grow rapidly is an important part of that. You've seen some examples of our progress in this area in our recent announcements related to Google and Facebook in particular.

We're also leveraging OCR's infrastructure to support our Digital Program Ratings metric, which is set for launch in Q2. And finally, one of our most important plays in this area will happen in July with our full scale launch of mobile video measurement when mobile viewing of television content will begin to be included in the C3 currency metric that the market trades on and we couldn't be happier with this one.

Next is eCommerce. This is truly one of the most exciting developing areas for our business these days. At its most basic level you can think of eCommerce as another retail channel. And so, we simply need to measure it for our coverage of what consumers buy, but eCommerce is developing into much more than just a retail channel. eCommerce providers are also playing a growing role as marketing platforms driving offline sales for brands and they're converging with location-based marketing in terms of how consumers access and use them especially from their mobile devices. Ultimately we predicted eCommerce will prove to be the perfect environment for the full range of Nielsen's watch and buy capabilities and it's all digital fueled by highly granular real-time data.

We're excited about our developing relationships with the likes of Alibaba, Tencent and Yihaodian in China, Amazon here in the U.S. and a number of other eCommerce players around the world. A lot more to come on this one so stay tuned.

I mentioned earlier the continued strong growth we're seeing in Advertiser Solutions. This is where watch meets buy in our business and the work we do here helps our clients improve the precision of their marketing. This trims waste from the system and significantly improves their marketing ROI. This aligns well with the objectives of CMOs at nearly all of our major CPG clients but also with our media clients and clients in a number of other big verticals including auto, financial services and retailing. We still see a lot of runway in this area. So, our product development and business development efforts won't slow down one bit.

Finally, Nielsen Audio, I mentioned earlier that the integration and resulting cost synergies are all on track. We're also making good progress on our growth initiatives. We recently presented our work linking radio advertising to its resulting sales impact at a big industry conference and this is a great example of big data informing the effectiveness of a traditional form of media.

The work we presented made a strong case for the ROI of radio advertising and it's being incredibly well received by the key industry players. We're also hard at work developing our digital audio measurement capabilities which the market very much needs. And we've only just begun to develop the global growth opportunity for audio.

I said at the outset that our strong first quarter is a result of our clear focus on our clients' key priorities. These efforts we've just walked through are examples of how we're responding to the opportunities that we see. We're confident in our choices. We're confident that our success with these efforts will continue to drive our growth throughout 2014 and beyond. Given what the long-term trend say about where consumers and markets are heading, we're perfectly positioned for steady and consistent growth both for today and into the future.

Now I'll turn it over Jamere and he'll give you a deeper look at the numbers.

Jamere Jackson

Chief Financial Officer, Nielsen Holdings NV

Thank you, Mitch. As Mitch indicated, we've delivered a solid first quarter performance reflecting strong execution in our proven business model. Revenue was roughly $1.5 billion, up 15.1% constant currency. Excluding the impact of Arbitron and Harris, revenues grew 4.8% constant currency. Adjusted EBITDA was $376 million, up 22.9% constant currency and adjusted EBITDA margins were 25.3%, up a strong 160 basis points due to the integration of Arbitron, operating leverage and good execution on our productivity initiatives. Adjusted net income was $165 million, up 48.6% constant currency and diluted adjusted net income per share was $0.43, up 48.3% versus prior year. Finally, we generated $13 million of free cash flow, up $28 million versus a year ago.

Next on page nine, I'll move to segment revenue and give you a little color on the pieces. Total Buy revenue was $837 million, up 5.9% in constant currency and up 3.9%, excluding the Harris acquisition. Our Information business grew 4% to $656 million constant currency. We saw increased demand for our retail measurement services, pockets of strength in developing markets and the benefits of recent client wins in the developed markets.

Our Insights business was a $181 million, up 13.8% constant currency or up 3.8% excluding Harris due to strengths in developing markets and modest growth in the developed markets. Developing markets were up 7.6% as we saw a broad-based growth driven by our local clients and steady progress with our multinational clients as well. This growth continues to fuel our conviction that investing coverage and capability to help our clients capitalize on the growth opportunities in these markets.

Finally, our Watch business was $652 million, up 29.4% constant currency or 6.2% excluding Arbitron. As Mitch said, the Arbitron acquisition is progressing well. We saw continued strength in audience measurement which includes Digital and we see double-digit growth in Ad Solutions and, as Mitch mentioned, our Digital initiatives continue to gain traction and we're pleased with the results we're seeing. Again, broad-based solid revenue growth for the quarter.

Moving to profitability, Buy EBITDA was $118 million, up 1.7% constant currency. And there are two key drivers here. One, we continue to invest in a very disciplined way and developing coverage to fuel long-term growth and support our clients. And two, we're investing in our platforms ahead of new client wins. We will continue to be disciplined and opportunistic and explore only those investments that make sense for our business and our clients which in turn will be accretive to shareholders. We have a strong track record of investing through the cycles with monetizing these investments over the long term.

On the Watch side, EBITDA grew 34.8% to $267 million constant currency driven by the addition of the Arbitron business and the scalability and operating leverage capability of our business model.

Flipping to page 11, I want to remind you that we report on a constant currency basis to reflect our operating performance. We don't take on transactional risk. This is strictly the translation impact for reporting purposes. Hence, in the quarter, we saw our foreign currency impacts that resulted in a 220 basis points drag on revenue and a 350 basis points drag on EBITDA in the ballpark of what we laid out in the February call.

Separately, we took a $20 million charge related to revaluation impacts from the Venezuelan bolivar. If yesterday's spot rates held constant through the rest of the year, then the estimates you see here are the projected impact on future revenue and EBITDA. As we previously indicated, the anticipated drag based on today's rates is included in our full year annual outlook and would be offset entirely by the acquisition Harris and the accretion associated with it.

Moving to the balance sheet and some of the key financial metrics, on the top left, you see some of the key financial metrics. Note, we generated $13 million in free cash flow this quarter, up $28 million versus prior year due to our solid operating performance and the benefit from lower interest expense.

On the bottom left is our pro forma net debt ratio. Our gross debt is $6.7 billion with roughly $300 million in cash to get the $6.4 billion in net debt and a 3.6 times ratio. On the capital table on the right, you can see that we remixed our debt based on some of the recent refinancing actions, which I'll cover in more detail along the next page. And based on these recent refinancing activities, our weighted average interest rate is approximately 4.25%, which remains largely unchanged.

On page 13, a few comments on our capital structure, we have proactively addressed our capital structure and made great progress on extending maturities at attractive rates. Since our March 26 update, we've executed more than $4 billion of refinancing activities with increased tenor by 2.4 years at attractive rates that have significantly strengthened our balance sheet. The refinancing has also resulted in a flatter maturity profile with fewer peaks in any given year. We were able to secure investment grade-like covenants and we received favorable reaction from the credit agencies.

We still have a little juice left as we turn our attention to the $800 million of 7.75% notes that are callable in the second half of the year and, as you can see on the bottom graph, after we refinance the 2018 notes, we will not have any significant maturities until 2019. Importantly, as you know, we updated our net debt leverage target to the three times area, which gives us tremendous flexibility to grow our business and return capital to our shareholders. We'll continue to update our capital structure and I look forward to updating you on the future earnings call.

Finally, on page 14, we're reaffirming our 2014 guidance of $2.45 to $2.55 adjusted net income per share with no changes to the underlying levers. However, in light of the recent refinancing activities which I covered, we're going to be closer to the lower end of the net book interest range we've provided. We're also reaffirming our full year free cash flow guidance of roughly $700 million.

So to wrap up, the year's off to a strong start due to solid execution, the underlying strength of our business model, and disciplined investments, all of which enable us to continue to deepen our relationships with our clients and this puts us in a great position to continue to deliver strong returns for our shareholders.

With that, I'll turn it back over to Kate.

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Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

Thanks so much, Jamere. Operator, we're ready for the first question.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of David Bank with RBC Capital Markets. Please go ahead.

David Bank
Analyst, RBC Capital Markets LLC

Q

Hey, thanks very much. I guess two questions, the first for Mitch, specifically. You mentioned a little bit of this in conjunction with your commentary on eCommerce and even a little bit around the acquisition at the time of Harris. I was wondering if you could talk a little bit about your extension into other verticals and how you see that progressing. You have a little tiny toehold and it with may be with the Harris and how you see that developing over time, early results.

The second question is more I guess on the operating leverage on the buy side. I think you've made it clear what the investment strategy is and it makes a tremendous amount of sense, but no good deed goes unpunished. I was wondering if I could push a little further to see if we can get a little bit more visibility in terms of the timing of kind of a return to a little bit stronger operating leverage gains in that business.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Thanks, David. All right. Let's start with your first question where you're asking about extension of the verticals. First to step back from that, we're always first and fully focused on the core verticals that we serve, the core verticals for us, of course, being consumer packaged goods and media, so we always start there.

Our Ad Solutions business though which, of course, is focused just as much on those two verticals is one of those great places that the capabilities in Ad Solutions are just as useful, just as important, just as valuable to advertisers across a whole number of verticals and so that's one of the most natural places for our business to serve a lot of these other verticals – auto, financial, retail in particular are some that we've been especially active in lately.

And then to your point, of course, our work with Harris just simply adds to that and eCommerce takes you into a lot more verticals as well, but we continue to stay focused on those core verticals and then let sort of a natural development happen in those other verticals, primarily through our Ad Solutions business right now.

On the Buy business, the thing I always want to go back to here is these developing markets have such great underlying fundamentals, but they're developing over the longer term. Population growth, rise of the middle class, rising incomes and, in some of these markets, also urbanization and these things will play out over not just the next couple of quarters but we're really talking about several years and even decades and that's the way we approach these markets. So we invest for that longer term.

Second thing to remind you is we invest in multiple ways here. So initially, we go into a market, we gain broad coverage of the market so that there is broad understanding of sales and market share performance for our clients and increasingly over time, they push us to go to subsequent ways of investment to provide more granularity of the market city level views, channel specific views, and additional views like that. And so that's the way these markets tend to develop over time and we'll invest like that all day long because again each wave of that investment produces a good return for us and the long-term opportunity in these markets is fantastic.

David Bank
Analyst, RBC Capital Markets LLC

Q

Thank you very much.

Operator: Your next question comes from the line of Andrew Steinerman with JPMorgan. Please go ahead.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

Good morning. I wanted to ask about buy information. I was intrigued about the acceleration here in the first quarter just reported. The year ago comp is still a bit tough there. It's still a part of the new Walmart product ramp a year ago, and so I wanted you to go a little bit deeper into say, increased global demand for retail measurement. What does that mean? Is it related to the comment that Mitch said about the Global Track Complete product and, more importantly, head again to second quarter where the comp gets a lot easier, should buy information accelerate further?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Well, yeah. Thanks, Andrew. We do feel great about our Buy business. We have momentum on a number of fronts, momentum in the developing markets, momentum in terms of new client wins and yeah, we do see momentum in terms of global demand.

Our Buy business too, another thing to just try to highlight for you is, yeah, we have the measurement side of our business and the analytic side of our business and we do well on both of those fronts but increasingly what we see from the big global clients is they want to go deep in terms of integrating the measurement side of our business and the analytic side of our business and that really plays to our strength in the Buy business because if they want to have deep linkage between measurement and analytics then that's perfect for Nielsen.

Our broad portfolio, we tie those two things together to drive more value and also give them a more forward-looking view of their business to help them find the growth opportunities in the markets, whether it's developing or developed markets, and that's one of the reasons why our client relationships are growing stronger and broader at the same time. That's one of the reasons why we're winning clients and, yeah, Global Track Complete that I mentioned earlier is a part of that but it's only one of several parts and the reason why our Buy business is showing so much strength right now.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings NV

A

The other thing, Andrew, I would add to that is that in terms of your question about the forward, we haven't seen broad-based acceleration but to Mitch's point, we've just seeing nice, steady consistency between the full offering to our clients, whether it's the measurement or the analytics and that feels great and we'll take 4% any day of the week.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

But the year-over-year comp [indiscernible] (23:00), it gets a lot easier.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings NV
A

Yeah, you know what though, as Mitch said, is that we're starting to necessarily see comps one quarter versus another versus info versus insights. More and more clients are really talking about trying to increase their level of investments, increasing their demand for our tools and overall, by growing a little faster, feels good and a point matters.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC
Q

Well said. Thank you.

Operator: Your next question comes from the line of Sara Gubins with Bank of America Merrill Lynch. Please go ahead.

Sara Rebecca Gubins
Analyst, Bank of America Merrill Lynch
Q

Hi, thank you. Following up on that, could you give us an update on what you're seeing in Europe? It's been a drag and I'm wondering if there's any potential easing there that might have contributed to the almost 4% organic growth in buy?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

Yeah, look, our outlook on Europe really hasn't changed flat plus or minus 1 somewhere. That's still the way we're planning for our year to unfold. I was in Europe just last week. I was in our UK business in particular and while we're not changing our longer term outlook for what we should expect in Europe I can say that there's more life and optimism and energy right now in Europe than what I've seen in the recent past.

The team – in fact, the office environment, if I can talk about inside baseball here, our Nielsen office environment would rival the office environment of Nielsen anywhere else in the world, including the developing markets right now. They just feel good. I think it's partly that maybe things have stabilized a little bit now. They're out there [ph] hunting (24:26) and in our UK business in particular, a little bit different maybe from the rest of Europe. They are getting some wins right now and they've put together a few good quarters of some growth here and there. So, yeah, we feel a little bit better about it but we're not really changing our outlook for it right now.

Sara Rebecca Gubins
Analyst, Bank of America Merrill Lynch
Q

Okay, great and then turning to Digital. There've been a number of announcements recently around Google partnerships with you and with comScore and a number of products that are being rolled out. Could you maybe just walk us through the latest in particular the activity with Google and to any extent that you can distinguish what you're doing versus what comScore is doing I think that'd be helpful. Thank you.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

Sure, Sara, thanks. Well, the bigger picture here we said it a quarter ago when we were with you all on this call that the bigger picture here, the good news is that the market, Google in particular, continues to open itself up to independent third-party measurement, kind of independent third-party measurement that Nielsen provides. We think that's a good trend for the overall market not just us of course.

And the reason why that's happening is primarily because advertisers are insisting on it. They are and they're insisting on having same kind of metric in the digital world that they have enjoyed for a long time in the TV world and so that's why these digital players increasingly are aligning themselves in the digital world with the metrics of the TV world so that there's comparability across the choices that advertisers have and so that to us is a very positive trend, certainly for our business and that's what is really behind, to a very large extent, what you've seen in terms of the developments with Google.

We initially announced our agreement with Google with regard to YouTube back in November of last year, went to beta mode and now moving out of beta into full-scale mode and so OCR tagging for their premium content on YouTube will now just be a normal thing and so that's incredibly positive for us. And then also, OCR integration into their DoubleClick platform to make it as simple and seamless for advertisers as it possibly could be is also very positive for our business.

And on the Facebook front, we're also obviously a very big part of their advertising growth in particular with mobile. They've called that out I think they even called that out on their own earnings call yesterday in terms of how they view Nielsen OCR and the role that it plays in terms of putting them on a level playing field with the TV world for advertisers and that's the game they want to play. So again, we think OCR is perfectly positioned for where the market is going and we're very happy with the momentum that we continue to gain and the broader and broader acceptance that we continue to build in the marketplace and it's part of that broader audience measurement strategy that we have and that we feel great about.

Sara Rebecca Gubins
Analyst, Bank of America Merrill Lynch

Q

Thank you.

Operator: Your next question comes from the line of Suzi Stein with Morgan Stanley. Please go ahead.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC

Q

Hi, thank you. Mitch, when you talk about the eCommerce opportunity, you mentioned your relationship with Amazon, I'm just curious, can you talk about the nature of this relationship and has anything changed there?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

It's a relationship that's been around for a while. We work with them in a number of fronts helping them with their business questions like we do with a lot of our clients and that relationship will continue to grow and build over time. They are, as I mentioned, very much like a lot of the other eCommerce players. They're not just a retail outlet. They're also an advertiser. And so, we have capabilities that can help advertisers of course.

They also are a video platform with Amazon Prime Video and so we have opportunity to help them in terms of their decisions that they might make there. Similar with Amazon, we deal with a lot of the other eCommerce players in a very broad way, not just in terms of retail measurement and we're really still at the very early stages of these relationships, very early stages. So, we're excited about how much opportunity there really still is out there.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC

Q

Okay. And this is the first quarter in a while you haven't mentioned the Twitter TV Ratings. I'm just wondering how that's progressing and do you expect that to be meaningful at some point from a revenue perspective?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Well, look, social for us is going great. It's big. There were almost 1 billion tweets about TV in 2013. This is a stat that our social group just put out not too long ago. We're now involved with more than 90% of the TV networks using our service agencies. Our relationship with agencies in this area are growing too. We've got more than 90 clients have signed on, new capabilities rolling out.

We're also expanding to other markets around the world. We announce expansion plan for Italy and Australia which will happen later this year. And I think you'll see Nielsen Twitter TV Ratings playing a bigger role this year than ever before, of course, in the upcoming TV upfront. So, we're very happy about it in terms of it addressing a very important area for our clients. They're very curious about the role of social, in particular Twitter in terms of the impact that it can have on their programming, on their ratings, and also what they can learn from it to make decisions for the future. And so, that's what we're doing in this part of the business is we're addressing an area of great curiosity and great opportunity for our clients and it's natural for Nielsen to do that given our historical role in TV.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC

Q

Right. Thank you.

Operator: Your next question comes from the line of Todd Juenger with Sanford Bernstein. Your line is open.

Todd Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

Thank you. Good morning. A question on share count, then a quick follow-up on buy. Just on the share count side, it looks like you kicked in the use of your buyback this quarter, so good to see that, but on top of that, the shares did creep up a little bit, not just from the convert I think, but probably from some new shares issued. So if you could just talk about the progression of how you see that playing out over the year in terms of dilution and then offsetting that dilution from the buyback and what we should expect from that in terms of the use of cash?

And then the quick follow-up on buy. A lot of this has been asked, but I'm just really particularly interested in – I know there was a new, a big new customer win I think that you cited. I'm just wondering how much was that a contributor generally to the acceleration we saw in the core Buy business, if you could dimensionalize the importance of that versus other just strength will be great. Thanks.

Brian J. West
Chief Operating Officer, Nielsen Holdings NV

A

Todd, I'll help out with the share count question. The fourth quarter was up 5% on a GAAP basis and that really wasn't creep. That was 3 points is just the impact you have to adjust for related to the mandatory convert. When you adjust for that, the fourth quarter was under 2%. Last year it was under 1.5%. The first quarter is under 1.5%

and that is pretty consistent and, as you mentioned, we've got this opportunity around the buyback that we could lean more heavily in over time with all the capital products that we've mentioned.

So I'm glad you asked that question. I want to make sure there's no confusion out there. It's not – we really don't see that impact as "creep". It really [ph] exists as (31:42) adjustment we have to work our way through and, as you probably know, we disclosed that in the releases, the appendices, the press release and the 10-K filings, so it's just one of those things that we'll work our way through the course of this year, but it will be over by the time we exit this year because the comp issue will be behind us.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings NV
A

Yeah, I think the other thing is we haven't changed our guidance in terms of what we put out there in terms of weighted average diluted shares and, as you mentioned, we did have some pretty good progress in the quarter. We bought back about 350,000 shares as part of our buyback. So, pretty good progress there. We're executing on the strategy that we laid out.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

And, Todd, I'll take your question on the Buy business. Yeah, again the bigger picture here we continue to feel great about our Buy business momentum across the world, momentum in terms of these client wins. The client win that you asked about that we mentioned last quarter was Mars where we expanded our relationship with them across a number of additional markets around the world and that's now very active. We're working with them to drive growth in their business everyday now and we feel great about that. But it's an example of a broader slate of client wins that our teams are out there, battling for and succeeding with every single day.

Todd Juenger
Analyst, Sanford C. Bernstein & Co. LLC
Q

All right, fair enough. Thanks, guys.

Operator: Your next question comes from the line of Brian Wieser with Pivotal Research. Please go ahead.

Brian W. Wieser
Analyst, Pivotal Research Group LLC
Q

Hi, thanks for taking my question. I was wondering can you talk about the growth of Ad Solutions in the quarter? And separately I guess or maybe relatedly, I was wondering how you think alternative data guarantees being used in the upfront, maybe using [ph] Dot (33:13) or you think Nielsen Twitter TV Ratings or anything else, does that make any difference for you financially or do you see it more as just helpful in entrenching the existing relationships and product traction that you have?

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

I'll take your question on Ad Solutions and I'll let Mitch address the guarantees piece of it. Ad Solutions continues to trend very, very well for us. We continue to see it as a key growth driver in the Watch business and growth in the quarter was at the low end of the double-digits range. So, again, very strong growth on Ad Solutions. We feel good about its contributions to the Watch business at this point.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

On the guarantees in the upfronts, it's still underpinned of course by the ratings and then we don't see anything changing on that anytime soon of course. That's just where the market continues to be focused but I think increasingly it's multi-layered. So it's the ratings and then there is an additional layer with a look at characteristics that might come from some of our Ad Solutions capabilities. Brand Effect for example might look at some of our watch-buy connection type capabilities as well.

And then also Social plays a role into it as well, programs that are associated with higher levels of social media activity, more tweets online. It'll be a tiebreaker or an enhancement in terms of how somebody will view that underlying rating and that's the way the market increasingly is playing. So the rating still underpins it and the other things sort of add color and allow people to make choices between things that otherwise might look pretty similar just on the basis of the core age-gender rating metric.

Brian W. Wieser
Analyst, Pivotal Research Group LLC
Q

Sure, I guess I'm just wondering though, do you get paid more if there are more guarantees being used or is it more you're getting paid in the context of just the overall annual use of the products?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

Well, to the extent that our clients see value in those services to provide those additional layers, that's where we'd add some growth to our business and so, yeah, to some degree that contributes to the development of our Nielsen Social business and also the development of our Ad Solutions business.

Brian W. Wieser
Analyst, Pivotal Research Group LLC
Q

Got it. Thank you very much.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

Sure. Thanks, Brian.

Operator: Your next question comes from the line of William Bird with FBR. Please go ahead.

William G. Bird
Analyst, FBR Capital Markets & Co.
Q

Good morning. My first question is for Brian. Could you talk about your new role as COO, your perspective on your first 90 days and your key priorities, then I have a follow-up.

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

Sure, Bill. So for me personally it's an opportunity to look under the hood and when you look under the hood you feel better and better about this business and the unique capabilities that we enjoy. And the angle is one that I'm having fun with.

Priority-wise, look, client delivery is job one, making sure we can have a consistent, high quality, on-time product is something we ought to keep focusing on. We do a great job because when you do that well then you get to go work on innovation and investments and we have a full plate of programs that we're working hard on to deliver and execute as we find those vital consumers and try to characterize on behalf of our clients. It's ultimately what's going to drive the growth.

And then finally, on the leadership development side, I get to work with a great team. They truly are the highest caliber folks in the industry and that's fun creating opportunities for them and giving them fun stuff to work on. So I'm completely fired up and I'm learning a ton.

William G. Bird
Analyst, FBR Capital Markets & Co.

Q

And a follow-up for Mitch, anything to read into the slight growth moderation we saw in Insights?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Well, look we love our Insights business, it is the choppier side of our Buy business though. Information tends to be a little bit more stable. Insights tends to move around a little bit more quarter-to-quarter but the longer term trend on Insights is still great within our business.

And again, as I mentioned earlier, I think in response to a question from Sara, clients increasingly want us to link the Information-Insights part of our business more closely and more deeply and that just plays to Nielsen's strengths and the breadth of our portfolio. So, yeah, that's what I would say about Insights.

Brian J. West
Chief Operating Officer, Nielsen Holdings NV

A

Another angle, Bill, just because [ph] in the U.S. (37:31) something similar is this phenomenon Mitch has mentioned clearly happening. At the same time, we exited last year with one where they were investing, investing a little heavily in the analytics and not as much in the Info. In this quarter actually, they're investing in some data sets that is helping drive their growth question. So like you said, it's a mix. We enjoyed some nice Insights lift. We probably saw us a little pop at our Info based on off-the-shelf data sets but overall our Buy business growing at 4% is one we're really proud of.

William G. Bird
Analyst, FBR Capital Markets & Co.

Q

And in developing markets, do you have any broader perspective on I guess how the business feels in that part of the world? Any insight on whether the quarter strengthened throughout or any change in trend we should expect coming up in developing markets?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Yeah, sure, thanks. Well, I was just in China two weeks ago and once again reminded what's true in China is true in a lot of these developing markets. Our business is still very underpenetrated in these markets. So I know a lot of times people see the GDP numbers and they think that that our business is going be tightly correlated to changes in GDP. Well, it's just really not very much the case at all because of this underpenetration that our business still has in these markets. There's still a lots of opportunities out there.

And the other thing is the strength of our business with the local companies, not just the multinationals but the local companies in these markets and again China's a great example where the local companies are actually winning against their global competitors and it's something that the local companies are very proud of and the multinationals are very much aware of and it's a very active topic of conversation with CEOs with the multinationals in the China market. In fact, I had some of those conversations while I was there.

So, the fact that our client base stretches across the multinationals and the local companies, that helps our growth in these markets, true in China, true in India, true in Southeast Asia and a lot of these other developing markets as well. But again, the underpenetration is the opportunity for us to continue to grow even when the overall market growth rate that you might read about in the press might move up or down quarter-to-quarter.

William G. Bird
Analyst, FBR Capital Markets & Co.

Q

Thank you.

Operator: Your next question comes from the line of Ashwin Shirvaikar with Citi. Please go ahead.

Ashwin Shirvaikar
Analyst, Citigroup Global Markets Inc. (Broker)

Q

Thank you. Good morning, guys. I guess my first question is on Nielsen Audio. The potential revenue synergies that you're looking at now that the cost synergies are sort of behind you, could you give us maybe a timeline for things such as international potential, maybe going after clients such as Pandora, things like that?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Thanks, Ashwin. Of course, it's still very early in terms of pursuing the top line growth opportunities for our Audio business. Our focus initially was on integration, realizing cost synergies and we've done very well executing on that front. We're still relatively early in terms of our development of some of the growth opportunities. I mentioned a few of them in my opening comments, global being one of them, but in global one of the things to note there is in a lot of these markets, the radio measurement service is managed through joint industry committees or JICs as they're often known. They're usually multi-year contracts. And so while we now have a global role to play in that market, those contracts don't necessary all come up each year. You have to wait for some of them to come up in those markets. So, it's a little bit longer-term play and it'll be a little bit slower to develop on the global front.

On digital audio measurement, exciting thing there is we're able to leverage our OCR capability, get even more value out of that fantastic capability that we have and bring that to digital audio measurement and the market very much wants it and needs it but it's similar in audio as it is in video in that there's a role that Nielsen plays and then there's some things that clients also need to do to make the whole thing work.

One of them is to incorporate our code, if you will, into their apps and then the market also needs to align around how the metric will be reported out to the market and there's often winners and losers in that process and it takes some time to play out and so that's where we are on that one. And so, one way of saying, don't really have a clear timeline or specific numbers to give you on the growth front. We like where it's going. We think we're doing all the right things; we're getting all the right feedback from the marketplace so stay tuned.

Ashwin Shirvaikar
Analyst, Citigroup Global Markets Inc. (Broker)

Q

Got it. The second question is just back to the Buy business and you guys have done over the last three years, actually longer but it's been more focused it seems like on the developing country side, and I wanted to understand better how the economics of a typical developing country client contract works relative to the multinationals. I mean, from a profitability standpoint, obviously, I would expect them to be smaller currently. What kind of products do they take up, things like that if you could have some comment that would be useful.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Are you referring to the local companies in these markets? Is that what you're asking about, Ashwin?

Ashwin Shirvaikar
Analyst, Citigroup Global Markets Inc. (Broker)

Q

Yes, the local companies.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Well, that is evolving. Look, first thing to say is, we serve all – we serve the entire market. We don't serve just one part of the market, and we think that's very important to the way Nielsen is viewed in the marketplace. So we have to serve the entire market, not just one client or nor just one segment of clients. And so the local clients are a big part of that story.

In some of these developing markets, they're evolving I think in terms of how they operate, whether they're operating according to local standards or international business standards and we need to be right there with them at whatever stage of development that they're in. Initially, our experience with local clients is that their needs start out being fairly basic. They want just basic measurement of the marketplace, but over time, our relationships with them develops and looks very much like it does with the global players or they want to get involved with some of the analytics capabilities, things that help them not just measure their performance, but also improve their performance over time.

And then what I would say about what we see in the most recent year or two is more and more of these larger local giants within the developing markets, we're seeing more of the people that we knew from the multinationals in those markets now showing up in leadership roles at these local companies and that, of course, is a positive for us because these are people that are familiar with Nielsen, familiar how to access the value that we can provide and I think it's one of the reasons why our business has performed so well with the local giants in the developing world.

Ashwin Shirvaikar
Analyst, Citigroup Global Markets Inc. (Broker)

Q

That's very interesting. Thank you.

Operator: Your next question comes from the line of Bill Warmington with Wells Fargo. Please go ahead.

William A. Warmington
Analyst, Wells Fargo Securities LLC

Q

Good morning, everyone. Mobile measurements sounds like it's one of the biggest issues on clients' minds these days and could you walk us through the Nielsen solutions in that area and where they are in the adoption cycle and how they're going to fit into the audience measurement landscape this fall?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

Yeah, the broader audience measurement picture, of course, is we measure the consumer. So we're not measuring – we're not thinking about measuring just one channel like mobile or online or just TV. We measure the consumer and we're going to measure the consumer wherever, however and whenever the consumer is accessing content, whether that's video, audio, or text. Mobile is obviously a growing and important part of that.

Our OCR capability is, again, perfectly positioned to help us on that front. And it's one of the reasons why we're seeing so much momentum in the marketplace right now. Mobile video in particular is a hot area of focus and, as we mentioned, our mobile video measurement capability will roll out full scale starting in July and the television viewing portion of that content will begin to be included in the C3 currency metric that the market trades on starting in the fall. And so, yeah, we're everywhere we need to be in terms of mobile measurement and we're getting great feedback from the marketplace and from the clients and it fits perfectly into our broader audience measurement strategy.

William A. Warmington
Analyst, Wells Fargo Securities LLC
Q

Got it. And then the CPG companies seem to cycle between emphasizing revenue growth and emphasizing margin preservation. Could you comment on where we are in that cycle and how it's impacting the Insights business?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

Well, I think you should ask them. They're probably the better voice on this, but I think your question's a good one and we do see a little bit of a swing in broader market right now with variants across specific clients. But I think there was a heavy leaning in the last couple of years into, call it, efficiency, and now people are leaning a little bit more into things that are going to drive a little bit more top line growth for them going forward and that's natural, the swings back and forth in the marketplace.

Some things are being written right now about a little bit less focus on scale and allowing a little bit more variation in business in order to pursue that top line growth opportunity. That's going to play to our advantage because of the ways that our portfolio looks and feels to clients and what it helps them do in terms of finding those growth opportunities, helping improve their performance in the market and so we're ready for them whenever they're ready to do it.

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

Another angle on that, Bill, is that before several quarters when you would go talk to the client, the thing on the top of their mind probably with some uncertainty they couldn't control: a regional meltdown, a fiscal policy, election, a financial crisis. Now what's on top of their mind? Growth. And that's good for them and long term really good for us and it's the different conversation and it's fun.

William A. Warmington
Analyst, Wells Fargo Securities LLC
Q

Excellent. Thank you for the insight.

Operator: Your next question comes from the line of Tim Nollen with Macquarie. Please go ahead.

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

Q

Hi, thanks. I know you're not going to give us any numbers but I'm just curious again on OCR moving into the upfront season here. You've signed up Google and Facebook. I know you've had customers like ESPN, for example, for some time. How much could you say does this become more of a contributor to your P&L now during the upfront season as presumably with some of the big gorillas in the industry starting to use it that should attract others both competitors as well as their customers, the advertisers to the platform? And separately, but relatedly, could you just talk a little bit more about your Digital Program Ratings? How much of that is a support mechanism for OCR and TV Ratings versus a new separate product that you will be selling? Thanks.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Yeah. Thanks, Tim. Well, on your first question, we said that our core Watch growth is 6.2% and the role that Digital plays is not just – there's not just a Digital slice. Digital is part of the overall business picture for us because even our traditional media clients – one reason why our business is strong and healthy with our traditional media clients who are primarily focused on television is that they have confidence in what we're doing on the digital front and so they continue to invest with us so that we can continue to do what's important for their future growth. So it even has – Digital and what we're doing with OCR plays a broader role than just the specific purchases of the OCR service itself. So that's the way we think about it. That's the way I would encourage all of you to think about it as well and one of the reasons why our core Watch business did so well in the first quarter.

On DPR, yeah, it is a complementary metric to OCR in that DPR is measuring content, OCR is focused on the ads or the campaigns. One's used more for the planning phase and the other is used more for the post-buy and the guarantee aspect of the advertising process and the two fitting together so well completes the system, allows each of them become more valuable when they're both present in the marketplace as opposed to if it's only one or the other and that's the way the marketplace sees it and that's exactly what we're going after, too.

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

Q

Okay, thanks.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

But you're right. No numbers.

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

Q

I didn't expect that. Thanks.

Operator: Your next question comes from the line of Andre Benjamin with Goldman Sachs. Please go ahead.

Andre Benjamin
Analyst, Goldman Sachs & Co.

Q

Thank you. I actually just had a quick question on margins. We saw a pretty significant year-over-year expansion, larger than we've historically seen. How should we think about that as we go through the year? I think if we extrapolated the 140 basis point expansion over the rest of the year, it put us at the upper end of the 29% to 30%

guidance range. Are there any one-time elements that we should be thinking about, the impact of integrating Harris or the buy side expansion, any of those stuff that can kind of put us at the upper versus the lower end?

Jamere Jackson
Chief Financial Officer, Nielsen Holdings NV
A

Yeah. So, we feel pretty good about what we've laid out in terms of guidance this year and we see the margin progress as we go through the year being pretty steady. As I said in my comments, we're seeing the benefits of a couple of things. One, obviously is the integration of Arbitron and the progress that we're making on the synergies there. But we're also making very good progress on executing on some of the productivity initiatives and that bodes very, very well for the margin story that we have. So, we're pretty good with where we are and we'll see steady progress throughout the year and don't expect any major one-timers to swinging one way or the other.

Andre Benjamin
Analyst, Goldman Sachs & Co.
Q

Thank you.

Operator: Your next question comes from the line of Paul Ginocchio with Deutsche Bank. Please go ahead.

Adrienne E. Colby
Analyst, Deutsche Bank Securities, Inc.
Q

Hi, it's Adrienne Colby calling for Paul Ginocchio. Thanks for taking my question. Beyond the July rollout of the mobile video measurement, what other milestones should we be looking for in terms of the development of your measurement footprint going forward?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

I think broadly about audience measurement. I think another thing to look for is, yeah, a question asked before about audio coming into that picture. If you want to focus on the video or the text side of the world, I think the growing role that these measurements play that we provide in the upfronts, the new fronts, and then how that plays out in the fall season and then how to roll into next year where you'll see the – think again just another step change forward in terms of how digital world will continue to increasingly align itself more broadly, more deeply with these metrics that look more like what the TV world has traditionally used and you're just going to see it really become much more of a video market as opposed to a separate TV, traditional TV and then digital market. And I think that's what we would expect to happen and I think that our strategy's perfectly positioned for where the market wants to go.

Operator: Your next question comes from the line of Doug Arthur with Evercore. Please go ahead.

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

Yes, thanks. Just following up on Andre's question, Jamere, if I look at the Watch EBITDA growth and take out the Arbitron impact, both in terms of what they grew at and the synergies, is it fair to say that Watch EBITDA was sort of up high single-digits on a pro forma basis and if you trickle that down to total EBITDA, the total EBITDA ex the Arbitron impact was up about mid single-digit for the company? Is that a fair way to think about it?

Jamere Jackson
Chief Financial Officer, Nielsen Holdings NV

A

So we don't look at the business that way. We've been hard at work sort of wiring the place together, if you will, on the Arbitron acquisition and so what you'll see is that we again made very steady progress on integrating the business. We're continuing to see steady margin progress, which we've historically been accustomed to in our Watch business, and you're seeing the benefit of the execution on the productivity initiatives that we've been working on throughout the year. So in total, we feel good about where our margins are and how they're progressing and we feel very good about our execution.

Douglas M. Arthur
Analyst, Evercore Partners (Securities)

Q

Okay, thank you.

Operator: Your next question comes from the line of Dan Salmon with BMO Capital Markets. Please go ahead.

Daniel Salmon
Analyst, BMO Capital Markets (United States)

Q

Hey. Good morning, everyone. Mitch, it's kind of a big picture question similar to a few that have been asked here about how you sell your products and so just in the context say of the Watch business, obviously, with a lot of the new Digital products you're selling those into your current large customers, large media customers that you had for a long time but also some new clients. Some of them are big players like Google where I'm sure it's still a high touch, hands on sort of relationship.

But, obviously, what digital does in the media world is bring fragmentation in the long tail and so especially as we talk about things like currency adoption and whatnot, how do you think about selling into that, say, longer group of smaller clients, the long tail of the media ecosystem that builds out as digital takes over and I think the question could apply to the Buy business as well as the role of eCommerce changes the way you sell your products there as well.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

Well, fragmentation I guess is the driver of the basis for your question and fragmentation, whether it's in the Watch part of the world for us or the Buy part of the world, it's our friend. It creates opportunity for us. It means there are more things to measure and then there is a need to stitch all those things together, so basically more ways to add value into the marketplace. And so that's the way we approach it.

In terms of long tail of clients being out there, whether it's the big clients or whether it's small or medium-sized clients in the longer tail and we always start with the client need. We focus on the client need, makes sure we understand their business and then we organize ourselves around that. Obviously, we have to do that in a way that makes economic sense and also fits with the business process for whoever the client happens to be.

In the Buy side of our business, we've been doing this for a long time where we do have big global clients that we work with but we work with a lot of smaller players and we have a different business approach that we take there and it's very healthy, very fast growing part of our business year-to-year and we're able to do that on the Watch side of our business too within the digital world. It's a different approach necessarily so but it's one that fits with what the client need is and with the economics of those relationships.

Daniel Salmon
Analyst, BMO Capital Markets (United States)
Q

And so, as that transition plays out over a long period of time, one of the things that I thought stuck out from your Investor Day was the Nielsen Marketplace initiative where building more server-to-server, API driven delivery of your information products. Is that the type of thing that again over a longer-term perspective that'll start to become more important?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

It could but [ph] we're (57:30) still pretty early in terms of development right now so too soon to say exactly what role that might play and I think Nielsen Marketplace is probably focused on people who might draw value from the kind of information we have that really even aren't in our current client base right now. That's more what we're focused on with Nielsen Marketplace but that's possible that it might also have applicability to the clients that we're already currently working with. We'll see.

Daniel Salmon
Analyst, BMO Capital Markets (United States)
Q

Okay. Thank you.

Operator: Your next question comes from the line of Hamzah Mazari with Credit Suisse. Please go ahead.

Hamzah Mazari
Analyst, Credit Suisse Securities (USA) LLC (Broker)
Q

Good morning. Thank you. On Nielsen Audio, specifically on Arbitron, I know you haven't quantified revenue synergies specifically but maybe give us a sense of what the timing of that looks like. You had spoken about using your global footprint to go after non-U.S. listeners as well as some other stuff. Maybe just update us on how we should think about that progress.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV
A

One that's already active that is the one that I mentioned where we've presented some of our initial R&D work at a big industry conference where we're linking the radio advertising activity to its resulting sales impact in the marketplace. That capability is already live. It's already one that increasing number of clients are interested in starting to tap into. So that's that one.

As far as the global opportunities, I mentioned earlier a lot of these markets around the world manage the radio measurement market through joint industry committees' long-term contracts and so it's a bit of a waiting game in some of these markets for the contract to come up for RFP. And then we will make our pitch and we will win some of those. But it'll happen and develop over several year period as opposed to something that you should expect to really start to play a meaningful role in 2014 for us.

Hamzah Mazari
Analyst, Credit Suisse Securities (USA) LLC (Broker)
Q

Right and just a follow-up. Within the buy segment, could you give us a high-level sense of what the growth rate looks like for local clients versus multinationals? Are local clients growing high single-digit? Are multinationals growing low single-digits? Any overall sense you can give us and any sense of change of tone on the multinational side versus last quarter? Thank you.

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

It varies a lot market by market, client by client. We've said before that in China last year, if you think about our business with local clients versus multinationals, we grew a lot more with local clients in China last year than we did with multinationals. I can't remember the exact numbers, but it was certainly high double-digits with the locals and mid-singles with the multinationals. And that'll probably look something like that again this year and you'll see similar pattern in some of the other markets. But it does vary quite a bit market to market and that's the way our business looks with them.

If you look at how their business is performing in the marketplace, it's similar, right? They're gaining market share, they're growing and a lot of it is because they aren't trying to take a scale play into the market. They're really much more in tune with some of the local market variation.

For example, in a market like China, it is incredibly diverse that market is and the local players are just a little bit better tuned to the diversity in that market and are able to take advantage of some of the growth opportunities more quickly. They're more agile than some of the global players are. The global players are learning from it though. They'll catch up and I think you'll see this balance out over time because there's smart people across all of these clients and it's really fun to be a part of it and really fun to watch it unfold.

Hamzah Mazari
Analyst, Credit Suisse Securities (USA) LLC (Broker)

Q

Okay. Thank you, Mitch.

Operator: Your next question comes from the line of Jeff Meuler with Baird. Please go ahead.

Jeffrey P. Meuler
Analyst, Robert W. Baird & Co., Inc. (Broker)

Q

You guys are obviously making a lot of progress in the market with new deals around OCR and you started calling out digital audience measurement in terms of a revenue needle mover. You were kind enough to give us a framework for how you're thinking about the multi-year opportunity in terms of revenue around OCR and the related products. I was wondering if you could give us a similar framework for how we should think about incremental margins as that comes online given that you've already made a lot of the investment.

Brian J. West
Chief Operating Officer, Nielsen Holdings NV

A

Let me take a shot at that one. The beauty of the space around Digital is that from a margin standpoint and your question is that largely investment is behind us. So the incremental returns – the [ph] dropping (01:02:08) rates will be high. And as you could hear from Mitch, the momentum in the marketplace gets better and better. More broadly speaking, I would say – and also I point out the fact that that opportunity's going to unfold over the next few years, right? So some of those targets were the 2017 timeframe that we're excited to go after.

I would just remind you and everybody that we laid out a pretty specific framework for revenue growth at the beginning of the year of the piece and components, more transparency than we've ever given. And the good news is that things like Digital and Ad Solutions are helping us to get to the higher end on the Watch business. In the

Buy business, there's some things that are going some high, some low kind of ending up in the middle and that's a good spot for us because it's more fun to be showing a close to 5% growth rate than a 4% growth rate. So we have a long year to go in front of us. We're confident but all of those things together I think are just going to be continued momentum for us.

Jeffrey P. Meuler
Analyst, Robert W. Baird & Co., Inc. (Broker)

Q

Okay. And then you said more to come after talking about eCommerce and you also said that shortly after wrapping up the eCommerce section with the Amazon commentary. Was that comment meant to apply more to Amazon, more to eCommerce generally or both?

Dwight Mitchell Barns
Chief Executive Officer, Nielsen Holdings NV

A

How about neither? How about that? No. I think we fully expect to have very positive developments across a number of areas that we're working on with a variety of players at eCommerce and I would encourage you not to just focus on big player in the U.S. There's big and very active, very successful players in the eCommerce world in other markets. China's a great example and we're confident that we're going to have very [ph] tiny (01:03:59) things to share on a number of fronts related to eCommerce in the months and years ahead.

Jeffrey P. Meuler
Analyst, Robert W. Baird & Co., Inc. (Broker)

Q

Okay. Thanks, guys.

Operator: There are no further questions at this time. I will now turn the call back over to the presenters.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

Thanks, everybody, for tuning in today. You know where to find us to have follow-up discussions. Talk to you soon.

Operator: And ladies and gentlemen, this concludes today's conference call. You may now disconnect.