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Nielsen Holdings Plc (NLSN)

Q2 2016 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Erica, and I will be your conference operator today. At this time, I would like to welcome everyone to the Q2 2016 Nielsen Holdings Plc Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you.

Amy Glynn, Vice President. You may begin your conference.

Amy Glynn

Vice President, Investor Relations, Nielsen Holdings Plc

Thanks Erica and we apologize for the technological difficulties at the start of this call. Good morning, everybody. Thank you for joining us today to discuss Nielsen's second quarter 2016 financial performance. Joining me on today's call is Mitch Barns, CEO and Jamere Jackson, CFO. A slide presentation that we'll use on this call is available under the Events section of our IR website.

Before we begin, I'd like 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, July 26, 2016.

We will be discussing non-GAAP measures during this call, for which we have provided reconciliations in the appendices of today's presentation and will be posted on the website. Our actual results in future periods may differ materially from those currently expected because of the number of risks and uncertainties. The risks and uncertainties that we believe are material are outlined in our 10-K and other filings and materials, which you can also find on our IR site or sec.gov.

And for Q&A, we ask everybody to limit themselves to one question only, so that we can accommodate everybody. Feel free to join the queue again, and if time remains, we will call on you. We look forward to speaking to you after the call.

And now, to kick it off, I'll turn the call over to our CEO, Mitch Barns.

Dwight Mitchell Barns

Chief Executive Officer & Director

Yeah. Thanks, Amy. Good morning, everyone. Our second quarter results mark our 40th consecutive quarter with 10 years of constant currency revenue growth. Once again this quarter, we also delivered strong margin expansion and earnings growth, driven by our scalable consistent business model, and our continuous focus on productivity. These results reflect continued client and industry adoption of our Total Audience Measurement framework, ongoing strength in emerging markets, and strong execution by our teams around the globe. Our longstanding focus on measuring our clients' performance, and helping them improve their performance remains as valuable as ever. And as we look into the second half of the year and beyond, we have continued confidence in our strategy and our ability to execute.

Looking at the second quarter, we had revenue growth of 4.5% on a constant currency basis. In Watch, second quarter revenues increased almost 6% on a constant currency basis including a 7.9% increase in audience measurement of video and text. Buy segment revenues grew 3.3% on a constant currency basis, driven by 8.9% growth in emerging markets, and just under 1% in developed markets. Adjusted EBITDA grew 6.5% constant currency, reflecting our ongoing productivity initiatives, and our scalable business model. Adjusted net income per share grew just over 9% constant currency to \$0.71.

Driving shareholder value for our balanced capital allocation strategy remains a key priority. While we continue to invest consistently in our future growth, we're also focused on returning capital to shareholders. And during the quarter, we continued our steady rhythm of share buybacks. And as of June 30, we still had approximately \$550 million remaining under our existing authorization.

Lastly, we're reiterating our guidance for 2016. On our last call, we talked about the ongoing changes occurring in the markets we serve and the great job our teams are doing and leveraging these changes as a means for progress. Historically, we've talked about change more frequently on the Watch side of the business, but in fact in both Watch and Buy, our teams are focused on continuously renewing and improving our products consistency to keep pace with changing client needs.

So let's spend a few minutes on this. In Watch, change continues to be driven by media fragmentation as consumers now have the ability to view content across more channels, devices, platforms and even time periods. That means more things to measure, which creates more opportunity for us. Our clients want us to measure all of it, TV, mobile, video on demand, over the top viewing, video, audio, text and want to see measures for each of these individually as well as combined into one metric and that's exactly what our Total Audience Measurement system does.

Bringing Total Audience Measurement to the market has not been easy. It's been a multi-year process and our teams have been executing extraordinarily well. We now have in the market, a comprehensive system that provides comparable measurement of all ads and content across all screens and platforms. We continue to work closely with our clients towards fully syndicated reporting of all key metrics.

But Total Audience is not just about measuring audiences, it's also about ensuring that our total audience metrics support the complete process of buying and selling media from planning to activation to assessing the return on the investment. Our Total Audience system underpins all three of these activities as the visual on the webcast slide shows.

The loop begins with our measurement data, feeding our advertising clients planning systems, helping them to find the right consumers based on demographics or behavioral segmentation as well as helping them to allocate their resources efficiently across platforms to reach their desired audience. From there the focus of the system turns to activation enabled by our 2015 eXelate acquisition and now delivered via the Nielsen Marketing Cloud.

So we enable advertisers to target specific audiences in a programmatic environment and to activate their buy through the eXelate pipes that go directly to ad servers. The next step is to measure effectiveness. How well did the ad reach the target audience? What effect did the ad have on the brand? What was the sales lift? What was the ROI on the media spend?

This is a continuous cycle, plan, activate, measure, then repeat. This is the process that our Total Audience Measurement system supports. With that in mind, I'll mention a few highlights that illustrated the recent progress we've made on our strategy. In the second quarter, our national TV business remained rock solid. While our data

showed that the average U.S. adult is watching three minutes less of linear television compared to last year, it's still over 4.5 hours per day. With the broadest reach television remains a critical component for brand building campaigns.

Meanwhile digital advertising with its promise of precision, continues to grow at a double-digit pace, that's despite the recent industry concerns related to digital advertising fraud and viewability that appeared to have slowed down the shift in spend from traditional media. For us, wherever the advertising dollars flow, we'll be there to measure the audience.

Last week, we announced that we've integrated three leading providers of viewability metrics, DoubleVerify, Integral Ad Science and Moat into our digital ad rating system, making it much easier for our clients to know the delivery of viewable impressions to their target consumers.

Another highlight in the quarter for digital ad ratings relates to Hulu. In May, Hulu announced that they are partnering with us to use our digital ad rating system to measure living room impressions delivered over the top through connected TV devices, such as Roku, Apple TV, PlayStation or Smart TVs. 70% of Hulu's viewing now occurs on connected TV, whereas earlier in their existence, nearly all Hulu viewing took place on a PC. This serves as yet another example of why our clients need a total audience view of a changing market.

We continue to see strong demand of our measurement of subscription video-on-demand. With 52% of households now subscribing to a subscription video-on-demand service, audience data is more valuable than ever to studios and content owners seeking to fully monetize their programs for this growing audience.

Late in the second quarter, as reported in the Wall Street Journal, we unveiled screening ratings for the Lions Gate production of Orange is the New Black. The fourth seasons' premier episode was watched by 6.7 million people in the U.S. This is comparable to the second most viewed cable drama on TV behind HBO's Game of Thrones. This is valuable information for studios as they look to monetize their content.

On digital content ratings, our release of syndicated data to participating clients occurred in late May on schedule and we've remained on track to syndicate total content ratings for participating clients in August. We have a strong pipeline of additional clients, both big media and digital natives, integrating the SDK that enables this measurement. Exciting to see how these new metrics help our clients understand and leverage the changing ways audiences are consuming content.

For example, what's recorded on a DVR and watched a month later. But did the consumer view it through their cable providers' video-on-demand service, or was viewed over-the-top via a Roku streaming player. This level of granularity helps our clients align their strategy with their audiences' viewing habits.

Regarding the effort to update the currency data used to plan and measure advertising. In June, we've had yet another positive and productive meeting with key industry stakeholders. Clients continue to be supportive of Total Audience and are engaged in moving the industry toward a new rating standard in time for their 2017 upfront negotiations.

Internationally, we remain on track to have Digital Ad Ratings in 25 countries by year's end and we recently confirmed contract extensions for our TV Audience Measurement Services in Australia and Sweden.

Finally, last quarter we mentioned our agreement with DISH Networks to license their set top box data supporting our local and national TV rating services. This quarter we're pleased to announce that we recently reached

agreement with Charter Communications to license their set top box data, further extending our coverage. Both of these data sets will help strengthen our TV measurement products as well as help fuel our marketing effectiveness analytics.

Speaking of marketing effectiveness, we had another strong quarter with constant currency revenue growth of 15%. As a reminder this is where we help clients plan, activate and evaluate the return on their media investments.

The Nielsen Marketing Cloud brings all of these capabilities together in one system. It's off to a great start in the U.S. and in June we launched our cloud system in Europe. This is a dynamite part of our business and it has a lot of runway.

Shifting to the Buy business similar to the Media world, the fast-moving consumer goods industry has also seen fragmentation driven by new channels and shifting consumer purchasing behavior. Adapting to this changing environment, we're focused on providing both manufacturer and retailer clients with a complete view of consumers, with whether they buy in store, out of home or online. Our focus here is on coverage, we call it Total Consumer Measurement analogous to Total Audience Measurement in our Watch business.

Our investments in coverage in the emerging markets continue to be a significant growth driver. In the second quarter, our growth was fueled by both local and multinational clients as well as steps we've taken to strengthen our portfolio through innovation. Retailer clients are another important part of our Buy growth strategy, as the growing role of technology for consumers, retailers and manufacturers is changing the path to purchase.

At the end of June, we launched our Brandbank capabilities in the U.S. This has been a very successful business for us in Europe, and we're excited about the U.S. launch. Recall that Brandbank is focused on supporting retailers and their e-commerce product content needs. As an example, Brandbank can now connect directly to Walmart systems as an approved content service provider, supporting Walmart's omni-channel strategy. For our manufacturer clients, Brandbank will collect, manage, and submit content on their behalf aligned with Walmart's requirements for data attributes and formats.

During the quarter, we also welcomed Whole Foods to our retail client roster, leveraging our market share data and analytics. We're helping them build on their strength with natural and organic products as they double down on consumer-centric category management. Health and wellness is of growing importance to many of our manufacturing clients and our work with Whole Foods, adds to our ability to help them drive growth in these product segments.

When we look at the developed markets, the environment continues to be challenging. In the absence of strong top-line growth, our clients are looking to find efficiencies in their business, which in some cases includes their marketing, sales or innovation processes. One action, we took in the quarter was to realign our Buy business globally into clusters of countries with similar market characteristics. We also accelerated our investments in our Buy business's connected system, which will enhance the value and speed we bring to our clients.

I'll spend a few minutes on this connected system. Our business is focused on measuring and improving performance for our clients. Understanding what is happening is the first step. We answer this with our measurement of sales and market share. Once our clients know what happened, the next question is why: what were the key drivers of the results? Our analytics will automatically pinpoint the key drivers including marketing and sales activities, competitive activity, and market trends. Then the most important question is what next? What does the brand need to do to improve?

These are all capabilities that we have in the market today, but our opportunity is to make them more valuable for our clients by connecting them into one fully integrated system, a system underpinned by one source of truth that enables more speed and efficiency for Nielsen, and more importantly, for our clients. That's what our connected system will do.

Clients have been enthusiastic in their feedback and they want it now. And that's the key reason why we've accelerated the pace of our investment in this platform-based connected system. We'll begin with an initial group of clients who will be on board by the end of the year, with more transitioning through 2017. A faster, more efficient system, creates more value for our clients and bolsters our position as the leading global provider of measurement and analytics to the FMCG industry.

I want to close with a few words on corporate social responsibility. We know many long-term investors are putting more emphasis on this lately, and we agree with you. The way I often say it to our teams internally is that companies need to care for the communities they rely on for their business, our company lives this out in a variety of ways, focusing on education, nutrition, diversity and inclusion, and access to technology.

In May, we published our first global responsibility report, which describes our efforts in detail. One of our recent efforts was Nielsen Global Impact Day. On June 2, as part of our fifth annual Day of Service, over 23,000 Nielsen associates participated in more than 1,400 volunteer activities across 92 countries. I'm extremely proud of them for their commitment and their service.

So those are my comments on the quarter. We're looking forward to the rest of the year with continued confidence and excitement about the progress to come.

Over to you, Jamere.

Jamere Jackson

Chief Financial Officer

Thank you, Mitch. We had another solid quarter reflecting the consistency and resiliency of the Nielsen model, which continues to deliver solid results through the cycles.

First, let me cover our total company results for the second quarter. On the left side of the page, our results on U.S. GAAP basis. Revenue was just under \$1.6 billion, up 2.4% on a reported basis, driven by solid growth in both our Watch and Buy segments and offset partially by the impact of foreign exchange.

Net income was \$114 million and net income per share was \$0.31 which was flat versus the second quarter of 2015. Our net income per share results were driven by solid revenue growth, margin expansion and our share buyback program, offset by restructuring charges related to the realignment of the market in our Buy segment.

Moving to the right side of the page. On a non-GAAP basis, revenue was up 4.5% constant currency. We've delivered 40 consecutive quarters of constant currency revenue growth, driven by strength in our core business and solid execution on our growth initiatives.

Our Watch business grew 5.8% on a constant currency basis, driven by continued momentum in Audience Measurement of Video and Text and impressive growth in Marketing Effectiveness. Our Buy business grew 3.3% constant currency led by continued strength in the emerging markets.

Adjusted EBITDA was \$490 million, up 6.5% constant currency and adjusted EBITDA margins were 30.7% up 60 basis points on a constant currency basis, with margin expansion in both our Watch and Buy segments.

Our productivity pipeline remained strong and we're confident in our guidance of 50 basis points to 70 basis points of constant currency margin expansions for the total company in 2016.

Adjusted net income was \$257 million up 6.6% constant currency and diluted adjusted net income per share was \$0.71 up 9.2% versus prior year on a constant currency basis. Our adjusted net income per share growth was driven by solid operating earnings and execution of our share buyback program.

Finally, we generated free cash flow of \$98 million compared to \$156 million in the second quarter of last year. This was primarily driven by working capital timing and CapEx investments in our growth initiatives in Watch and Buy and we remain on track to deliver our 2016 guidance of approximately \$950 million. Again, a solid quarter of consistent and steady results.

Next, I'll move to the segments and provide a little more color. The first is our Watch segment. Our Watch segment had another great quarter. Revenue was \$744 million up 5.8% constant currency. Our growth initiatives performed well, as Audience Measurement of video and text was up 7.9% on a constant currency basis.

Audio was up nearly 2% constant currency while delivering solid margins and free cash flow. Marketing Effectiveness was up 15.1% constant currency behind strong results from the Nielsen Marketing Cloud and Nielsen Catalina Solutions products offerings. The investments we have made in Marketing Effectiveness, continue to drive Watch segment growth, and we're seeing strong demand from both publishers and advertisers.

As expected Other Watch is about a 2 points drag on Watch revenue on a constant currency basis, reflecting the impact of our divestiture of the NRG business late in the fourth quarter of 2015. Watch adjusted EBITDA was \$332 million, up 6.4% on a constant currency basis. Watch margins expanded 24 basis points on a constant currency basis as we continue to drive operating leverage while investing in the business.

Let me say just a few words about our key initiatives in Watch. First Total Audience has strong momentum, Digital Ad Ratings has been widely adopted by the industry as a way of measuring reach and frequency on ad campaigns and in the second quarter Digital Ad Ratings campaigns were up 53% led by strong demand from advertisers, agencies, platforms and content owners.

Digital Constant Ratings which provide daily measurement of audiences across all digital content types and platforms with metrics comparable to TV, continues to gain traction with key clients for both video and text measurement. In the quarter, we signed new digital platform clients such as Kik and Mashable

In addition, we've reached an important milestone with the successful release of syndicated data to participating clients. Our efforts to provide our clients with more capability and flexibility in measuring content and campaigns is a key growth driver for our business.

Our Watch segment remains strong. We are executing on our Total Audience Measurement growth strategy and marketing effectiveness continues to deliver impressive growth. We remain confident in our 2016 Watch guidance of 4.5% to 6.5% revenue growth on a constant currency basis.

Turning to Buy, second quarter total Buy revenue was \$852 million, up 3.3% on a constant currency basis. Our business in the developed markets was \$582 million, up just under 1% on a constant currency basis.

We saw modest growth in core measurement offset by softness in discretionary spend. We are continuing to invest by realigning our market clusters and accelerating the development of our Connected System which will enable us to create a faster growing higher margin business in the developed markets.

Our business in the emerging markets was \$270 million, up 8.9% on a constant currency basis. In the emerging markets, growth was broad-based with double-digit growth in Latin America, China and Southeast Asia, along with high single-digits in Eastern Europe and India.

Buy EBITDA was \$166 million, up 6.4% constant currency. Our Buy adjusted EBITDA margins were up 57 basis points on a constant currency basis in the quarter. And this is the eighth straight quarter of Buy margin expansion as emerging markets continue to scale, and we execute on the productivity pipeline that I referenced earlier. We remain confident in our 2016 Buy guidance of 3.5% to 5.5% revenue growth on a constant currency basis.

Moving to foreign currency impact. I want to remind you that we report revenue and EBITDA on a constant currency basis to reflect our operating performance. We generally don't take on transactional risk, so this slide focuses strictly on the translation impact for reporting purposes. In the quarter, foreign currency resulted in a 210 basis points drag on revenues, and 140 basis point drag on EBITDA, which were both in the ballpark of what we laid out on our last earnings call.

The current spot rates held constant through 2016, and we expect 170 basis points drag on revenue and an 80 basis points drag on EBITDA for the full year in 2016, which is slightly worse than the forecast we gave last quarter.

Moving to 2016 guidance, we are maintaining our annual guidance. We remain confident in our plan to deliver on all of the operational elements that we laid out at the beginning of the year, highlighted by revenue growth of 4% to 6% on a constant currency basis, adjusted net income per share of \$2.83 to \$2.93 a share, and free cash flow of roughly \$950 million.

So, to wrap up, overall, we had another quarter of consistent, steady revenue growth and margin expansion. In addition, we are remain on track to return over \$800 million in cash back to shareholders in 2016 in the form of dividends and buybacks.

And with that, I'll turn it back to Amy.

Amy Glynn

Vice President, Investor Relations, Nielsen Holdings Plc

Thanks Jamere. Erica, we're ready for a Q&A.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] And, your first question comes from the line of Andrew Steinerman from JPMorgan. Your line is open.

Andrew Charles Steinerman
JPMorgan Securities LLC

Q

Hi. Jamere, could you tell us about the organic constant currency revenue growth in Watch and overall and where do you see, kind of the trajectory going forward for organic Watch?

Jamere Jackson
Chief Financial Officer

A

Great. Thank you, Andrew. So, I'll start with the total company. So, our revenue was 4.5% on a constant currency basis. That was about 4.1% on an organic basis. So 40 basis points of inorganic contributed to revenue. We got about 90 basis points of lift from the NCS and then 50 basis points drag from NRG. So that comprises about 40 basis points for the total company.

And in Watch, 5.8% constant currency that was 4.9% organic. We had about 2 points of lift from NCS, and about 110 basis points of drag from NRG. We feel confident about our performance through the first half of the year and as I said, we're maintaining our guidance for Watch for the total year.

Dwight Mitchell Barns
Chief Executive Officer & Director

A

And I have don't have anything to add to that. Thanks for the question, Andrew, but I just wanted to say to everybody on the call, thanks for your patience as we started with that rather humorous opening. It wasn't intentional but hopefully you all got a good laugh out of it. So, next question operator?

Operator: Your next question comes from the line of Ryan Cary, from Jefferies. Your line is open.

Ryan Allen Cary
Jefferies LLC

Q

Good morning and thanks for taking my question. Can you provide a little more color on the trends in the Buy business particularly in developed regions? It seems like the 90 basis points of constant currency growth in developed is the slowest we've seen in a number of quarters. I know you called out more pressure on discretionary spending trends in the quarter, but is there anything else worth calling out? And as we look to the full year, should we expect, should we still expect that 1.5% to 3.5% growth?

Jamere Jackson
Chief Financial Officer

A

Yeah, thanks, Ryan. So clearly we're in a two-speed world where our clients have seen slower growth in the developed markets for some time now, while the emerging market growth has been fairly robust despite some volatility and uncertainty.

For Nielsen, the U.S. and Europe represents over 85% of our developed markets. Europe actually saw a modest growth in core measurement, while the discretionary side was a little soft as was in the U.S. And, I'll just remind you that discretionary spending can be a little lumpy. We're coming off two stable quarters, so it's not uncommon to see these dynamics from time to time. And in the second half, I expect developed Buy to be within the range we gave at Analyst Day of 1.5% to 3.5%.

Ryan Allen Cary

Jefferies LLC

Q

Great. Thanks for taking my question.

Operator: And your next question comes from the line of Toni Kaplan from Morgan Stanley. Your line is open.

Toni M. Kaplan

Morgan Stanley & Co. LLC

Q

Hi, good morning. Jamere, your free cash flow in the first half was about \$112 million. In order to hit the \$950 million of guidance for the year I think you have to do about 30% better in the back half year-over-year. So, if you could just give us a few points on what's going to drive the year-over-year improvement that'd be helpful. Thank you so much.

Jamere Jackson

Chief Financial Officer

A

Yeah, here's the way I'd frame it. We generate over 80% of our free cash flow in the back half of the year. So this year will be no different. Relative to the last year, spending on our growth initiatives is actually up in the first half and that's for areas such as the Connected Buy system, the Nielsen Marketing Cloud and set-top box integrations. Our working capital initiatives will kick in, in the back half of the year and these are things that will keep us on track for the full year plan.

Toni M. Kaplan

Morgan Stanley & Co. LLC

Q

Thanks.

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

Todd Juenger

Sanford C. Bernstein & Co. LLC

Q

Hi, good morning. I'd like to turn to the Watch segment if I could, and just talk a little bit about the book of business with your traditional sort of core national TV network clients who are on long-term agreements. And, anything you can tell us about sort of the cadence of the renewal of those agreements over the next, even five years like how they roll through?

And then for – I'm sure you've had some renewals recently and so anything you could tell us about the nature of those discussions, what clients are pushing you on and probably most importantly, do you come out of there with revenue growth rates over the life of the contracts that are similar to past rates, faster, slower? Anything you can [ph] provide on (28:25) that would be great. Thanks.

Dwight Mitchell Barns
Chief Executive Officer & Director

A

Yeah. Hi, Todd. Thanks for the question. Well, I mentioned in my opening comments that our national TV business remains rock solid, and while television isn't the only thing that those clients that you've referred to are focused on, it's still the biggest part of their business, and so it's still the center piece of those contract renewals. But as we said in previous quarters, when we've updated this group on how those contract renewals are going, and increasingly the conversation is around our Total Audience Framework. They want to know how we're going to measure television, but also how we're going to measure their content, audiences for their content across all these additional screens and platforms where their content is now viewable by consumers.

And you see that reflected, as you would expect, in the structure of our contract renewals these days, and increasingly so, as time goes on and Total Audience becomes more used and more real in the marketplace. So that's the change in the texture of those contracts and those contract discussions. We though continue at the same time be very pleased with the terms of those contract renewals; length of the contracts fairly in line with what's historically been the case and then the terms in terms of the annual increases in price also are fairly well in line. What's different is the breadth of measurement that our service will provide. If you go back many years, it was all about television and that's very much not the case today. It's now all about video and wherever that video content happens to be viewed.

Operator: Next question comes from the line of Anj Singh from Credit Suisse. Your line is open.

Anjaneya K. Singh
Credit Suisse Securities (USA) LLC (Broker)

Q

Hi, good morning. Thanks for taking my question. I wanted to get some insight on your recent set-top box integrations. I know you've said deals will be more focused on expanding coverage than share quantity. Could you give us a sense of what your perspective is on coverage now that you've got a couple of providers, perhaps, you know, how far are you from full coverage and as you add more providers, what's your perspective on margin expansion in the Watch segment? Thanks.

Dwight Mitchell Barns
Chief Executive Officer & Director

A

Yeah. Thanks, Anj. We were pleased with DISH that we announced last quarter because of course DISH is a service that's available to consumers nationally, and so it gives us that breadth. And, Charter gives us a little bit more depth in certain parts of the country where Charter is the provider to markets and communities; cities, states, communities out there. We're going to continue to look for additional providers to add into the mix.

The good news is we don't need them all. And as we talk with the additional options, the other companies who have set-top-box data available, yeah, we're going to continue to look at them as almost pieces to a puzzle. And, we need to look for the best configuration, not just, as you referenced the biggest quantity of data. So, DISH is a great start, Charter is a fabulous addition. We're looking to add one or two more in the quarters ahead and we'll be sure to keep this group updated on our progress on that front.

But already, even where we stand right now, we're happy with what we are going to be able to do with these two existing data sets, in terms of both bolstering our national and local television audience measurement products as we look out into next year and beyond, as well as using these data sets to help drive our marketing effectiveness business, which continues its very strong double-digit growth quarter-after-quarter. So, yeah, we love the direction we're going.

As far as margins, one thing we mentioned on prior calls is while on the one hand licensing these set-top-box data sets is a new expense in our budget. On the other hand, it also helps relieve some of the long-term pressure on our panels. They won't have to bear as much of the weight, if you will, when the market requires additional granularity and they're calling for us to increase the size of our panels.

Increasing our traditional panels, that's a very expensive thing to do. And so by bringing these big data sets from the set-top box data providers into the mix for our measurement service, we don't have to increase the size of our panels as much going forward as we otherwise would have. And so, that avoidance of future cost helps offset the cost of licensing set-top box data as we bring it into the picture.

Operator: Your next question comes from the line of Brian Wieser from Pivotal Research. Your line is open.

Brian W. Wieser

Pivotal Research Group LLC

Q

Thanks for taking the question. I was curious if you could talk a bit about your acquisition of Repucom. I was curious if you could talk [ph] specifically (33:13) any details of the revenue profile. And maybe broader about the sponsorship business and how much your total business across Nielsen is focused on tracking sponsorship?

Jamere Jackson

Chief Financial Officer

A

Yeah. Thanks for the question. This is one that we're very excited about. So the Repucom business actually is focused in two areas: one is measurement in video of logos for both brands and for sports teams and franchises. And, the reason this is important is because there is an important trend that's also happening as it relates to native advertising. So in essence what these guys are doing is native advertising related to sports, and in sports that is the measurement of logos and signage. In addition to that they provide sponsorship valuation and analytics to teams and leagues and right holders – rights holders.

Sports is a big business, the combination of media rights, sponsorships and analytics is a big business that we're very interested in from an analytics standpoint. What we've seen in our data inside the company is that 93 of the top 100 live TV events were sports and that was up from probably 14 or 15 just a few years ago. And this is an opportunity for us to connect our Total Audience data and drive tremendous value for our clients. So, an important contribution and an important add to the Nielsen profile. The revenue profile for this year will not be that meaningful in terms of its overall contribution to the Watch revenue, but this is an important capability for us going forward and we look forward to it being a growth driver for us.

Dwight Mitchell Barns

Chief Executive Officer & Director

A

What I will add to this one is, we also really like the team that's built the Repucom business over the years, very strong team. They have a global footprint already and we look to help them extend that global footprint even further on the back of our global infrastructure. So we see a lot of runway on this one.

Brian W. Wieser

Pivotal Research Group LLC

Q

Great. Are the \$100 million a year numbers I've seen [ph] faked (35:12) around the revenue profile, is that accurate?

Jamere Jackson

Chief Financial Officer

A

So, the \$100 million number is actually a little spicy. You got to remember a couple of things.

Brian W. Wieser

Pivotal Research Group LLC

Q

Okay.

Jamere Jackson

Chief Financial Officer

A

One is that we have an existing sports based audience measurement business today that, this obviously will cannibalize a little bit of that. And then also Repucom is currently buying ratings from Nielsen. So, when you put it in the mix, the contributions to Nielsen's overall revenue will be much less than that.

Operator: Your next question comes from the line of Sara Gubins from Bank of America Merrill Lynch. Your line is open.

Sara Rebecca Gubins

Bank of America Merrill Lynch

Q

Hi, thank you, good morning. A question on margins and how to think about the back half of the year. I'm wondering if you expect Watch margins to still be up on a year-over-year basis in the back half. And then in Buy, should we expect faster margin expansion year-over-year in the back half than we saw in the first half?

Jamere Jackson

Chief Financial Officer

A

Yeah. So, we're focused on the total company margin expansion number; we gave guidance of 50 basis points to 70 basis points. We've had pretty good progress this year. One of the things that we've said at Analyst Day and it's certainly playing out in the numbers, is that Buy is going to be a bigger contributor to the margin numbers this year and you've seen that through the first half of the year.

And there's two drivers there, number one, the emerging markets are continuing to scale, we're starting to get more margin calories out of our emerging market business. And then, our prototype productivity pipeline is pretty strong, we actually have about 4,000 projects across both Watch and Buy that are going from a productivity standpoint and the team's been doing a fantastic job executing on those.

So, our focus will be on driving the margin expansion in the total company. We expect a positive contribution from both Watch and Buy in the back half of the year.

Dwight Mitchell Barns

Chief Executive Officer & Director

A

Yeah. Margin expansion, Sara, the scalability of our business model is almost always the first thing that we mention. But I just don't want to give short shrift to the productivity efforts of our teams. They start every year with a focus on productivity and that's the big bill payer in our business as well as margin contributor. And it's just an incredible discipline that's been drilled into our company over the last decade or so. So that's a really important component of it and one reason why we remain confident, not only through the rest of this year but in 2017 and beyond.

Operator: Your next question comes from the line of Manav Patnaik from Barclays. Your line is open.

Manav Patnaik
Barclays Capital, Inc.

Q

Thank you. Good morning, gentlemen. Mitch, I just wanted to revisit some of your comments from last quarter in terms of trying to see how all this progress and good stuff you're talking about translates into the trajectory of the revenue growth, maybe just focused on the Watch business for now. Clearly you're signing a lot of these digital first customers which I think will all be incremental revenue for you guys. So maybe a sense of, are they all sort of in beta stages, early penetration and how that should track over a particular timeline?

Dwight Mitchell Bams
Chief Executive Officer & Director

A

Yeah, thanks, Manav. Good to hear from you. Look, we're very pleased in the quarter with the revenue growth we're seeing in the Watch side of our business, in particular with Audience Measurement of video and text. As we referenced that's up 7.9%. And while that's boosted in part by some of the acquisitions that we've made, the underlying organic growth component of that remains strong as well and just as you referenced that's reflective of both sides of our business, the traditional media companies, the media conglomerates.

Back to the question asked before. Our contract renewals with the big media companies remain solid and then the growth that we continue to see with the digital natives, where we're leveraging the different components of our Total Audience Measurement framework, Digital Content Ratings named the newest comer on the block, but Digital Ad Ratings being a really key component of that growth. These are the really key drivers. Jamere mentioned some of the progress we've made in the quarter with Digital Ad Ratings for example. Kik and Mashable coming on board.

We also saw international expansion with both Snapchat and Twitter. I mentioned Hulu leveraging digital ad ratings for over-the-top device viewing measurement, there is a number of other things happening on this front including one very important thing that we referenced briefly last quarter, but I'll just highlight it again which is the U.S.'s largest advertiser, Procter & Gamble went live with Digital Ad Ratings on July 1. And so that's a big milestone in our progress and we continue to be very strong with all the top U.S. advertisers.

So these things are growing at a very healthy rate and as the size of the Digital side of our business starts to gain more critical mass, it will be a bigger contributor to the overall growth of our Watch business going forward.

Jamere Jackson
Chief Financial Officer

A

I'll just add that through the first half of the year we're up 6% in our Watch business and just a few years ago, this is a business that was growing 3% to 4%. And so you're already seeing the impact of a growth year, Watch business, in our numbers. And so we're pleased with the progress through the first half of the year; gives us a lot of confidence going into the back half. But we're already seeing the benefits of all of the investments that we've made in Total Audience Measurement and that's showing up as a growth year Watch number than we had just three years or four years ago.

Operator: Your next question comes from the line of Dan Salmon from BMO Capital Markets. Your line is open.

Daniel Salmon

BMO Capital Markets (United States)

Q

Hey, good morning, everyone. One quick one on Watch and then maybe one with some extended thoughts from Mitch on Buy. The quick one on Watch, does the Charter deal include Time Warner Cable households? And then maybe, Mitch, your more broad thoughts on how the CPG industry is starting to see subscription models evolve a little bit more and how Nielsen plans to attack that over the next few years and how Internet of Things may play into that as well?

Dwight Mitchell Barns

Chief Executive Officer & Director

A

Thanks. Dan, on your first question regarding Charter, the agreement that we've reached recently with Charter is specific to the Charter part of the business. If we can expand it in the future to include their newly acquired Time Warner Cable franchise, obviously, we're interested in doing that. But so far, the focus has been on what has historically been the Charter Communications part of the business.

And the other question is a great one, on the Buy part of our business. In terms of CPG moving more to subscription models. There's still – there's a lot of things happening there. I assume what you're referring to by the way is subscription models in terms of how they provide their products to their consumers, Dan. So, if I'm misinterpreting that let me know. We have some really interesting things happening there and probably the one that's been most prominent in the news lately, is Dollar Shave Club, not that that's new, but of course Unilever has taken a lot of interest in Dollar Shave Club and acquired them for a pretty price tag from what I saw in the press.

So, that's one of the big trends that we see emerging. And, obviously Amazon, [indiscernible] (42:23) that trend in part with – I think, they call it Amazon Dash and that allows consumers to have a button, a physical button in their household, where they can just press the button and it'll automatically reorder a product which is not purely a subscription model but it's certainly heading in that direction.

And I think more and more companies are going to be at least experimenting with this. I think the positive piece of this from my perspective, Dan, is the emphasis that it puts on branded goods in the marketplace. Because I think, one of the key struggles for the FMCG industry broadly is the growth of private label, which has abated somewhat in the U.S market in the last couple of years, but continues to grow in terms of its market share around the world. And this is obviously not good news for the big manufacturing clients that we work with whose businesses are built around brands.

So, subscription models really put a lot more emphasis on the importance of brands because you're going to sign up to be a continuous user of that product. Brand equity and brand attachment are probably going to be stronger magnet in that business model versus buying the product in a week-in, week-out by going to a grocery store where you might be lured away more by price.

So, we're interested to see how this unfolds. Our Total Consumer Measurement approach, that whole philosophy and the system and platform that underpins it, we'll be able to measure it either way because again part of the focus there is on coverage. And in the developed world the biggest coverage objective right now is all around e-com where a lot of these subscription models would show up. So that's going to be interesting. I love to see the FMCG industry experimenting with business models. I think it's healthy. In fact, I hope I see more of it going forward.

Operator: Your next question comes from the line of Tim McHugh from William Blair. Your line is open.

Timothy J. McHugh

William Blair & Co. LLC

Q

Hi, yes. Thanks. Just want to follow up on the comment or announcement as well as this quarter around the viewability and integration of a couple of different firms there. I guess can you talk about your thought process on why partner at this point and why not wanting to have that capability in-house or own it, I guess, yourself given it seems a critical topic right now for digital measurement?

Dwight Mitchell Barns

Chief Executive Officer & Director

A

Yeah. Thanks for the question. First, for those who may not have seen it, what we announced a couple of weeks ago is that we've moved to a much closer integration with three of the leading providers of viewability metrics to the marketplace. And the three are called DoubleVerify, Integral Ad Science and Moat. And, what these firms do, is they measure whether, when an ad was served to a consumer, whether that impression resulted in the ad actually being viewable on the screen and what portion or for how long. And so that's what viewability refers to, as I'm sure many of you already know.

So what we done is we've integrated these three leading providers into our Digital Ad Ratings system in order to make that ability to see viewable impressions much more seamless, much easier for our clients. And we've gotten very good feedback on that announcement. We've integrated three, not just one because right now, this is still a very fragmented marketplace. There is quite a number of different providers of viewability metrics and so we felt it was important to give our clients a choice. And it's a big part of our philosophy to have as much openness to our platforms as we can to the extent that it serves the interests of our clients and so you see that reflected in these three. As you look forward, we'll keep an eye on this part of the market and we'll see how it continues to unfold, but right now we like this arrangement where we're partnering with these three leading providers. And, the feedback we've gotten from our clients says we've got it exactly right.

Operator: Your next question comes from the line of Laura Martin from Needham. Your line is open.

Laura Martin

Needham & Co. LLC

Q

Hi, guys. Maybe a couple. Mitch, could you talk about the competitive environment. For a while you were really neck-in-neck with your Total Audience and Total Content Rating with comScore. But, given their accounting issues, I'm wondering if you think a part of your robust growth in Watch is attributable to their, maybe, distraction. And then the second thing is, I was really intrigued by your early comments here, Mitch, where you said, digital advertising maybe, there's been a slowdown in the shift to digital platforms. And, the media dynamics data around the upfront and television would support that because it looks like there was a billion dollars added to the TV market in the upfront this year. So, I'm actually really, could you give us some more granularity given Nielsen's unique seat on this comment about how you think there might be a slowing shift of advertising to digital platforms. Thanks so much, guys.

Dwight Mitchell Barns

Chief Executive Officer & Director

A

Yeah. Sure Laura. First on your question regarding competitive environment. We continue to love our competitive position, that's really what it all comes down to. We're focused on executing on our strategy. Total Audience Measurement, we love the feedback, we're getting from our clients in terms of that strategy being perfectly aligned

with what they need and our teams have executed extraordinarily well. They've been hitting their milestones. As I mentioned earlier, we syndicated the reporting of Digital Content ratings on schedule. We are on track to syndicate reporting of Total Content ratings on schedule.

And I know that, if I go back a year or two ago, we talked about where we were going to go with Total Audience Measurement. There was a lot of skepticism around, okay, maybe the concept sounds good but will Nielsen really be able to deliver and well, we have. We have delivered and we're proud of that. Now, our work isn't done. We still have a lot more to do, but I think our execution is the key reason for the strength in our business right now. I wouldn't attribute it to anybody else's misstep or weakness, I really would attribute it to the strength of our execution and the fit with our strategy with what our clients really need. So, we feel great about that piece.

On your second question regarding this steep shift in the marketplace between traditional media and digital advertising. I think it is in part driven by these concerns around digital advertising fraud that includes non-human traffic and there's also a concern around blockers, but viewability seems to be the most prominent of all the concerns out there. And that's given some pause to people as they allocate their budgets going forward.

I also think another driver which I did not mention in my opening comments is just the re-acquaintance in the industry, advertisers in the industry, with the importance of reach. So, digital gives you incredible precision when you can get it right. But it's hard to get both precision and reach in a digital environment whereas television, while it may not offer the precision of the digital world, at least not yet, still is the best place to get reach. And if you're a brand manager and a brand builder you know that reach is still your first priority.

And so, I think, that re-acquaintance with the importance of reach is one of the reasons why we've seen, yeah that perceived shift, a little bit of slowing of the growth in digital and people still investing heavily in good old fashion television because it gets the job done. And there is a good ROI on that media investment.

So, again wherever they go, however the shift happens, if it accelerates in one area or if it moves back in another direction, one of the reasons why we love our Total Audience Measurement framework is because we cover it all. And we not only enable people to see these trends in shifts but we are able to connect it with a return and help them really drive the most efficient, most effective allocation of their resources, whether they're buying or whether they're on the sell side of this equation.

Operator: Your next question, comes from the line of Bill Warmington from Wells Fargo. Your line is open.

William A. Warmington

Wells Fargo Securities LLC

Q

Good morning everyone. So, a question for you following up on our visit to the Innovation Center back in the middle of March. There was a lot of talk then about Operation 2020, automate, consolidate and accelerate. And the question is, how is that progressing and when do you think we'll start to see the revenue and margin benefit from the program?

And then also, will it ultimately be able to take the margin growth pace up from the current 50 basis points to 70 basis points a year that you are doing now?

Dwight Mitchell Barns

Chief Executive Officer & Director

A

Yeah. Thanks, Bill. Look, we're really pleased with the progress, we're making on those objectives that you outlined in your question. If I step back from it – the way I think about this is we have traditionally been very much, especially on the Buy side of our business by the way, and people with the service business model and more manually intensive in terms of creating and delivering and then helping our clients ultimately leverage our products, in particular our measurement products.

And that business has been a great business for a long time, but given the progress being made in the world around us with regard to technology and all the new capabilities made available, yeah that's where we see this opportunity to automate a lot of this delivery. And in concert with that as I mentioned with this connected system, also connect these great individual pieces of our portfolio into an integrated, interoperable system.

So by connecting our individual products into a system and then automating a lot of that delivery where our system connects directly into our client's systems, feeding directly their key business processes with our measurement data and with our analytics, you move from what has traditionally been much of a people as a service business model to more of a data as a service or software as a service business model, which of course drives efficiency and speed and agility everywhere you look.

And that's going to be beneficial to Nielsen and our shareholders and it'll also be beneficial to our clients, increasing the value of what we do and increasing the ability for us to help them drive growth and strengthen their business. So this is what we're focused on. And we've been making great progress on it. It's a multi-year process and we'll continue to provide updates on some of the key milestones as it unfold over the course of the next year or two.

Jamere Jackson

Chief Financial Officer

A

Yeah. I think what you saw is what I often refer to is the fact that we're running the place with intensity around cost and productivity. And the initiatives that our teams are executing against give us a lot of confidence in that long-term margin framework of 50 basis points to 70 basis points. And what that also gives us the ability to do is to invest – to invest in the kinds of things that are going help us to create a faster growing, higher margin business in the future. So, the teams are executing extremely well and we're excited about the things that are in the pipeline.

Operator: Your next question comes from the line of Tim Nollen from Macquarie. Your line is open.

Tim Nollen

Macquarie Capital (USA), Inc.

Q

Hi. Thanks and hope I didn't miss these in previous comments. But could you please – I just wanted to follow up on a couple things. The discretionary spending slowdown, if that's the right word in Q2, I think, Jamere, you were saying that was really just something of a blip and maybe there were some tough comps. Is this not something to worry about? And I would mention this because this has been an item to worry about in previous reporting periods for you.

And then, just another follow up; your restructuring in the – in the Buy division, is this an ongoing investment into the second half and is there any sort of sense of financial returns from this over time or is this really just a matter of making your processes more efficient?

Jamere Jackson

Chief Financial Officer

A

Yeah. So, just to reiterate my comments on the discretionary portion of the business, as I said. We saw modest growth in core measurement and the discretionary side was a little soft in the developed markets, both in the U.S. and the UK. What I've always reminded you of is that discretionary spend can be a little lumpy, we're coming off a couple of stable quarters. So, it's not uncommon to see these dynamics from time to time. And in the second half, we expect developed Buy to be within the range that we gave at Analyst Day, 1.5% to 3.5%.

In terms of the restructuring, we feel very confident that the things that we're doing from a restructuring standpoint in our Buy business do two things. One, it gives us fuel to invest and accelerate our investments in things like the Connected Buy system, but also gives us fuel for the margin expansion, long-term targets that we talked about of 50 basis points to 70 basis points. And the teams are executing very well against that and we're able to deliver on those restructuring programs and still grow our business and return margin back to the company.

Operator: Your next question comes from the line of Jeff Meuler from Baird. Your line is open.

Jeff P. Meuler

Robert W. Baird & Co., Inc. (Broker)

Q

Yeah. Thank you on the Connected Buy system, can you give us some of the key milestones or rough timeline? And I guess the \$100,000 question, roughly when do you expect it to start more materially impacting Buy developed revenue in a positive way?

Dwight Mitchell Barns

Chief Executive Officer & Director

A

Hey, Jeff, happy to – one of the key milestones in fact the next one I would point you to is that we plan to have initial group of clients on board this system at the end of this year. So, we'll keep this group updated on that progress, and then as we move through 2017 we'll begin to bring additional clients from our FMCG client base, both manufacturers and retailers onto this system as well.

And then as they come on to the system and then start to experience it, start to be able to run their businesses off of it, then the next thing that happens is those long-term contracts that are generally in place with our larger clients on that side of the business, as those contracts renew, they will start to be folded into the arrangements that those contracts describe and then that's how it starts to flow through into the financials for the Buy side of our business.

So, nothing is going to happen immediately in regard to the Connected system. This is a long-term initiative with a long-term timeline in terms of how it unfolds. And I think the perfect analogy is to look at the timeline and the process that you saw unfold on the Watch side of our business as we took on a very similar challenge, building a Total Audience Measurement system, which – it's been multiyear process, but now we're starting to see the delivery of the benefits of that in our financials.

Operator: Your next question comes from the line of Andre Benjamin from Goldman Sachs. Your line is open.

Andre Benjamin

Goldman Sachs & Co.

Q

Thanks. Good morning. I want to know if you could maybe provide us a little more color on adoption levels and level of coverage for your SVOD solution and any plans that you have to improve that methodology you had talked about, using routers and some other technology. And then a small follow-on would be what else do you

actually need to do to get the Syndicated Total Audience launch in August? Is it simply the passage of time or is there something else that you actually have to do to get it off the ground?

Dwight Mitchell Barns

Chief Executive Officer & Director

A

Thanks, Andre. On Subscription Video On Demand measurement, looks like the market likes it pretty much. And the reason why I say that is if you go back several quarters, we were covering about 6,000 different program episodes and last quarter we highlighted the fact that the number had grown to 8,000 and then this quarter the number is now sitting in the neighborhood of 9,500 different program episodes. And the reason why I point to that growth in the number of program episodes is the way this measurement – this part of our measurement system works is we only measure a program episode if it's specifically requested by one of our clients; that's the way this works.

And so, 9,500 different program episodes, the client has asked us to measure each of those. And so it shows really the very strong interest in and demand for this particular measurement component of our overall Total Audience Measurement system.

Then to your second question regarding syndication in August of the Total Content ratings portion of our Total Audience Measurement framework, really nothing else has to happen other than the passage of time on that. We're on track. the product capability is sound. It's proven. Clients need a little bit more time to continue to sort through the data to make sure they're comfortable with it, that they understand what it means for their business. And so, that's the key issue right now is allowing sufficient time for the marketplace to see the data and understand, and project what the likely impact is on their business and start to orient themselves around it.

So, yeah, we'll hit that mark in August for the Total Content ratings and we'll continue on to the next step from there.

Operator: Your next question comes from the line of Doug Arthur from Huber Research. Your line is open.

Douglas Middleton Arthur

Huber Research Partners LLC

Q

Yeah, just a balance sheet question for Jamere. Your gross debt keeps kind of inching up; it's over \$8 billion now. What's sort of the upper end of your comfort level there on sort of the EBITDA, et cetera? Thanks.

Jamere Jackson

Chief Financial Officer

A

Yeah. So, what we said is that we're going to hold our leverage target somewhere in the three times area. So, translate that as probably not with a two handle or a four handle long-term. This gives us a lot of flexibility to number one, grow our business but also return meaningful amounts of cash back to shareholders in the form of dividends and buybacks.

So, we are going to maintain a leverage target somewhere in that – that three times area.

Operator: Your next question comes from the line of Tom Eagan from Telsey Advisory Group. Your line is open.

Thomas William Eagan

Telsey Advisory Group LLC

Q

Great. Thank you very much. A question back on Watch. This year media measurement has been further complicated by so many of the TV networks, the Turner and NBC and Viacom creating their own metrics like Turner Now and Viacom Vantage. I guess, my question is how many or are any of these metrics sourced by the data from marketing effectiveness? And then secondly, does the acquisition of Pointlogic play a role here? Thanks.

Dwight Mitchell Barns

Chief Executive Officer & Director

A

Yeah. Thanks Tom. So, what we saw on the upfronts this year with some of those types of things that you referenced is pretty typical of what we see in the upfronts pretty much every year, where each of the individual media companies on the sell-side of this equation look to differentiate themselves, and they look to differentiate themselves sometimes with their own proprietary metrics. And by the way, my opinion, that's smart. That's what I would do if I were them.

If you're on the other side of this equation though, if you are an agency or an advertiser, you're a buyer, you're looking to be able to compare across all the different places where you could invest your money. And so, these proprietary metrics aren't so useful sometimes if you're on the buying side of this because yeah, you don't know how to compare them to what the other media company or the other digital platform's offering. That's where Nielsen comes in.

We offer that ability to compare across all the different options with these comparable metrics across all the different media companies and also across all the streams and platforms where consumers go to consume this content. Now, having said that yeah, some of these proprietary metrics that some of those companies that you mentioned are touting in the marketplace, they are in fact powered by some of the capabilities from our portfolio, and especially our marketing effectiveness portion of our marketing effectiveness portfolio.

The analytics capabilities that are there, our ability to combine our understanding of what consumers watch and how it connects to what consumers buy often drives some of these, what are often referred to as secondary guarantees in the marketplace. They're not guarantees that replace the primary guarantee which is based on the currency metric that Nielsen provides. But they're a secondary guarantee that's added to that as people seek to target specific groups of consumers, maybe based on behavioral characteristics or purchasing behavior.

Jamere Jackson

Chief Financial Officer

A

And it's been good for our business, Nielsen Buyer Insights and Nielsen Catalina Solutions which are two offerings that we offer in that space that help our clients as they are pulling together these analytics metrics if you will have been growing double-digits and have been a part of the reason why our marketing effect in this business is so strong.

Dwight Mitchell Barns

Chief Executive Officer & Director

A

And, Tom, I forgot to mention that you asked about Pointlogic, does that play a role here. It definitely does. Pointlogic is a very important component in certain parts of that process that I described in my opening comments around plan, then activate and then assess the return on that investment. And Pointlogic in particular plays an important role on the front end of that process, the planning, but also in a couple of other places as that process

unfolds. And it's one of the key reasons why we're really happy with that acquisition which continues to perform well for us.

Operator: And your final question comes from the line of Aaron Watts from Deutsche Bank. Your line is open.

Aaron L. Watts

Deutsche Bank Securities, Inc.

Q

Hey everyone, thanks for getting me in. Jamere, you've always been proactive in addressing your capital structure, you have a slice of term loan debt coming due in less than a year. Could you give us your latest thoughts there, whether you might use cash to pay that down or take advantage of current market conditions? And, maybe tied to that, your view on your balance of fixed versus floating rate debt in the current interest rate environment? Thanks.

Jamere Jackson

Chief Financial Officer

A

Well, we have a lot of optionality in the current market. If you look at sort of where high yields are trading, if you look at where interest rates are, there have been some pretty good windows here to go do something. You'll see us start to look at the 2017 stack and potentially look at some of the stack out as far as 2019, later in the year and probably in the early part of next year.

But the good news is that given the strength of our balance sheet, the strength of Nielsen as a credit, we have a lot of optionality and we will take advantage of the market opportunities and address the debt stack accordingly.

Operator: And, there are no further questions at this time.

Amy Glynn

Vice President, Investor Relations, Nielsen Holdings Plc

Great. Thank you for all of your questions. And we look forward to speaking with you after the call.

Dwight Mitchell Barns

Chief Executive Officer & Director

Thanks, everyone.

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

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