

RELX

Novum Exemplar – reiterate Buy, PO raised to 3,730p

Reiterate Rating: BUY | PO: 3,730 GBp | Price: 3,222 GBp

Reiterate Buy, PO raised 13% to 3,730p

In 2023 RELX gained 36% and outperformed the FTSE 100 for a 9th year out of the last 10. Time to pause for breath? We disagree – RELX is a largely unique asset in European markets given generative AI exposure and defensive double-digit earnings growth. Plus, belief the c.20% discount to US info services peers can – and should – narrow, should drive another year of outperformance. Key catalysts in 2024 include Legal division acceleration on genAI product roll-out. Reiterate Buy, PO raised 13% to 3,730p.

Five reasons to support another year of outperformance

RELX has been strong in 2023, but we see further re-rating ahead given 1) **Addressable markets have expanded** since pre-COVID, extending RELX's growth opportunity – in the Risk division in particular, we see 15+ years of 7-8% YoY organic growth potential and scope to more than double revenues, plus a supportive/benign market backdrop in 2024; 2) **Sentiment towards the STM division has flipped** – once viewed as low growth and structurally challenged, we think unpicking of the open access bear case in 2023 has led to substantial re-rating within the SOTP – we value STM at c.£24bn, on 18x CY24E EV/EBITDA; 3) **Lexis+ AI could deliver good news in 2024** – we model a step-up in Legal division growth to 7% this year (cons: 6%), with divisional adj.EBITA 7-15% ahead of consensus. We don't believe this is priced in despite the strong share price performance last year; 4) On 18x CY24E EV/EBITDA **RELX still trades at a c.20% discount** to US info services peers, which we find unjustified given 5) An average 7% underlying **sales growth in 2023-25 in line with the best-in-class peers**. Overall we think RELX remains an inexpensive European compounder given its relatively unique positioning – generative AI exposure, defensive double-digit (c.11%) earnings growth and discounted valuation vs. peers. We now value the shares via DCF and 20x CY24E EV/EBITDA (18x prior), which together with forecast changes drives a 13% increase in our PO to 3,730p. We expect investors to ignore cyclicity in the Exhibitions division (10% of sales) in the valuation debate. FY23 results should also deliver an upsized buyback – we model £1bn vs. consensus' £739m, and by 2027 >£2bn of additional shareholder returns vs. the street view. Expect another year of strong performance.

Estimates (Dec) (GBp)	2021A	2022A	2023E	2024E	2025E
EPS (Adjusted Diluted)	87.1	102	111	122	136
EPS Change (YoY)	9.4%	16.7%	8.8%	10.0%	11.9%
Dividend / Share	49.8	54.6	57.2	62.9	70.4
Valuation (Dec)					
P/E	37.0x	31.7x	29.1x	26.5x	23.7x
Dividend Yield	1.5%	1.7%	1.8%	2.0%	2.2%
EV / EBITDA*	26.0x	22.0x	19.3x	17.9x	16.6x
Free Cash Flow Yield*	2.6%	3.1%	3.4%	3.7%	4.2%

* For full definitions of *IQmethod*SM measures, see page 19.

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Refer to important disclosures on page 20 to 23. Analyst Certification on page 18. Price Objective Basis/Risk on page 18.

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Timestamp: 18 January 2024 01:00AM EST

18 January 2024

Equity

Key Changes

(GBp)	Previous	Current
Price Obj.	3,300.00	3,730.00
2024E Rev (£m)	9,834.0	9,752.8
2025E Rev (£m)	10,391.0	10,330.4
2024E EBITDA (£m)	3,803.2	3,782.3
2025E EBITDA (£m)	4,087.8	4,081.0

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Stock Data

Price (PLC, NV, PLC ADR)	3,222 GBp / 37.52 EUR / 40.80 USD
Price Objective	3,730 GBp / 43.40 EUR / 46.40 USD
Date Established	18-Jan-2024 / 18-Jan-2024 / 18-Jan-2024
Investment Opinion	A-1-7 / A-1-7 / B-1-7
Volatility Risk	LOW / LOW / MEDIUM
52-Week Range	2,347 GBp-3,238 GBp
Market Value (mn)	61,406 GBP
Shares Outstanding (mn)	1,906 / 1,906 / 1,885
Average Daily Value (mn)	82.10 USD
BofA Ticker / Exchange	RLXXF / LSE
BofA Ticker / Exchange	XFAFF / ENA
BofA Ticker / Exchange	RELX / NYS
Bloomberg / Reuters	REL LN / RELL
ROE (2023E)	56.4%
Net Dbt to Eqty (Dec-2022A)	170.4%
Free Float	99.9%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

iQprofileSM RELX

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(€ Millions)					
Sales	7,244	8,553	9,170	9,753	10,330
EBITDA Adjusted	2,608	3,083	3,506	3,782	4,081
Depreciation & Amortization	(427)	(419)	(508)	(535)	(567)
EBIT Adjusted	2,181	2,664	2,998	3,248	3,514
Net Interest & Other Income	(87.0)	(210)	(310)	(334)	(305)
Tax Expense / Benefit	(326)	(481)	(540)	(592)	(661)
Net Income (Adjusted)	1,689	1,961	2,108	2,282	2,510
Average Fully Diluted Shares Outstanding	1,939	1,929	1,906	1,876	1,845

Key Cash Flow Statement Data	2021A	2022A	2023E	2024E	2025E
Net Income (Reported)	1,468	1,634	1,826	2,001	2,237
Depreciation & Amortization	427	419	508	535	567
Change in Working Capital	(148)	(74.0)	(20.0)	(20.0)	(20.0)
Deferred Taxation Charge	0	0	0	0	0
Other CFO	194	344	223	195	190
Cash Flow from Operations	1,941	2,323	2,538	2,711	2,974
Capital Expenditure	(332)	(436)	(430)	(457)	(486)
(Acquisition) / Disposal of Investments	(95.0)	(492)	(160)	(60.0)	(60.0)
Other CFI	43.0	69.0	20.9	30.9	31.4
Cash Flow from Investing	(384)	(859)	(569)	(486)	(515)
Share Issue / (Repurchase)	31.0	(524)	(820)	(1,020)	(1,220)
Cost of Dividends Paid	(930)	(992)	(1,084)	(1,133)	(1,229)
Increase (decrease) debt	(956)	563	0	100	0
Other CFF	249	(381)	(81.0)	(84.0)	(87.0)
Cash Flow from Financing	(1,606)	(1,334)	(1,985)	(2,137)	(2,536)
Total Cash Flow (CFO + CFI + CFF)	(49.0)	130	(16.8)	87.5	(77.2)
FX and other changes to cash	74.0	91.0	81.0	84.0	87.0
Change in Cash	25.0	221	64.2	172	9.84
Change in Net Debt	(981)	342	(64.2)	(71.5)	(9.84)
Net Debt (Reported)	6,054	6,396	6,332	6,260	6,250
Net Debt (Adjusted)	6,017	6,604	6,540	6,468	6,458

Key Balance Sheet Data	2021A	2022A	2023E	2024E	2025E
Property, Plant & Equipment	131	126	126	126	126
Goodwill	7,366	8,388	8,254	8,030	7,816
Other Intangibles	3,304	3,524	3,524	3,524	3,524
Other Non-Current Assets	700	722	722	722	722
Trade Receivables	1,960	2,405	2,405	2,405	2,405
Cash & Equivalents	113	334	398	570	580
Other Current Assets	284	330	330	330	330
Total Assets	13,858	15,829	15,759	15,707	15,503
Long-Term Debt	5,935	5,860	6,730	6,830	6,830
Other Non-Current Liabilities	951	1,028	1,028	1,028	1,028
Short-Term Debt	232	870	0	0	0
Other Current Liabilities	3,516	4,317	4,317	4,317	4,317
Total Liabilities	10,634	12,075	12,075	12,175	12,175
Total Equity	3,224	3,754	3,684	3,532	3,328
Total Equity & Liabilities	13,858	15,829	15,759	15,707	15,503

Business Performance*	2021A	2022A	2023E	2024E	2025E
Return On Capital Employed	17.0%	18.8%	20.2%	22.0%	24.0%
Return On Equity	63.4%	56.0%	56.4%	62.9%	72.7%
Operating Margin	26.0%	27.2%	29.2%	30.1%	31.1%
Free Cash Flow (MM)	1,609	1,887	2,108	2,253	2,487

Quality of Earnings*	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.15x	1.18x	1.20x	1.19x	1.18x
Asset Replacement Ratio	0.78x	1.04x	0.85x	0.86x	0.86x
Tax Rate	18.1%	22.8%	22.8%	22.8%	22.8%
Net Debt/Equity	188%	170%	172%	177%	188%
Interest Cover	15.4x	13.3x	10.2x	10.2x	12.1x

* For full definitions of iQmethodSM measures, see page 19.

Company Sector

Publishing

Company Description

RELX is a major B2B / information services company comprising four divisions: Science, Technical and Medical (Elsevier journals, books & software), Legal (LexisNexis), Risk & Business Analytics (Risk) and Exhibitions.

Investment Rationale

RELX trades at a discount to Information Services peers. We believe it could re-rate as it 1) demonstrates sustainability of growth in Risk & Business Analytics which supports the medium-term group outlook, and 2) leverages generative AI to drive accelerated growth in Legal. We expect STM to deliver continued stable underlying growth despite the perceived open access threat to academic subscription revenues, which partially overshadows inherent quality in the rest of the division.

Stock Data

Shares / Common - Dual Listed	1.00
Price to Book Value	16.5x

Half-yearly Earnings Estimates

	2022	2023
H1	46.95A	55.87A
H2	54.69A	54.64E

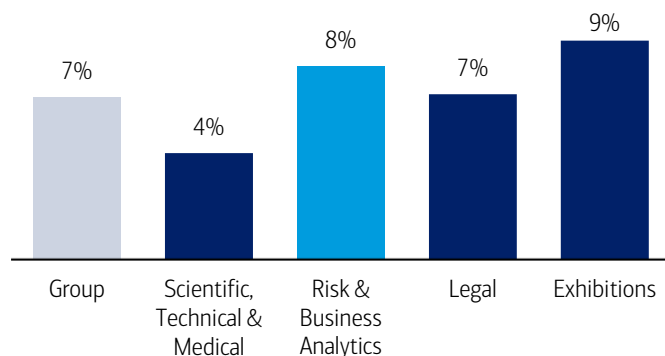
Key Changes

(EUR)	Previous	Current
Price Obj.	38.00	43.40

RELX in charts

Exhibit 1: RELX's c.7% growth in 2024 is broad-based – all divisions are pulling strongly

FY24E underlying growth



Source: BofA Global Research estimates

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Exhibit 3: GenAI could drive good news in 2024

Attorneys expected to integrate genAI into legal work within the next year

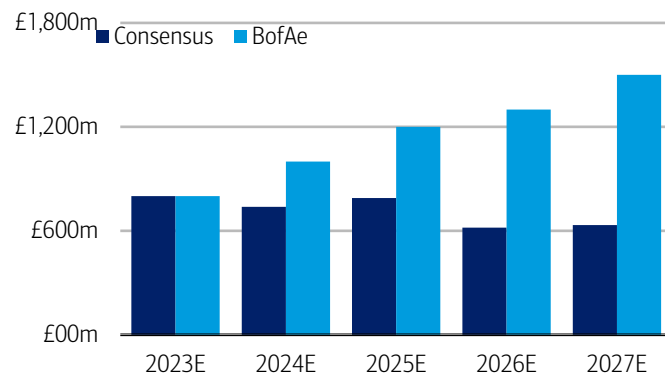


Source: Wolters Kluwer Future Ready Lawyer survey, n = 700, dates = May 17th – June 4th 2023

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Exhibit 5: Consensus underestimates buybacks

Share buyback forecasts

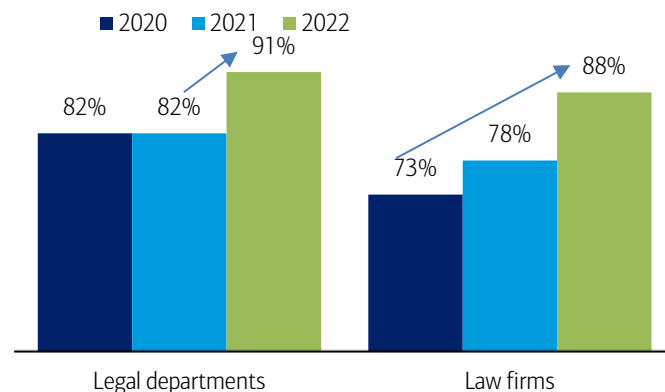


Source: BofA Global Research estimates, Visible Alpha

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Exhibit 2: RELX's addressable market has increased post-COVID

Importance of technology in professions such as law has stepped up

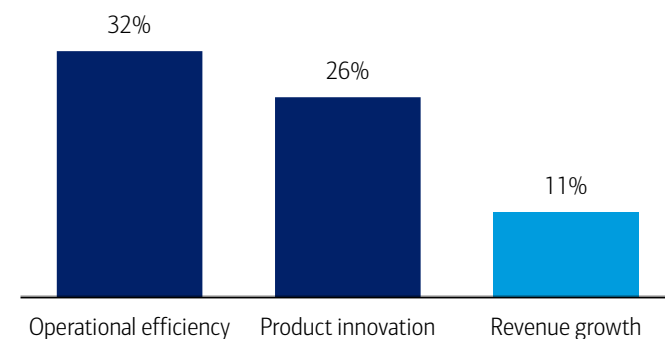


Source: Wolters Kluwer Future Lawyer Survey 2022. 91% of legal departments say that within the next three years it's important that the law firms they use fully leverage technology. 88% of law firms believe it's important to their clients that their firm leverages technology.

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Exhibit 4: True revenue growth opportunities enabled by genAI – like Lexis+ AI – are rare

Where CEOs see the greatest "significant" impact from generative AI

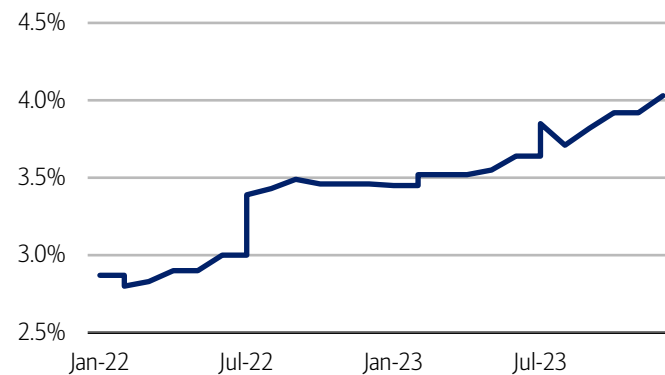


Source: Outsell B2B technology and information services CEO Survey 2023, n = 76

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Exhibit 6: Sentiment towards the STM division has flipped

Consensus forecasts for FY24E STM division underlying revenue growth

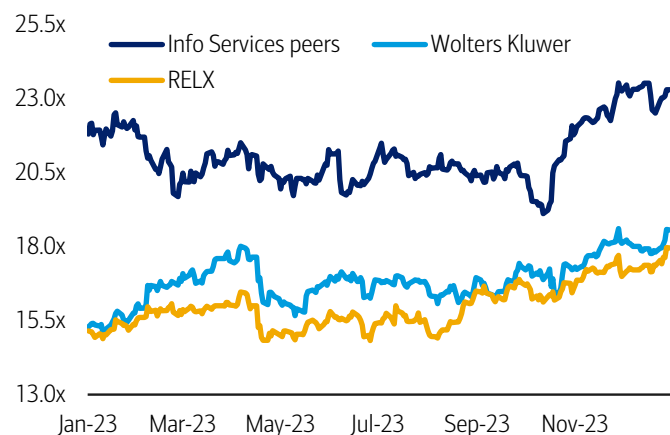


Source: Visible Alpha

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Exhibit 7: Despite a strong share price performance the discount vs. peers has hardly narrowed

Consensus 1BF EV/EBITDA

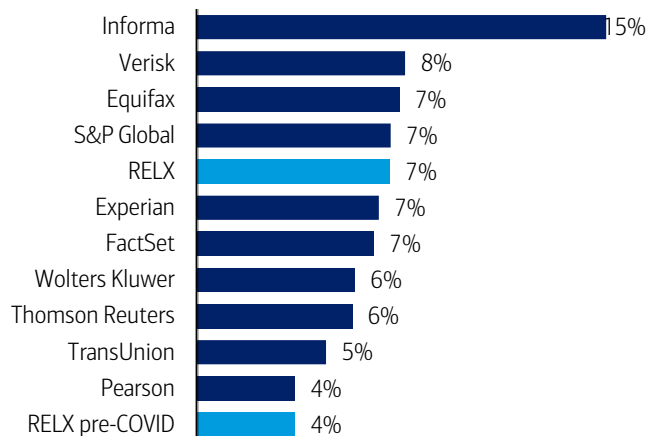


Source: BofA Global Research, Bloomberg

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Exhibit 8: Yet RELX grows as fast as the best of them

Underlying sales growth, average CY23-25E

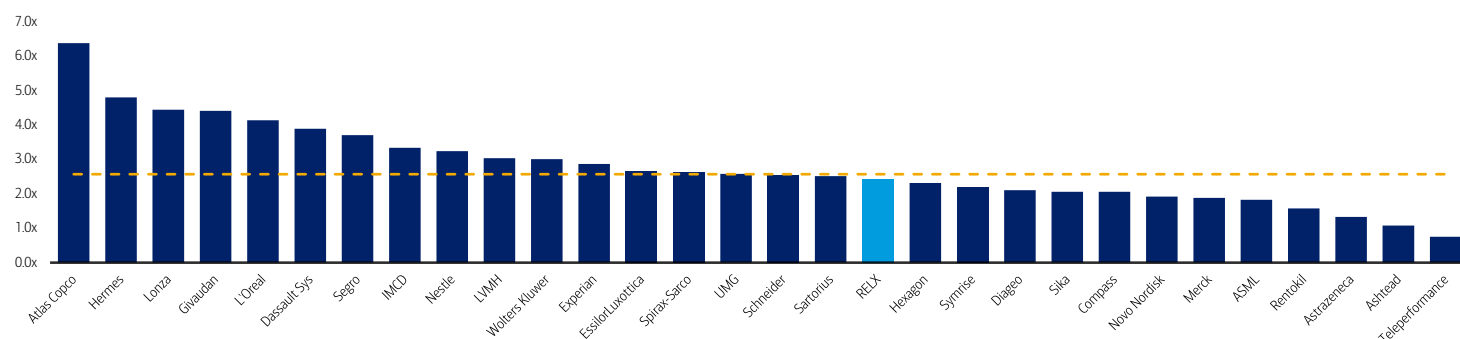


Source: BofA Global Research estimates, Visible Alpha

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Exhibit 9: Still an inexpensive compounder

PEG ratios of European "compounders"



Source: BofA Global Research, Bloomberg

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Exhibit 10: Solid earnings growth ahead

Key KPIs and valuation metrics

£m unless stated	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Revenue	7,244	8,553	9,170	9,753	10,330	11,045	11,668	12,458
Underlying growth	7%	10%	8%	7%	7%	6%	6%	6%
Adj. EBITA	2,210	2,683	3,020	3,280	3,547	3,868	4,151	4,489
Margin	31%	31%	33%	34%	34%	35%	36%	36%
Headline EPS	87.1p	101.6p	110.6p	121.6p	136.1p	152.9p	168.0p	186.2p
EPS growth	9%	17%	9%	10%	12%	12%	10%	11%
EV/EBITDA	26.2x	22.2x	19.3x	17.6x	16.1x	14.5x	13.4x	0.0x
P/E	36.9x	31.6x	29.1x	26.4x	23.6x	21.0x	19.1x	0.0x
FCF yield	2.7%	3.2%	3.4%	3.8%	4.3%	4.8%	5.3%	0.0%

Source: BofA Global Research estimates, company report

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Five reasons the story continues in 2024

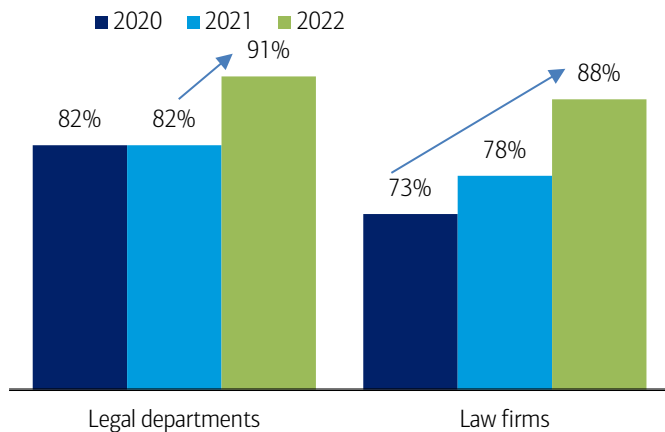
RELX shares gained 36% in 2023 on the back of strong re-rating. Time to take profits? We think not. We think the traditional discount vs. US information services peers is likely to be further squeezed out in 2024. RELX has scarcity value as a play on the AI thematic, but also given its strong, quality defensive growth profile. We think it can trade on higher multiples relative to the market, and see further upside to shares.

1. Addressable markets have become larger post-COVID

We think one of the reasons for the improved multiple vs. pre-COVID is expansion of the addressable market in information services. We note several examples, most notably the significantly higher importance of technology amongst law firms, and the appetite for generative AI. We think this supports product development and therefore pricing/upsell.

Exhibit 11: Increasingly important law firms fully leverage technology

Importance of technology in professions such as law has stepped up

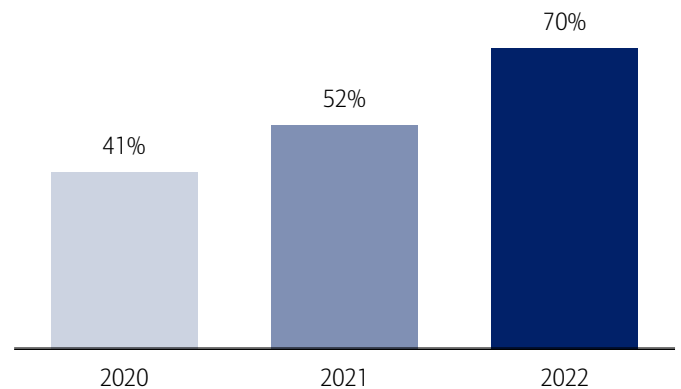


Source: Wolters Kluwer Future Lawyer Survey 2022. 91% of legal departments say that within the next three years it's important that the law firms they use fully leverage technology. 88% of law firms believe it's important to their clients that their firm leverages technology.

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Exhibit 12: % of legal departments asking firms they are considering to describe the technology they use to be more productive and efficient

70% of legal departments are scrutinizing prospective law firms' legal technology utilisation



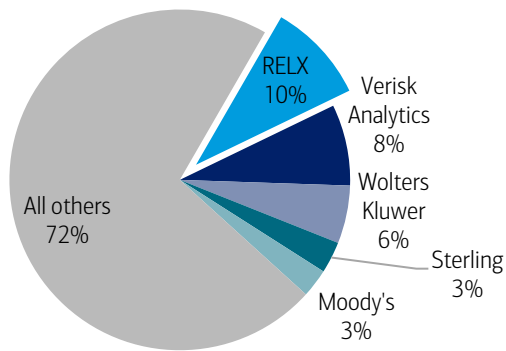
Source: Wolters Kluwer Future Lawyer Survey 2022. Note: n = 751

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- The Risk division can grow HSD for 15+ years:** We think the Risk division is a good example of the size of the addressable market, and the longevity of potential growth. As we explored in our recent deep dive (see [Incrementum ex Machina 2](#)), continued secular growth in the Risk division's \$27bn addressable market growing at a 7% CAGR is driven by 1) increasing digital transactions and cyber fraud, potentially accelerated by generative AI; and 2) rising data usage in insurance aided by telematics and the connected car. Insurance end market exposure (c.40% of divisional sales) is also highly resilient, with US auto premiums declining in just four of 15 years and never by more than 5%. Added to this is continued expansion beyond the core autos vertical (currently c.70% of Insurance Solutions) and US market (80% of the division) which represent substantial growth opportunities long-term. This should supply more than 15 years of 7-8% organic sales growth and supports our 8% revenue/EBITA CAGR in 2023-2027E. We see scope for the Risk division to more than double sales long-term.

Exhibit 13: RELX is a market leader in Risk

Share of the global governance, risk & compliance solutions market, 2022

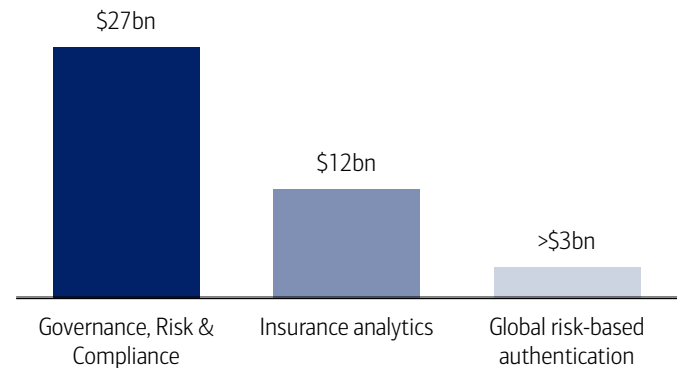


Source: Outsell

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Exhibit 14: RELX's Risk division operates in large addressable markets

Addressable market sizing for the Risk division

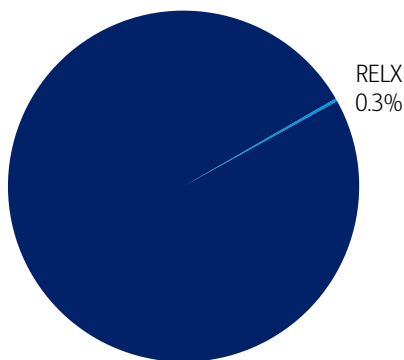


Source: Outsell, Mordor Intelligence, Research & Markets

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Exhibit 15: RELX accounts for just 0.3% of US insurers' \$500bn expenses

RELX's estimated insurance revenues as a percentage of US insurers' expenses

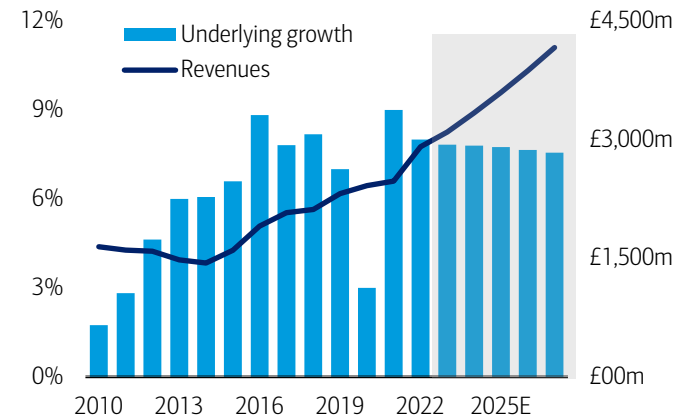


Source: BofA Global Research estimates, Verisk

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Exhibit 16: Sales have grown at a consistent 7-9%

Sales and underlying growth in sales



Source: BofA Global Research estimates, company report

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- Generative AI takes the Legal division into an incremental TAM:** We think generative AI has also helped to expand addressable markets. In Legal, genAI capabilities move the company's offering deeper into the workflow of lawyers. Lexis+ AI already offers document drafting and similar tools which we think sit outside/adjacent to the pure legal research use case. We think it's likely that RELX continues to iterate the product in future, which could further expand its presence along the workflow of legal professionals and more deeply embed its offering. This is supported by peer/competitor Thomson Reuters' recent acquisition of genAI company Casetext:

"...the [Casetext] acquisition adds attractive new automation offerings to our portfolio that are incremental to our core research capabilities, increasing our addressable market opportunity. Six of the eight current CoCounsel skills and several others in development help customers in their work beyond legal research and appeal broadly to attorneys involved in litigation and transactional areas of the law.

Third, we see a significant opportunity to create value for our professional markets by more fully integrating our research insights and workflow software solutions. We believe Casetext, along with our Microsoft 365 Copilot integration, are likely to accelerate this merging of insights and workflows, which we believe will bring significant productivity benefits to our customers and a larger position for Thomson Reuters in the legal workflow space.” – *Thomson Reuters Chief Product Officer David Wong discussing the rationale behind their recent Casetext acquisition.*

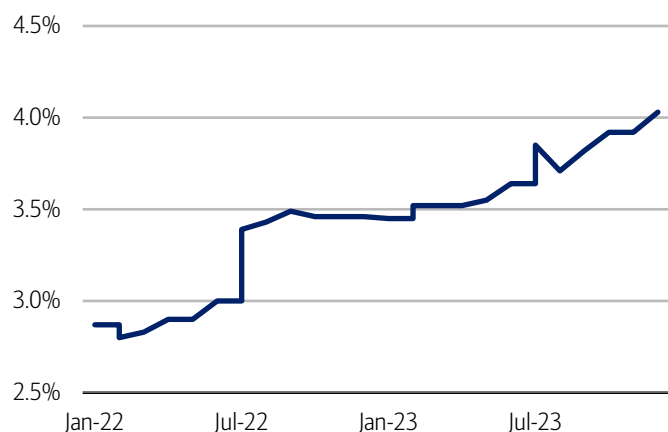
2. Sentiment towards STM has flipped

RELX's academic publishing business Elsevier, and the Projekt DEAL consortium of German academics, announced a new publishing deal in early September, after a protracted negotiation. It was announced the two parties agreed an up to €35m p.a. deal which means German institutions can now read and publish in Elsevier journals "more cheaply". The deal lasts out to 2028 and it follows over a year of negotiations.

We don't think the deal itself is material to forecasts, being 1% of RELX's STM division revenue and we assume not fully incremental (RELX was publishing c.10-11k articles a year in Germany). But our read on the agreement is still positive, and we are particularly encouraged by 1) This likely drawing a line under well-publicised contract renegotiations in the Elsevier business, following resolution of other outstanding agreements in prior years; 2) A long-term agreement with built-in 3-4% p.a. price increases for article processing charges (APCs) in hybrid journals (the STM division grows 3-4%) demonstrating continued pricing power; and 3) Theoretically this encourages German institutions to Elsevier journals (i.e. market share gains) given Projekt DEAL had agreements in place with competitor publishers already, and potentially gears German revenues more towards article output. It's also emblematic of a broader re-rating of STM as the bear case around open access has been unpicked.

Exhibit 17: Sentiment towards the STM division has flipped

Consensus forecasts for FY24E STM division underlying revenue growth

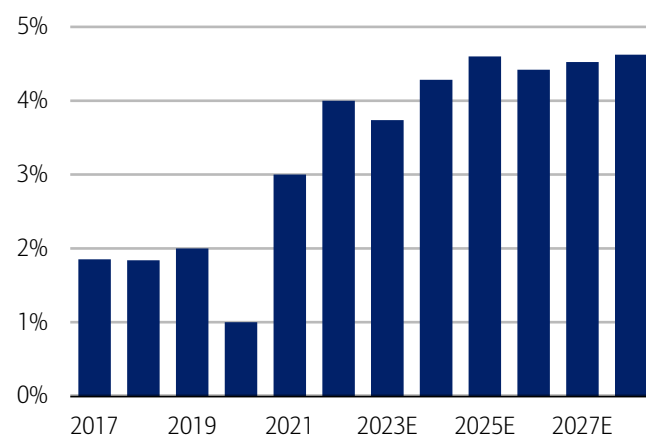


Source: Visible Alpha

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Exhibit 18: We expect growth to approach 5% in the STM division long term

Underlying revenue growth, STM division



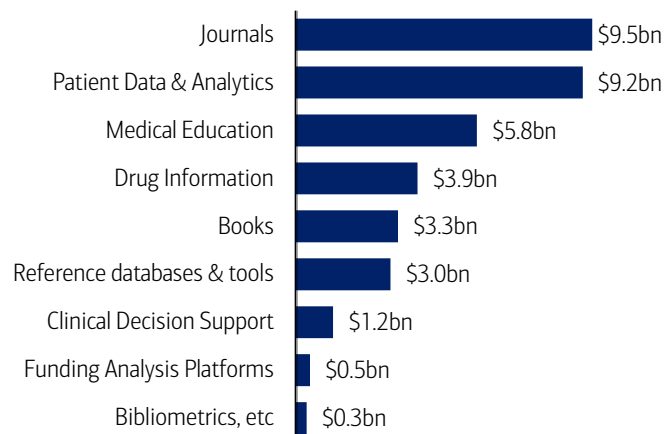
Source: BofA Global Research estimates, company report

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- **Mix shift remains the primary growth accelerant in STM:** We expect STM underlying revenue growth to track modestly higher in the coming years. This is likely to be driven by mix shift towards databases & tools, which grow at a mid-high single digit growth rate and we estimate account for just under 40% of divisional sales.

Exhibit 19: We estimate STM's addressable market to be around \$37bn

Size of addressable markets, 2023

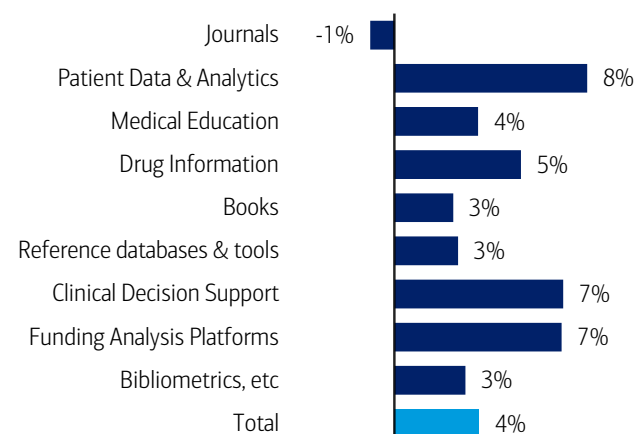


Source: BofA Global Research, Outsell

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Exhibit 20: Some of the fastest growing areas are addressed by RELX's databases & tools, such as clinical decision support

Growth in addressable markets, 2023E



Source: BofA Global Research, Outsell

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- **GenAI is not just about Legal:** This year monetisation should start on at least two products within the STM division, namely ClinicalKey and Scopus (launched commercially on 16 January). These are smaller products compared with Lexis+ but should help to improve the product and therefore support upsell/pricing over the mid-term, and ultimately growth of the STM division.

Exhibit 21: We value RELX's STM division at 18x EV/EBITDA, nearly a third of the group EV

Sum-of-the-parts valuation

Division	EBITDA 2024	CAGR 22-25E	EV/EBITDA 2024	EV (£m)	per share (p)	Proportion of value
Scientific, Technical & Medical	1,335	5%	18.3x	24,443	1,303	32%
Risk & Business Analytics	1,353	8%	23.0x	31,118	1,659	41%
Legal	719	11%	20.8x	14,987	799	20%
Exhibitions	389	24%	13.6x	5,296	282	7%
Corporate	-14		18.9x	-265	-14	0%
Enterprise value	3,782	10%	20.0x	75,579	4,028	100%
Joint ventures & Associates				406	22	
Net debt @ YE24				-6,468	-345	
Non-controlling interests				-108	-6	
Equity value				69,409	3,699	

Source: BofA Global Research estimates

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3. Lexis+ AI should drive good news in 2024

In Legal, it's too early for the launch of Lexis+ AI to impact numbers in 2023 but we remain bullish on the launch which we see as a catalyst for further growth acceleration through 2024/2025 (we remain 7-15% ahead of consensus' adj.EBITA within Legal).

- **Demand for legal genAI is high:** We think there is a strong case to be made for generative AI adoption in the legal field, given a broad use case and potentially high value-add. We think efficiencies unlocked by generative AI could be sizeable, a view supported by Casetext's CoCounsel pricing and the time savings users of Lexis+ AI reported in beta testing (e.g. 74% of survey respondents reported up to seven hours per week in time savings on legal research). Take-up could also be fast - technology has become increasingly important to the success of law firms, and survey data suggests over 70% of attorneys expect to integrate genAI into legal work within the next year. And in our view as a trusted leader in legal information with a large existing "install base", RELX is well-placed to capitalise (see [RELX: Incrementum ex Machina 31 May 2023](#) for more detail).

Exhibit 22: GenAI is set to become industry standard in legal services

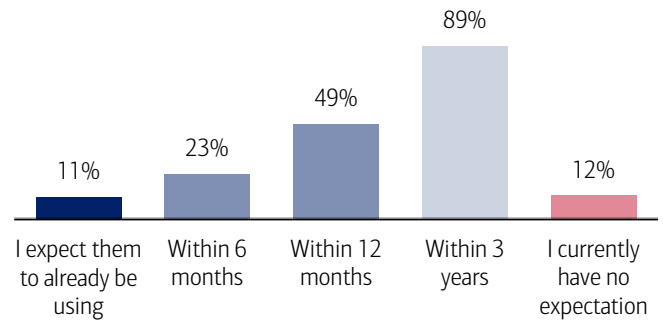
Attorneys expected to integrate genAI into legal work within the next year



Source: Wolters Kluwer Future Ready Lawyer survey, n = 700, dates = May 17th – June 4th 2023
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Exhibit 23: And law firm clients expect it fast – half within 12 months

Timeframes in which in-house counsel expect their law firms to start using generative AI (cumulate %) – UK only

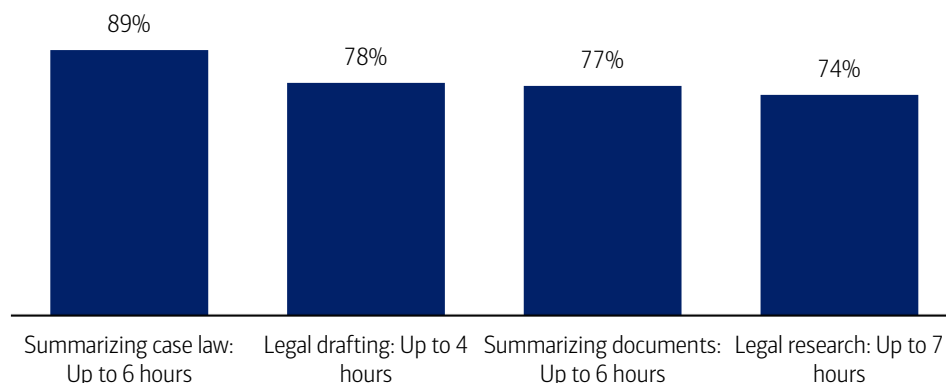


Source: LexisNexis, Generative AI and the future of the legal profession (n = 1,175, survey conducted between 24 May – 6 June 2023 in the UK)

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Exhibit 24: Beta tests show significant time/productivity savings from using Lexis+ AI

Survey respondents reporting time savings per week



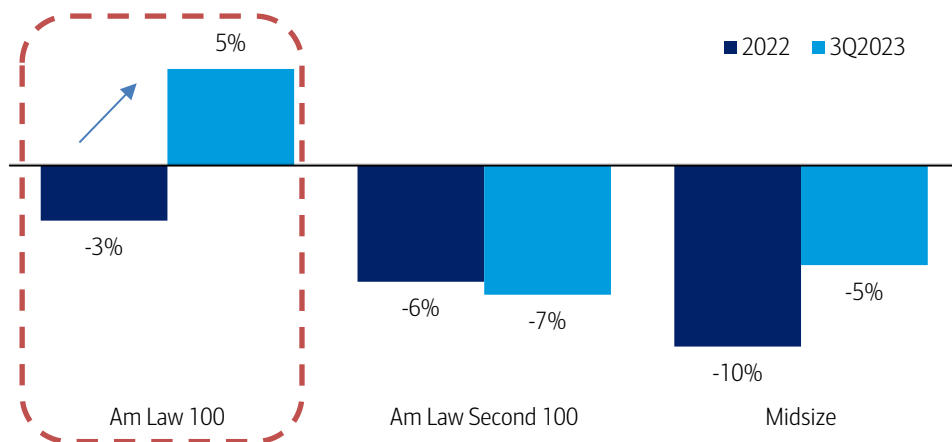
Source: LexisNexis

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- Recent M&A helps validate the opportunity:** Press reports late last year suggested genAI start-up Harvey was in talks to raise \$70-80m in a funding round which values the company at a reported \$700m. This would more than quadruple the valuation announced in April. Its annual recurring revenue run-rate is only c.\$10m as of December. The valuation is slightly above the \$650m Thomson Reuters recently paid to acquire Casetext. Harvey was an early startup user of ChatGPT and is backed by the OpenAI venture fund. We see as less of a competitor to RELX's Lexis+ AI given its focus on more bespoke genAI applications specifically targeting the largest law firms.
- Health of the legal market is not a hindrance:** The latest Law Firm Financial Index (LFFI) from Thomson Reuters shows that Am Law 100 firms recorded 4.5% revenue growth in Q3, improved from the c.3% seen in Q2. They also witnessed a return to profit growth of 5.2%. While all other law firms witnessed a more muted 1.6% revenue growth and 5-7% profit declines, this is an improved trajectory from Q1 and Q2. We think with RELX's Lexis+ AI product in market, and law firms' budgets likely to include an allocation for genAI in 2024 (unlike 2023) this should be a supportive backdrop for the growth acceleration in Legal.

Exhibit 25: Law firms' profitability is improving

Law firm profit growth



Source: Law Firm Financial Index Q3, Thomson Reuters

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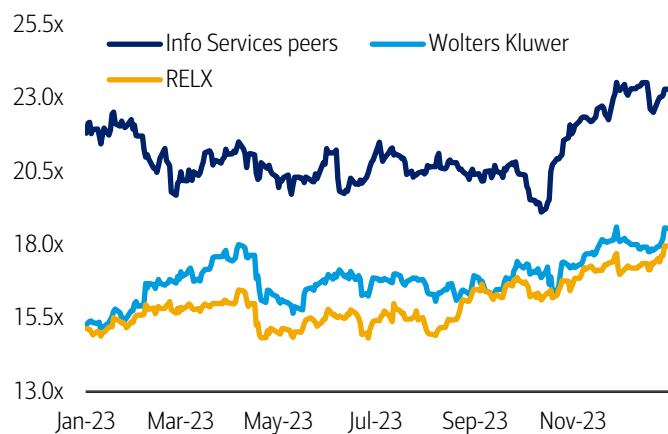
- What's priced in?** We think the big question is to what extent Lexis+ AI is priced in to shares. Given the strong share price performance in recent months this is a reasonable question. But, we highlight the fact that even the most bullish analyst expectations for the Legal division's growth next year imply little contribution from the product. We think 7% growth in Legal could imply just 1-2% of Legal divisional revenues come from Lexis+ AI, which we think leaves little room for Legal growth to disappoint in 2024.

4. Strong re-rating, but discount vs. peers has hardly narrowed

As interest rate expectations have moderated, typically long duration information services peers – which we believe to be RELX's most appropriate peer group – have re-rated. As a result, RELX continues to trade at over 20% discounts to the peer group despite its strong performance in 2023.

Exhibit 26: RELX has re-rated in recent weeks, but so too have peers

Consensus 1BF EV/EBITDA

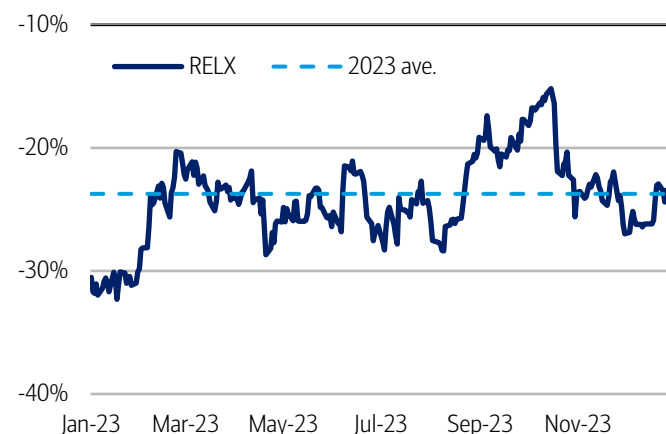


Source: BofA Global Research, Bloomberg

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Exhibit 27: The discount to the peer group has hardly narrowed

Consensus 1BF EV/EBITDA discount vs. info services peers



Source: BofA Global Research, Bloomberg

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Exhibit 28: RELX trades at around 18x CY24E EV/EBITDA

Comparative valuation

Calendarised	EV	EV/EBITDA		EV/EBITA		P/E			FCF yield		Dividend yield		EBITDA margin	EPS 2yr	PEG		
		2024E	2025E	2024E	2025E	2021E	2022E	2023E	2024E	2025E	2024E	2025E	2024E	2025E	2024E	CAGR	
European Publishers/B2B		13.4x	11.0x	17.1x	15.3x	37.1x	29.0x	27.1x	19.8x	14.7x	4.4%	5.0%	1.9%	2.3%	31%	13%	1.8x
Informa	€13,888	11.3x	9.9x	12.4x	10.8x	45.9x	29.0x	17.6x	15.7x	13.8x	6.7%	7.8%	2.5%	2.9%	31%	13%	1.4x
Pearson	€8,427	8.4x	8.0x	11.8x	11.0x	28.3x	19.0x	17.0x	15.3x	14.2x	6.8%	7.3%	2.5%	2.7%	23%	9%	1.9x
RELX	€79,014	18.0x	16.6x	20.9x	19.3x	37.1x	31.8x	29.2x	26.5x	23.7x	3.7%	4.2%	1.9%	2.2%	39%	11%	2.7x
Wolters Kluwer	€33,528	17.6x	16.5x	21.4x	19.9x	38.2x	31.2x	29.0x	26.9x	24.4x	3.6%	4.0%	1.6%	1.7%	32%	9%	3.2x
Ascential	€1,956	12.3x	10.7x	16.0x	13.5x	30.6x	22.5x	27.4x	19.8x	14.7x	4.4%	5.0%	0.0%	0.0%	21%	36%	0.8x
Information Services		22.9x	21.0x	25.3x	22.3x	37.1x	37.0x	35.7x	30.1x	26.5x	3.2%	3.7%	0.9%	1.0%	39%	13%	2.9x
Thomson Reuters	€62,510	24.0x	22.2x	32.3x	29.5x	70.0x	55.1x	41.2x	38.1x	34.3x	2.8%	3.1%	1.5%	1.5%	39%	10%	4.3x
Factset	€17,461	22.3x	20.6x	24.2x	22.4x	42.1x	34.6x	31.0x	29.2x	26.3x	3.4%	3.8%	0.9%	0.9%	38%	8%	3.7x
Experian	€37,334	15.3x	14.1x	19.5x	17.7x	25.4x	29.4x	27.6x	25.2x	22.9x	5.1%	5.5%	1.6%	1.7%	35%	10%	2.9x
Equifax	€32,916	18.0x	15.5x	26.1x	21.3x	32.0x	32.4x	36.6x	30.0x	24.3x	3.2%	4.2%	0.7%	0.7%	35%	23%	1.6x
Gartner	€34,099	24.0x	21.6x	30.2x	26.7x	52.4x	44.7x	40.9x	37.6x	32.7x	3.2%	3.5%	-	-	24%	12%	3.5x
Verisk	€33,918	23.4x	21.5x	28.2x	25.6x	44.9x	42.9x	41.3x	35.8x	31.8x	2.8%	3.1%	0.6%	0.7%	55%	14%	3.0x
S&P Global	€139,839	23.4x	21.3x	24.6x	22.3x	32.0x	39.5x	34.7x	30.3x	26.7x	3.6%	4.0%	0.9%	1.0%	49%	14%	2.5x
LSE Group	€66,663	13.9x	12.7x	18.2x	16.2x	3288.2x	29.1x	27.7x	24.9x	22.1x	2.8%	3.3%	1.4%	1.6%	48%	12%	2.3x
TransUnion	€16,882	12.8x	11.4x	20.1x	16.0x	18.2x	18.7x	20.9x	18.9x	15.8x	3.8%	5.7%	0.7%	0.7%	36%	15%	1.4x
Moody's	€67,335	24.3x	21.8x	27.8x	24.5x	30.8x	45.1x	37.8x	33.9x	29.6x	2.9%	3.4%	0.9%	1.0%	46%	13%	2.9x

Source: BofA Global Research, Bloomberg

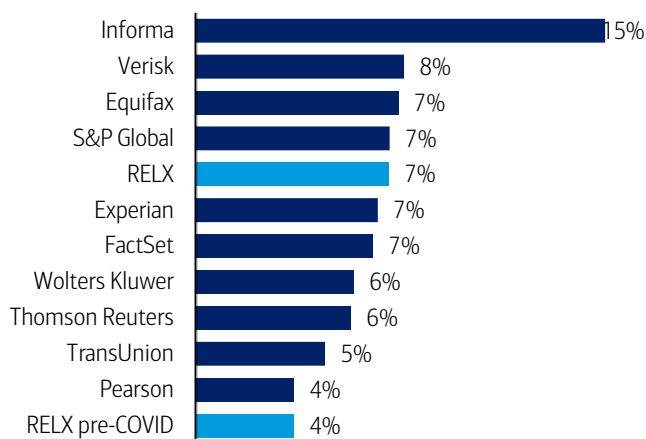
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5. And RELX grows as fast as best-in-class peers

RELX trades at a c.20% discount to US info services peers. We think in the past this was justified by lower growth relative to the peer group, but no longer. Given RELX is now growing in the c.7% range, this is broadly comparable with peers. RELX's Risk division looks set to grow broadly in line with its nearest peer Verisk while we expect the Legal division to grow faster than Thomson Reuters. We also note the most defensive growth profiles in info services trade at premiums to more cyclically geared names, which is a further justification given RELX's consistent growth outlook.

Exhibit 29: RELX will grow at c.7% over the next few years

Underlying sales growth, average CY23-25E

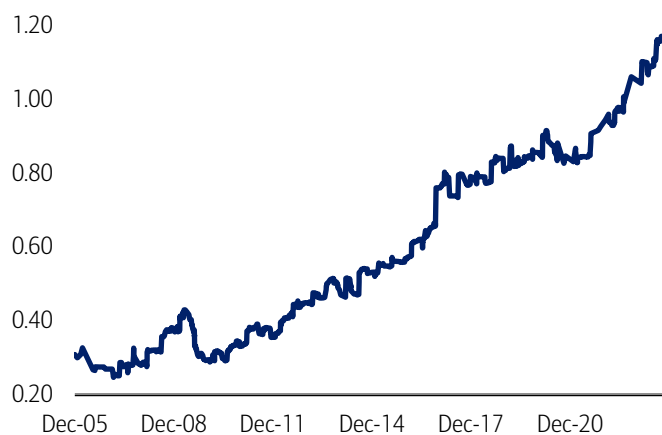


Source: BofA Global Research estimates, Visible Alpha

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Exhibit 30: And we expect it to extend a very strong earnings track record

Consensus rolling (2BF) reported EPS estimates



Source: BofA Global Research, Bloomberg

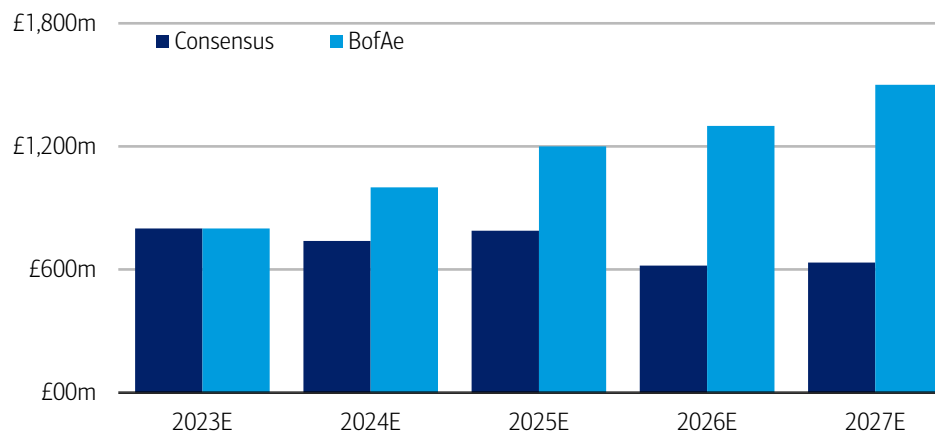
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Consensus underestimates buybacks

We also think over the next four years, RELX could return over £10bn of capital to shareholders via dividends and buybacks. We model >£2bn of additional buybacks vs. consensus.

Exhibit 31: Consensus underestimates buybacks

Share buybacks



Source: BofA Global Research estimates, Visible Alpha

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Exhibitions cyclicalty not a justification for discount

One common argument for RELX attracting a lower multiple vs. information services businesses is the c.10% of group sales derived from the cyclical Exhibitions business. However, our view is that Exhibitions is viewed by the market as potentially non-core. Removing Exhibitions from the SOTP would imply the remainder of the group trades on a 0.9x (4-5%) higher multiple to the current group valuation:

Exhibit 32: We think removing Exhibitions from the SOTP implies a 0.9x multiple uplift for the remainder of the group

Reverse SOTP illustrating the value of Exhibitions vs. “core” divisions

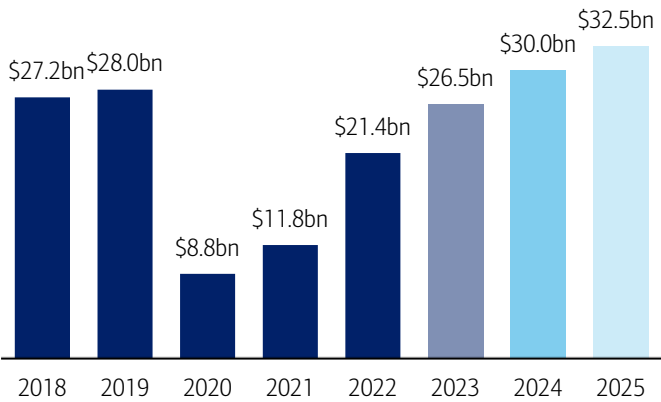
£m unless stated	EV	CY24 EBITDA	CY24 EV/EBITDA
Share price (p)	3,213		
(x) Shares in issue (no.)	1,929		
(=) Market value (£m)	61,988		
(+) Net debt @ YE24 (£m)	6,468		
(+) Non-controlling interests	-167		
(=) Enterprise value (£m)	68,290	3,782	18.1x
(o/w) Exhibitions	4,284	389	11.0x
(o/w) Other	64,006	3,393	18.9x

Source: BofA Global Research estimates

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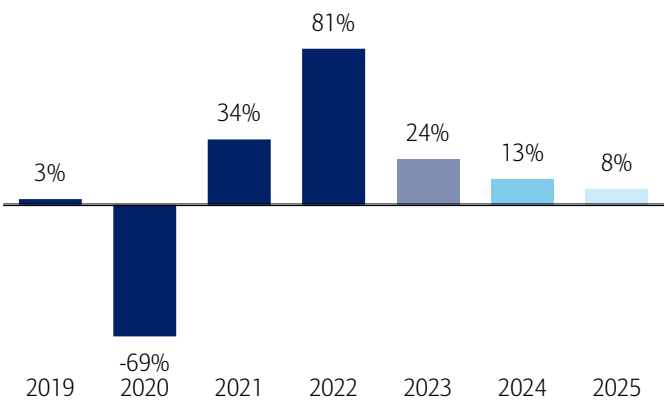
- **Exhibitions outlook remains upbeat at start of 2024:** That said, we see little risk to earnings growth from the Exhibitions division in 2024, and rather predict another strong year of growth as the industry continues to recover from COVID. Industry consultants Globex recently forecast 13% growth in exhibitions industry revenue in 2024, which we think supports our expectation for 9% underlying growth in RELX’s Exhibitions division.

Exhibit 33: Globex sees the exhibitions market reaching \$30bn in 2024
Globex 2023 global market size forecast



Source: Stax Globex, historic numbers converted at constant 2022 exchange rates
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Exhibit 34: This represents an impressive 13% YoY growth in 2024
Globex 2023 global market size YoY growth



Source: Stax Globex, historic numbers converted at constant 2022 exchange rates
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Appendix 1: RELX group overview





Exhibit 35: RELX is structured around four divisions

RELX group overview

Division	Group	Scientific, Technical & Medical	Risk & Business Analytics	Legal	Exhibitions
Proportion of sales (FY22)		34%	34%	21%	11%
Proportion of profit (FY22)		41%	40%	14%	6%
Underlying revenue growth (FY24E)	7%	4%	8%	7%	9%
EBITA margin (FY24E)	34%	38%	38%	24%	29%
Sub-divisions		Primary research Databases & Tools and Electronic Reference	Insurance solutions Business services Specialised industry data services Government solutions	Law firms & corporate legal Government & academic News & business	
Customers		c.14,000 customers, including researchers/academics, scientists, universities, governments, doctors, nurses, healthcare institutions, research-intensive corporations, etc.	Insurance providers (20 out of 25 of the world's largest insurers), financial institutions (9 of the world's largest 10 banks), corporations (78% of Fortune 500 companies), government agencies, etc.	Legal and business professionals, government bodies & academia	Various customers across 42 industry sectors
Competitors/Peers		Springer Nature, Clarivate, Wolters Kluwer, Wiley	Credit bureaus, Verisk (tangential), S&P Global Platts, Thomson Reuters, IHS Markit	Thomson Reuters, Wolters Kluwer, Factiva	Informa, Clarion, German Messen, industry trade associations, etc
Employees (FY22)	35,000	9,500	10,800	11,300	3,300
Sales per employee	£244,371	£306,211	£269,352	£157,699	£288,788
Capex/Sales	5.1%	3.5%	4.2%	10.4%	2.9%
Media format (FY22)					
Electronic	83%	89%	99%	89%	7%
Face-to-face	11%	0%	1%	0%	93%
Print	6%	11%	0%	11%	0%
Recurring	54%	74%	39%	77%	
Transactional	35%	26%	61%	23%	
Admissions & other	3%				29%
Exhibitor fees	8%				71%

Source: BofA Global Research estimates, company report

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Appendix 2: Changes to our forecasts

Exhibit 36: We tweak forecasts

Changes to our forecasts

£m unless stated £/\$	2023			2024			2025		
	New	Old	% change	New	Old	% change	New	Old	% change
Revenues	9,170	9,170	0%	9,753	9,834	-1%	10,330	10,391	-1%
Science Technical & Medical	3,041	3,041	0%	3,145	3,161	-1%	3,289	3,289	0%
Risk & Business Analytics	3,113	3,113	0%	3,323	3,364	-1%	3,580	3,624	-1%
Legal	1,880	1,880	0%	2,001	2,021	-1%	2,150	2,171	-1%
Exhibitions	1,137	1,137	0%	1,284	1,288	0%	1,311	1,307	0%
Organic growth	8.3%	8.3%		6.5%	6.3%		6.5%	6.3%	
Science Technical & Medical	3.7%	3.7%		4.3%	3.8%		4.6%	4.0%	
Risk & Business Analytics	7.8%	7.8%		7.8%	7.8%		7.7%	7.7%	
Legal	5.6%	5.6%		6.7%	6.5%		7.4%	7.4%	
Exhibitions	29.0%	29.0%		8.8%	8.8%		6.6%	6.0%	
Adjusted operating profit	3,020	3,020	0%	3,280	3,297	0%	3,547	3,550	0%
Science Technical & Medical	1,160	1,160	0%	1,208	1,210	0%	1,272	1,262	1%
Risk & Business Analytics	1,157	1,157	0%	1,247	1,258	-1%	1,355	1,368	-1%
Legal	408	408	0%	473	475	0%	557	560	0%
Exhibitions	308	308	0%	367	368	0%	378	376	1%
Corporate	-13	-13		-14	-14		-15	-15	
Adjusted profit margin	32.9%	32.9%		33.6%	33.5%		34.3%	34.2%	
Science Technical & Medical	38.1%	38.1%		38.4%	38.3%		38.7%	38.4%	
Risk & Business Analytics	37.2%	37.2%		37.5%	37.4%		37.9%	37.7%	
Legal	21.7%	21.7%		23.6%	23.5%		25.9%	25.8%	
Exhibitions	27.1%	27.1%		28.6%	28.6%		28.8%	28.7%	
Adjusted financing costs	-285	-285		-309	-306		-280	-276	
Adjusted PBT	2,735	2,735	0%	2,972	2,991	-1%	3,267	3,274	0%
Adjusted tax	-621	-621		-683	-688		-751	-753	
Adjusted tax rate	22.7	22.7		23.0	23.0		23.0	23.0	
Non-controlling interests	-6	-6		-6	-6		-6	-6	
Adjusted net profit	2,108	2,108	0%	2,282	2,297	-1%	2,510	2,515	0%
Diluted no. of shares	1,906	1,906	0%	1,876	1,875	0%	1,845	1,842	0%
Adjusted diluted EPS	110.6	110.6	0%	121.6	122.5	-1%	136.1	136.6	0%
EPS growth	9%	9%		10%	11%		12%	11%	
DPS	57.2	57.2	0%	62.9	63.4	-1%	70.4	70.7	0%

Source: BofA Global Research estimates

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Exhibit 37: We are 2-3% ahead of consensus forecasts by 2025

Our forecasts vs. consensus

£m unless stated £/\$	2023			2024			2025		
	BofA	Cons.	% Variance	BofA	Cons.	% Variance	BofA	Cons.	% Variance
Revenues	9,170	9,210	0%	9,753	9,821	-1%	10,330	10,343	0%
Science Technical & Medical	3,041	3,050	0%	3,145	3,171	-1%	3,289	3,301	0%
Risk & Business Analytics	3,113	3,144	-1%	3,323	3,374	-2%	3,580	3,630	-1%
Legal	1,880	1,887	0%	2,001	1,998	0%	2,150	2,125	1%
Exhibitions	1,137	1,128	1%	1,284	1,278	1%	1,311	1,286	2%
Organic growth (%)	8%	8%		6.5%	6.3%		6.5%	5.8%	
Science Technical & Medical	4%	4%		4%	4%		5%	4%	
Risk & Business Analytics	8%	8%		7.8%	7.7%		7.7%	7%	
Legal	6%	5%		7%	6%		7%	6%	
Exhibitions	29%	26%		9%	8%		7%	5%	
Adjusted operating profit	3,020	3,021	0%	3,280	3,258	1%	3,547	3,458	3%
Science Technical & Medical	1,160	1,158	0%	1,208	1,209	0%	1,272	1,264	1%
Risk & Business Analytics	1,157	1,168	-1%	1,247	1,258	-1%	1,355	1,358	0%
Legal	408	404	1%	473	441	7%	557	486	15%
Exhibitions	308	308	0%	367	367	0%	378	366	3%
Corporate	-13	-17	-23%	-14	-17	-16%	-15	-17	-12%
Adjusted profit margin (%)	32.9%	32.8%		33.6%	33.2%		34.3%	33.4%	
Science Technical & Medical	38.1%	38.0%		38.4%	38.1%		38.7%	38.3%	
Risk & Business Analytics	37.2%	37.1%		37.5%	37.3%		37.9%	37.4%	

Exhibit 37: We are 2-3% ahead of consensus forecasts by 2025

Our forecasts vs. consensus

£m unless stated	2023		%	2024		%	2025		%
Legal	21.7%	21.4%		23.6%	22.1%		25.9%	22.9%	
Exhibitions	27.1%	27.3%		28.6%	28.7%		28.8%	28.5%	
Adjusted financing costs	-285	-285		-309	-287		-280	-270	
Adjusted PBT	2,735	2,736	0%	2,972	2,971	0%	3,267	3,187	3%
Adjusted tax	-621	-601	3%	-683	-670	2%	-751	-721	4%
Adjusted tax rate	22.7%	22.0%	3%	23.0%	22.6%	2%	23.0%	22.6%	2%
Non-controlling interests	-6	2		-6	3		-6	3	
Adjusted net profit	2,108	2,135	-1%	2,282	2,300	-1%	2,510	2,466	2%
Diluted no. of shares	1,906	1,904	0%	1,876	1,877	0%	1,845	1,851	0%
Adjusted diluted EPS (p)	110.6	112.2	-1%	121.6	122.4	-1%	136.1	133.0	2%
DPS (p)	57.2	59.0	-3%	62.9	63.9	-1%	70.4	69.0	2%

Source: BofA Global Research estimates, Visible Alpha

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Price objective basis & risk

RELX (RLXXF / XFAFF)

We set our price objectives at 3,730p / €43.40 based on our DCF valuation with WACC at 7.7% and a long-term growth rate of 3.75%, and comparative valuation based on 20x CY24E EV/EBITDA, in line with peer group multiples.

Downside risks to our PO are: 1) A slowdown in insurance market conditions could impact RELX's ability to grow its Risk & Business Analytics division, where a significant proportion of revenue is transactional 2) Major geopolitical disruption can impact revenue growth and profitability in the Exhibitions division 3) RELX operates in regulatory complex markets and future changes to regulation could be detrimental 4) RELX handles large amounts of data, which puts it at risk from cyber-attacks or other data misuse.

RELX (RELX)

We set our price objective at \$46.40 based on our DCF valuation with WACC at 7.7% and a long-term growth rate of 3.75%, and comparative valuation based on 20x CY24E EV/EBITDA, in line with peer group multiples.

Downside risks to our PO are: 1) A slowdown in insurance market conditions could impact RELX's ability to grow its Risk & Business Analytics division, where a significant proportion of revenue is transactional 2) Major geopolitical disruption can impact revenue growth and profitability in the Exhibitions division 3) RELX operates in regulatory complex markets and future changes to regulation could be detrimental 4) RELX handles large amounts of data, which puts it at risk from cyber-attacks or other data misuse.

Analyst Certification

I, David Amira, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - Media Coverage Cluster

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	Entain	GMVHF	ENT LN	Kiranjot Grewal
	Evolution	EVVY	EWVY US	Kiranjot Grewal
	Evolution Gaming	EVGGF	EVO SS	Kiranjot Grewal
	Flutter	XZMVF	FLTR LN	Kiranjot Grewal
	Flutter	PDYPY	PDYPY US	Kiranjot Grewal
	Informa	IFPJF	INF LN	David Amira, CFA
	Interpublic	IPG	IPG US	Adrien de Saint Hilaire
	Pearson	PSORF	PSO LN	David Amira, CFA
	Pearson	PSO	PSO US	David Amira, CFA
	Playtech	PYTCF	PTEC LN	Kiranjot Grewal
	Publicis	PUBGY	PUBGY US	Adrien de Saint Hilaire
	Publicis Groupe	PGPEF	PUB FP	Adrien de Saint Hilaire
	RELX	XFAFF	REN NA	David Amira, CFA
	RELX	RLXXF	REL LN	David Amira, CFA
	RELX	RELX	RELX US	David Amira, CFA
	Schibsted	SBSNF	SCHA NO	Adrien de Saint Hilaire
	Schibsted	SBTTF	SCHB NO	Adrien de Saint Hilaire
	Scout24	SCOTF	G24 GY	David Amira, CFA
	Universal Music Group	UMGNF	UMG NA	Adrien de Saint Hilaire
	Vivendi	VIVEF	VIV FP	Adrien de Saint Hilaire

EMEA - Media Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Vivendi	VIVHY	VIVHY US	Adrien de Saint Hilaire
	Wolters Kluwer	WOLTF	WKL NA	David Amira, CFA
	Wolters Kluwer	WTKWY	WTKWY US	David Amira, CFA
NEUTRAL				
	Ascential	AIAPF	ASCL LN	David Amira, CFA
	AUTO1 Group	ATOGF	AG1 GY	David Amira, CFA
	Baltic Classifieds Group	XZXXF	BCG LN	David Amira, CFA
	Chegg Inc.	CHGG	CHGG US	David Amira, CFA
	Delivery Hero	DLVHF	DSHER GY	Kiranjot Grewal
	Embracer Group	THQQF	EMBRACB SS	Adrien de Saint Hilaire
	JCDecaux	JCDXF	DEC FP	Adrien de Saint Hilaire
	Just Eat Takeaway	TKAYF	TKWY NA	Kiranjot Grewal
	Just Eat Takeaway	JTKWY	JTKWY US	Kiranjot Grewal
	La Francaise Des Jeux	LFDJF	FDJ FP	Kiranjot Grewal
	Rightmove	RTMVV	RMV LN	David Amira, CFA
	Rightmove	RTMVV	RTMVV US	David Amira, CFA
UNDERPERFORM				
	HelloFresh	HLFFF	HFG GY	Kiranjot Grewal
	ITV	ITVPF	ITV LN	Adrien de Saint Hilaire
	Kindred	KNDGF	KINDSDB SS	Kiranjot Grewal
	Omnicom	OMC	OMC US	Adrien de Saint Hilaire
	ProSiebenSat.1	PBSFF	PSM GY	Adrien de Saint Hilaire
	RTL Group	ZRLQF	RRTL GY	Adrien de Saint Hilaire
	Ubisoft	UBSFF	UBI FP	Adrien de Saint Hilaire
	Ubisoft	UBSFY	UBSFY US	Adrien de Saint Hilaire
	WPP	WPPGF	WPP LN	Adrien de Saint Hilaire
	WPP	WPP	WPP US	Adrien de Saint Hilaire

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities
Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

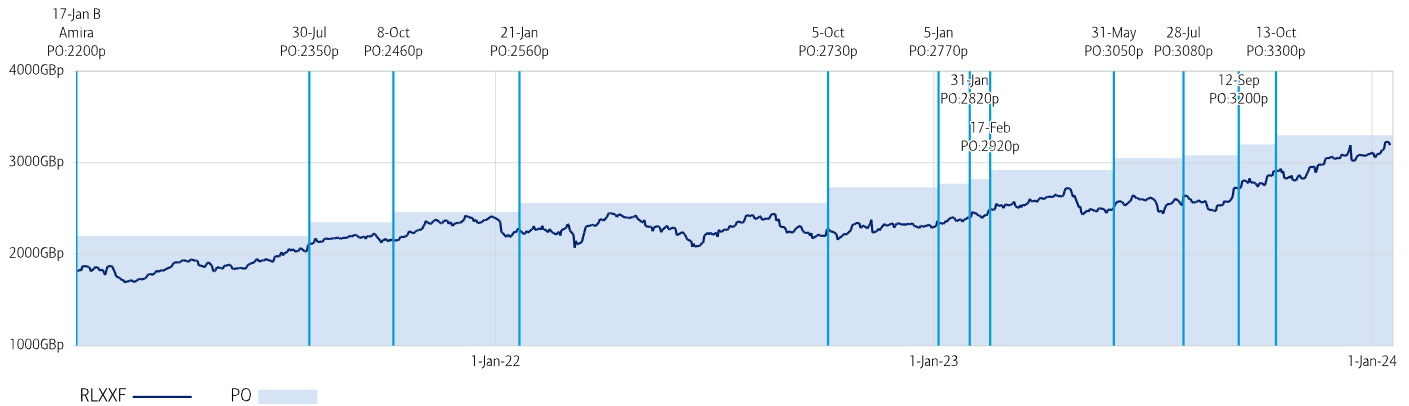
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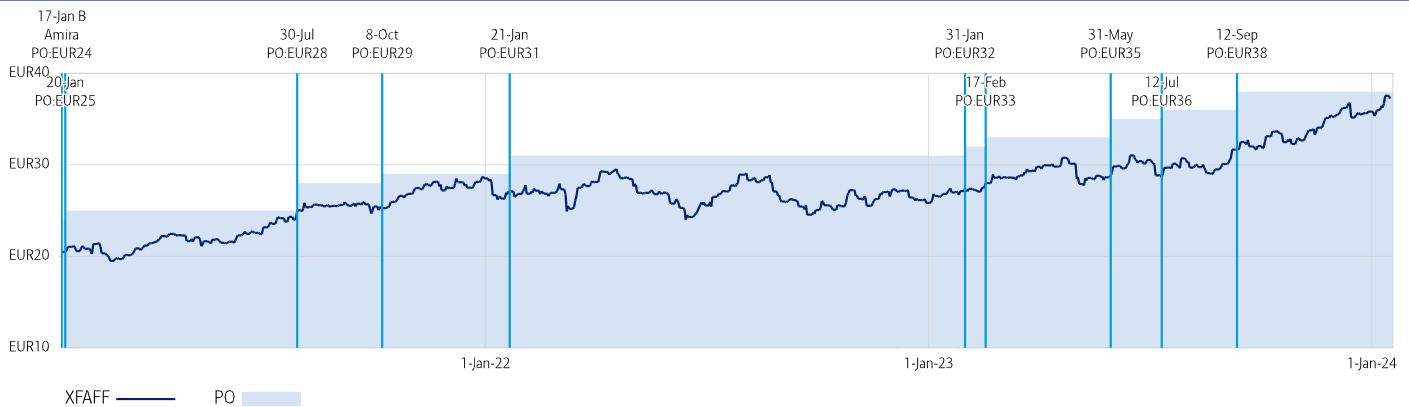
RELX PLC (RLXXF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

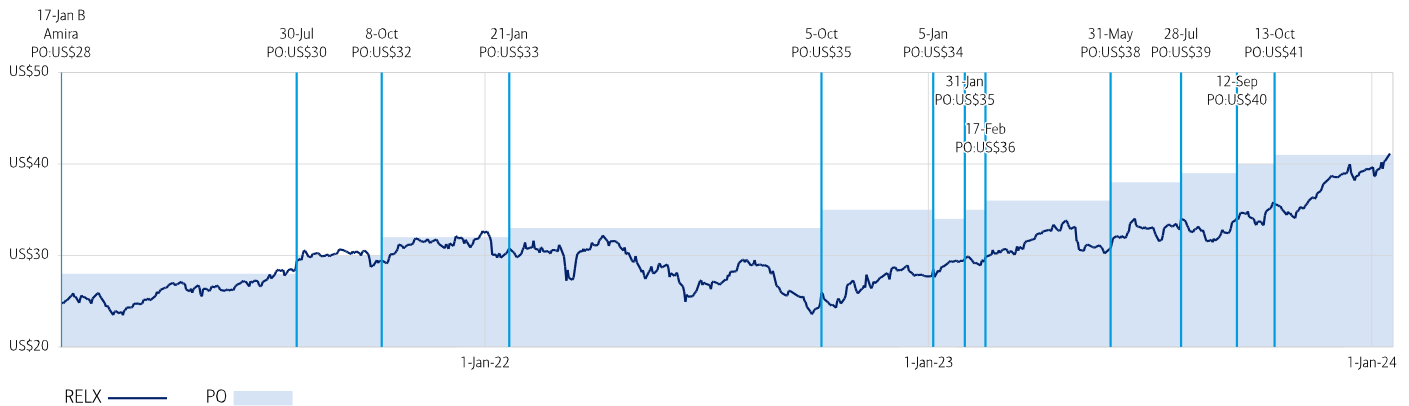
RELX PLC (XFAFF) Price Chart



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RELX PLC (RELX) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Media & Entertainment Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	35	53.85%	Buy	15	42.86%
Hold	15	23.08%	Hold	8	53.33%
Sell	15	23.08%	Sell	7	46.67%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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