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MANAGEMENT DISCUSSION SECTION

Sara Gubins, Senior Vice President-Investor Relations, Nielsen Holdings Plc

Hi, good morning, everyone. It's Sara Gubins from Nielsen. We're having some technical difficulties, but we understand that you can hear, so we're going to go ahead and get started. So I'd like to thank all of you for joining us to discuss Nielsen's first quarter financial performance.

Joining me on today's call is Mitch Barns, Chief Executive Officer, and Jamere Jackson, Chief Financial Officer. A slide presentation that we'll use on this call is available under the Events section of our Investor Relations website.

Before we begin our prepared remarks, I'd like to remind all of you that the following discussion contains forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include comments about Nielsen's outlook, expectations, and prospects and are based on Nielsen's view as of today, April 25, 2017.

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 our website. Our actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties. The risks and uncertainties that we believe are material are outlined in Nielsen's 10-K and other filings and materials, which you can find on our IR website or at sec.gov.

For Q&A, as always, we ask you to limit yourself to one question, only so that we can accommodate everyone. Feel free to join the queue again, and if time remains we will call on you.

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 Plc

Yeah. Thanks, Sara. Good morning, everyone. Our first quarter results reflect a mix of significant progress and a continuation of challenges we've been discussing with you over the past couple of quarters.

In our Watch segment, the changing media landscape continues to be a source of opportunity and growth for Nielsen, heightening the importance of independent, comparable, and de-duplicated measurement across platforms. We delivered this through our Total Audience Measurement system, which is live and in the market today.

In our Buy segment, we continue to see a two-speed world. Emerging markets are producing solid growth. However, in developed markets, particularly in the U.S., our clients are under pressure. Our measurement analytics are as important as ever for our clients. But many of these clients are cutting costs, and our business is not immune. We're executing on our own productivity actions, which help mitigate the revenue softness, while also enabling us to invest in our key initiatives, including coverage enhancements and the Connected System.

Let's take a quick look at the financials. First quarter total company revenue grew 3.2% on a constant currency basis. Margins expanded 38 basis points as adjusted EBITDA grew 4.7% constant currency due to ongoing productivity initiatives and operating leverage, offset in part by investments in our key growth initiatives. GAAP earnings per share were $0.20 compared to $0.27 in the prior year. Although free cash flow was a use of $74 million in the quarter, we remain on track to deliver our $900 million target for the full year.

Today we announced that our board has approved a 10% increase in our quarterly dividend to $0.34 per share. We also continue to buy back shares and now have nearly $400 million remaining under our existing authorization. We remain committed to our balanced approach to capital allocation, investing in our growth initiatives while also returning cash to our shareholders. Lastly, we're reiterating our guidance for 2017.

Let's take a look at the segments in more detail. First, Watch. There are four key messages that I want you to take away. Number one, growth continues to be solid. Number two, the flexibility of our Total Audience system is one of its key strengths. Number three, we're adding new capabilities and features. And number four, the key components of our Total Audience systems continue to gain adoption by our clients.

Let me take a few minutes to provide some more details for each of these. First, growth. In the quarter, revenues increased 11.1%, including a 13.3% increase in Audience Measurement of video and text. This was fueled by growing demand for the various components of our Total Audience Measurement system, as well as our acquisition of Gracenote, which closed in February.

Second is the flexibility of our Total Audience Measurement system. As you know, our Total Audience system provides independent, comparable, and de-duplicated measurement of audiences for both content and ads across all platforms. And it does this while offering incredible flexibility for our clients. For instance, it supports both linear and dynamic ad models. It allows advertisers to buy audiences defined by traditional age and gender metrics, as well as other characteristics-for example, heavy buyers of cereal or beer drinkers. This flexibility has always been a part of our Total Audience strategy and it was built into the design of the system. With the 2017 upfronts fast approaching, our clients are using our Total Audience system, both the current C3 and C7 ratings and its other components, as they prepare for and negotiate deals. These components aren't just concepts. They're live in the market and being actively used by our clients.

Only Nielsen can provide both the comprehensive and comparable measurement across all platforms and the flexibility to support the wide variety of business models that our clients are pursuing. This positions our Total Audience Measurement system incredibly well as the market continues to evolve.

The third thing I want to update you on relates to some new capabilities we've been rolling out. Earlier this month, we launched out-of-home measurement for national TV clients with ESPN onboard as the lead client. We've also expanded our ability to credit linear advertising on digital screens, and that's driving increased usage of our digital and TV rating service by clients like ABC, Univision, Freeform, and CBS. Audiences captured by both of these two new services are now included in the C3/C7 currency rating. And just last week we announced that we're adopting the Gracenote ID as the standard content identifier in our Total Audience Measurement system. This will enable a more automated and efficient process for planning, buying, and measurement across platforms. This is a great example of the synergies between our core business and Gracenote, which is off to a good start this year.

Finally, I'll touch on a few examples that illustrate the continued progress and growing adoption of Total Audience in the marketplace. Digital Ad Ratings continues to emerge as the industry standard for nonlinear digital advertising. We saw a 50% increase in campaigns measured in the first quarter. Earlier this month, Roku introduced audience guarantees based on age and gender using Digital Ad Ratings, putting Roku's platform on the same playing field as traditional TV. New digital distribution platforms that stream live TV are a growing presence in the market. Examples are DirecTV Now, Sling TV, PlayStation Vue, and YouTube TV. And we're enabling all of these services to contribute their viewing to our national TV ratings.

On March 1, we announced that we began the commercial release of Total Content Ratings, and that enables subscribing media companies to use their data externally to capture actual incremental viewing. One example is CBS, who's seeing double-digit increases in their audience after seven days. Going into this upfront, CBS anticipates Total Content Ratings will be a valuable media planning tool for their clients and agencies, adding a new dimension of clarity about the true incremental viewing.

Another example is Turner, who's using our content ratings to show growth from video on demand out to 35 days, especially from younger and more upscale viewers. For subscription video on demand, which is now accessed by 57% of U.S. household, surpassing DVRs, we now measure more than 25,000 program episodes, up more than 3x compared to a year ago. And we're developing technology to further automate this process for our clients.

In local television, we're on track with our plans to integrate data from set-top boxes into our local TV audience measurement later this year for initial client use. The result will be larger sample sizes and improved ratings stability. We'll also leverage our Portable People Meter panels, further boosting sample sizes and adding measurement of out-of-home viewing to the ratings. In recent months we've closed multiyear contract renewals with some big local clients, including Fox, CBS, and Entravision.

In audio, we're increasing our panel sizes, testing more cost-effective next-gen devices such as wearables, and analyzing audio listening data from 100 million cars globally, another capability that comes to us through our Gracenote acquisition. These enhancements are good for clients and good for Nielsen.

In Marketing Effectiveness, where Watch meets Buy, constant currency revenues grew 14%. One growth driver was the Nielsen Marketing Cloud, which supports planning, activation, and measurement for addressable advertising. We recently expanded global agreements with Johnson & Johnson and Kimberly-Clark encompassing more than 100 brands worldwide. Marketing Mix Modeling is another key product in our Marketing Effectiveness portfolio, and last week Google designated Nielsen as a preferred partner for Marketing Mix Modeling, providing us with advertising impression and spend data directly from Google.

Before I turn to our Buy segment, let me touch on one other topic that's been in the press lately, OpenAP. OpenAP is a consortium between Fox, Turner, and Viacom that's designed to facilitate audience-based buying on linear television. Some have asked us how OpenAP relates to what Nielsen does. We support audience-based buying already, and we look forward to supporting it within OpenAP. Our data will play a key role, helping to define and measure the audiences that ads will target using the platform. OpenAP is an example of the types of new tools and analytics that are featured every year around this time as content owners look to differentiate their audiences in advance of the upfronts.

Turning to Buy. Segment revenues decreased 3.7% on a constant currency basis, as 10% growth in emerging markets was offset by a 7% decline in developed markets, driven by the U.S. To mitigate the U.S. decline short term, we continued to take the necessary cost actions, which also enable us to keep investing in the future of our business.

Let's walk through the pieces. First, emerging markets. We continue to have a compelling story. Over the past several years, we've invested consistently in increased measurement coverage and granularity, and those investments continue to pay off. Our global measurement footprint is unrivaled, and this is a significant competitive advantage for us with the big multinationals. At the same time, our growth is even better with the local and regional players in the emerging markets. And we have a lot of confidence in the emerging market story in 2017 and beyond.

In developed markets, we continue to see low single-digit growth outside the U.S., including Europe. But the U.S. remains challenging. At our Analyst Day in December, we talked about planning for a tougher environment in 2017, and that's exactly what we're seeing. There are three ways this is playing out for us and for our U.S. clients. First, consumer purchasing continues to trend more towards local and specialty products, often at the expense of the bigger brands. This holds true not only in food categories, but also in personal and household care as well. Second, on the retail front, growth of discount retailers, e-commerce players, and subscription models is creating competitive pressure for our clients. And, third, our clients continue to carry out zero-based budgeting, putting downward pressure on their spending.

Our conversations with clients continue to reinforce the mission-critical nature of our data and analytics, but our business is not immune to the pressures they're facing, and this is reflected in our first quarter results and our outlook for the year. As we look forward, we remain confident in our strategy to manage through the tough environment while building a stronger business for the long term. In the near term, we're focused on driving productivity and adding to our measurement coverage in a fragmenting market. We'll also continue to invest in our Connected System initiative, which is our top strategic priority.

I'll walk through each of these in more detail. First, productivity. We continue to drive productivity and efficiency in our operations. In fact, we begin every year with a long list of productivity initiatives, and these help fund our growth investments. And when business conditions are tougher, we lean harder into our productivity efforts. As many of our clients go through their zero-based budgeting efforts, we're implementing similar cost discipline at Nielsen. We're doing this thoughtfully in order to protect the business initiatives that are key to our future.

Next, coverage. Earlier this month, we launched our e-commerce measurement service in the U.S., capturing sales data for the top fast-moving consumer goods categories sold online. While clients are facing a slowdown of in-store sales in the U.S., adding e-commerce sales presents a slightly more positive picture, with growth rates about a point better on average when e-commerce sales are included. We've also added to our brick-and-mortar coverage of specialty retailers and convenience channels, and we continue to add to our coverage of health and wellness and fresh categories, including sales data from Whole Foods. As the retail market continues to evolve, we'll follow the consumer as we always do.

Lastly, the Connected System. This is our top strategic priority, and it will ultimately drive more of our revenues to a subscription model and lead to a stronger, higher margin business. And that's why we continue to invest aggressively in this system, even through a difficult growth environment. As a reminder, the Connected System is an open, platform-based system that integrates Nielsen's data and other data sources and then seamlessly connects measurement with the Everyday Analytics that our clients rely on to run their business.

The system helps them answer three fundamental questions. First, what are the latest sales for my business? Second, why did they increase or decrease? And, third, what should I do next to improve sales or profitability? The system also delivers on two important client needs: speed and efficiency. It does this by keeping our clients' sales, marketing, finance, and operations functions all aligned on their key metrics, operating with one source of truth that's continuously updated and synchronized as they take action on their business.

As we transition our business to the Connected System, we see many parallels with our Watch business and the Total Audience Measurement system. As with Total Audience, the Connected System has multiple components, each of which is valuable on a standalone basis and even more valuable when connected to the other components of the system. Components take the form of apps that clients use to access the Everyday Analytics that help them understand and act on their business. The range of apps is growing steadily, with some originated by Nielsen and many others provided through our Connected Partner Program, which now consists of 25 partners, up from 18 last quarter. So the range of apps continues to grow.

Let me give you an example of one of these apps. Last month, we launched a new Everyday Analytics app called Price Explorer. It's focused on optimizing the everyday price and promotion decisions our clients need to make. Historically, analytics like these were refreshed once or twice a year, typically through a deep-dive analytics project. Now, through a subscription, clients have access to continuously updated analytics to drive their pricing decisions.

The early demand has been strong. This is just one of a handful of components of the Connected System that we've already made available. In fact, we now have 49 clients using at least one component of the Connected System, including some new clients who previously found these analytics to be cost prohibitive. We continue to work closely with our charter clients, who have provided us with invaluable guidance as we've developed the overall system and its individual components. And we remain on track to expand to additional clients as the year unfolds.

So, to sum up: In Watch, solid growth and progress, especially for audience measurement of video and text. Our Gracenote acquisition is off to a good start, with growth on track and its assets already contributing to other parts of our business. In Buy, we see continued strength in emerging markets. We're driving productivity to mitigate the difficult growth environment in the U.S. We continue to invest in coverage, and we're executing well on our development of the Connected System.

Over to you, Jamere.

Jamere Jackson, Chief Financial Officer, Nielsen Holdings Plc

Thank you, Mitch. Overall, we continue to deliver positive growth and margin expansion due to the strength of our portfolio, while our Buy business continues to operate in a challenging set of market conditions. Our teams are focused on execution, which means driving growth and watching the emerging markets in Buy, driving efficiency and productivity across our entire business, and investing in key initiatives. Our results in the first quarter reflect these dynamics.

First, let me give a few more details on our total company performance in the first quarter.

On the left side of the page are our results on a U.S. GAAP basis. Revenue was just over $1.5 billion, up 2.6% on a reported basis, driven by solid growth in our Watch segment and the emerging markets in Buy, partially offset by 60 basis points of currency headwind and continued softness in developed Buy markets. Net income was $71 million, and net income per share was $0.20. Our net income per share results were driven by revenue growth, margin expansion, and our share buyback program, offset by higher restructuring charges related to our Buy segment and a higher book tax rate due to the non-repeat of 1Q 2016 discrete tax items.

Moving to the right side of the page, on a non-GAAP basis, total revenue was up 3.2% constant currency, Watch revenue grew 11.1%, offset by a 3.7% decline in Buy revenue. Our core revenue grew 4.1% constant currency in the first quarter, and I'll provide more color on the segments in just a few moments. Adjusted EBITDA was $422 million, up 4.7% constant currency, and adjusted EBITDA margins were 27.7%, up 38 basis points on a constant currency basis. In the quarter, we continued to drive productivity to fund investments and improve the profitability of our business. Finally, we had a free cash flow usage of $74 million. As a reminder, we typically deliver over 85% of our free cash flow in the back half of the year. We remain on track for our full-year plan of approximately $900 million to fuel growth and return cash to our shareholders.

As Mitch mentioned, the board of directors approved a quarterly dividend increase of nearly 10% to $0.34 a share. This reflects our continued commitment to drive long-term incremental shareholder value through our balanced capital allocation approach. As a reminder, we're committed to growing our dividend in line with earnings over the long term while also investing in our growth initiatives.

Next I will move to the segments, starting with Watch. Our Watch segment, which is our largest by both revenue and EBITDA, had another solid quarter. Revenue was $769 million, up 11.1% constant currency. Excluding Gracenote, Watch revenue grew 6.2% constant currency. Audience measurement of video and text was up 13.3% constant currency, helped by the Gracenote and Repucom acquisitions and continued momentum in our Total Audience initiatives. Excluding Gracenote, audience measurement of video and text grew 6.1% constant currency, led by strength in national TV and digital.

We continue to see momentum in digital ad ratings, with a 50% lift in campaigns in the quarter, and Digital Content Ratings also continues a streak of wins, with some of our largest media clients. As expected, audio was flat in the quarter. Marketing Effectiveness was up 14% constant currency on continued strength in the Nielsen Marketing Cloud and Nielsen Catalina Solutions, as we continue to play an important role in helping advertisers and publishers measure their return on investment and media spend.

Other Watch, though small, was up 14% due to the timing of some data sales, and we still expect full-year revenue for Other Watch to be roughly flat in 2017. Watch adjusted EBITDA was $323 million, up 8.8% constant currency. Watch margins were 42%, down 92 basis points. Excluding the 150 basis points drag from unfavorable mix from Gracenote, Watch margins were up nearly 60 basis points, driven by productivity improvements. Our Watch business is off to a good start, and the investments we have made to add capabilities to the portfolio are driving solid revenue and EBITDA growth.

Turning to Buy, we've talked extensively for the past few quarters about how we were planning for a tougher environment in developed markets and the ongoing strength in emerging markets. Our results certainly reflect those dynamics. First quarter total Buy revenue was $757 million, down 3.7% constant currency. Core Buy revenue was down 1.7% constant currency. Our revenue in the developed markets was $471 million, down 7.3% constant currency, behind continued weakness in the U.S., offset by low single-digit growth in the remaining developed markets. The U.S., where we have been incredibly successful in securing long-term agreements with global multinationals over the past five years, represents nearly half of our developed market business. However, while we have maintained share, we continue to see significant downward spending pressure from this group, and we're taking commercial and productivity actions to reflect these market realities.

Our business in the emerging markets remains robust. Revenue was $267 million, up just under 10% constant currency. Our teams are expanding coverage, continuing to execute, and delivering growth. And growth was broad-based across markets in Latin America, Southeast Asia, Eastern Europe, and Greater China. Of particular note is the strong revenue performance of both multinationals and local clients in these markets as we continue to expand our coverage and service offerings.

Our corporate Buy revenue was down just under 46%, and our efforts to prune the Buy portfolio are well underway. And we will continue to pursue actions on this front throughout 2017. Buy EBITDA was $108 million, down 6.1% constant currency in the first quarter. We continue to restructure and right-size our Buy business in response to top line challenges in the developed markets. These efforts will drive productivity and help fund growth and coverage in new products across key parts of the portfolio.

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 risks, so this slide focuses strictly on the translation impact for reporting purposes. In the quarter, foreign currency resulted in a 60 basis points drag on revenue and a 30 basis points pickup on EBITDA. If yesterday's spot rates held constant through 2017, then we expect a 40 basis points drag on revenue and a 10 basis points benefit on EBITDA for the full year.

Moving to 2017 guidance. We are maintaining our full-year guidance, highlighted by total company revenue growth of 5% to 6% constant currency, $1.40 to $1.46 GAAP EPS, and approximately $900 million of free cash flow. There is no change to our original forecast for the total company. However, we expect Watch and the emerging markets to be larger contributors to our overall results compared to our original plan.

So to wrap up. Our Watch business has great momentum, we continue to see robust growth in emerging Buy markets, and we continue to plan for a tougher environment in developed Buy markets. We are highly focused in on managing our costs and driving efficiency in the business. This also enables us to continue to invest in key initiatives. In addition, we are committed to an efficient and balanced capital structure that will enable us to grow and return cash to shareholders in 2017 in the form of dividends and buybacks.

And with that I'll turn it back to Sara.

Sara Gubins, Senior Vice President-Investor Relations, Nielsen Holdings Plc

Great. Carol – thank you. We're ready for the first question.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Your first question comes from Andrew Steinerman from JPMorgan. Please go ahead.

<Q – Andrew Steinerman – JPMorgan Securities LLC>: Hi, Jamere. I just wanted to get to a pure organic constant currency number, and if you could give it on a total company basis, Watch, and Buy developed, that'd be great.

<A – Jamere Jackson – Nielsen Holdings Plc>: Good. So, from a revenue standpoint, we had about 2 points of revenue from Gracenote – that was a positive. Repucom was about a point. And then the segmentation and survey dispositions that we did in Buy represent a little bit over a point on the total company. To give you the pieces for Watch, Watch was about 4.5% on an organic basis, and then our Buy business was about 1.7% (sic) [down 1.7%] on an organic basis. So that gives you the pieces for revenue for both Watch and for Buy on an organic basis.

Operator: And our next question comes from Manav Patnaik from Barclays. Please go ahead.

<Q – Manav Patnaik – Barclays Capital, Inc.>: Yeah, hi. Thank you. I was just curious if you could address maybe some of the competitive dynamics in the marketplace. Oracle just bought Moat, IRI has been having a lot of PR [ph] at least out there (26:35), and comScore has come back as well. So just curious if you guys are seeing any changes in the dynamics there. Does that pressure you guys to maybe pick up the M&A and so forth? Just any comments there would be helpful.

<A – Mitch Barns – Nielsen Holdings Plc>: Hey, good morning, Manav. Thanks for the question. I'll address from a Watch and Buy respective order. First Moat. I think everybody's seen the announcement that Oracle intends to acquire Moat. Moat's one of the three players that we partner with to provide viewability metrics along with our digital ad ratings metric to our clients in the marketplace. We work with Integral Ad Science and DoubleVerify as well. We think that's a real advantage in the marketplace, to be able to partner with a range of different viewability providers, because clients have different preferences in this area. And so that's why we partner with the three of them.

We look forward to continuing to work with Moat, even post their acquisition by Oracle. And so – yeah, that's how we view that. Again, in this bucket of analytics and the core of our business being about measurement and then surrounding that measurement with the right analytics, some of which are ours, some of which come from other providers that we partner with. And sometimes when we partner with them, we're also competing with them in other fronts. And we're perfectly comfortable in that kind of an environment in the analytics portion of our portfolio with measurement at the core. So that's the Watch side with respect to Moat.

On the Buy side, look, look, that's been a competitive environment for us in the U.S. market for several decades, and so really no change in that respect. What has changed more recently, though, is I think the overall environment, which the market and our clients are operating in. And there have been some moves with respect to how we work with retailers. So let me just go a little bit further on that, which I suspect is underlying your question on the Buy side of our business, Manav.

One of the retailers in the market that some people have talked about is Kroger, and there have been some who've asked this – hey, I've heard that Kroger doesn't provide its data to Nielsen anymore. Well, that's just not the case. That's a misunderstanding of what's actually happening. So let me explain it. When we work with retailers, we typically get their data, and we use it in two main ways. First is, we represent the sales data from that particular retailer in the market share information that we provide to all of our clients all across the market. That's the biggest part of our business. And we continue to receive data from Kroger, and it's continued to be reflected in that market share information that we provide.

A second way that we work with some retailers is that we can provide some retailer-specific analytics to the manufacturing clients who are interested in receiving those. And that's where there was a change in our business with Kroger last year, where they decided that, although in the past they had worked with both Nielsen and our competitor, they decided to enter into an exclusive relationship with just our competitor and moving forward on that front.

We have some of those same kind of exclusive relationships with other retailers ourselves, including Whole Foods. But it's generally not something that we pursue. When we enter into an exclusive agreement with a retailer for those retailer-specific analytics, we do so typically at the insistence of the retailer. And the reason for that is because these exclusive arrangements, they generally just drive up costs for the overall marketplace. And in this environment in particular, that's just the opposite of what the manufacturing clients are looking for. And so that's our view on the exclusive arrangements and a quick update for you, Manav, on the competitive environment.

Look, before I wrap it up, though, let me just say, we love our competitive position, both on the Watch side and on the Buy side. On the Buy side, look, we have the global footprint that nobody comes anywhere close to. We have a breadth of portfolio, including our Watch assets, that are increasingly differentiating for us in the marketplace. And on the Watch side, you all know the story in terms of our competitive position, the advantages and strengths we have there, as well as I do. So, yeah, we welcome competition. It stimulates us. We like the game, but we also like where we stand on that front.

Operator: Your next question comes from Toni Kaplan from Morgan Stanley. Please go ahead.

<Q – Patrick Halfmann – Morgan Stanley & Co. LLC>: Good morning, everyone. This is Patrick in for Toni. Could you please give us a bit of color on how Buy info and insights performed during the quarter? And then, given the first quarter developed markets performance, I'm wondering if you're still expecting constant currency growth to be down 1% to 1.5% in 2017, as outlined in the Investor Day?

<A – Jamere Jackson – Nielsen Holdings Plc>: Yeah. So if you look at our Buy business, first quarter was actually our toughest comp from 2016. So the dynamics of the current environment were really felt beginning in the second quarter, third, and fourth quarters. If you look at developed Buy in particular, we were up almost 4% in the first quarter. And if you look at the second, third, and fourth quarters, we were down 40 basis points in the second quarter, we were flat in the third, and then up 40 basis points in the fourth quarter.

We're certainly not expecting the environment to get any better, which means that our developed Buy business could actually be down low single digits in 2017. But from a revenue and earnings standpoint, I mean, we feel good about the strength of the portfolio overall and the actions that we're taking. We expect Watch and emerging to be larger contributors to our overall results, and as a result, we're maintaining the total company guidance for revenue and more importantly EPS. And what gives us this confidence is from an earnings standpoint, as Mitch mentioned, we have a laser focus on costs with our productivity actions. We see robust growth in emerging markets. We see good momentum in Watch behind Total Audience. And we're investing in key initiatives. So these things give us confidence even if developed Buy is down low single digits in 2017.

And then, as it relates to info and insights, as we've talked about overall, what we're seeing is that we're maintaining our share with our clients, but just spend overall is down, and particularly in the U.S. We're down significantly in the U.S. with the rest of the world being up low single digits. And I think the other things that gives us a lot of confidence about the position that we have with our clients is that this was the first quarter in a really long time where we actually saw our multinationals have a very strong performance for us in the form of revenue in the emerging markets, where our multinational clients were actually up mid-single digits in the emerging markets. So it gives us a lot of confidence about the robust nature of what we're seeing in the emerging markets sort of going forward.

Operator: Our next question comes from Jeff Meuler from Baird. Please go ahead.

<Q – Jeff Meuler – Robert W. Baird & Co., Inc.>: Yeah, thank you. I think I'll follow up on that last point. I guess, how are – I'm sure there is variance across the portfolio, but what's typical for multinational clients in terms of how they're contracted across the Buy business? Is it more typical to have large global agreements, or are the agreements typically struck in the local markets?

<A – Mitch Barns – Nielsen Holdings Plc>: Hey, Jeff, it varies. Let me start with that. It varies client by client, but what is sort of the norm, if you will, is we'll have a global agreement, which is more about the structure of our relationship across countries around the world. And then the actual contract that we'll enter into will happen on a country-by-country basis in terms of the pricing and the deliveries around the world. And, yeah, so that's the typical way these things are done: governance at the global level, actual contracting with pricing and service delivery at the local country level.

<Q – Jeff Meuler – Robert W. Baird & Co., Inc.>: Thanks.

<A – Jamere Jackson – Nielsen Holdings Plc>: I think the important thing there is as we look at our client base and you listen to our clients in terms of where they see growth opportunities, the emerging markets represent a significant growth opportunity for our clients, and so you're seeing them continue to invest in the emerging markets and even more so because it is going to be a growth driver for the business. So, while the U.S. business has been a little bit challenged, we've seen the activity in emerging markets pick up, and that's a good sign for our emerging markets business as well.

Operator: Our next question comes from Matthew Thornton from SunTrust. Please go ahead.

<A – Matt Thornton – SunTrust Robinson Humphrey, Inc.>: Yeah, good morning. Thanks for taking the question. A several-part question if I could, I guess. First, on TCR syndication – I apologize if I missed this – but if you can give us a little update as to when you think that'll be fully syndicated. Secondly, DAR, I saw it accelerated to I think 50% growth in campaigns measured. I think that's up from 31%. Just curious kind of what's driving that incrementally. And then, just third, moving over to Marketing Effectiveness, again it was up 14%. I think the guide for the year was 15% to 20%, but I think Repucom provides a tougher comp in the back half of the year, so just curious if that 15% to 20% is still the right number there? Thanks.

<A – Mitch Barns – Nielsen Holdings Plc>: Yeah. Thanks, Matthew. Let's take them one at a time. First, TCR syndication. We began our commercial release of Total Content Ratings on March 1. That enabled clients to begin the use the data externally, if they so choose. Just a reminder that for a lot of our clients – in fact a very big number of clients – have been receiving the Total Content Ratings data, all the way back to August of last year, but for their internal use. And so, they've been able to see the incremental viewing that Total Content Ratings represents beyond what's captured in the C3/C7 currency metric, and they've been able to use that to understand where to take their business, where the best opportunities are, the best way to represent their content, for instance in the upfronts. A smaller number so far have chosen to use the data externally, and when they do so, what that means is then the agencies have access also to those same data points. And that'll continue to evolve, and we're encouraged by the progress that we've made so far. We'll wait, though, until we are through this year's upfronts process before we make a reassessment of where we go next with respect to syndicated reporting of Total Content Ratings. So we'll have an update for you probably on the next quarterly call on that particular point.

Second one on Digital Ad Ratings. You're right, 50% growth in campaigns in the quarter versus a slightly lower growth rate. What I think's happening there is Digital Ad Ratings just continues to emerge as the standard, really, for – especially for digital video, but for digital advertising in a nonlinear world. And our competitive strengths are really showing through in the marketplace right now. And we just feel great about the progress that we're making. More and more often, digital ad ratings is being used for guarantees. In other words, being used in the way that a currency metric is used, but in this case on a nonlinear advertising environment versus the linear advertising environment, which is where C3 and C7 are still the dominant currency.

Lastly, on Marketing Effectiveness, why don't I turn this one over to Jamere and have him comment on that one.

<A – Jamere Jackson – Nielsen Holdings Plc>: Yeah. So, Marketing Effectiveness grew 14% in the quarter, and you're right, we did guide 15% to 20% annually. I'll remind you that Marketing Effectiveness can be a little bit lumpy from quarter to quarter. But what we feel good about is really the strong demand that we're seeing from both advertisers and publishers for ROI solutions and data sets that really amplify the value of a publisher's inventory. So, in the first quarter, our Nielsen Marketing Cloud, which is powered by the eXelate assets, was up double digits. Our spend with CPG advertisers was up double digits. TV publishers was up, Nielsen Buyer Insights was up mid-single digits. So we feel good about the demand that's coming from advertisers and publishers. And, as a result of that, the 15% to 20% annual guidance that we gave for the year still holds for us.

Operator: Our next question comes from Andre Benjamin from Goldman Sachs. Please go ahead.

<Q – Andre Benjamin – Goldman Sachs & Co.>: Thanks. Good morning. I just want to make sure I was properly understanding the Everyday Analytics suite, v1.0, that you put out in the context of the build-out that's supposed to be fully rolled out by 2018. I guess a better understanding of kind of what's out now versus how much incremental we should expect to be added. And then, how we should think about the financial impact of getting it out now versus waiting for more a full rollout later.

<A – Mitch Barns – Nielsen Holdings Plc>: Hey, good morning. Thanks, Andre. With the Connected System, the two parts to it are the data platform where the core measurement data resides and then the apps that drive the different analytics that our clients use to answer their business questions, helping them understand why the changes are happening in their business and then helping them understand what they should do next to drive better growth, better profitability in the next period that they're planning for.

So those apps come from two different sources. One source is Nielsen; we develop our own apps, much like Apple develops some of its own apps for the iPhone. And then we also have an ecosystem – we call it our Connected Partner Program – where a range of third-party analytics providers are also developing apps that can run on our data platform as well. And that Connected Partner Program continues to grow, up from 18 last quarter to 25 this quarter. And some of those connected partners are developing multiple apps, and so you can imagine this ecosystem of apps steadily growing. And as it does, yeah, it's answering a growing range of the wide variety of questions our clients have on a regular basis for their business.

In terms of what's out now, boy, I can't list them all just off the top of my head, but I did mention this Price Explorer app, which is really important right now in the marketplace given some of the trends that are occurring, and so that's one reason why the early demand for that particular app, which helps our clients make and optimize sort of their everyday price decisions on their business. That's really important right now, given some of the retailer and hard discounter and private label trends that our clients are managing their way through in the marketplace. We also have apps that focus on helping our clients manage the productivity of their innovation programs. So, in other words, it sends them alerts when new competitive launches are occurring in their particular categories. And those apps, as a next step, will start to show them what their market share is in terms of all the new sales being driven by new product innovations, how much come from my business versus my competitor's business, and that will become, I think, a very important metric for our clients as they manage their business internally.

I was speaking with the senior executive of one of our clients recently, and I was describing this innovation app to her, and I said, "Is that something you'd be interested in?" And she said, "I would kill for that." And I quickly asked her, "Well, would you pay for it?" You know, that's the more important question. So that really leads then to your last question, Andre, which is what's the financial impact. So far, in 2017, no, it's not having a big financial impact on our business – still too early for that. We're in the very early days of making these apps available. You'll start to see a more meaningful impact on our business, though, in 2018. And as we progress through this year, we'll have some more detail in terms of what you should expect on that front.

Lastly, let me just wrap it all up by saying, when you put all these things together, the data platform, the apps, let me just remind you what it's all about for our clients: speed and efficiency, two very basic, fundamental, but incredibly important things in particular in the current environment to help our clients operate faster, to respond more quickly to the changing environment. And I've seen some of the recent comments from some of the CEOs in the fast-moving consumer goods industry, where several of them independently said they've never seen a pace of change like what the marketplace is going through right now. And then efficiency, helping improve efficiency both from the Nielsen side and from the client side in terms of how much manual intervention is required to take full advantage and extract full value from the measurement analytics capabilities that we provide. So by delivering on speed and efficiency at the Connected System will – ultimately leads to the stronger, higher margin business that we really have our sights on here.

Operator: Our next question comes from Dan Salmon from BMO Capital Markets. Please go ahead.

<Q – Dan Salmon – BMO Capital Markets (United States)>: Hey, good morning, everyone. Mitch, maybe I'll just follow up on the question here – a bit of a higher level question – on the idea of the platform versus Nielsen as the app maker. And, as you noted a moment ago, Apple, a big platform, also makes some of its own apps. And I think every company that has a platform strategy has to walk through this question of where do you want to develop apps as well and potentially come into competition with other users of the platform. So, from the very highest sort of philosophical level, how does Nielsen approach that? Is any potential app in play? Do you look at the landscape and say, what are the areas that we really feel we need an app in area? Is it a sort of product-by-product basis? But at a high level, I'd love to hear how you think about sort of being a platform and also an app builder at the same time.

<A – Mitch Barns – Nielsen Holdings Plc>: I love your question, Dan. Historically – I've been in Nielsen a long time; won't give you the number, but trust me it's a long time. And when I first came into the company, we had a very different mind-set than the one we do today. We had a mind-set that was really very much about proprietary systems, and we were successful with that approach. Over the years, the world's evolved, and so has our philosophy around this. And we are very squarely in the camp now of open, that open makes the most sense. And we've taken that approach with this design of the Connected System with the platform and the apps, and we feel like we're going to be providing more overall value and creating a bigger opportunity overall with an open approach, meaning that sometimes we'll be both cooperating and competing with third parties at the same time. And we're very comfortable with that approach, in particular in the analytics portion of our portfolio. By the way, that's true in both the Watch and the Buy side of our business. And that's the way we approach it.

There are a few – so our default setting; here's the way I talk about it internally. I ask our teams, your default setting mentally should be open. In other words if the question is should we partner with this other firm who might be a competitor of ours also, the default answer is yes. And you have to prove that the answer has to be no in order to change your mind. And so most of the time, we stay with that open mind-set and open approach. But we're not stupid. We know that there are a few critical areas where the right answer is actually to protect our unique and highly differentiated position. And so, we don't go open 100% across the board. It's more about the default and sort of the general tendency, the general posture and distribution we bring to the market. And I think that has worked incredibly well for us, both on the Watch and now, early days still, but showing its promise and potential on the Buy side with our Connected Partner Program as well.

The key thing really is by having this open approach, and having an open ecosystem of third parties who are developing apps, what it's all about is extracting the fullest amount of value from the measurement data that sits at the center of these systems. And that's the center of our business: measurement. Analytics for us are good additional businesses, but the bigger value of analytics in our business model, in both Watch and Buy, is that it helps our clients realize the fullest expression of the value of our measurement data, and that's what this approach is all about. That's what informs this open philosophy. And that's why we believe very strongly that this is the right approach for us to take.

Operator: Our next question comes from Jason Bazinet from Citi. Please go ahead.

<Q – Jason Bazinet – Citigroup Global Markets, Inc.>: Hi, yeah, I just had a question on the Buy side on the Connected System again. As this begins to grow and become a bigger part of your business, and in parallel the number of apps as developed by third parties, am I right that the objective is to sort of essentially replace the Everyday Analytics slice of Buy, or is it sort of beyond that? And then second, if a third-party app developer develops something for you, how does the commercial arrangement work? In other words, are you booking all of the revenue and then some of the costs will be a rev share with the app developer, or will it be accounted for differently?

<A – Mitch Barns – Nielsen Holdings Plc>: Thanks, Jason. As the Connected System rolls out to a broader range of clients, yeah, what you'll see is a greater portion of our Buy revenues moving to a subscription model, because – there was the question asked earlier about info insights. One reason why we have moved away from that way of thinking about the business is it's truly increasingly difficult to draw that line. And with Connected System, part of the result of the Connected System is it will obliterate that line. They will have these measurement and analytics capabilities integrally linked inside of this system, and buy the package really much more as a subscription versus the two different ways that clients have purchased our various services on the Buy side of our business historically.

With the respect to the third-party apps, the way this is working so far is a revenue share model, and we're already in fact receiving small – not showing up in any significant way in our financials – but already receiving some revenues from the apps as they're increasingly being used by a growing number of our clients. Jamere, you have anything to add on that last point?

<A – Jamere Jackson – Nielsen Holdings Plc>: Yeah, I think the important thing on the apps is two things. Number one is that the apps that we are building are a direct result of the feedback that we're getting from our clients. And so many of our clients are working with a number of third-party app providers today and by building an open platform, we're enabling them to be on that platform so that we can help our clients do the work that they do faster and more efficiently. So that's the first thing. The second thing is this is a model that we actually like because, to the extent that a significant portion of that app development is happening sort of outside the four walls of Nielsen and it's a less capital-intensive model for us, it should be a model for us that produces nice margin accretion to our Buy business. So we like the model that we're currently building, but we will have some commercial flexibility, depending on who the providers are and what the needs are from our client.

Operator: Our next question comes from Bill Warmington from Wells Fargo. Please go ahead.

<Q – Bill Warmington – Wells Fargo Securities LLC>: Good morning, everyone. I wanted to ask some additional color around developed Buy business. Specifically, what should we expect for the growth rate there to be for the remainder of 2017, meaning that was Q1 the trough? Does it remain in the negative 7% range? What drives the improvement? And what's the timing of that likely to be?

<A – Jamere Jackson – Nielsen Holdings Plc>: All right. Thanks, Bill, for the question. So, as I said, our first quarter is our toughest comp. If you look at the developed Buy business in the first quarter last year, it was up almost 4%. And then the dynamics of the current environment, again, were really felt beginning in the second, third, and fourth quarters, where we were essentially flat over the back half of the year. So our comps should get better just based on those dynamics alone. However, as I said before, we're not expecting the environment to get any better, which means that you could see developed Buy for the year be down low single digits. And we're confident in the revenue forecast that we have for the total company just based on Watch and emerging being larger contributors to our overall results.

So comps get better in the back half of the year. We see good momentum in the emerging markets, particularly because of the strength with both locals and those same multinational clients that quite frankly are driving the Buy business down in the U.S. are actually spending more in the emerging markets. So we feel good about that. As a result of that, we're hanging in there with total company guidance for revenue and more importantly EPS.

And what we'll say is that, listen, from a revenue standpoint, certainly the revenue targets that we have are tough targets, but given the outlook that we have for the total portfolio, we believe that revenue target is something that is still achievable and something that we still have a path to. And probably most importantly is that we're running the productivity play with intensity, such that the things that we're doing on cost and productivity are going to protect the earnings forecast. So that's how I would frame how we're thinking about guidance for 2017.

<A – Mitch Barns – Nielsen Holdings Plc>: The one thing I'll add, Bill, to your question – it was phrased in the context of developed Buy. So the thing I want to add is across developed Buy, it's the U.S. that's down. Canada's growing, Europe is growing, across several markets in Europe, and the Pacific grew in the first quarter, which is for us Australia and New Zealand. So generally developed Buy has done well. The U.S. is what's down, and so our focus is on the U.S. And by the way we love our team in the U.S. They're executing, working incredibly hard, and we're taking all the actions to realign our costs with where the revenue is right now.

Operator: Our next question comes from Kip Paulson from Cantor Fitzgerald. Please go ahead.

<Q – Kip Paulson – Cantor Fitzgerald Securities>: Hi. Great. Thanks for taking my question. Sticking with the developed Buy business, could you remind us what percentage of the developed Buy revenue is recurring or subscription in nature versus nonrecurring today? And was there any negative impact from churn or pricing on the subscription or recurring side of things? Thanks.

<A – Jamere Jackson – Nielsen Holdings Plc>: Yeah. So we've talked about the recurring nature of our Buy business being somewhere in the 60% to 65% range on an annual basis. And if you look at the makeup of our client base is – again, we have the large global multinationals. We've done an outstanding job winning those businesses over the last five years or so. But as a group, as I said, this group is actually under spending pressure. So, as we think about those clients renewing over time, the spend on some of those contracts is actually down. And that's what we're actually experiencing as we move through this environment.

But, again, what gives us confidence about that same group of clients is the fact that this client base is actually focused on where their growth opportunities are. And so you've seen us continue to innovate and expand our coverage in the U.S. with things like our e-commerce launch, and you see us continue to expand our coverage in the areas where they are looking for significant growth opportunities, which is the emerging markets. So, overall, while this group of clients is really focused on productivity and efficiency benefits, they're all looking for growth opportunities. And we're building a portfolio and continuing to invest in a portfolio, and continue invest in coverage that will help them go after growth opportunities in the future.

Operator: Our next question comes from Kevin McVeigh from Deutsche Bank. Please go ahead.

<Q – Kevin McVeigh – Deutsche Bank Securities, Inc.>: Great. Thanks. And thanks for the update on the guidance. Hey, Jamere, could you give us a little context in terms of productivity actions versus investing for future growth? Because – and just want to make sure I understand kind of the upside that offsets kind of the unexpected on the developed Buy is more upside from Watch, and then emerging markets, which I've always felt were lower margin. So is there just more upside from a margin perspective on the Watch side that offsets that? Is it Gracenote being a little bit stronger? Or is it pulling back some of the productivity against future investments that help you kind of achieve the margin trend despite the mix shift away from developed Buy, if you would?

<A – Jamere Jackson – Nielsen Holdings Plc>: Yeah, so as I said, there are really three things that we're working on inside the company that give us lot of confidence about our profile for the year. The first is, again, from an earning standpoint, we have just a laser focus on cost and productivity actions. You've heard me talk about in the past that in any given year we have anywhere from 3,000 to 4,000 productivity actions across the world in 100-plus markets that are focused on driving margin expansion inside the company. And that margin expansion has always done two things for us. Number one is it's given us the fuel, if you will, to generate margin expansion for the total company. But it's also the fuel that helps us reinvest in our business in things like coverage and the Connected System. And so from that vantage point, it is no different.

Given the environment that we're in, in the developed markets, you've seen us really look at restructuring to further right-size our business in Buy and achieve productivity so that we protect the downside case in our earnings outlook. So I want to be really, really clear that we are taking the productivity actions not only to drive the earnings growth, but it also gives us the firepower, if you will, to continue to invest in our business. And we're able to do that because of the actions that we take year after year and the fact that, in some instances, given the market conditions, we've ramped those up a little bit this year.

Operator: Our next question comes from Tom Eagan from Telsey Advisory Group. Please go ahead.

<Q – Tom Eagan – Telsey Advisory Group LLC>: Great, thanks. I wanted to drill down in the local TV business. Yesterday at the NAB, Gordon Smith, talked enthusiastically about the ATSC 3.0 rollout. So I was hoping you could talk about what that rollout means for local TV measurement – not of course this year, but really in 2018 and beyond – essentially, what your conversations have been like with Sinclair, Nexstar, and Tribune. And then in local TV, on the use of set-top boxes, if could you talk about where the cost of that is. Is the cost going to be in the OpEx or in free cash flow? Thanks.

<A – Mitch Barns – Nielsen Holdings Plc>: Thanks, Tom. In terms of ATSC 3.0, still early days, but anything that will enrich the distribution, the content, the experience of the local viewer, that's always good for video consumption. It's good for the different business models. And it'll be another one of those examples of fragmentation and change that has generally been a creator of opportunity and growth for our Watch part of the business. And that'll true in local as well. So still early days, but we're following that closely. And as it unfolds, we'll have more to say in terms of how our analytics and measurement portfolio will support that and how it will evolve in order to accommodate it.

With respect to set-top box data, yeah, we're continuing to make a lot of progress on this front. We, as you know, last year and early this year announced a series of deals with DISH and Charter and AT&T. AT&T, by the way, includes both DirecTV and their AT&T U-verse data. And we're working hard to incorporate the set-top box data in our local TV ratings products. And the second half of this year, you'll see us begin to provide the initial data to our clients that will reflect the set-top box data.

Important to note, though, we're not shifting away from our panels to the set-top box data. What we're doing – this is really important, I think – is we're putting both of these data sources together to create a better measurement product than otherwise would be possible if you only used one or the other. And this is really what differentiates Nielsen on this front. We have these high-quality panels, and then we add to that, in a hybrid fashion, the set-top box data, use the best of both data sources for more ratings stability, and at the same time being as accurate and as representative of all parts of the viewing market as possible. So that's what we'll begin to roll out the data to our clients in the second half of this year and then into 2018. And so that'll be a big plus for our local television business. And ultimately it'll find its way to our national TV ratings as well.

<A – Jamere Jackson – Nielsen Holdings Plc>: And then on the cost side of that, Tom, you're seeing part of the cost associated with that in OpEx and CapEx this year, and that's included in our guidance for earnings and free cash flow. But, as we've said before, on the plus side of using set-top box data, this is actually going to enable us to gain both OpEx and CapEx efficiencies over time, because what the set-top box data will enable us to do is it will enable us to reduce the size and the frequency of our panel expansions over time. And this will be accretive to us both in terms of our uses of free cash flow, but also the expense associated with expanding those panels and maintaining those panels over time.

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

<Q – Tim Nollen – Macquarie Capital (USA), Inc.>: Thanks. I wanted to come back to developed Buy market again, please. Mitch, you mentioned that the U.S. is down; all other markets seem to be up. Why would that actually be, when the companies we're talking about are big global multinationals? I can understand more spending in emerging markets, but I don't quite understand why for example Canada and Europe would be up when the U.S. is down. And then separately, you mentioned launching an e-commerce service in the U.S. last month. Could you just give us a bit more color on what you're doing with e-commerce and how that ties in with the brick-and-mortar CPG data that you provide? Thanks.

<A – Mitch Barns – Nielsen Holdings Plc>: Yeah, sure, thanks. Thanks, Tim. For the first question, there's some differences, frankly, in both our product portfolio and the marketplace or – between the U.S. and the rest of the developed markets. In the U.S., we've traditionally had a broader product portfolio than we've had in the other developed markets and frankly in the other markets all across the world. And so that's part of the difference in terms of what you see in our business results. Second is our client portfolio. Our U.S. business tends to be much more global FMCG company dominant. Whereas in other parts of the world we're more balanced, if I can say it that way, between the big global players and the local and the regional players. That's certainly true in emerging markets, but it's also true across several of our other major developed markets in our business. And those are some of the dynamics that explain some of the difference we're seeing in our U.S. business versus what we're seeing in the other developed markets.

And one other thing, just comparing the U.S. and Europe now, in some respects Europe already went through a lot of the challenges that the U.S. is facing – not exactly the same, but in some cases there are some similarities there. And so that also would explain the difference in terms of what's showing up right now in our business.

To your second question about e-commerce, we've been working on developing our e-commerce measurement capability in the U.S. through 2016. Earlier this month here in April, we launched it for broad availability to our clients, and their response has been really enthusiastic. As you can imagine, with e-commerce representing some important pockets of growth for some of the products and categories that we serve, people are really eager to see that data and to have it showed alongside the brick-and-mortar sales that we've been reporting to them for a long time. We have an approach with our e-commerce measurement capability where we're leveraging several different data sets to be able to represent the entire marketplace – about 90% of e-commerce sales represented in this measurement service. And so we feel really good about it as an initial version of this product, and we're going to continue to add granularity and capability as time goes on. So, yeah, those are the two points, I think, Tim.

Operator: And unfortunately we have no further time for questions today. So I'll turn the call back to Mr. Barns for concluding remarks.

Dwight Mitchell Barns, Chief Executive Officer, Nielsen Holdings Plc

Yeah, just a few final thoughts to wrap up, just to hit on the high points here.

In Watch, solid growth and progress, and we're really, really pleased with the progress we're making, especially with our Total Audience Measurement system and in particular with audience measurement of video and text. Gracenote, off to a great start. Growth's on track, and as you've heard us talk about on this call, its assets are already contributing to other parts of the core Nielsen business, and we're looking forward to seeing that continue to develop over time.

In our Buy business, continued strength in emerging markets, with our balanced client portfolio there, and we're driving productivity to help mitigate the tough growth environment that our business is experiencing right now in the U.S. Meanwhile, we continue to invest in coverage, e-commerce, specialty retailers, health and wellness and fresh categories, and we're continuing to invest in and execute well on the development of our Connected System, which ultimately leads to a stronger and higher margin business for the Buy side of our company.

So, thanks again, everybody, for joining us this morning, and we look forward to talking with you in the days and weeks ahead.

Operator: This concludes today's conference. You may now disconnect.