

# RELX PLC

## CORE HOLDING\*

Recommended since 20.04.15

10.01.2025



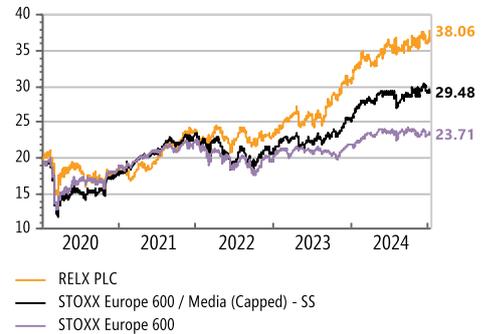
<b>Country</b> GB	<b>Market capitalization (bn)</b> GBP 71,2	<b>Perf. since reco. (%)</b>
<b>Sector</b> Media	<b>Free float</b> 97,4%	RELX PLC 235,9
<b>Factset</b> REL-GB	<b>Closing price</b> GBP 38,06	Sector 42,9
<b>ISIN</b> GB00B2B0DG97	<b>ESG Risk score*</b> 7,8 Negligible risk	



\*From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

### Profile

RELX (formerly Reed Elsevier) is one of the biggest professional publishers. Its business lines are focused on the legal sector (LexisNexis), scientific publications (Elsevier), risk analysis sector (RBA). The group is also active in organizing business & trade fairs (Reed Exhibitions). US high exposure (55%). It has clients in 180 countries and 30k employees.



Source: Factset

### Market - competition - positions - barriers to entry

The professional publishing market is fairly concentrated, especially in legal publications (4 players in the US; 3-5 in Europe). LexisNexis is market leader in its field. The same is true for scientific, technical and medical (STM) publications where Elsevier is sector leader. There are few players in Risk Solutions (RBA), but the fast-growing sector. Exhibitions is a highly fragmented sector.

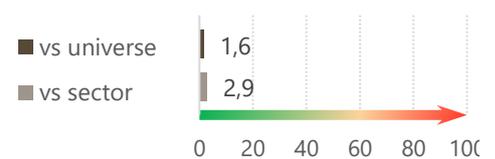
### Investment case

- RELX is the archetype of a professional publisher, offering a defensive and particularly attractive profile for investors. The group has completed its digital transformation, with digital now representing 87% of its revenue and only 6% coming from print formats. This shift enhances RELX's resilience to market changes and ensures steady revenue streams.
- The group is well-diversified geographically, with 60% of its sales generated in the United States, 20% in Europe, 6% in Asia, and 14% in emerging markets, where growth potential is particularly high. These regions show strong demand, especially for scientific databases and professional exhibitions, as researchers and professionals seek international recognition and access to top publications.
- AI plays a central role in RELX's strategy, especially in its Risk & Business Analytics (RBA) and Legal divisions, which provide data-driven solutions for risk analysis, supply chain management, and compliance. By integrating AI into its products, RELX enhances the accuracy and value of its offerings, enabling clients to make more informed and timely decisions. This gives RELX a significant competitive advantage and strengthens its position as a leader in data and analytics.
- RELX's business model, based on subscriptions and commissions, provides high revenue visibility, complemented by an investor-friendly dividend and share buyback policy. With solid fundamentals and reasonable valuation, RELX continues to stand out as a defensive growth stock, well-positioned to capture opportunities in the data and artificial intelligence markets.

### ESG - risks and key points

- The main challenge facing the group in the very long term arises from Open Access (STM) - i.e. the provision of online access (at little or no cost) to scientific research papers. There are two variants: (1) Gold Open Access, where the publisher does its job of checking and setting up papers before they are distributed, for which it receives a fee. This results in pressure on prices and margins, albeit diluted over the long term. (2) Green Open Access, where researchers archive their own papers. If volumes are sufficient, this could result in libraries substantially reducing their subscriptions. In our opinion, this very long-term structural change is manageable for a group like RELX.

### ESG risk vs. universe & sector (percentile)\*



Source: Sustainalytics

### Valuation\*\* in GBP

Current price	Value Bordier Scenario
38	38

We are adjusting 2025 revenue growth to +7% (a conservative scenario for the Exhibitions business and partly for RBA), with an EBIT margin of 34% by 2026. Our scenario includes a risk-free rate in the UK of 3%.

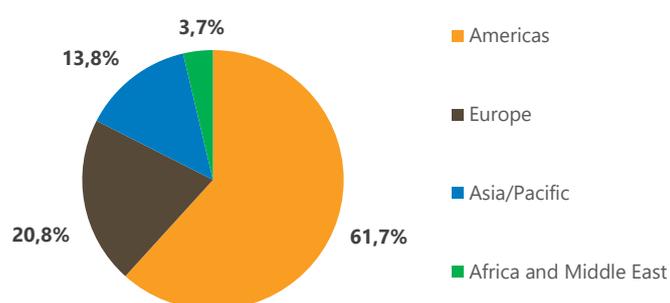
\*\* The theoretical value reflects the company's business model, our baseline growth and profit scenario and market data, exogenous to the company (risk-free rate and equity risk premium). It does not in itself constitute a target price.

## "Bordier Core Holding" indicators

In millions of GBP	2022	2023	2024e	2025e	2026e
Sales revenue	8 553	9 161	9 711	10 390	11 118
Sales growth %	14,0%	7,1%	6,0%	7,0%	7,0%
a/w organic	8,0%	7,1%	6,0%	7,0%	7,0%
EBIT adjusted	2 323	2 636	3 205	3 468	3 746
% of sales	27,2%	28,8%	33,0%	33,4%	33,7%
Net income	1 961	1 788	2 502	2 717	2 944
Adjusted EPS	0,83	0,94	1,32	1,44	1,56
Adjusted EPS growth	-4,3%	12,8%	40,5%	8,6%	8,4%
Capex/Sales	5,1%	5,1%	5,4%	5,8%	5,4%
Free cash-flow	1 965	2 900	2 390	2 502	2 722
FCF/Sales	23,0%	31,7%	24,6%	24,1%	24,5%
Dividend per share	0,55	0,59	0,58	0,58	0,58
Dividend yield	1,5%	1,5%	1,5%	1,5%	1,5%
ROCE - WACC	11,5%	14,9%	18,6%	19,3%	20,1%
ROE (%)	67,7%	67,0%	94,2%	102,2%	110,7%
Net debt/Ebitda	198,9%	181,7%	172,9%	158,9%	140,9%

Source: Factset, Bordier estimates

## Sales breakdown - 12/2023



## Ratios

	RELX PLC	Stoxx Europe 600 Sector	Stoxx Europe 600 Market
<b>PE (x)***</b>		Media	STOXX 600
2023	32,8	22,8	14,4
2024e	28,8	22,6	14,6
2025e	26,5	20,7	13,5
<b>P/B (x)***</b>			
2023	21,5	5,9	2,0
2024e	26,7	5,4	2,0
2025e	26,7	5,1	1,8
<b>Beta (2Y, daily) vs market:</b>			0,73

\*\*\*) The valuation ratios set out are provided for information only. They do not constitute the criteria based upon which Core Holdings are selected, and may present significant premi-ums representing the quality of the company's business model.

## Governance and ownership structure

Since 2009, Erik Engström.

## Agenda

31.10.2024 : Trading update Q3-FY2024

## Key shareholders (if any):

BlackRock Investment Management (UK) Ltd. 5.42% / Invesco Asset Management Ltd. 4.4% / The Vanguard Group, Inc. 2.6%.

## Any special characteristics of ownership (multiple voting rights, controlling holding company, shareholders' agreements)

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## Glossary

## ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

## b-Digital, b-Transition &amp; b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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