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CORPORATE PARTICIPANTS

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

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

OTHER PARTICIPANTS

Jeff P. Meuler
Analyst, Robert W. Baird & Co., Inc.

Anjaneya K. Singh
Analyst, Credit Suisse Securities (USA) LLC

Andrew Charles Steinerman
Analyst, JPMorgan Securities LLC

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

Toni M. Kaplan
Analyst, Morgan Stanley & Co. LLC

Manav Patnaik
Analyst, Barclays Capital, Inc.

Surinder Singh Thind
Analyst, Jefferies LLC

Matthew C. Thornton
Analyst, SunTrust Robinson Humphrey, Inc.

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

William A. Warmington
Analyst, Wells Fargo Securities LLC

George Tong
Analyst, Goldman Sachs & Co. LLC

Tim J. McHugh
Analyst, William Blair & Co. LLC

Brian W. Wieser
Analyst, Pivotal Research Group LLC

Jason Boisvert Bazinet
Analyst, Citigroup Global Markets, Inc.

Kevin McVeigh
Analyst, Deutsche Bank Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Carol, and I will be your operator today. At this time, I would like to welcome everyone to the Q4 2017 Nielsen Holdings 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]

At this time, I would like to turn the call over to Sara Gubins, Senior Vice President, Investor Relations.

Sara Gubins

Senior Vice President-Investor Relations, Nielsen Holdings Plc

Thanks, Carol. Good morning, everyone. Thank you for joining us to discuss Nielsen's fourth quarter and full year 2017 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 Event (sic) [Events & Presentations] (01:05) 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, February 8, 2018.

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 site or at sec.gov.

For Q&A, as always, we ask that you 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 & Director, Nielsen Holdings Plc

Thanks, Sara. Good morning, everyone. Thanks for joining us on the call. In 2017, we made significant progress on our key initiatives in Watch and Buy, while continuing to adapt and evolve in the pace of rapidly changing environments. In 2018, we'll continue with our focus on investing in innovation to drive growth and efficiency, delivering value for our clients and shareholders.

I'll turn it over to Jamere to review the financials, and then I'll come back to provide an update on our key initiatives, which are consistent with what outlined in the Path to 2020 at our November Investor Day. We have confidence in our ability to execute on our three-year plan that will drive a faster-growing, higher-margin business. And we're excited to share our progress with you along the way.

Jamere?

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

Thank you, Mitch. Our fourth quarter results highlight strong momentum in our Watch segment behind our growth initiatives, while our Buy segment continues to operate in a challenging market environment. On a full-year basis, the resiliency of our portfolio and the efforts of our team enabled us to deliver top line growth and margin expansion in 2017. And importantly, our investments in growth and efficiency positioned us well for 2018 and beyond.

First, let me give a few more details on our full-year 2017 performance. On the left side of the page are our results on a U.S. GAAP basis. Total revenue was just under $6.6 billion, up 4.2% on a reported basis, driven by solid growth in our Watch segment and the emerging markets in our Buy segment. The impact of foreign currency was a 40 basis points benefit in 2017. Net income was $429 million; and net income per share was $1.20, which was down $0.19 a share versus 2016.

Our net income per share results were driven by revenue growth, margin expansion, lower restructuring charges, and our share buyback program, offset by provisional non-cash tax charge of $104 million or $0.29 a share related to the enactment of the Tax Cuts and Job Acts (sic) [Tax Cuts and Jobs Act] (04:06). Excluding this charge, net income per share was $1.49, up 7.2%. Our results also reflect the book tax rate of 34%, which was a $0.06 benefit versus our previous guidance due to discrete tax benefits in the fourth quarter.

Moving to the right side of the page, on a non-GAAP basis, total revenue was up 3.8% constant currency, largely in line with our latest guidance. The net of acquisitions and dispositions contributed approximately 2 points to our revenue growth. Our core revenue, which we define as total revenue less non-core or non-strategic assets, grew 6.2% constant currency in 2017, in line with the revenue framework we provided.

Our Watch segment grew 11.7% on a constant currency basis, driven by continued momentum in Audience Measurement of Video and Text and marketing effectiveness. The net of acquisitions and dispositions contributed approximately 7 points to our Watch segment. Our Buy segment declined 3.3% constant currency, driven by the developed markets, down about 5%; and the emerging markets up nearly 9%. The Buy segment had approximately 2.5 points of drag from dispositions.

Adjusted EBITDA was just over $2 billion, up 4.3% constant currency; and adjusted EBITDA margins were 31%, up 15 basis points on a constant currency basis. Watch margins of 44.5% were down 85 basis points in 2017, but up 45 basis points, excluding Gracenote; while Buy margins were down 78 basis points constant currency. We generated free cash flow of $863 million, with free cash flow conversion of adjusted EBITDA at 42%. Our results were below our guidance framework due to working capital timing and higher CapEx to support our growth initiatives.

And finally, our free cash flow performance enabled us to invest in growth and return [ph] $640 million (06:00) to shareholders in the form of dividends and buybacks in 2017. We are committed to a free cash flow profile that enables growth and incremental shareholder value through our balanced capital allocation strategy.

Moving to the fourth quarter, on the left side of the page, are our results on a U.S. GAAP basis. Revenue was just under $1.8 billion, up 6.3% on a reported basis, driven by growth in our Watch segment and the emerging markets in Buy. In addition, foreign currency contributed 210 basis points to our revenue growth. Net income was $81 million; and net income per share was $0.23. Our net income per share results were driven by revenue and

EBITDA growth and our share buyback program offset by the previously mentioned non-cash tax charge of $104 million. Excluding the provision, net income per share with $0.52, up 18.2%.

Moving to the right side of the page, on a non-GAAP basis, total revenue was up 4.2% constant currency. The net of acquisitions and dispositions contributed approximately 2.5 points to our revenue growth in the quarter. Our core revenue grew 7.3% constant currency in the fourth quarter. And I'll provide more color on the segments in just a few moments.

Adjusted EBITDA was $579 million, up 3.8% constant currency; and adjusted EBITDA margins were 32.9%, down 14 basis points on a constant currency basis, driven by the lower revenue and margins in our Buy segment. Finally, we generated free cash flow of $350 million, down 26.5% versus an exceptionally strong fourth quarter in 2016.

Next I move to the segments. First is our Watch segment. Our Watch segment had a very strong quarter. Revenue was a record $913 million, up 14.8% constant currency. The net of acquisitions and dispositions contributed approximately 8 points to our Watch revenue growth. Audience Measurement of Video and Text was up 19.2% in the quarter, held by the Gracenote acquisition and continued momentum in Total Audience Measurement. Excluding Gracenote, Audience Measurement of Video and Text grew 6.5% constant currency led by strength in National TV and Digital. Digital Ad Ratings continued its momentum with a 51% increase in campaigns in the fourth quarter.

Digital Content Ratings, which now includes viewing from Hulu, Facebook, and YouTube, has given us tremendous momentum. Digital and TV Ratings and out-of-home measurement were also positive contributors to growth, as we continue to add measurement of some of the largest publishers and content providers in the industry. Audio was up 9.2% in the quarter, which as expected, offset the timing drag we experienced in the third quarter. The business grew slightly in 2017, while generating outstanding margins and strong free cash flow.

Marketing Effectiveness was up 32.9%. I want to point out that acquisitions contributed approximately 10 points to the growth rate. The remainder of the business was up 23% behind double-digit increases in the Marketing Cloud, Nielsen Catalina Solutions, and Repucom, now branded as Nielsen Sports. On an underlying basis, the growth in momentum and Marketing Effectiveness remained strong, as we helped advertisers and content publishers to improve their return on investment in media spend and execute audience-based buying. As expected, we had nearly a 1 point drag on Watch revenue from the products in our Other Watch pocket due to product pruning.

Watch adjusted EBITDA was $415 million, up 13.4% on a constant currency basis. Watch margins were 45.5% down 59 basis points on a constant currency basis. Excluding a 1 point drag from Gracenote, Watch margins were up 41 basis points constant currency. Again, another great quarter and a fantastic year in Watch.

Let's move to Buy. Fourth quarter total Buy revenue was $848 million, down 5.3% on a constant currency basis. Core Buy revenue was down 2.8% constant currency. Previously announced dispositions were just over a 2 point drag to our Buy revenue growth. Our business in the developed markets was $527 million, down 6.7% on a constant currency basis behind growth in Europe and continued softness in the U.S.

And we had a few more comments on the developed markets. As we've said in November, the environment remains tough as some of our clients were cycling through significant cost cuts and lower overall spending. We expect this trend to continue for the next few quarters, and our 2018 plans are not contemplating a snapback in spending. We are investing in initiatives that will benefit both retailers and manufacturers, and these investments will present opportunities for us in the back half of 2018 and beyond.

Our business in the emerging markets was $304 million, up nearly 5% on a constant currency basis. Overall, the underlying market environment in our emerging markets remained very strong. Our results in the quarter were below our full-year performance due primarily to disruption from natural disasters and some revenue execution issues in China that caused our growth rate to dip. These represented approximately a 2 point drag on our 4Q results. Excluding these dynamics, we saw broad based growth in the emerging markets with double digits in Latin America, our second largest emerging market, and Africa our fastest-growing emerging market.

We also saw high-single-digit growth in Eastern Europe, and we have good momentum heading into 2018. Importantly, we continue to see solid growth from both local clients and multinationals across the markets where we operate. Emerging market revenue grew nearly 9% in 2017 in line with our expectations, and we expect the emerging markets to represent nearly 40% of our Buy business in 2018. Buy EBITDA was $171 million, down 14.1% constant currency in the fourth quarter We are investing in our Connected System, reshaping the portfolio, and restructuring the segment to improve growth and profitability.

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 210 basis points lift on revenue and 190 basis points lift on EBITDA. If yesterday's spot rates held constant through 2018, then we expect a 230 basis points lift on revenue and 110 basis points lift on EBITDA for the full year.

Moving to 2018 guidance. We are maintaining our 2018 guidance, highlighted by revenue growth of approximately 3%; $1.40 to $1.46 a share GAAP EPS; and approximately $800 million of free cash flow. There's no change to the revenue framework we've provided at the Investor Day in November. Our 2018 EPS guidance does not yet reflect the impact of U.S. tax reform.

And let me say a few words about the impact of U.S. tax reform on Nielsen. We anticipate that the legislation will result in a 2018 effective tax rate of approximately 32% to 34%. The 2018 tax rate is driven by a lower U.S. corporate income tax rate, partially offset by the changes to certain business exclusions, deductions, credits, and international tax provisions and is subject to change based on our interpretations of the tax laws, along with subsequent regulations, interpretations, and guidance.

In 2018, we expect to reinvest a portion of these benefits in key initiatives to drive future growth and profitability. We will provide an update on 2018 guidance and tax benefits by next quarter. Over time, we expect the lower U.S. tax rate to boost Nielsen's GAAP EPS earnings and cash flow.

So, to wrap up, our Watch business continues to have great momentum, and we'll continue to take steps to improve top line results and margins in Buy. In addition, we are committed to an efficient and balanced capital structure that enabled us to grow and return [ph] $640 million (13:58) in cashback to shareholders in 2017 in the form of dividends and buybacks.

With that, I'll turn it back to Mitch to provide additional color on the fourth quarter and the year.

Dwight Mitchell Barns

Chief Executive Officer & Director, Nielsen Holdings Plc

Thanks Jamere. I'll start with Watch. 2017 was a fantastic year. Ongoing media fragmentation continues to heighten the need for independent, comparable, and deduplicative measurement across all platforms. Our Total

Audience Measurement system solves for that, providing enhanced capability, scale, and flexibility. Total Audience is the foundation for our future in Watch, and our investments in innovation positioned us incredibly well.

Let's revisit the three key Watch messages we shared on Investor Day. First, we're expanding the viewing captured by the C3/C7 currency. Second, we're well on our way to becoming the currency for digital viewing. And third, we're continuing to invest in key growth areas, like subscription video-on-demand, audience-based buying, targeting, and ROI measurement.

Let me provide an update on each of these. First, expanding the C3/C7 currency. As you know, we've already enabled clients to incorporate additional viewing into the currency through our out-of-home and Digital in TV Ratings measurement solutions. Our next step is to enable both linear and dynamic ad insertion in the same program with our C3/C7 metric capturing the linear ad exposures and our Digital Ad Ratings metric capturing the dynamic ads. This is important for Nielsen, but it's even more important for the industry, because it gives our clients more flexibility, and that unlocks value. We're uniquely positioned to do this because of the flexibility we've designed into our Total Audience Measurement system from the start. We look forward to helping our clients take greater advantage of this as the year progresses.

The second key Watch message is that we're on track to become the currency for digital viewing. Our ability to provide duration-weighted impressions through Digital Ad Ratings is one key factor in helping us achieve this objective, because it increases the comparability of digital video ads to TV ads. We'll build on that by adding our own measurements of viewability and fraud into Digital Ad Ratings by the end of the second quarter, on track with our original plan. All three of these enhancements are important for our clients, and they position as well to be the currency for all digital video.

Meanwhile, adoption continues to grow among key digital players. For instance, Vevo, one of YouTube's biggest content partners, is now using Digital Ad Ratings to guarantee digital reach, supporting their shift toward a TV-style advertising model. In January, we expanded our coverage of YouTube in the United Kingdom, Germany, and France to include viewing via mobile apps in addition to our measurement of YouTube via desktop and mobile web browsers.

On Digital Content Ratings, we've seen great momentum among both TV and digital publishers. Our ability to include viewing from Hulu, Facebook, and YouTube was positively received by the industry. Content owners are excited they can now better demonstrate the reach of their audience across these three major digital platforms.

Finally, the third key message from Investor Day relates to our investments in our new growth opportunities in Watch. We're doing this through internal R&D, acquisitions, our innovation incubator in Israel, and new partnerships. One great example is our improved measurement and syndicated reporting of subscription video on demand viewing, which is driving incremental growth for Nielsen. Using our proprietary technology, we can now measure non-ad-supported content, capturing what used to be a big blind spot for the industry. Adoption continues to grow with Turner being the latest major client to sign on.

Audience-based buying represents another important growth opportunity. And with the upfronts approaching, this is sure to be a hot topic again this year. We're ready for it. We've long been a leader in advanced audience segments. We added to our capabilities recently with the launch of our advanced audience API, which supports planning and posting for these segments, powering systems such as clypd and OpenAP. Most of the linear market continues to trade based primarily on age and gender, but as more of the market looks to build on age and gender with these advanced audience segments, we're in a leadership position. In fact, it's Nielsen's data that's being used in the vast majority of OpenAP deals.

Gracenote is also fueling growth. Gracenote's performed incredibly well over the last year on a standalone basis, exceeding expectations on all key metrics. We're also leveraging Gracenote assets across almost all aspects of our Watch business. Our latest news is that the Nielsen Marketing Cloud is using Gracenote's Smart TV viewership data to create the industry's first person-level TV data management platform for better audience targeting and more accurate ROI measurement. This brings the industry one step closer to standardizing audience segments across linear TV, advanced TV, and digital, making all of this inventory more valuable.

This capability is powered by our artificial intelligence technologies, which were recently recognized by R&D Magazine's R&D 100 Awards, considered one of the most prestigious innovation awards in research and development. This is a big honor for our team, and I want to acknowledge their incredible work on behalf of our clients. It's another great addition to our suite of marketing effectiveness products. And as you know, this is the part of our business where we bring our Watch and Buy assets together to drive better targeting and ROI measurement for our clients. This continues to be one of the faster-growing parts of our business, up more than 20% in 2017.

On another front, earlier this week, we announced the launch of a new product called Nielsen Branded Integration Intel, which provides standardized measurement of brands appearing within video content, including TV programs. This enables our clients to compare the value of this type of brand exposure to traditional TV advertising. Integration of brands into video content is growing in importance. This includes content viewed on subscription video-on-demand platforms. Our new measurement capability helps advertisers with their spending decisions, and it helps networks and publishers drive revenue. YouTube is already leveraging our solution to help their content creators better understand the value of brand integrations. Several major networks have also signed on.

Turning to local TV, we're pleased that we've renewed our contracts with Sinclair and Tribune. Also, in local, Comcast joined existing partners, DISH, Charter, and AT&T in sharing their set-top box data for use in our local TV measurement platform. In total, we now have access to more than 25 million households, providing return path data. Combining that with the robust person-level electronic measurement data that we'll have across all 210 local markets by mid-2018 will enable us to provide clients with granular currency quality measurement, measurement that's truly representative across all segments of the population, which is a distinct competitive advantage. Finally, in Audio, we renewed our contracts with iHeart and Cumulus; and internationally, we won the audio measurement contract in Norway, covering both terrestrial and digital.

To sum up the overall picture for our Watch business, we had a great year. The flexibility we built into our Total Audience Measurement system positions us well for the future, enabling us to evolve in sync with our clients, and our ongoing investments in innovation continue to drive growth opportunities for our business

Turning to Buy, segment revenues declined approximately 3% on a constant currency basis for the full-year 2017. Emerging markets performed well with revenues up almost 9% constant currency despite the fourth quarter that Jamere addressed. We remain confident in the growth outlook for our business in emerging markets. We're well-positioned with our balanced portfolio of local and multinational clients, our investments in coverage and our global footprint.

In developed markets, the operating environment in U.S. remained tough. Many of our large fast-moving consumer goods clients continue to hold back on their spending as a result of their own top line challenges. While we're not expecting a bounce-back in spending in the near-term, we're working to ensure that when our clients do invest in new products or their existing brands to revitalize top line growth, our measurement and analytics will be uniquely well-positioned to help them.

Our focus is on our key initiatives to drive growth and efficiency despite the environment. I'll highlight three of these, the Connected System, Total Consumer Measurement, and our stronger partnerships with retailers, especially Walmart. First, the Connected System, our open platform connects our core Watch and Buy measurement data, client data, and third-party data with apps designed for decision makers all across our clients' organizations, including marketing, sales, and finance. By integrating our measurement and analytics into one system, we can drive speed and efficiency for our clients, which is exactly what they need.

We continue to make good progress on the rollout of the end-to-end Connected System, hitting our target of engaging with it, with 25 retailer and manufacturer clients by the end of 2017. We'll expand this out to approximately 100 clients in 2018. The Connected System is already making a valuable and direct contribution to our client renewal discussions in competitive takeaways. And the most visible example of this is our Tyson win, which we announced at Investor Day.

Our Connected Partner Program continues to grow. We now have 43 Connected Partners, up from 36 last quarter. We launched Media Budget Explorer, a media optimization tool for brand managers, adding to our portfolio of Nielsen Everyday Analytics apps. Our growing app portfolio has enabled us to further penetrate existing clients and also gain new clients. In total, we now have 170 clients using at least one component of the Connected System up from 152 last quarter.

The second key initiative is Total Consumer Measurement, and we've made good progress here as well. With Total Consumer Measurement, we aim to accurately and comprehensively cover all the channels that matter to our clients. One of these of course is e-commerce, and we continue to build out our capabilities globally. As of year-end 2017, we were in 17 countries.

Similar to Total Audience, a large part of our success with Total Consumer Measurement has been driven by our open collaborative approach that leverages partnerships and new sources of data. One such example that we're investing in involves capturing data directly from consumers via images of their purchase receipts. This will improve our coverage of both brick and mortar and e-commerce outlets, even if the retailer isn't a data cooperator. This investment in our core measurement data is a perfect complement to the Connected System.

Finally, our transformative win with Walmart. In November, we dramatically expanded our relationship with Walmart, having been selected as the sole data provider for their new supplier collaboration program, which they call the Walmart One Version of Truth. We launched the program on time on February 1 and have already begun signing up manufacturers, including Unilever. We've only just begun to see the positive impact of this relationship, and we're excited to see it grow.

To sum up on Buy, emerging markets had a strong year, and we've remained well-positioned. In developed Buy, while the market environment in U.S. continues to be challenging, we're making important progress on our key initiatives that better position us for growth despite the environment.

Before I close, I want to address our investments in efficiency, which will help reduce the company's annual cost base by $500 million and drive most of the four points of margin expansion for Nielsen through 2020. We're focused on three buckets of opportunity. The first one is automating Watch operations. Central to this is our new metering technology called the nanometer. It's already live in one international market, and testing is underway in the U.S. This improved metering technology coupled with our new remote monitoring and maintenance capability will drive efficiency leading to better quality at a lower cost.

The second one involves the consolidation of our operations into three super hubs in Poland, Mexico, and Malaysia. These super hubs are up and running and will significantly increase the number of deliverables coming out of these hubs in 2018.

Finally, for automating Buy data collection, we've included a chart today with the five specific initiatives and associated milestones. These are the same metrics that we shared at Investor Day. We met our goals for 2017, and we're on track so far in 2018. We'll continue to share these metrics with you as we advance. We have a lot of confidence in what we're doing here, because we've already proven these capabilities in market. The efficiency gains will accrue, as we expand these initiatives to more markets around the world.

To sum up, we remain fully committed to our Path to 2020 plan, and we have confidence in our ability to execute. Our strategy to invest in innovation for growth and efficiency will drive mid-single-digit revenue growth and four points of margin expansion through 2020. We have a gold mine of opportunity. And given a more favorable tax rate, we're actively evaluating opportunities to further accelerate our investments to drive incremental value for our shareholders. The faster we can grow the better.

With that, I'll turn it back to Sara.

Sara Gubins

Senior Vice President-Investor Relations, Nielsen Holdings Plc

Thanks. Carol, we're ready for our first question.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from Jeff Meuler from Baird. Please go ahead.

Jeff P. Meuler
Analyst, Robert W. Baird & Co., Inc. Q

Yeah, thank you. On the Buy emerging markets, I heard you that there was two points of short-term impact from China and natural disasters. But even if I had that back, it looks like it was a 7% growth quarter. And year-to-date, you're running in the 10% to 11% range. So, just any comment on what drove that? Is there any kind of onetime factors in addition to what you called out, or just what's the perspective there? Thank you.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc A

Yeah. So, as I mentioned, our emerging markets grew nearly 5% in the quarter. We did see growth from both locals and multinationals. We were about $6 million to $7 million of revenue below our 4Q plan in the emerging markets, which is relatively small, but quite frankly, that impacted the our growth rate by 2 points to 3 points. The big drivers, as I mentioned, were natural disasters in places like India, and Puerto Rico, and Mexico. And while we're a global multinational, something always happens somewhere in the world. Quite frankly, this is a little bit more than normal. And then China, our largest market, was impacted by some revenue execution issues in the fourth quarter that caused our growth rate to dip. We've addressed these, and we expect the improvement in 1Q in 2018, but the underlying China market is very healthy.

What I'll say about the emerging markets overall is that the markets are healthy. We grew 9% in 2017. Volume and price growth is solid. In 2017, we saw local giants grow in mid-teens and multinationals grow in mid-singles. And I'm actually encouraged by the growth I see in the fourth quarter. As I mentioned, Latin America, which is our second largest market is up double digits; Eastern Europe up high singles; and Africa, our fastest-growing market is up double digits as well. So, no change to the long-term framework. And we've addressed the issues that we talked about in the quarter.

Operator: Our next question comes from Anj Singh from Credit Suisse. Please go ahead.

Anjaneya K. Singh
Analyst, Credit Suisse Securities (USA) LLC Q

Hi. Thank you. Could you talk about the developed Buy weakness? It seems the trajectory is worse at 4Q versus 3Q. So, could you speak to whether things are worsening from an end market perspective; are they stable; and then the factors that are giving you confidence in the down 2% to 4% framework that you had laid out at Investor Day? Thanks.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc A

Yeah. Thanks. So, we said we'd be at the low end of the down 3% to 5% guidance, and we finished down 5.2% for the year. The environment is about the same as in 4Q. Our U.S. business was down mid-singles and Europe actually grew low singles. And these are two important markets for us were actually in line with our forecasts. And they make up 85% to 90% of our developed markets revenue.

The other thing that I'll mention as we go forward is that there's no change to the framework we gave in November. We've been very transparent that the environment remains challenged, and over time we expect clients to invest to drive growth, but we're not seeing that yet in the U.S. And so, our focus is on the investments that we're making in the Connected System, in coverage, in retailer programs. And these are all aligned with our clients' needs today and in the future. And they should drive growth for Nielsen even without a snapback in spending. And we'll begin to see some of those benefits coming in the second half of the year.

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

And I just want to add that our focus is approaching those initiatives, Connected System, Total Consumer, and our retailer focus in a way that enables us to make progress in our business despite the environment. In other words, we're not banking on the environment to bounce back, we're designing our business for the future to drive progress on the top line, on the bottom line, despite the environment.

Operator: Our next question comes from Andrew Steinerman from JPMorgan. Please go ahead.

Andrew Charles Steinerman
Analyst, JPMorgan Securities LLC

Q

Hi, Mitch and Jamere. What are you tracking kind of through 2018 to make sure that we get those efficiencies to margin expansion in 2019 and 2020? And do you think when you think about the 400 basis points of margin expansion that could be more weighted towards 2020?

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Yeah. Thanks, Andrew. What we're looking at are – first of all, for the automating Buy data collection initiatives, it's those metrics that we showed on the webcast, those five different initiatives that comprise that portion of our program. We met our targets for 2017, and we're on track to meet our targets for 2018. And as I mentioned, looking at the opportunity to also accelerate our plans.

As far as the super hubs, all three of the super hubs are now up and running. And we're shifting work that exists within the local markets into those super hubs. And we'll continue to increase the percent of our total number of deliverables coming out of those super hubs over time. So, that's the key metric we track. It's not just that the super hubs are up and running, but what portion of our business are they contributing to.

And then, finally, on the automation of Watch operations, it's that rollout of the nanometer; and then coupling that with our remote maintenance and monitoring capabilities, which reduced the number of visits that our field reps need to make to the panelist homes, which is a big efficiency driver. So, the more markets we can take that new metering technology to, the better. And obviously the U.S. is the big market. And we're already in the market testing that technology. We started the discussions with the MRC, which is important gating organization. And yeah, so monitor our progress in terms of our ability to get it to the U.S., and that will unfold over time. In terms of the weighting, yeah, you should expect the bulk of the margin improvement to occur in the back half of our three-year plan.

Operator: Our next question comes from Todd Juenger from Sanford Bernstein. Please go ahead.

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

Q

Oh, hi, good morning. I'd like to turn back if I could to Connected System and Total Consumer. I guess, when I step back and think about how that relates to your three-year plan and the revenue growth that you alluded to in the end of your comments, trying to see how that fits in. I mean, I can think of three ways you can sort of drive revenue earnings. One is you can compel your current customers, your Buy customers, to spend more money with you; or you can go out and acquire more new customers; or on the earnings side, you can just maybe drive higher margins.

Maybe I'm missing something, but seems like some combination of three things have to result in the growth. And can you map for me maybe how Connected System and Total Consumer relate to those ways to drive growth, just trying to put that together to get some basis for confidence in the three-year guide? Thanks.

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Yeah, Todd, thanks. I think you're thinking of it exactly right. Connected System, first of all, will help with our renewals, with our existing clients. Our renewal rates are already very strong, especially with the largest global companies, 100% with the largest global firms. And our renewal rates will improve as the Connected System becomes available to more clients beyond that group. And it also opens up a growth opportunity that Q4 wasn't really that achievable for us with what I'll call, the long tail, a lot of the smaller more innovative companies that are emerging within the fast-moving consumer goods industry as barriers to entry in that market are falling.

And then, yeah, definitely, it'll be a margin driver, because it allows us to deliver our services to clients in a much more efficient manner. And then finally, it'll bring more of our analytics revenues into the subscription model, which also makes them stickier and more stable revenue stream for our business. That's the Connected System's contribution, so I think you're thinking of it exactly right.

On Total Consumer, what this does is, first of all, coverage is always the number one priority. When our clients are talking to us, they expect us to cover their purchasing. As we extend to new channels, especially things like specialty channels, I'm talking about the value channel where we're really strong with the dollar stores, I'm talking about specialty channels like pet or maybe fresh food, which is growing fast as we cover, new retailers that are emerging those channels better, that drives revenue opportunity for us.

And then, finally, as we continue to expand and build on our coverage of e-commerce, that's incremental for our business, both from a measurement perspective. And it'll also drive analytics, because a lot of that data will come at the individual consumer level, and that's much more powerful fuel for the analytics that we provide to our clients. So, those are the ways those two initiatives and the products inside of them will translate into revenue, either revenue maintenance or revenue growth for our business.

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

Toni M. Kaplan
Analyst, Morgan Stanley & Co. LLC

Q

Hi. Good morning. Based on your conversations with clients, do we see an increase in ad spend from them as a result of tax reform? And also, if not, I guess what do you think will be the ultimate catalyst to get your clients to start increasing their ad spend again? Thanks.

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Thanks, Toni. We've been hearing from our clients for several months now that they realize the necessity for their business to invest in their existing brands and in new products to revitalize top line growth in their business. It seems just based on the evidence though that, that's been difficult for them to turn into action. Somehow, I know they are all intending to – tax reform may provide them additional opening, a catalyst for them to start to take more action on that front, still little early to see the actual evidence of it in the marketplace.

You can be sure though that we'll be monitoring it closely. And we also feel really confident about the products we have available to our clients when they do start to invest more. We have the products both on the measurement and the analytics side to help them turn that into growth for their business. Connected Partner Program apps, in particular, offer a whole new range of solutions that previously Nielsen didn't have that our clients had to turn elsewhere for, and so, we're better positioned today than we would have been just as recently as say, 12, 18 months ago.

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

Manav Patnaik
Analyst, Barclays Capital, Inc.

Q

Yeah. Thank you. Good morning, guys. I just wanted to focus on free cash flow. So, I guess, it looks like you sold a lot more receivables [indiscernible] (38:24). Just hoping you could walk through what the different components were that you pointed out? I guess, just related to that, I didn't hear any comments in what tax reforms as to the cash tax rate. I was hoping, you could tell us what that was for 2017, and what it should be for 2018?

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

A

Yeah. Thanks Manav. Let me walk you through the tax reform piece of that, and how it will impact us. So, we expect tax reform to lower our book tax rate 32% to 34% versus our previous estimate of 38% to 38.5%. So, if this all fell through the EPS, the impact on our GAAP EPS would be $0.10 to $0.14 a share.

Now, naturally, you would expect roughly 8 points to 9 points of rate reduction from reform, just based on our profit mix, but given deduction limitations on things like interest, we actually have offsets that dampen the impact by 4 points to 6 points. So, while the corporate rate has dropped, the number of deductions have been reduced or eliminated. So, there are a lot of puts and takes in the estimated rate, what that means for free cash flow, and it's subject to change based upon our interpretation of the tax laws and along with any subsequent regs and interpretation of guidance that come along with that.

But what I want to be clear about is that over time, a lower U.S. rate is going to be a net benefit to Nielsen's GAAP EPS and cash flow. And in 2018, we expect to invest the portion of those tax reform benefits back in our key initiatives to drive growth and profitability, which will largely be focused on accelerating the plan that we laid out at Investor Day on our Path to 2020. And recall that plan was focused on growing revenue, returning to mid-single digits, expanding our margins by 4 points, and deploying capital to drive incremental shareholder value. We have an estimate of what those benefits look like. And as soon as some of the regs clear up, we'll have a clearer picture on free cash flow.

As it relates to our free cash flow in the year, actually, CapEx and working capital, which given our size and our geographic footprint, you always have a few moving pieces at the end of the year. Last year, we ran a little [ph] hot (40:34) on cash at year-end; this year, we're a little short in a few international markets. But our guide for $800 million in 2018, which actually came down from our 2017 guide, the delta's largely the higher CapEx that we have. And as we get clear on some of the deduction limitations as it relates to free cash flow, we'll have a clearer picture on what that means for our free cash flow going forward. I think, the key for us on tax reform is we have great momentum in some of these initiatives, and this presents a great opportunity for us with the benefit and the tax rate to actually accelerate those.

Mitch, I don't know if you want to add any more color on that?

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

No. I'm good. Thanks.

Operator: Our next question comes from Surendra Thind from Jefferies. Please go ahead.

Surinder Singh Thind
Analyst, Jefferies LLC

Q

Good morning. I wanted to talk a little bit about the growth of subscription-based businesses and how that impacts your business? So, as those services become more popular, how should we think about the demand for your measurement services? So, [indiscernible] (41:37) Disney looks like it's going to be rolling out its own services; CBS has its Open Access; obviously the growth of Netflix and so forth. How should we think about the evolution of the Watch business in demand there?

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Yeah. Thanks for the question. We have a number of products that are already seeing a lot of growth, because our clients want to see inside of the viewing that's occurring on subscription video-on-demand platforms. We launched several years ago an initial version of our measurement of subscription video-on-demand viewing. We, late last year, announced an upgrade to that leveraging our proprietary technology and also syndicated the reporting of it, so that all of the content owners and publishers who were licensing that content to those platforms have a better view of the viewing that's actually occurring on those platforms. So, our Digital Content Ratings and Total Content Ratings metrics, in particular, are really important there. And we're continuing to see really strong uptake and really strong growth with those products for that particular purpose.

One other thing that we've done most recently, I mentioned it in my prepared comment, is we've just launched a new product called Nielsen Branded Integration Intel. What this is about is it's helping advertisers, who are, in essence, trying to have their product to their brand featured inside of the program as part of the program content itself. And this is a source of revenue to the producers of those programs, and it's a source of brand exposure to those advertisers.

The problem is, there hasn't been really good standardized measurement of the value of doing that in the marketplace and the ability to compare it to spending money on just a normal TV ad. So, that's what we're bringing to the marketplace. It's just recently announced, in fact, just earlier this week. But it's because we see this growing importance in the marketplace, in particular, because of the viewing that's continuing to grow on subscription video-on-demand platforms.

So, we're relevant, because when people are licensing their content, they need to know how much it's worth to those platforms. And then brands still find a way to get their brands appearing inside of that content. And we're there to help them measure that and value it. And so, as that doing continues to grow, our business in the products that support that part of the viewing environment, that will continue to grow as well.

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

Matthew C. Thornton
Analyst, SunTrust Robinson Humphrey, Inc.

Q

Hey. Good morning, guys. Thanks for taking my question. I guess, first, on the Connected System, I think you've got 25 partners onboard, exiting 2017. Can you talk to, in that cohort, maybe the changes that you see – or the differences you see in terms of the numbers of users of the platform per client? Is that higher for that cohort? The revenue per client, is that higher or lower, the same for those clients, and then maybe just a percentage of those clients are actually making use of and taking advantage kind of the third-party app platform that's kind of bolt on top of that? Any color around that would be very helpful.

And then and then just going back to a prior question around taxes. I broke up a little bit here, but I think was the message there that tax reform net-net should be a benefit to – or positive to definitely GAAP EPS, but also free cash flow, whether you choose to reinvest that or not aside. I think the message was that it should be positive to free cash. So, I just want to confirm that. Thanks, guys.

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Yeah. Thanks, Matthew. On your first question, in terms of Connected System and driving increased usage, great question. It's, in fact, a really important metric to our product team. It's something we have now way better visibility to because of the way the system is designed versus our product portfolio in the past. We have really strong metrics that show, as the Connected System is deployed inside of a client, how is usage growing. And not just the quantity of it, but the spread of it; how broadly is it being used, all the different apps and the platform itself across the client.

And yeah, the early data there show that it drives broader and greater usage, which is exactly what we wanted to achieve. We'll continue to monitor that very closely, of course, as it starts to get more deeply embedded in the clients who are engaged with the system on end-to-end connected basis. In terms of revenue per client, still too early really for us to comment on that one, but it'll be another important metric that's an easy one for us to address. But I wouldn't want to comment too far on that, because we're just still too early in the process.

Usage of third-party apps, that's the most important thing. Our Connected Partner Program will continue to grow. It went from 36 last quarter to 42, 43 this quarter. But the more important thing is not just how many Connected Partners we have and how many apps are out there, but exactly to your question, how robust is the usage of those apps? And we're really going to be focused much more on that going forward and continuing to grow the number of partners. We want those apps to be useful, because the more they are used, the more they help extract the value of our core measurement data that sits on that platform, and that's what's best for our business. And frankly, that's what's best for our clients.

Now, turning to your second question, I'll say a word, and I'm sure, Jamere will, too. In terms of the benefits from the change in the tax law, yeah, we will look to invest a portion of that back in the business. We're evaluating that right now though, and we're going to evaluate – all right, if we were to accelerate some of our already existing initiatives, things that are front and center in our Path to 2020 plan, in particular, on the Buy side of our business, which is what my first focus is, is getting our Buy business back to growth – if we were then – and to accelerate some of those initiatives, how does that translate in terms of the benefits to our margin expansion. In other words, how much faster can that margin expansion show up, and therefore, why is that the right thing for our shareholders, for us to do? And so, that's where – we're in the process of evaluating right now. And we'll update you more on our first quarter call.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

A

Yeah. And as we assess cash taxes specifically, in our $800 million guide we had assumed that cash taxes would tick up slightly, and that was based on sort of our view pre-regulations. Clearly, there are a lots of considerations, both short and long-term, going into 2018 that can impact that amount. As you might appreciate the Act is a pretty complicated piece of legislation, particularly for multinationals such as Nielsen. And as I mentioned, while the corporate rate has dropped, there are a number of deductions that have been reduced or eliminated. So, what we expect from an estimated cash tax standpoint is subject to change.

One of the big items that we're still awaiting guidance from Treasury on are a number of issues surrounding the new interest limitations, right, and that could impact us from a free cash flow standpoint. So, as we get clarity on those things, we will then line up sort of what our reinvestment profile will be, and then we'll come back to you in terms of what that will mean for our EPS, our EBITDA, and our free cash flow number.

Operator: Our next question comes from Tim Moran (sic) [Tim Nollen] (49:05) from Macquarie. Please go ahead.

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

Q

Thanks, Tim Nollen here. I had a question about Marketing Effectiveness. It looks like the growth rate picked up in constant currency terms in Q4, I think. Could you just check me on that if that's true, and if so, why is that? And what I'm wondering is if this is an expanding service that is allowing you to dig deeper into advertisers with the marketing technology solution that lets them do more of their work in-house, and if the logical extension of that argument is that you are providing a technology that helps them do work in-house that maybe reduce some of their agency requirements, is this an example do you think of an important marketing technology that helps change the advertising landscape?

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

A

Yeah. So, in terms of the Marketing Effectiveness performance in the quarter, excluding acquisitions, it was actually up 23%. And we saw strong double-digit increases in our Marketing Cloud, which is powered by the assets that we acquired when we acquired eXelate, Nielsen Catalina Solutions, and our Marketing Effectiveness products related to sports. What I'd say, overall, is that there's just an incredible demand out there for ROI measurement. And all the things that we're doing in Marketing Effectiveness are giving us an opportunity to help advertisers and content publishers better understand that return on investment.

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Yeah. We do see this continued growth in the attribution metrics, the ROI of advertising. And we don't see that stopping anytime soon. It's still really early days in terms of the long-term development of that part of the marketplace, the new data sets that are available, the new tools, that's going to continue to grow.

And then I mentioned also, Tim, our strengthened audience-based buying. We're told by our clients that a vast majority of the deals that are being done on the OpenAP platform, for example, are using Nielsen's data. And it really is a testimony to the strength we've had in audience-based buying for, now, several years. We have a number of products already that are out there, and we're continuing to invest more in that direction. Our Nielsen Marketing Cloud with this data management platform to allow person-level-focused targeting on TV content is going to be the next source of growth in the marketplace. And whether that, in some way, gets in the middle of what advertisers want to do with their agencies versus what they want to do themselves, still too early to say.

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

William A. Warmington
Analyst, Wells Fargo Securities LLC

Q

Good morning, everyone. You've announced some high-profile renewals in Watch recently, so first of all, congratulations on that. And my question is to ask about how those renewals have been trending specifically around apples-to-apples pricing, total contract dollars and contract length?

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Thanks Bill. Yeah, we're pleased obviously to have those renewals with both Sinclair and with Tribune done. And as you know though, we don't usually go into any details on the specific terms of our renewals with clients. But I can tell you is what was important in both cases, and in fact across the board with our local clients as we renew our contracts there, the improvements we're making in our local measurement product, where we're bringing electronic measurement to all 210 markets in the United States by the middle of this year. We're incorporating set-top box data, which will provide more granularity and stability to the ratings, also enables more analytics offerings to help the buying and selling process which helps our clients drive growth in their business. All of these things are really resonating very well with our clients, including Sinclair and Tribune.

And the contract renewal process sometimes gives you an opportunity to merchandise these kinds of things more fully with your clients, and really, that's the way we approached it. So, yeah, these things are playing very well with our clients. They contributed strong renewals we had with our clients in 2017 as well. Clients like CBS Local, Fox Local, Entravision. In our local business, put up some growth in 2017, they did a great job.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

A

Yeah. So, local was up in 2017, as Mitch mentioned. And the initiatives that we have are giving us traction. And it's actually helping us in these contract renewals. And you saw us guide for 2018 in local business that is flattish, and we feel good about that based on the renewals and the renewal pipeline.

Operator: Our next question comes from George Tong from Goldman Sachs. Please go ahead.

George Tong
Analyst, Goldman Sachs & Co. LLC

Q

Hi. Thanks. Good morning. Revenues for the Buy segment declined faster on a constant currency basis than the prior quarter, even when you account for the natural disasters in China. Can you discuss how this impacts when you expect Buy to return to positive growth, and elaborate on what you're hearing from clients on spending intentions in developed markets?

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

A

Yeah. So, as I mentioned a little bit earlier, in the developed markets, we were actually at the low end of the guide, which we said, we finished down 5.2% for the year. And the other thing from our vantage point is that the environment is about the same, we expect it to be a tough environment for the next few quarters. We've seen our U.S. business be down mid-single digits in the fourth quarter; Europe is still growing. And these are the two important markets that are sort of in line with our forecast.

The other important point that we continue to make is while we've been transparent about the environment being challenged, over time, we do expect these clients to invest to drive growth. We're not seeing that yet in the U.S. But the investments that we're making around Connected System expanding our coverage, retailer programs, these are all aligned with our client needs today and in the future. And they should drive some growth for us, even without a snapback in spending. And we'll start to see the benefit of that coming in the second half of this year and in the next year.

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Yeah. And that's our focus is returning our Buy business to growth despite the environment through the way we're approaching these initiatives: Connected System, Total Consumer Measurement, and our increased focus on retailers.

Operator: Our next question comes from Tim McHugh from William Blair. Please go ahead.

Tim J. McHugh
Analyst, William Blair & Co. LLC

Q

Yes, thanks. I just want to follow-up on China. Can you elaborate on what execution issues were? I guess, I wasn't clear what happened, and then you said you addressed them. So, how did you address whatever issues were there?

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

Yeah Tim, I was on the ground in China with our team back in December. I came away with that, from that visit, with a really clear sense that the market opportunity remains strong. We're still far from fully penetrated in that market. Second our market share in China continues to grow. For the full year 2017, we grew more than our global competitors. And we've outgrown our global competition fairly consistently over the past few years.

We have a very innovative team in China, but some of the recent bets that they made, they didn't pay off, and so, we stumbled a bit in the fourth quarter with some execution issues. But what I can assure you is we've addressed those. And the team's refocused on the core business. And we'll be back on track during 2018. This is still the most important growth market in the world, have no doubt about that. Our balanced client portfolio with the local clients and the global clients remains just as much of the strength today as it was before. And there's still plenty of opportunity to grow our penetration in the market, as I mentioned before.

Operator: Our next question comes from Brian Wieser from Pivotal Research. Please go ahead.

Brian W. Wieser
Analyst, Pivotal Research Group LLC

Q

Thanks for taking my question. All tight, two things, first, I was wondering about, to what degree is pricing an issue in your Buy segment, and to what degree competitive activities may be contributing to pricing, or not? And then separately, I was wondering if you could talk about how GDPR might be impacting or might impact the business in Europe in the coming year? I can imagine might be helpful for panels. And I'm curious how it might impact eXelate and Nielsen Marketing Cloud more generally. I'd love to hear your thoughts on both of those. Thank you.

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

A

I'll start with GDPR. Thanks, Brian. And then I'll have Jamere address the first part of your question. GDPR, we've been focused on this for some time. We have a big team that's working on it. We've been out in front of it. We're ready. We don't see any significant impact for our Buy business. For Watch, there'll be some things that we'll have to do to ensure our compliance with the regulations, but it's manageable. We don't expect to see any major impact on our business. We'll still have access to all the data that we're going to need for our products. So, yeah, we're in good shape.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

A

Yeah. And in terms of our Buy business and the pricing environment, very clearly, in the emerging markets, we're seeing strong volume and strong price growth, and that's having a very positive impact on our business. In the developed markets, what we're seeing is clients look to optimize spending. What we're doing is helping them determine, what's the mix of services that they need to fit their desired spend and help them grow their business.

And so, in that respect, what we're doing from a pricing and volume standpoint, it becomes a little bit more fungible in that we're trying to fit within a client's budget and make sure that they have all the measurement capability that they need and all the analytics that they need to help them grow their business within that desired budget. So, that's the way that we've been operating in the developed markets as clients have been under pressure. And it's been successful for us.

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

Jason Boisvert Bazinet
Analyst, Citigroup Global Markets, Inc.

Q

Just a question for Mr. Jackson. Maybe I'm reading or barking up the wrong tree, but your comment about potentially accelerating some of these initiatives, is that linked to the limit on interest deductibility? Are you trying to get your EBITDA, and therefore, EBIT up to a certain level to allow interest deductibility? And if that's not what may be going on, is there the scope for you to use your cash flow to actually reduce debt in absolute terms to get underneath that envelope? Thank you.

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

A

Yeah. So, what we're referring to is as we assess what the benefit is going to be, both from an earnings standpoint and from a free cash flow standpoint, we're looking at ways for us to go accelerate on the growth plans that Mitch talked about a little bit earlier. And so, what I'm referring to as it relates to interest deductibility, for example, is there's guidance that, I think a number of us, at least that are multinationals in this environment, are waiting on some guidance on a number of issues around the new interest limitation rules, so you can assess sort of what the impact is.

So, as we looked at taking our provision, we actually included a valuation allowance for our deferred interest expense balance. And depending on where those rigs are, we could have some additional benefits there. So, as soon as, those things become clear, we'll marry that up with our desire to go invest a little bit heavier in the things that Mitch talked about, and actually accelerate some of those initiative. So, it's about accelerating the benefits of the initiatives in and of themselves versus trying to shoehorn that into an interest deductibility equation.

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

Kevin McVeigh
Analyst, Deutsche Bank Securities, Inc.

Q

Great. Thanks. Hey, I just want to clarify one thing on the 2018 guidance. At the Investor Day, you gave total revenue about 3% and then total core revenue of about 4%. I didn't see the core in the most recent slide deck. Is that still about 4%, or is there any change to that?

Jamere Jackson
Chief Financial Officer, Nielsen Holdings Plc

A

No. The number is still about 4%. We tried to clean up a few things on the guidance page. To be clear, we're running the company on a total company basis. We used the core nomenclature last year, as we had a number of moving parts there. What you're going to see go forward is we're not going to be moving incremental things into the corporate other bucket. And so, we thought it was a good opportunity to sunset the core language.

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

Great. And Carol with that, I think we're ready to wrap up. So, we'll turn it back to Mitch.

Dwight Mitchell Barns
Chief Executive Officer & Director, Nielsen Holdings Plc

Yeah, just a minute to sum up. In Watch, fourth quarter was strong finish to a great year. Total Audience continues to develop incredibly well, more to come in 2018. We expanded the viewing captured by the C3/C7 currency. We're adding flexibility with the currency, and we're enhancing Digital Ad Ratings with duration weighting, fraud and viewability metrics. Well-positioned to be the currency for digital. Marketing Effectiveness grew more than 20% in 2017. We expect continued growth from our supportive advanced audience segments and ROI measurement. Gracenote met or exceeded all of its key metrics and is adding value all across our Watch business.

In Buy, another solid year of growth in emerging markets. We remain well-positioned with our balanced client portfolio, our investments in coverage and our global footprint. For developed markets, our initiatives, including the Connected System are designed to enable our business to perform despite the challenging growth environment that our clients face, especially in the U.S. Our expanded Walmart relationship, off to a great start.

Our efficiency initiatives focused on automation and consolidation are progressing on track. We're evaluating the opportunity, as we said, to accelerate investment in some of our initiatives and the value that we could drive as a result of that. And we'll update you on our first quarter call.

I've got a bit of a cold, so appreciate all of you tolerating that. If you do, too, I feel for you. So, thanks again for joining us on the call this morning.

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