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## Refinitiv: A private equity-led transformation

In August 2019 David Craig was reflecting on his last seven years as a business leader. He first led a turnaround of Thomson Reuters' Financial & Risk (F&R) division; then, with investment from a private equity consortium led by Blackstone, he engineered a carve-out of F&R from Thomson Reuters, leading to the creation of an independent company, Refinitiv, where he was now CEO.

While these changes had been successful – with EBITDA margin growing from 21% to 38% over seven years and a 1% increase in top-line growth each year over the same period – global financial markets continued to evolve and further changes were now afoot, with press announcements that Refinitiv was in talks to merge with the London Stock Exchange Group (LSEG). Initial reaction to this deal was positive, with LSEG shares rising 11% on the news, but some observers questioned whether it would be approved by regulators and expressed concern over the complexity of integrating the two companies.

For his part, David anticipated benefits and challenges in the proposed merger. The big question was, with the industry changing so quickly, could the momentum created in Refinitiv be maintained in the new combined entity?

### Thomson Reuters background

Thomson Reuters (TR) was formed in April 2008 by the acquisition of Reuters Group by The Thomson Corporation.

Reuters began as a London-based news agency in 1851. It expanded internationally and came under pressure from the British government during the World Wars to serve the national interest. To deflect this pressure, the press agencies joined together in 1941 to purchase a majority stake in Reuters, establishing an agreement that “freedom from bias be fully preserved”.

Reuters was an early technology leader, pioneering the use of radio to transmit news internationally, and first transmitting stock market quotations via computer in the 1960s. In 1981 Reuters launched the first service allowing foreign currency dealers to complete trades over video terminals. However, the company lost ground to new competitors (such as Bloomberg) in the provision of real-time market information to financial services customers.

By late 2001, in the wake of the dotcom crash, many observers felt the firm had lost its way. CEO Tom Glocer led a major restructuring and downsizing in the early 2000s and moved the company headquarters to London's modern Canary Wharf. As of 2006, more than 90% of Reuters' revenues were derived from serving the financial services marketplace, with the remainder coming from news services.

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