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EDITED TRANSCRIPT

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CORPORATE PARTICIPANTS

Mitch Barns *Nielsen Holdings plc - CEO*

CONFERENCE CALL PARTICIPANTS

Todd Juenger *Sanford C. Bernstein & Co. - Analyst*

PRESENTATION

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Hi, thanks for coming, and I know some of you are still filing in but let's take use of every minute we have. So, hello, I'm Todd Juenger, I'm the media analyst at Bernstein. I've seen some of you filing around this morning. I'm very delighted to be sitting next to the CEO of Nielsen, Mitch Barns, and my old colleague from P&G some 20 something years ago, where we spent time together but didn't realize it. Just a quick matter of order, by now, you've all figured this out, but I'll say it anyway, we're delighted to take your questions for Mitch, I'm going to talk obviously to Mitch and we'll talk for a little while. That's what the index cards are for, you know that by now. Well, please go ahead and write down whatever you want to know, we'll collect them and I'll try and get those questions asked. But meantime, I've got some things I'd like to discuss. So, as I think we all tend to do at this conference, let's start very broad and just sort of check in for those maybe in the audience even a little less familiar maybe with Nielsen specifically, what's going on, what is Nielsen up to. And let me ask it this way, so what are your key priorities for the Company in the nearer term and in the longer term?

Mitch Barns - *Nielsen Holdings plc - CEO*

Well, first, good morning to everybody. The way we're thinking about our business at a high level for the present time and for the next several years really isn't that different from the way we thought about our business for the past several years, and that is to say our focus is on measurement, measurement performance for our clients, mostly in the media and fast-moving consumer goods industries, and then providing the analytics to help them drive improvement in that performance. So we do that in a sense of measuring both what consumers watch, primarily for the media industry and also what consumers buy for fast-moving consumer goods companies, and that's been true at Nielsen now for a long, long time, for decades and it will be true for Nielsen for as long as we can see into the future. So, the what that we're focused on isn't changing a whole lot.

What is changing at our Company right now, however, and what we're very excited about that will unfold over the next several years is how, how we're going about this measurement and this process of driving improvement for our clients through the analytics capabilities that we provide. What's changing in that arena is we're leveraging technology in a much bigger way than we ever have before. The way to think about our Company in years past, I would say is, it's been much more a People as a Service business model. We have data, we have technology, but primarily the value gets conveyed to our clients through a People as a Service business model, where we're moving to now and for the next several years is much more toward a Data as a Service and Software as a Service business model. Leveraging technology in a much bigger way, taking a much more platform-oriented, system-oriented approach, putting more of our services and capabilities in the cloud, and through that we did a lot more leverage. And for our clients, we deliver a lot more speed and, in essence, a lot more power in the information that we provide to them. That's the biggest area that will change.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Let's take up right there. So, when you think about the way that you present your business to us and you just sort of did, you have two reporting segments, Buy and Watch, and I hate to do this, but there's no real better way to do this, so I want to talk about each segment, then we'll talk about them about holistically and we'll see what the audience wants to talk about. But I want to start with the Buy segment, which is maybe a little bit surprising to some people in the audience because 95% of the conversations I have with investors is about the Watch segment. I'm playing around with the notion, I think there is under-appreciated potential with the Buy segment that I want to explore that with you and see if we can surface a little of that. Even, I think, spending a lot of time over the past many years preparing for -- it seems to me almost a transition in that business. Can you just talk the way you deliver that product, which creates really a whole new product? So, what is -- what have you been doing at Buy specifically, what are these -- I think there's new platforms of Data as a Service model, what does that mean for the growth rate of that business, your customers' utility from that business? Is it as big a change in that business as , you believe is understood by the investment community?

Mitch Barns - *Nielsen Holdings plc - CEO*

Not yet. Not yet. What we're doing on the Buy side of our business, first, let me just describe what we have. We have a very broad portfolio of capabilities that we provide to our buy-side clients, broader impact on the Buy side than on the Watch side in terms of the breadth of the analytics capabilities that we have. Historically, and even still for the most part at the present time, those capabilities all operate on more or less a stand-alone basis. So, we have our core measurement business that operates on a stand-alone basis, we have pricing, marketing mix, analytics, assortment optimization analytics, we have services to help our clients with their new product innovations, all these things are great businesses, great products, but again they operate mostly on a stand-alone basis.

So what we're doing, what we're in the process of doing now is re-engineering, re-designing that portfolio so that it operates much more as a integrated or a connected system so that the core measurement service and the analytics capabilities that's around it are interoperable with one another; and then once that system is fully up and running, that system connects directly in to our clients' systems that run their marketing and sales processes at their companies. That's the path that we're on right now, the vision that we have. We've shared it with a number of our clients in the fast-moving consumer goods industry and got great feedback from it. We've had a handful of charter clients sign up to be the early subscribers of that new system orientation, that new collection of capabilities, and that will be what we'll be focused on the Buy side of the business over the next several years.

As that unfolds and it will be 2017, 2018 until it really starts to show up in a meaningful way, we expect two main things to happen, one is a lot better differentiation of what Nielsen does versus all the competitive alternatives out there, in particular for the analytics capabilities that we have, because for anyone analytics capability that we have, there is a dozen or more competitors for it. But by integrating these capabilities into a system, we, in essence, put ourselves into a class by ourselves, nobody else has the breadth of portfolio and the global footprint of Nielsen and so you bring all these other capabilities into that into a connected system and its more differentiation, which we think is positive. It also, as we move from a People as a Service to more of a Data as a Service and Software as a Service business model, of course also improves the operating efficiency of our business, and so you should see the opportunity for us to increase the percent margin growth in that part of our business improve. And it's already a part of our business where we've seen margin expansion for the past seven quarters as we've started to see the payoff from the investments we made several years ago in the emerging markets around the world, but moving to this more connected system should help bolster and then perhaps even accelerate that further.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

So, talk about the emerging markets a little bit. So, it has been the recipient, I think, of a lot of the investment that's been made in the Buy business, I was going to say the majority of, I don't know if that's true or not, but a lot of it, there's a lot of investment fear, fear is a wrong word, (inaudible) concern, the emerging markets are always scary to investors and so now you've got a big play in emerging markets, should we be scared, what's going on there, has your growth rates in appetite for your services at all changed over the recent time frame? How are you feeling about the emerging markets as a portion of your business?

Mitch Barns - *Nielsen Holdings plc - CEO*

I feel great about how we've done and also about the growth opportunity that still remains. Let me say this, when the Buy part of our business in the developed markets, our business is somewhat correlated with growth in GDP in these markets. In the emerging markets, much less so and the reason why that's true is because the state of development of our kinds of services in the emerging world is we're still pretty much at the early part of that development opportunities. So even if the overall economy is slowing down in terms of its growth rate, we saw a lot of white space to fill in. We still have a lot of opportunity that is under-developed in those markets and that's the reason why our business is able to grow double-digits in China last year and 11% in the first quarter of this year, despite the volatility in the market. That's the reason why our business grew double-digits

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in Brazil last year, believe it or not, despite a negative GDP growth rate for that market, because all of the white space opportunity in the underdeveloped nature of the kinds of services that we provide in those markets, we're still able to find growth even if the overall market is in fact not growing.

And a lot of that, again, has been the pay-off for the investments we made in these markets, improving our measurement, quality, our coverage of consumer purchasing in these markets from the period of, say, 2007 all the way up through and maybe around the 2013 time frame. That pay-off is now starting to show through. I mentioned Brazil, I just want to reinforce. Yes, even Brazil even in the first quarter of this year, is still seeing very good growth in the Brazil market. When I went to Sao Paulo most recently, is now six months or so ago, I even had asked our MD in that market, are these numbers right? How well the business is going in that market and he verified and showed me all the reasons why, in fact, it's true.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

So one of things that's probably so obvious to you, it's just incumbent and we need to be said, but I'm going to make sure we clarify, you talked about competitors that exist for various specific services you provide, so you can define that in terms of silos of services, silos is probably not the best word, but from a geographic footprint, correct me if I -- is there anybody else who does what you do globally for your global CPG clients?

Mitch Barns - *Nielsen Holdings plc - CEO*

No.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Right.

Mitch Barns - *Nielsen Holdings plc - CEO*

And we're in 106 countries, and next biggest provider, at least of the core measurement capability, their country counts in the teens. They are in the countries that are essentially the easy ones to go into where scanner data is almost in every store outlet. We're in those countries of course, but we're also in the countries that aren't so easy to measure, the more difficult to measure, the greedier, grimier measurement conditions around the world. And by the way, we love those businesses, because we see great growth, great margin capability, there's a lot of value that we can convey to our clients. And by having that global footprint, it's one of the reasons why we have the core measurement business from almost all of the big major global companies, all but one in fact. That's been one of the big and very good stories for Nielsen over the past five years.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

We'll talk about channel proliferation a lot when we get to the Watch business. In the Buy business, there's new channels as well. E-commerce is a thing that most of the people in the audience have probably heard of. As more and more people buy goods and services through the Internet, what does that mean for your measurement of that consumption in those purchase occasions?

Mitch Barns - *Nielsen Holdings plc - CEO*

It's good, but what's been the story really throughout history in our business, every time a new channel emerges, we have to add that channel, the consumer purchasing that's happening in that channel to our overall measurement system, because we don't measure just one distribution channel or one class of trade, we measure the consumer, that's our objective, and we got to go cover that consumers' purchasing behavior wherever they happen to be going to buy the goods that our clients sell. So, as e-commerce starts to emerge for fast-moving consumer goods, we've got to cover that channel. Of course, we have to cover that channel. It's still relatively small as a percentage of most of our clients' sales, but that's deceptive because while it might be small in the absolute, it is probably representing a relatively big portion of the growth in their brands. And so if you're a general manager or a category manager at one of these big companies that we work with and let's say your bonus get determined on the basis of your share growth and where you're driving progress in the marketplace, if we're not measuring that channel, believe me, they care, even though it might be 5% of their sales, it's 25% of the growth, they care 50% about that channel, it's a really important thing and so we're now capturing.

And so that's why it's so important. It's consistent with our overall objective to measure the consumer, it's important to our clients. But here's one more reason why we really love the emergence of e-commerce and that is the nature of the data that we get from this channel is the richest we've ever seen. Think about when we're measuring sales in a retail store, brick and mortar store, we're measuring really at the store level. We don't really know who the consumer was. You made each individual purchase or what that consumer bought last time that he or she went to that store, we can't stream together all their purchases over a period of time, we can't easily connect what they're also seeing from an advertising perspective; different in the e-commerce world. We know who bought the product today, we know what that same person bought last week and the week before, we know what advertising they were exposed to, you get a very granular super-rich data record around the individual level of consumer purchasing and that fits perfectly with our business model. We measure what consumers watch, what consumers buy, and we convey additional value to our clients by connecting those two things. Well, there is no better environment for us to demonstrate the value of that framework that our Company is designed around than in the e-commerce world. And so the e-commerce platform, they're not just retail platforms, they are marketing platforms, they are data platforms, and they fit perfectly with our portfolio and the orientation we've taken for our Company.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

So, sometimes I hear and I'm sure you've heard, well, given all that richness of the data, why would these guys ever need Nielsen or choose to share their data with you. And (inaudible) examples around the world. In China, for instance, you have some direct relationships; here in the States, different -- current state of play, as I understand it, with the Amazons of the world, for instance. So would love any commentary on like how that's different and what that means for your visibility to the data but more broadly what is this -- how is this perception of, well, maybe Nielsen becomes less necessary in an e-commerce world, how do you react when you hear statements like that?

Mitch Barns - *Nielsen Holdings plc - CEO*

Well, some of these retailers, online retailers who would want to share their data with us, and some, so far, have still decided not yet. The ones who do, what they are trading of is, they say I know I'll share my data with you and therefore the rest of the market will see what's happening on my platform, but in exchange by sharing my data with Nielsen, I get to see how my sales on my platform compare with the rest of the world, they're not going to learn anything about what's happening on their platform, but they'll learn a lot about how it compares to the rest of the world. That's the value that we bring to these companies. So, if you're Amazon or if you're Jet or if you're Ali Baba, whoever you are, Lazada, Flipkart, that's the calculation you make and some have already decided that's a better value, I'm going to share my data with Nielsen and some haven't. And, look, we respect that we find a way to work with everybody, wherever they happen to be in the process of making that decision.

Having said that, we're still able to measure everybody whether they share their data with us or not. If they share their data, that's the best condition for us. If they've chosen not to share their data, we still have other ways to measure what's happening on their platforms by going directly to consumers, by finding other data sources, and that's exactly what we're doing in the US marketplace right now. Not that different from what we've done on the Watch side of our business in terms of measuring viewing on the Netflix platform. Netflix doesn't want to share what's happening on their platform, they don't want to let our watermark pass-through, but we still have ways to measure what's happening on that platform and to provide a lot of value to the marketplace, same thing on the Buy side.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

We didn't script this, but that's a perfect segue and I'm looking at the clock, I should probably start talking a little bit about the Watch segment. I know we've got questions from the audience to come. So, moving from the world of fast-moving consumer goods to the world of video and entertainment, media consumption, there's a little initiative going on right now at your Company, I think, falls under the nomenclature of total audience. So, why don't you just give us an update on sort of what that all entails and what stage you are of bringing that enhanced capability to the marketplace?

Mitch Barns - *Nielsen Holdings plc - CEO*

Sure. I'd be happy to. Last year, when I was at this conference, in fact, I talked a little bit about total audience at this conference, said what we were, at that time, still planning to do throughout the rest of 2015, into the early part of 2016. So here we are roughly a year later and, well, I think the best way to share the update with you is, when I was here last year, the person who spoke maybe even in this same room, I think, it was right after me, it was David Zaslav from Discovery, and he apparently had listened to some of the things I said about what we plan to do and he -- I didn't hear him talk but people related to me later in the day, he apparently said something like I heard what the Nielsen guy said, that would be great if they actually would do it, and apparently he said it with a healthy dose of skepticism, which -- that's fine, that's fine, it really is. Well, here we are a year later and we've actually done everything that we said we were going to do. We have done it largely on schedule. I think we've surprised, greatly surprised our clients in the marketplace with the execution, the delivery against our commitments in terms of the development, the roll out of total audience. Not that were done, I'm not saying that. There's still more work to do, but I think we've really surprised the marketplace. So, I appreciate what David Zaslav said last year. We kind of used it and put it on the chalkboard in our locker room and used it as a motivation, and maybe in fact that's exactly what he intends to do. He's the next [VE] guy, they tend to know a thing or two about leadership and motivating people. So, I appreciate that.

But now the problem is really a little bit different. In fact, I had lunch with a media CEO last week, his request was, could you just slow down a little bit and that's when we know we're really hitting our stride, that we're delivering or executing when our clients are saying it's a little too fast, we need a little bit more time to absorb the change that total audience is bringing to the marketplace. So we'll listen to that, we'll take it on-board, but we'll wear that a little bit as a badge of honor because it's quite the opposite from the skepticism maybe expressed before, which we respect.

Now where are we? We've rolled out Digital Ad Ratings not just to the US where it's got an incredible client adoption, but now we're in 17 countries around the world heading to 25 by the end of this year. We have great adoption by almost every single one of the Top 25 advertisers in the US of our Digital Ad Ratings component of our overall total audience framework, including the United States' biggest advertiser. Most recently, Procter & Gamble decided to switch over from the competitors metric to our metric, so that gives you just a little bit of an example of the progress we're making there.

On the content measurement side, our Digital Content Ratings metric has rolled out and it's gaining client adoption in the marketplace, Just yesterday, we switched to syndicated reporting on schedule for the clients who are participating on the publisher side of the market, and so that was a big milestone, a very important step for us. We'll syndicate our total content ratings measurement metric for the publisher side of participating publishers, call it, still in the early part of August and full syndication probably by late Q3 or early Q4 of the total content side of the business.

So, all of these things are on schedule as committed to the market, and all of this brings the full capability of total audience to life and that's why you're seeing such good performance from the Watch side of our business. In the first quarter of this year, up 7.5% revenue growth on the Watch side of our business for audience measurement of video and text, which is where total audience is focused, and so we feel great about the progress we've made, the path we're on, our position in the marketplace being well aligned with what we think the market needs.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

So, this is an investment conference. You just opened the door, you talked a little bit about the growth rate of the Watch business, revenue line in the current -- recent quarter and you've talked about a bunch of things to roll out to come. So, how should investors think about there's more to come, right, on the product side, more adoption in the future, how will that translate or not into the mix of ways you get paid by your customers?

Mitch Barns - *Nielsen Holdings plc - CEO*

I'd separate our client base into a couple of components. It has many, but two main components. One is the big media companies and the second component being the big digital companies. For the big media companies what total audience really represent is it's our right or our ability, if you prefer that word, to continue to grow at the mid-single digit growth rates that we have over the last several years. If we hadn't rolled out total audience, then maybe we wouldn't have that ability to continue the growth that we had. But by virtue of having total audience and the way that serves the needs of those big media companies, we should be able to continue to grow at a similar growth rate as we have in the past, even though the market has changed so dramatically.

Now, the second big client group are the digital clients. We had a smaller position there coming a little bit from behind relative to the competition, that's where it's going to be more incremental for us. And so total audience is going to add a lot of growth but on a smaller base, and so that's how the mix will play out. At the moment, we're not changing the guidance for this part of our business given where we are in this progression. We'd love to be in a position to be able to do that at some point, but that's just not what we're seeing at the moment given the relative size and proportion of the whole of these two components of our franchise.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

All right. One of the other elements of your Watch business that I think you now disclosed with some -- is the marketing effectiveness business, I think, is what you call it now. Last I checked that was growing at very healthy double-digit number on the top line, what -- so what is that, how big is that, and how does that play into all of the capabilities you're rolling forward?

Mitch Barns - *Nielsen Holdings plc - CEO*

It's -- marketing effectiveness is what we call, you could just as easily think of it as advertising effectiveness, it's few hundred million dollars in size, grew more than 20% last year, grew 28.8% in the first quarter of this year. It serves both the advertiser and agency side of the market and the publisher or media company side of the market, so both the buyers and the sellers tap into these capabilities, their analytics capabilities, all revolving around the activity of advertising. So, it ranges from more of the strategic decision of how much money should I allocate in my overall marketing budget to advertising relative to promotion or other things. And then it also moves all the way down the chain to how do I target my desired consumers and how do I activate on the different media platforms in order to go show my message to those consumers from the advertiser's side of the equation. So we have tools all across that spectrum, strategic all the way down to execution or activation, and it serves again the advertiser's side and then the seller side, the media company side as well, because they want to know how to position their platform to make it as valuable as it possibly can be to the buyers. Our acquisition of eXelate in March of 2015 has been real important component of our overall set of capabilities here, in particular for the digital and especially the programmatic and ad tech part of the world, which is playing such a growing and important role around the area of driving more precision around advertising, which then increases the ROI of advertising, makes it more attractive relative to all the other ways marketers can spend their money, and it's good for the overall industry that we serve.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Yes, let me just pick up on that, because I get asked so much about that. Programmatic is this word comes and goes in terms of how frequently you hear it, but it's out there a lot and it means different things to different people, and it's definitely -- its potential impact on Nielsen, there's lots of different opinions on that, what is your opinion, all right? And let me actually say that sometimes I hear people say, you know, as this gives a bigger and bigger thing, maybe people need Nielsen less because, hey, it's a platform, you can just sell me a specific person like what the heck do I need Nielsen for, right? So, I do hear that sometimes.

Mitch Barns - *Nielsen Holdings plc - CEO*

If you're going to turn your money over to an algorithm instead of a person, that's really all programmatic means at a certain level, it's just algorithm, it's bit of a person making the decision. I think when you're going to turn your money over to an algorithm, you want independent third-party verification even more to make sure that algorithm isn't spinning out of control and it's doing exactly what you said. Algorithm doesn't feel any great sense of loyalty or accountability to anybody, it just wants to run. It never sleeps, it never goes on vacation, it just operates. So, I think that's the reason why our business, especially our digital measurement capabilities really some of the earliest adopters of our Digital Ad Ratings metric were from the ad tech and programmatic world, and it's really a position of the greatest strength for our digital measurement ability is ad tech and programmatic. So, we feel great. The market wants to go that direction. Believe me, we'll be happy to see it and well positioned to serve it.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Within that same universe of activity, I think, you've also been I think making some investments and expanding your capabilities in what I would call a marketing platform, I don't know if you have different names for that, which is I think just offering more of the full stream of the utility of your data to customers now all the way, in some cases, through an actual platform that they can use to interact with your data directly as opposed to maybe through a licensee, please -- I'm sure you can give a better description of that but what is that all about and how does that fit in? And is it taking Nielsen from a somebody who measures things and gives you the answer and to somebody who's -- you're actually now using to make decisions and optimize, and is there any inherent conflict in that?

Mitch Barns - *Nielsen Holdings plc - CEO*

Yes, I assume you're referring to our Nielsen Marketing Cloud, which takes capabilities that already exist in our portfolio and it just organizes them in a different way, pushes the capability into the cloud, makes it a lot more agile, flexible and faster really for our clients. We're just starting to roll that out to the marketplace right now. It's getting really great response. We had more than a dozen clients sign on almost right away. We're not the only marketing cloud provider out there, of course Adobe has one, Oracle has one, IBM has one, and a lot of people have one. So that's not our reason for doing this, but what we have is a point of differentiation, which is we have a lot of the essential core data and most granular access to that data and so there's a certain differentiation or extra value that we're able to provide for clients who really value the data that flows through their systems as opposed to our more enamored with the technology itself. So, that's what that's about.

Now, in terms of the possibility for there being a conflict between the measurement part of our business and this which is an analytics capability, we're sensitive to that, but we manage it by -- we never use the same data sets in the two. In other words, our measurement runs off of a different dataset than what powers our marketing cloud capabilities. There is crossover in terms of the analytics that inform -- one informs the other. In other words, we build look-alike models in our marketing cloud capability using our core measurement data, but it's not the same data, there are separate and distinct datasets. So that line of demarcation is what, I think, insulates us from any reason for concern out there.

And ultimately what we're not doing is we're not executing advertising for our clients, we're simply informing how they should or more likely their agencies should execute that advertising for them in order for it to be done as efficiently and as effectively as possible. We don't cross that line to be clear. We don't think you can be in both the measurement and the analytics side of the business and across-the-line in the execution of advertising and make money from both sides of the line. Other people seem to have a different point of view on that. We have a very strong point of view that, that's a line you can't cross, that's a conflict of interest the market will not bear, and we're fine with that.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

So, -- oh, thank you. I just finished a conversation in another area of the hotel with your -- one of your many customers in the media side. I was talking to James Murdoch, in this case. We did a lot -- we spent a lot of time talking about the prospect for over-the-top video services that may contain advertising and different forms of advertising and more addressable types of advertising, how does assuming that that sort of thing proliferates to setting one more lexical complexity to the consumption environment, the advertising delivery environment, how does that fit into the total audience capability that you've built in anticipation of that? Does that have any ramifications for you in terms of your ability to capture all that or what it means to your business?

Mitch Barns - *Nielsen Holdings plc - CEO*

James in Fox would be great to talk to about that, and Joe Marchese on his team, I know he's a very thoughtful person on this. Look, we're excited to see that unfold through again a big factor in designing our total audience measurement framework, the way that we did was to make it robust to be able to capture those kinds of viewing as well, any kind of viewing that would emerge in the marketplace. As you probably will recall, Todd, we recently rolled out the ability to measure viewing through all of the different over-the-top devices, connected devices, Apple TV, Roku, Amazon Fire, Chromecast. We now report viewing by device. So, that's the level of granularity, the level of specificity we have in our measurement capability of viewing over-the-top right now. Yes, if it's Sling TV, if it's Hulu, our total audience framework, that architecture that we built everything on is able to measure that viewing. As long as the client has the content properly water-marked or encoded depending on its delivery, then our system picks it up perfectly and we're in a good position.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

All right. And not to go too technical here, but if you allow, the audience had asked me one semi-technical question, but it's really, really important, how -- where do we stand the deduplication of all that in terms of reach and frequency? I mean, I know that's -- I'm sure that's your ultimate goal, maybe it already exists (inaudible) able to tell an advertiser the unique and the duplication of the audience for their piece of content or their advertisement across all the different platforms you just named and the ones to come that's really hard to do.

Mitch Barns - *Nielsen Holdings plc - CEO*

Yes, especially the reach component, it's one of the most important questions that people on the advertising side of the equation want to know, is what's my deduplicated reach, because they know reach and frequency make up your total set of impressions. Reach is the most important of those two -- more important of those two metrics. So they want to know the deduplicated reach across digital and TV, and all the platforms. Our ability to do that is therefore essential to them. The total audience measurement framework, first of all, it's really important that not only measure all of those places where consumers go to view, but importantly you have measure them in a way that's comparable so that you can actually compare them one-to-one to each other. We're able to do that.

And then secondly, you have to have a way to deduplicate the reach and separate out the frequency of viewing. The way we do that is primarily through the gold standard panel, everybody likes to stay, oh, you still use a panel at Nielsen, why aren't you using big data. Well, the response to that is, we are using a lot of different forms of big data in our overall measurement systems, but at the center of it still is this gold standard panel, and that gold standard panel is valuable for a lot of reasons, helps you get the value out of big datasets, but it also is the key in deduplicating the reach across all the different platforms, all the different screens that consumers are going to in increasing numbers these days. That's the way we do it.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

And you have a couple more just very common topics in the Watch business and I got some good questions here. So, just to tick a couple of these off. Speaking of the granularity required to keep track of a bunch of these things, so an input -- the input of set-top box data has been a lightning rod of conversation for a while, you guys have used that to various degrees in your business over time. I think, you're in a process, in your local market measurement business, of rolling out what I think you might -- sorry if this was a wrong word, a hybrid solution, which is incorporating set-top box data. Please correct anything if I've misstated, the question is what is the status of that, how is that important to your competitive position and ability to serve customers and how that's been received?

Mitch Barns - *Nielsen Holdings plc - CEO*

Yes. We just signed a deal with DISH to license their set-top box data a couple of months ago, and so that data we're now starting to incorporate that into our measurement design and system. We're looking to license additional set-top box data sources going forward. We don't need them all to be clear, but the good news is we've got options and so as we acquire more, we're looking to just create the right puzzle pieces, the right footprint so that we can have the right coverage from big data to combine with the coverage we already have of these markets from our existing panels. And what we do is, we put these two data sources together, each have different strengths and weaknesses complementary to one another. And so by putting them together, you get the best of both worlds. It will improve the stability of our television measurement, especially for local television and also the granularity giving it a lot more analytical power going forward.

Likely the market will begin to see that data flow in 2017 time frame is when that will happen and it will be a really important part of our local television measurement service going forward. But we won't stop there, it will also find its way according to our plan in our national television audience measurement service, and frankly any measurement service we have in our portfolio, Watch and Buy, US and everywhere else in the world, I expect over time to move through this hybrid-like approach where we use some panel-based approach, very high quality, but tends to be a smaller dataset in combination with some big dataset. You put the two together and you get capability that you would otherwise either never be able to have or afford if you relied on only one of the other.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

One final thing, I mean, we'd be remiss if I didn't even mention or ask about it, we're talking about Watch, we haven't yet measured -- mentioned audio, right? You mentioned video and text. Couple years ago, you acquired rather big company called Arbitron, so what's going on there, what's the update, how is that business progressing, how's the health of that market and the service itself?

Mitch Barns - *Nielsen Holdings plc - CEO*

Well, steady she goes really is the word there. Low-single digit growth is -- that was our expectation when we acquired it. That's been our experience so far. We saw great synergies from the acquisition, it continues to be a great free cash flow generator for our overall business. We've continued to invest in ROI analytics for the radio industry, which I think is served their story to advertisers very well to be able to tell the story around the value of advertising on radio and what the return on that investment is for advertisers. And the other thing we've done there is we've continued to press on the measurement of digital. We're not all the way there yet with all digital audio, but digital streaming we're now measuring for about 2,500 terrestrial stations and incorporating that in the measurement ratings that we report to the market. We don't yet include the listening of some of the other digital providers like Pandora, for example, that aren't -- they're not streaming a live cast, it's more curated mix. Of course, dynamic ad insertion is the model on their platform. They just have not yet chosen to move into our measurement system, because they are -- they still have their business wrapped around a different approach right now. So, we continue to work towards that objective. We'll get there eventually, but we're not there yet.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Yes. Got it. So, turning to the audience question, so if I could categorize these, a lot of sort of financial, we're going to put -- we're going to have you put you on your CFO hat in a minute, but so before I get to the CFO type questions, this is a great capstone question for the discussion we're just having, so what do you believe the synergies are in having Buy and Watch in the same company?

Mitch Barns - *Nielsen Holdings plc - CEO*

The synergies are a couple. One, operational synergies are there because further you go deep into these businesses, the more similar they are. At the surplus, at the client side, it's harder to see the similarities. At the operational side, there are lot of similarities, and in particular one really important functional capability that transfers very well across the two is data science, which you hear the world talk about more and more and more, and it will only continue to increase going forward, that discipline and skill set around data science, it's -- that skill set transfers perfectly across the two.

Commercially, though, we also see tremendous benefit. Marketing effectiveness is largely about taking Watch and Buy and connecting those two to create a third value stream for the marketplace. So, when we say our marketing effectiveness business grew 20% in 2015, 28.8% in the first quarter of this year, it continues to show tremendous growth opportunity as long as we can see into the future, that is the Watch and Buy connection story. And so we love this opportunity and we think it makes a lot of sense. It's what our Nielsen, our founder contemplated back in 1936 when he first got into the media business after already being in the retail sales measurement business starting in [1933] time frame. What was true in the 30s in the midst of the recession, still is a pretty good idea even today.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

All right. Are you ready to channel Jamere a little bit here and answer some CFO related questions?

Mitch Barns - *Nielsen Holdings plc - CEO*

Shoot up.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

All right. Here we go. So, a few here that are sort of asking the same (multiple speakers) that's right, they're everywhere like cockroaches. Do you -- I say that is very proud (inaudible). So, two questions are sort asking the same thing here, just about basically exploring the difference between your adjusted earnings and your GAAP earnings, and the question here is what's the pathway to sort of converge those the theory being the adjustments certainly sort of go away, and hopefully they converge in a way that makes earnings go up not down?

Mitch Barns - *Nielsen Holdings plc - CEO*

We're very tuned into our investors on this, we want to hear from you in terms of the pace and the specifics of this. Jamere and I are both in very what's coming, I think in terms of our commitment to shrink that list of adjustments and to continue to be as transparent as we possibly can be about them. We hope that everyone would agree that we have done exactly that.

The two big ones that we hear about the most right now are restructuring and stock-based compensation. Restructuring is the one that we want to tackle in the near-term time frame next and that is in essence as to a holdover from when we were private -- private equity owned, made a lot of sense to have that as an adjustment then. The further we go into the future, though, the less that makes sense. And so we're working to get that to a place where it's easy to flow it into the operating expense, take it out of the adjustment line, and then we'll continue to tackle the next one as soon as we get that one done. But again it's something that we're focused on, we've already made some progress on. We intend to make more dialog with our investors on that front is important though.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Yes. So speaking of -- I think if you made progress on -- I think it was last year at this conference when I kiddingly just joked about, I think at that time on your white board in your office, you had this big sign about free cash flow conversion.

Mitch Barns - *Nielsen Holdings plc - CEO*

Still there.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

So, it's still there. So the question here, so you made a lot of progress and so if you want to remind the audience on the progress you've made, I'm sure that would be beneficial. The question here is, how much farther you can go, what is the limit, where can you get to in terms of a regularly expected free cash flow conversion?

Mitch Barns - *Nielsen Holdings plc - CEO*

I think a year ago, I can't remember the exact numbers, I think we were in the 70s, we're in the 80s now, we get to the low 90s and that would be a good place for us to be. The big source of progress for us has been working capital, and what that means is, of course, we don't have inventory, we don't have physical goods. Working capital for us is more about net receivables and just being a lot more disciplined in and making progress on that front, that's been a big driver for us. And with our teams it's always funny, we push them on this, they always think that there's some piece of software, some silver bullet that will magically make things like days bills outstanding or receivables, or the overall working capital line improve, it's never that, it's never been that for us. It's always the grinded out every day operating discipline around just managing the individual cases that make your working capital grow and getting those shrunk down. And when it comes down to good old-fashioned execution, I'll bet on my Nielsen colleagues every time, as long as we point them in the right direction and assure them that there is no easy solution, they go figure it out, and they have.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

It's funny, there's question here. It says, given the pace of technological change, especially in the Watch business, don't you think your debt level is too high? It's funny because I think I've written notes saying given the stability of your business, how come you don't lever up a little more. So, how -- so which is it and how do you think about leverage for Nielsen?

Mitch Barns - *Nielsen Holdings plc - CEO*

I won't channel Jamere on this, but his predecessor, Brian West was with us when we were at nine times net debt leverage. We're in a mid-3s right now, we're very comfortable running the business at that level. Our long-term target is still in three times area. We're a little bit above that right now, but we're comfortable being there. It all comes down to the nature of our business, steady, consistent business, largely contracted, highly syndicated product portfolio. We have a lot of visibility on January 1 into in the neighborhood of 70% of our revenues for the full year, that's how we start the calendar year.

So, when you're in that position, then even with a 3.5 times net debt leverage, we still enjoy investment grade like debt covenants, even at that level. So, what's the additional benefit by being super aggressive and driving it down faster than the business will naturally delever on its own with the kind of cash flows we have; that's our approach. We have capacity to whatever we want and the flexibility is Watch we addressed in terms of how we think about capital allocation in the way we run the business.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Actually, that feeds right into a question I think I've asked you before on one of the other earnings calls, at some point, but I want to ask it again because I know it remains on investors' minds, which is at some point -- the economy has been expanding for a long time, which is great, we hope it will continue to expand in this country and everywhere else for a long time, but the business cycle isn't dead. You talked about leverage and stability. Can you remind us how your business model holds up in downturns? And maybe there was a recession, not that long ago, what did Nielsen's performance look like during that time?

Mitch Barns - *Nielsen Holdings plc - CEO*

We say it on almost every earnings call, 39 consecutive quarters of constant currency revenue growth, that's where it was at the most recent earnings call, that includes -- it's almost 10 years, so it includes the global financial crisis 2008-2009 time frame, we still had top line revenue growth on a constant currency basis. In fact, if you just focus in on the time period of 2008-2010, our average growth rate in that period was, on a constant currency basis, 4.6%. So, that's the beauty of the Nielsen business model. We're not exciting, super-fast top line growth business that some others are. We are steady and consistent through the ups and downs, through the cycles, because of the nature of our business. We must have critical run-your-business type of information. We have mostly long-term multi-year contracts syndicated nature of our business as well and that's one reason why it holds up pretty well through the ups and downs. [That's why I say it's] easy. Just for the benefit of my team that sometimes hears me talk about this steady consistent nature different than meaning that it's easy, they don't like that when I imply it's easy.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

One of the questions in here, basically about cash conversion. You also talked little about CapEx and acquisitions and so, acquiring new innovative companies with capabilities has always been a part, I think, you would probably agree of what [still] Nielsen has done over time. So, should we expect that to continue? What's sort of the run rate of that? Why is that important? And is there anything bigger that, not specifically but just generally, that would make sense to the Nielsen company to think about in terms of acquiring more assets?

Mitch Barns - *Nielsen Holdings plc - CEO*

In terms of the acquisitions we made in the last couple of years, it's included Pointlogic very recently, it's included eXelate in March of 2015, Affinnova if you go back to the latter part of 2014. All of these have a commonality to them and that they are all technology-centric much more so than the average part of the Nielsen portfolio. So it's part of our strategy to help us move in that direction. And in many case (technical difficulty) what we're doing is that's our strategy and that's the direction we're trying to go, we make build buy decisions. And sometimes buy is the better of the two decisions. It's a better use of capital, it's a way to de-risk the execution, it's a way for us to get there faster rather than to build it ourselves, and that's the way we'll continue to think about these types of deal opportunities in the future.

A great example is Pointlogic, a relatively small business, but really important in terms of total audience and its ability to be useful to the marketplace. Pointlogic has a piece of software, sits on about half of the media agency professionals' desktops, that they use for media planning. So they're already embedded in the media planning world. It's a distribution system for our total audience metrics to flow very easily into without causing a lot of disruption or change or extra change for our media client that's a perfect type of acquisition. We'd do another dozen of those if we could find them. But unfortunately, there aren't a lot out there, but we love that one. eXelate, for very different reasons. We're thrilled with how that deal has played out for us as well. The business itself continues to grow, 40% kind of pace, but the capabilities within eXelate are also playing an important role in a lot of other things that are happening around Nielsen outside of the eXelate proper part of the business. So yes, we love these kind of deals.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Fantastic. Mitch, there's never enough time and I always -- I'm looking at the clock, we've got 22 seconds. I don't think there is a question that I could ask you that you could do justice to in the remaining 15 seconds. I don't know if you have any final words of wisdom to impart upon all of us gathered here.

Mitch Barns - *Nielsen Holdings plc - CEO*

Maybe one question is, am I thinking about growing a ponytail to look like yours. And the answer to that, three, two, no.

Todd Juenger - *Sanford C. Bernstein & Co. - Analyst*

Thank you so much for being with us, Mitch. And thank you all for listening and participation. Onto whatever is next on your agenda.