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PRESENTATION

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Good afternoon, everyone. Welcome. It's a pleasure to be here today to talk about our results for 2011. I'd like to walk you through a few things, beginning, of course, with an overview of our results. Then I will talk about each of our divisions in more detail. Then I'll turn it over to Boudewijn Beerkens, our CFO, who will describe our financial results in more detail. Then I'll return to give you an overview of our outlook for 2012 and then, of course, we'll move on to Q&A. So let's first begin with an overview of our results.

I'm encouraged by the progress that the Company made in 2011. Overall, operating performance improved across each one of our key performance indicators, despite the backdrop of macroeconomic uncertainty. Revenues were up 4%, fueled by 8% growth in Electronic revenues. Importantly, our organic growth improved 50 basis points. Ordinary EBITA was up 4% and our EPS increased by 3%. Very importantly, our free cash flow continues to be strong and increased to EUR443m in 2011.

We continue to execute well on our strategy to drive growth through three elements; portfolio changes, globalization and innovation. We have taken active steps to accelerate changes within our portfolio. We've made a number of strategic acquisitions last year, including Lexicomp in Clinical Solutions, NRAI in our Corporate Legal Services unit and Twinfield and TopPower in Tax & Accounting. These acquisitions have extended our leading positions in fast-growing markets.

In addition, the divestment of our Pharma-related businesses allows our Health division to increase its focus on our leading positions in clinical information and decision support tools.

We also made good progress in expanding our global footprint through organic investments in each of our divisions. Across the Company we are driving innovation by combining our expertise with premium content and technology, to deliver a steady stream of innovative products. In 2011 many of these new solutions were in the form of mobile applications which allow our customers to work anywhere, any time.

The results of these efforts support the overall transformation of our business. And to put this transformation in perspective, as you know, we really began a long time ago as a print publisher and today more than 70% of our revenues now come from online software and services. Our products



are essential tools for our customers and they use them in their daily work. And we add tremendous value by helping our customers make better-informed decisions as well as improve their productivity.

We will continue to focus on expanding into new areas of our customers' workflow, but really the next stage for us is what we're terming here as data analytics. And what this means is that as we've developed more and more software and service products we sit on a vast amount of data that can be quite insightful for our customers. So we are developing new products that mine that data and provide our customers with tools and analytics to improve their performance.

So a quick example of this is a product line that we launched in our Corporate Legal Services group, called our Legal Analytics product line. And what this does is it mines legal billing information that we have. We have over \$30b of legal billing information and we've created analytical tools that corporate general counsels use as a way to give them insights into how to better manage their outside legal spend. This is just one example how we can continue to add value and move up this value chain towards data analytics.

The other thing that's important to remember is the fundamentals of our business and if you look over the long term the key drivers of our business remain attractive. Our products fill a vital role for our customers. Our products help our customers navigate the large increase that they see in the sheer amount of information, the large increase they're seeing in legislative changes and, of course, the increases they're seeing in compliance complexity. And, finally, all of our customers are being asked to produce more results with fewer resources.

We also see opportunities for growth around mobility. Our customers are increasingly adopting mobile devices in their daily work and over the last year we deployed a significant amount of investment to develop a steady stream of innovative mobile applications across all divisions. And then, very importantly, we are investing to expand our global footprint both by expanding products that we have today into new geographies as well as by increasing our presence in fast-growing geographic markets.

I'm pleased to say that we delivered on our 2011 guidance. In addition to operating profit improvement over prior year, we saw our free cash flow improve to EUR455m in constant currencies. Our diluted earnings per share increased to EUR1.51, which was on the upper end of our guidance range. And our return on invested capital was 8.9%.

So now I'd like to take you through each one of our operating divisions, beginning with Legal & Regulatory. The organic growth in this division declined a little less than 1%, which was an improvement over prior year. North America was up 3%, with our CLS unit posting another strong year with 6% organic growth. In 2011 CLS also acquired NRAI, which further extends its market-leading position.

The performance in North America was offset by Europe, which was down 3% organically, as conditions in most of our markets were challenging. I would like to point out, however, that we saw very consistent trends over the course of 2011 in Europe and we see -- and we take a very long-term view of Europe. We see that the combination of our very strong market positions and the continued investments that we're making to develop innovative products are allowing us to gain market share in most of our markets within Europe.

A growing business in North America, strong cost management and the contributions from Springboard have allowed us to improve our operating margin in Legal & Regulatory despite the fact that our -- we had negative organic growth.

As we look now to Tax & Accounting, as expected, this division saw a return to growth in the second half of 2011, posting 2% organic growth for the full year. Organic growth was driven by strong growth in Tax & Accounting software, which grew 6% organically on a global basis. We also made two important strategic acquisitions in Europe in this division.

Operating margins of 27.7% remain strong, but lower than prior-year levels, reflecting investments that we're making in sales and marketing, in international expansion, as well as the impact from lower bank product volumes.

Moving on now to Health, we're very pleased with the results we saw in our Health division. They achieved 4% organic growth, which was an increase of more than 100 basis points over 2010. This improvement was supported by double-digit growth at Clinical Solutions and strong growth



at Ovid. The strategic acquisitions that we made, which include Medicom in China, Lexicomp in the US and Medknow in India, continue to extend our leading positions not just in North America, but around the world.

I'm also pleased to note that the operating margin increased by more than 200 basis points, with ordinary EBITA growing 18% organically. The margins benefited both from the good top-line growth we saw, by product mix as more of our revenues are coming from high-margin online and software products and by the successful execution of our Springboard program.

This result is also in line with our goal of having the margin within our Health group get closer and closer to the Group average of Wolters Kluwer and, as you can see, in 2011 they made great strides towards that goal.

Now to finish up with our Financial & Compliance Services division, the core Financial Services business grew 6% organically, with strong results from both our Banking group as well as our Risk and Compliance product lines. ARC Logics delivered 8% organic growth as this unit continues to expand its global customer base. As a whole, the division grew 23% outside the United States through a combination of investments in sales and marketing around the globe as well as the acquisition of FRSGlobal.

This result was impacted by lower transaction volumes in Transport Services, as these results were affected by the economic conditions in Europe. The margins of 19.1% reflect the significant investments that we are making to globalize this business, as well as the impact from Transport Services.

With these remarks I'd now like to turn it over to Boudewijn who will talk about our financial results in more detail.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Thank you, Nancy and good afternoon, everyone. Thank you for joining us here today in Amsterdam and via the webcast. It's my pleasure to present Wolters Kluwer's 2011 financial results. Before I start I would like to say a few words about the discontinued operations.

As we indicated at the half year, the results of our Pharma businesses are reported as discontinued operations. We recorded a one-time, non-cash impairment of EUR112m in connection with this planned divestment. This impairment is included in the results from discontinued operations. The discontinued businesses contributed revenue of EUR217m and ordinary EBITA of EUR3m in 2011. So from now on I only will refer to the continuing business.

First, let me recap on our performance on four of our key operating metrics. Organic revenue growth improved 50 basis points, to 1.1%. This improvement was despite macroeconomic uncertainties, particularly in Europe. The portfolio transformation continues. Electronic & Service revenues now make up 71% of total revenues, approaching our mid-term target. This part of our business is where the growth is.

Ordinary EBITA margin increased by 10 basis points, to 21.7%. This was despite some pressure in Europe and increased investments. These factors were offset by increased savings coming from Springboard and growth in higher-margin Electronic businesses. Finally, ordinary free cash flow came in at EUR443m, an increase of 1% in constant currencies, which was better than our guidance. We improved our cash conversion ratio to 98%, which helped offset a rise in tax paid. More on this later.

Now let's take a look at revenue. Continuing revenues grew 4% in constant currencies, of which 1% organic and 3% came from acquisitions. Three of our four divisions improved their organic growth rates.

Legal & Regulatory saw a 1% organic decline compared to a 2% decline in '10, reflecting challenges in Europe. Tax & Accounting saw 2% organic growth compared to 1% in 2010, supported by growth in software around the globe. Health achieved 4% organic growth, accelerating from 3% in the prior year, primarily due to Clinical Solutions. And Financial & Compliance services achieved 2% organic growth, as strong growth in software was partially offset by the economic cycle effect on Transportation Services in Europe.

If we take a closer look at the revenue composition you can see a number of trends. Recurring revenue, which is largely subscription revenue, grew 2% organically, which was better than in 2010. Print subscriptions declined 5% organically, which, in fact, was much better in '10, when the decline



was 9%. And the core Electronic & Service subscription revenues grew 4% organically, improving 100 basis points from our performance in the prior year.

If we then look at the non-recurring revenues, which tend to be more cyclical, we see Books that constituted about 10% of total revenue declining 5% organically, despite having stabilized in 2010. This was partly due to a strong front list in 2010 which was not repeated in 2011 and also weakness in Legal Books in Europe.

Cyclical products saw 3% organic growth, an improvement on 2010. This category includes our transaction revenues in CLS, financial and transportation services but also training, consulting and advertising revenues.

Let me turn to profitability. Continuing ordinary EBITA grew 4% in constant currencies and the operating margin improved to 21.7%. The real highlight here was the strong improvement in the Health division. This was due to revenue flow through, better product mix and restructuring benefits.

Legal & Regulatory also improved its margin. This was driven by growth in CLS and other Electronic solutions, plus Springboard savings. Tax & Accounting, our most profitable division, saw margin decline due to an expansion of their marketing and sales activities, investments in China and India and the effect of lower volumes in bank products.

The margin in Financial & Compliance Services declined due to Transport Services, which saw cyclical revenue decrease and a step up in investments in the global expansion of FRSGlobal.

Across the board all the divisions benefited from Springboard, which I will discuss on the next slide. We're happy with the results of this program, which has driven major cost efficiencies across the business. As you will recall, in the third quarter we expanded the program, increasing the investments by EUR20m and also increasing the cost-savings targets by EUR30m.

In 2011 we achieved EUR191m in run-rate savings. We have not yet achieved our increased targets due to timing. In 2012 we expect to reach the full EUR205m to EUR210m in run-rate savings. There will be no further exceptional restructuring charges for Springboard in the P&L. And we will continue, of course, to drive efficiency improvements as part of the ordinary operations in the future.

Now let's run through the income statement on the next slide. We had higher revenues and ordinary EBITA, as discussed earlier. Financing results were also favorable. Although debt was higher at year end, we benefited from currency.

Net profit from continuing operations, however, declined to EUR242m largely due to the increase in the exceptional cost of the Springboard program. A net profit for Wolters Kluwer of EUR118m included the loss of EUR124m of the discontinued operations, which you see here. The majority of this loss is due to a one-time non-cash impairment of EUR112m.

I'm pleased with our performance on working capital in 2011. This drove a nice increase in our cash conversion ratio from 96% to 98%.

Cash flow from operations was dampened by an increase in tax paid from EUR70m to EUR112m. This was due to a shift in profits towards higher tax regions and phasing of tax payments. This led to a modest increase in our ordinary free cash flow of 1% in constant currencies, which was, in fact, substantially better than our expectation and guidance.

I would now like to discuss how we are focusing our investments on growth markets. Our investment includes both organic investments through product development and acquisitions. This chart shows over the past two years that over half of our investments is directed into high-growth areas, in other words, businesses growing at 5% or more organically. And over 80% of investments has been directed to areas growing above Group average.



Organic investment has been and continues to be a key part of our strategy. New product development has consistently been around 8% to 10% of our revenues in the past eight years. We have managed to maintain this level of investment while continuing to drive up EBITA margins by shifting the portfolio towards higher-margin Electronic businesses and by actively managing our cost base.

Complementing our organic investments, acquisitions are also important in transforming our Company. Apart from financial returns, these acquisitions strengthen our market positions, support our globalization effort into fast-growing geographies such as China and India, expand our workflow solutions and technology capabilities and improve our margin by shifting the portfolio towards higher-margin Electronic business models.

The main acquisitions of 2011 are listed here and, to mention some, Twinfield and TopPower in the Netherlands and Belgium and SpeedTax in the US bring cutting-edge software technology. Medicom extends our Clinical Solutions business into China. Medknow brings us one of the largest open-access publishers in the world, based in India. Sasgas provides financial reporting software in China. And NRAI is a provider of registered agent and corporate services and extends the leading positions of CLS in North America.

Now let's turn to leverage. At year end we had a net debt of EUR2.2b and our 2011 net debt to EBITDA ratio was 3.1 times. If we exclude the exceptional cost of Springboard our leverage ratio would be 2.7 times. In 2012 there will be no exceptional Springboard costs and as a result we expect to make progress towards our mid-term target of 2.5 times.

A brief comment on our debt profile. We have no material refinancing before 2014. And, secondly, the Company is well above its headroom policy of EUR500m.

Before concluding I would like to highlight the direct returns to shareholders that we have made through dividends and share buybacks over the years. We continue our progressive dividend policy and propose to increase the 2011 dividend to EUR0.68 per share. And in addition we announced our intention to execute another share buyback of up to EUR100m.

So, wrapping up, I would like to summarize our accomplishments in 2011. Our results show a steady guidance -- steady improvement in operating performance in line with our guidance. We continue to actively manage the portfolio and accelerate investments in attractive growth markets and drive innovation. And we have increased returns to shareholders through our progressive dividend policy and share buyback programs.

And, with that, I hand over the floor to Nancy for the outlook.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Thank you, Boudewijn. Just a few words about our outlook.

As we look to 2012 we expect two things. First, we expect conditions to resemble the trends that we experienced throughout the second half of 2011. While overall macroeconomic uncertainty remains, we do expect that the US and Asia will drive growth in our business, while Europe will continue to face some pressure.

Our business model, however, remains fundamentally sound. We have strong global market positions. We have a resilient portfolio with a higher proportion of our revenues coming from recurring subscriptions. We also see good growth in our Electronic product lines and, finally, we expect to see strong cash generation. These fundamentals continue to support steady improvement in our operating performance.

We take a long-term view of our business. We remain committed to investing for growth through innovation in new products and by expanding our footprint geographically through substantial investments in sales and marketing. These investments will support our growth as well as our returns to shareholders in the form of dividends and share buybacks.

As we look specifically at our guidance we are confident that we can build on the good results that we had in 2011 and deliver yet another year of resilient performance. We expect our margins to be in the range of 21.5% to 22% (sic - see presentation). Our EPS growth reflects a combination of improved operating performance somewhat offset by a higher tax rate. And, finally, we expect to see continued good strong cash generation.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Nancy.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

You're saying 22%, but on the slide it says 22.5%.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Sorry, 22.5%. I stand corrected. Thank you very much. I'm glad to see you're listening. Thank you very much. In summary --

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

And reading.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, and reading. Great.

In summary, I'm pleased that Wolters Kluwer delivered improved operating performance in 2011. While market conditions remain uncertain, the fundamentals of our business are strong. We made good progress against our strategic goals in 2011. Our mission in life is to support our customers and make them more effective and productive. This remains at the center of what we do and we support this mission by continued investments in innovation and globalization.

Our solid profitability and cash flow was driven by steady growth in our subscription businesses as well as good growth in our online and software product lines. In addition, we saw benefits from our structural cost improvements. We are confident that the Company is positioned to deliver long-term profitable growth and value for our shareholders.

So, with that, I'd now like to turn it over to Q&A.

QUESTIONS AND ANSWERS

Jon Teppo - *Wolters Kluwer NV - VP, IR*

Nancy, what I'd like to do, if it's okay, is we'll take a few questions off the webcast, maybe two or three, and then we can open up to the room and maybe do an alternate between so we have a good chance for everyone to ask questions.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Okay, yes.



Jon Teppo - *Wolters Kluwer NV - VP, IR*

A few people have asked about the Springboard program, noting good results in the program. But under the guidance that we had issued in November what's the impact of that on the 2011 or 2012 results and, more specifically also, how do we think about the cash impact in 2012?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Boudewijn, you want to go ahead?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Okay. Well, as you have seen, we have achieved this year EUR191m. The target is anywhere between EUR205m and EUR215m, so -- EUR210m, so take midpoint EUR207m. That's about EUR15m, EUR16m in additional savings next year. So that will actually support our margin going forward.

From a cash perspective, as you have seen, we still have some way to go. We had accruals made this year for all the restructuring of about 104. We spend it on that this year at around 75. We had outstanding still about around 25m. So the remainder actually will come through next year, which will be around 50m -- 40m to 50m in cash. And then the remainder still outstanding, which will be immaterial amounts, will actually be spent in the years after.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

Second question from Polo Tang at UBS. Consensus is factoring in limited top-line growth and margin expansion, yet the guidance would suggest that there is some improvement. Can you be a little bit more specific about what keeps you encouraged as you look into 2012?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Sure. What you see in terms of the underlying trends -- and they've been pretty consistent over the last couple of years -- one is that each year we see steady improvement. So '10 was better than '09. '11 is better than '10. We expect that '12 will continue to progress. What we also see that's very encouraging to us is this continued transformation of the portfolio. So you're seeing that we continue to get good growth in our online and software service subscriptions and that will fuel our performance in 2012 as well.

And then, finally, what you're seeing is that, while print is still in decline as we have expected, that the rate of that decline is beginning to return to historic levels of around 4% to 5% negative. So that rebalancing of the portfolio is positive from our perspective.

And then, finally, while Europe will remain I think certainly challenged in 2012 from a macroeconomic perspective, we really, as I indicated, are taking a long-term view of Europe, continuing to invest and gaining market shares. So we expect US to continue to improve, Asia growing well and then Europe we don't expect any deterioration in '12 relative to '11.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

Okay, maybe one more question and we can open up the floor, from Samuel Joab at Nomura. Can you give a little bit more detail about the financial reasoning between the proposed scrip dividends and the timing of share buybacks? How do you think about the balance between shareholder returns and, especially, around the scrip dividend and the buyback?



Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Okay, Boudewijn you want to do that one?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Yes, sure. Well, as you know, we have -- we see the dividend as a policy. So we offer also our shareholders a choice between scrip and cash. And for some shareholders that's important, given that there are different tax structures around receiving a scrip or a cash dividend. So we actually decided to keep that in place. We're happy with that structure.

The share buyback is actually something we will do based on our cash flow outlook. So as you know we had a robust cash flow year again in 2010/2011. And then we look, okay, potential acquisition pipeline investments organically in the business, optimal leverage and then where do we feel comfortable that there is still room for further shareholder returns. And as you have -- as you read in our press release this year we feel comfortable that there will be money left to do so. So one's a little bit more opportunistic; the other one is part of the policy.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, Sami, you want to go ahead.

Sami Kassab - *Exane BNP Paribas - Analyst*

Thank you, Nancy. Three questions, if I may. The first one, you gave out an outlook for the transaction revenues in the press release and you argue that they should see revenue growth. Can you comment a little bit what gives you confidence that this will grow? Are these price increases, new contract gains, or is it just a bet on how you see volumes developing in 2012?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, we have a number of transaction businesses throughout the various divisions. What we -- the largest of which are in our Corporate Legal Services business as well as in our Financial Services business. And what we expect is that we will see growth in the transactions primarily coming out of our US-based businesses of Corporate Legal Services as well as our Financial & Compliance group in the US. I think it's only within our Transport Services group here in Europe that we would continue to see pressure on those transaction volumes.

So what we have indicated is that the volumes that we are expecting in '12 will reflect the second half of 2011 trends. So just to be clear, for example, within our Corporate Legal Services group we had very strong growth in the first half of '11, we also had growth in the second half of '11, but it was at a reduced level. So we're going to expect that continuation of that trend from the second half of '11 into 2012.

Sami Kassab - *Exane BNP Paribas - Analyst*

With regards to disposal of the Pharma business, can you give us an update? And can you comment whether you expect other some -- other tactical disposals, smaller disposal you may be -- you may consider making, or whether the Pharma business is the only bit that you're -- decided to sell?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes. Why don't I start and Boudewijn can chime in? Clearly, we continue to take action with -- on our portfolio. We, every year, evaluate the portfolio in terms of both where we want to put additional capital and invest as well as where we might choose to divest. So we are constantly selling off pieces of the business year on year. Most of the time they're small product lines, so they don't get a lot of attention.



We are continuing the process of divesting the Pharma business. We sold our MPS business in December of last year. The process for our HA, Healthcare Analytics business continues to progress and, as we have other things that we might be disposing off, we would certainly make those announcements at that time.

Sami Kassab - *Exane BNP Paribas - Analyst*

And, lastly, what's going on with the Transport business? Is it just the macro environment, or are there competitive issues as well?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, it's primarily the macro environment that is affecting transport volumes primarily in Europe. And so that is the primary driver of the volumes being lower.

Sami Kassab - *Exane BNP Paribas - Analyst*

Thank you, Nancy.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Okay, great. In the back next to (inaudible).

Andrea Beneventi - *Cheuvreux - Analyst*

Good afternoon, Nancy. It's Andrea Beneventi from Cheuvreux. A couple of questions, if I may. To start, how do you see the positioning of Wolters Kluwer in US Legal content, given the fact that we're seeing increasing vertical integration between primary law search companies and secondary content providers, such as BNA? I was wondering do you see the current positioning sustainable over the long term?

And the second one is, if I remember well, the expected impact of the discontinued Pharma business said to be two to three percentage points of EPS. Now you announce 3m of EBITA I was wondering how do you reconcile the two facts, please.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Okay, I'll take the first one and Boudewijn will take the second one.

In terms of our legal position and the dynamics in the legal market the acquisition of BNA by Bloomberg is really affecting the US Legal business. We -- in the US we are what I would describe as a specialty information provider, where we are number one in key specialties of the law, for example, securities law, bankruptcy, intellectual property and we provide both information and software tools to customers. As a result of that we tend to complement the other players in the market. We also license our content to all of the players, including Bloomberg in the US.

So we see ourselves coexisting quite nicely in that marketplace. We continue to have a good position. The business is a profitable business as well. And we don't see that there's been a major change in the overall dynamics in the US marketplace with the acquisition by Bloomberg.

So, Boudewijn, a few words on the Pharma?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Yes. Indeed, we guided you that the divestment of the Pharma unit would actually have an impact around \$0.02 to \$0.03. Now, as you have seen from my earlier statement and in the press release, the actual profitability of the divested entities came in lower than we anticipated. So, hence, the difference between the EPS for the continuing business and the EPS for total Wolters Kluwer including discontinued operations from an ordinary perspective is, therefore, only \$0.01. So it's EUR1.51 and total Wolters Kluwer EUR1.52. And you find that also on the page three on the top of the press release.

Andrea Beneventi - *Cheuvreux - Analyst*

Thank you.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Hans.

Hans Slob - *Rabobank - Analyst*

Yes, Hans Slob, Rabobank. Could you take us through the trends you are seeing currently in Spain and Italy in terms of renewal rates, also for your subscription-based businesses? And have things gone worse in those geographies? And the fact that you do not expect a deterioration for Europe, is that based upon easing trends in those countries or improving trends in the other countries within Europe?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Okay?

Hans Slob - *Rabobank - Analyst*

That's it.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, okay, sorry. Yes, so in general a couple of things to state about Europe. In the aggregate, again, we are in 18 countries in Europe, the trends that we saw in the first half of '11 were very similar to the trends we saw in the second half of '11, so pretty consistent across the year. And again our expectation for '12 is that we'll see those half -- the latter half of '11 trends continue into 2012 overall for Europe.

Another thing to recognize is that in general the north of Europe is in better economic shape than the southern part of Europe. Within the south we have very strong market positions. If you look at our retention, we continue to retain and even improve over 2010 levels. So the challenges really are around new sales, particularly of things like Books, and those were pressured in 2011. But we do not see the trends deteriorating in either Italy or Spain.

Hans Slob - *Rabobank - Analyst*

And maybe a follow up. Have you been able to maintain profitability levels in Spain and Italy in 2011?



Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes. And if you look overall at Europe -- at Legal & Regulatory, which is where we obviously have the biggest part of our European footprint, I think we are very pleased to see that, despite the overall division having negative 1% organic growth, the margins improved slightly. And that speaks very much to a couple of things. One is obviously we are getting benefits from the Springboard program and the mix shift. So as more of the business shifts to online and software, clearly, that helps contribute higher margins to the overall division.

Yes, sure.

Maurits Heldring - *ABN Amro - Analyst*

Maurits Heldring, ABN Amro. I've got two questions, the first is on the Legal business. I saw that the organic growth of the subscriptions -- Electronic subscriptions improved from minus 1% to plus 1% for the full year. Can you tell us what happened there? Was that improved retention, or new customer wins, or pricing?

And the second question is on the expansion in tax. You said that in the second half there have been -- investments have been made for geographic expansion of the tax products. Can you be more specific there? I heard Boudewijn about India and China. Was that for the tax business? And are you also considering expanding the Twinfield business abroad? Thank you.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, okay. First, relating to the Legal & Regulatory business, as you duly noted, we saw an improvement in the growth rate of our Electronic and Service subscriptions. That's generally for a couple of reasons. One is we are getting growth in that area in the US as we are launching more new products. And as we are managing the migration from print products to online products we get an uplift in the overall spend on the part of the customer. So some of that is being driven out of the US.

And then in Europe the rate of decline is also improving. So we continue to see improved retention in Europe in our Electronic and Service subscriptions, even though new sales again remain pressured in Europe. So it's really driven from both new products and more spending on the part of our customers. A little bit from price, but our pricing policy in 2011 was not substantially different than in 2010.

And then as it relates to the expansion of our tax business geographically, as Boudewijn duly noted, we are investing quite a bit in India to build out both a tax software product line as well as content positions, and in China. And as it relates specifically to Twinfield we are most present in the Netherlands, but we are also extending into the UK. And that business it will, in fact, continue to be invested in and grow in 2012 as well.

And the reason -- one of the things you'll see across the portfolio, which I mention occasionally, is that as we've moved more and more into software what you see is that we can take products that we have in one geography and more or less just spend a little bit more on investment to localize them for language or certain rules and regulations. So we are finding many opportunities again to take these core software products not just in accounting, but also in tax, and move them into different geographies.

Do you want to say something?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Yes. Maybe you have seen also a recent press release from our technical accounting unit on global integrator. And that's also a typical example of a product we can globalize and it requires additional investments in sales and marketing. So as a reference point it might be good to pick that up.



Peter Olofsen - *Kepler Capital Markets - Analyst*

Peter Olofsen, Kepler Capital Markets. Two questions, first, on financial and compliance there was a bit of margin pressure due to the growth investments. How do you expect this to play out in 2012? Will there be a further step up in investments, or could the pressure on margins ease a little bit?

And then on acquisitions you spent some EUR300m last year. On an annual basis how many -- how much revenues do these companies generate? And how does the margin profile of the acquired businesses compare to the Group average?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Okay, I'll take the first one. Boudewijn can take the question on acquisitions. On the margins in Financial & Compliance Services we are very bullish on this division in terms of its long-term growth potential, in part because essentially what it does is it helps financial institutions deal with regulatory reporting requirements and risk management, which are obviously top on the agenda of any financial institution.

So we are continuing to invest and really building a global business here. Just to refresh everyone's memory, if you go back, say, five years ago this was a US-only business and, as I noted, if you look at the results of 2011 now more than a third of the business is outside the US and the business outside the US grew at 23%.

So we continue to want to invest here because we are seeing very good growth. So you should expect from a margin basis that we will continue to make trade offs towards investing and growing in the business. And the margin will stay roughly in the range of what you saw in 2011, maybe a little bit better.

And then on acquisitions.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

On the acquisitions, well, as you saw, the acquisitions contributed in 2011 about EUR42m in revenues and EUR8m in ordinary EBITDA. Now that is the actual contribution, where if you acquire of course businesses in the second half, so it's more relevant I think to look at an annualized number. And that annualized number is about EUR90m in revenues and ordinary EBITDA of 22%.

Now as you have seen from my slides most of those acquisitions are all software, electronic the business models, so, inherently, they have a higher growth than the average of the Group. And from a margin perspective you often see that those margins ramp up pretty quickly in line with the revenues.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, go ahead.

Unidentified Audience Member

Thanks. Two questions, one just following up on acquisitions. There was expenditure of EUR43m on tax benefits and also EUR8m expenditure on earn outs. Just looking ahead, I wonder if you could explain what the benefit from those tax benefits is going to be on the P&L on the cash tax rates. Just a bit of guidance there, because I understand there is a shift towards profits -- more profits coming from the US where tax rates are higher and that's something factoring in. And also earn-out commitments from acquisitions made during 2011.

My second question regards the free cash flow. You state in the presentation that cash generation was better than guidance and better than expected. Could you explain where the positive surprise came from and also put that in context to what looks like quite conservative guidance for 2012?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

So on the acquisitions in the 2011 acquisitions very little earn out, so it's not material in the overall.

Secondly, from the tax benefits, as we call it, sometimes when you negotiate and, for example, we do an asset deal there is always a tax step up. It's the question who is going to basically take that bill.

And basically we -- actually, the way we presented it to you is that's a part of the consideration, but economically it's actually not. So what you will see actually is that the -- those tax benefits are the net present value of the tax benefits we get of amortizing those assets over time. So basically the impact will be zero, yes, economically spoken.

And that's why we also normalize the EUR299m number, because then, okay, if you want to know more or less what kind of multiple we paid for this, right, then you have to take out earn outs from previous years, you have to take out deal costs and you have to take out this tax gross-up effect. And then you see that the multiple on revenue was around 2.6 and the EBITDA multiple was around 11, so -- and that seems -- it's pretty in line with what we have seen also in the past.

On the cash flow, your question was what caused actually the difference between the EUR412m guidance we gave in the actual number. Predominantly it was working capital. You saw that our working capital improved again this year by another EUR23m.

And, hence, we -- it's always very difficult in the beginning of the year to predict how the working capital will work out. You know that this management spends a lot of time and focuses a lot on proper cash management within the businesses. And as a result we anticipate for 2010 and 2012 that a further increase again in working capital that we've seen in 2011 won't occur, hence, a lower outlook for the next year.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, please.

Sander van Oort - *Kempen & Co. - Analyst*

Sander van Oort, Kempen. A couple of questions, if I may. First of all, on the corporate costs I was surprised to see that the corporate costs went up, I think, EUR3m or EUR4m in the second half of the year. And I was wondering is it just a rebalancing of costs from the individual divisions to the corporate line, or that there's something else happening over there.

Then on the CapEx for '12 will it remain stable at 9% spent in '11? And also the split between CapEx and OpEx, will that remain unchanged, or can we expect any deviations in '12?

Then a question on the phasing. Last year we, of course, saw a phasing impact, especially in tax accounting. Is this something we have also to take into account for this year, or will it be more flat during the year?

And then -- I will leave it at that. Thank you.



Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Okay, on the corporate costs, no, this is not a rebalancing of something substantially going from one to the other. In certain years we have higher one-off costs than in other years. So across the board you have seen that we had about -- anywhere between EUR40m and EUR43m in corporate costs, so this again stays within that bracket.

For example, we had a few additional strategic consultancy assignments that we, as a Board, actually took on and, as a result, you saw slightly -- a slight increase compared to last year. But nothing fundamentally changing here going forward.

And on the CapEx, again, as also indicated in the presentation, we are very much committed to this 8% to 10% reinvestment in the business in OpEx and CapEx. What we have seen over time is that there is hardly any shift between CapEx and OpEx in that sense. So I would actually pencil in for the future years those same percentages going forward.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

And then on phasing within the tax business, this is a permanent shift of the bank product revenue that used to come mostly in the first quarter now into the fourth quarter. So as we look to '12 you'll see that same relationship, so you won't -- from a comparable basis the phasing will be quite similar to '11.

Sander van Oort - *Kempen & Co. - Analyst*

Maybe one additional question, if I may, the sales cycle in previous years. You mentioned that the sales cycle to -- selling new products to clients took a bit longer, given the uncertainty in the markets. Is that something that has already shortened, or is it stable? Or can you maybe elaborate a bit on that?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes. Certainly, within Asia and the US the sales cycles are returning back to what I would call normalized levels. I think in Europe still new selling is more challenging and, again, it reflects the economic cycle.

And then of course there is always a relationship between the size of the sale and the length of the process. So obviously some of our larger contracts, for example, in Health, take longer than something that's only a \$400 or \$500 product.

Yes, please, in the next row.

Jonathan Helliwell - *Berenberg - Analyst*

Yes, hi, it's Jonathan Helliwell at Berenberg. First, just on two of the divisional margins, you've got the tax margin coming down a little bit, the Health margin going up a lot. You gave a number of factors. I wonder if you can just talk us through how those factors play out going forwards and whether we should expect tax margins continue to come off a bit and the Health margin to move up further over the next couple of years.

Second thing is on the tax charge, whether you could give us a feel for what the different rates you're paying. If it's basically a US versus Europe differential tax rate issue that's driving the overall blended tax charge, what sort of rate do you pay in the US what sort of rate in Europe? So that if we see Europe remain difficult for a number of years that should give us a feel about where that should trend to.



Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Okay. I'll take the first on the division margins and then ask Boudewijn to comment on the tax rate for the corporation.

If you look back to slide 12 in the presentation what you see is the three-year margin level for Tax & Accounting. And so 2011, at 27.7%, is actually higher than 2009, a little bit lower than 2010. So you should see that as more or less the range of margin that we would expect from this division. These are world-class margins. We are one of -- not only are we the largest in Tax & Accounting, but also one of the more profitable companies.

What you see happening in 2011 is really the impact of three things. We are investing to expand our sales force both in the US as well as in Asia. We are also expanding quite significantly our investments in India to build out some of our tax product lines. And those investments will continue, in part, in 2012. And then, finally, the last effect is the lower volumes of the bank product volume that tends to be high-margin transaction volume.

Within Health you will continue to see those margins improve. As you know, we had a goal to get the Health division up to the average of the Group. Still a little bit below that but, obviously, a tremendous improvement from '10 to '11. And there is more and more of the mix of that -- of the Health revenues are coming from our Clinical Solutions group. That is also one of our more profitable parts of the business. So you will continue to see that provide some support for margin expansion.

Boudewijn, you want to talk about tax, yes.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Yes, tax. Well, the number of tax rate we pay in US is 40% US and then 25% Europe. Now we have certain tax structures in place that reduce those tax charges on an annual basis and we continuously work also to optimize our tax structures worldwide.

So to -- just as an example, this year we entered into -- we took benefit of the Dutch innovation box, which allows companies to get a tax benefit from R&D activities that are conducted out of the Netherlands. And then these activities are -- it allows you actually to charge royalties across the globe of centralized R&D activities and then they are taxed for 5% in the Netherlands. So continuously we are looking for ways to optimize that.

The effective tax rate, as you have seen on the Company, it was this year 26.8%. We guide you to about 27.5% for next year. And I would anticipate that's a number I would stick to for the time being.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes. Right, yes, the woman in the third row. It's very hard to see from here, so I apologize.

Margo Joris - *KBC Securities - Analyst*

Hi, Margo Joris, KBC Securities. I have three questions. The first one is on your target for 2012. You expect or you hope to achieve 75% of revenues coming from Electronic and Subscriptions -- Electronic revenues and Services. Do you think you can achieve that? And what kind of trends do you expect to see in the coming 12 months?

And then my second question is on the Health growth -- 4% organic growth. Do you expect to maintain that in 2012? And can you elaborate a bit on the growth trends there? Thank you.



Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Okay. First, let me take the second part of your question first. The growth trends in Health look very positive from our perspective. And the reason for that is we are very well positioned in one of the fastest-growing part of the Health market, which is in clinical decision support. And that is our product line that includes UpToDate and ProVation, as well as the fact that we have a lot of room to expand geographically, particularly in Asia.

And so we are investing a lot in, again, sales people and localizing some of our product lines not just in Clinical Solutions, but also in our medical research area. So we continue to feel quite good about the long-term growth trends in the Health division.

As it relates to our goal around Electronic and Service Subscription revenue, these are online software and service product lines, they are growing nicely, as you saw, in 2011. We expect to continue to see steady improvement there. And so we are tracking well towards the goal that we had of 75% of our revenues coming from that.

Margo Joris - *KBC Securities - Analyst*

And then my last question is on the Books business, minus 5% growth. What do you expect for 2012? Is there any improvement possible?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, the -- if you peel back the onion of the Books' number for '11, we have Books primarily in three areas. We have our Legal Education business out of the US, we have our Professional and Education business in Health and then we have Books in Legal & Regulatory all over the globe. And there's different factors driving each of those areas.

In the Legal Education business we are well positioned as a company. We are one of the leaders in that market. We happen to have a very strong front list in 2010 that could not be repeated in 2011. As you know, you have certain editions that come out over a three-year period. As we look at the front list in '12 in Legal Ed it's a good front list, so you should expect that within the Legal Ed part of what we are doing that we will see improve performance.

Within Professional and Education within Health what we saw -- what you saw is we had very strong comparables in 2010 and, just to remind everybody, in '09 all of the retailers and wholesalers went through a pretty large de-stocking program as a result of the financial crisis. In '10 they stocked up and in '11 they, what I would, call rebalanced. We would expect in 2012 that the order level from our wholesalers and retailers will be pretty much in line, so you shouldn't see -- you should not see a negative delta there.

And then, finally, the last factor, which is the Books that we have, again, throughout Legal & Regulatory, as well as in our Tax group. And you should expect that those will continue to be pressured largely because of the economic cycle in Europe.

Margo Joris - *KBC Securities - Analyst*

Thank you.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, sure.



Unidentified Audience Member

You mentioned that the markets for 2012 will resemble the ones you have seen in the second half of 2011. May we conclude that you more or less will achieve an organic growth rate you achieved in the second half of 2011, approximately 3%. Is that your target?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, as you know, we don't give organic growth guidance. What we try to indicate is a steady improvement in our operating metrics year over year. We saw that improvement '10 over '09, '11 over '10 and we would expect something similar in '12.

I think what we are encouraged by is that the fundamentals of what the strategy is about is working, meaning that we are seeing good uptake in our online and software products. That's where we are investing significantly in the business. We are seeing that the trends around mobility and the growth of the use of smartphones and tablets is giving us new growth opportunities.

And then, finally, we are seeing that some of the investments that we've made in some of these emerging markets are really starting to pay dividends. So if you take a longer-term view we clearly see that the growth trend of the business is going to continue to improve over the medium term.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

May just to -- a factual -- we indicated to you at half year that the organic growth rate of the Company was around 1%, right, so at full year we came in organically at 1.1%. So your 3% number might be true for some specific markets but, of course, we are a global company over many activities.

Unidentified Audience Member

Springboard, still some EUR15m to EUR20m left of savings. How much will be eaten away by inflation or whatever? Or is this a number you expect to -- which can be added to the EBITDA?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

That's very hard to say. You're right to point out that we always have autonomous cost inflation year after year. But it will depend on our price increases. It will depend on how successful we will be to further again increase our share in Electronic and Software revenues. But we indicated to you that the margin will further improve next year, so I think that's already an encouraging sign.

Unidentified Audience Member

Getting back to my first statement that markets may resemble and then I guess that you still show some kind of organic growth, getting some operating leverage. You still have your savings from Springboard which you can add. You still have what's left of the acquisitions. Then I come to a nice number which can be added to the operating income, so why so conservative?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Well, I think one of the themes you should hear from both my discussion and Boudewijn's today is we really are continuing to invest in the business. We see good growth coming from again these new types of products that we can develop for mobile applications. We also see a lot of good opportunities to globalize the business. So we want to seize on those opportunities.

We also want to continue to invest in Europe, because we do see the opportunity to increase our market share positions in many of our larger companies, large -- sorry, larger countries in Europe. And so we want to continue to balance the investments that we are making in the business with improvements in our operating margin. And that's really what you're seeing as we guide you to in 2012.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

And on top of that we also guided you to slightly higher financing costs and higher tax costs, so that will eat also a little bit away the operational benefits.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Jon, do you want to and then we'll come back?

Jon Teppo - *Wolters Kluwer NV - VP, IR*

Maybe we can just do a couple from the webcast before we get ready to wrap up.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

From Citigroup the question is do you expect the pace of acquisitions to slow in 2012? Do you have a target spend for acquisitions? And how does the pipeline look?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Boudewijn, you want to do that one?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Yes, the -- we continuously look for good opportunities on a global scale, so it's very hard to say at this moment in time so early in the year whether the pace will pick up or be slower. We, of course, always look at multiple opportunities. We never know what's going to materialize.

It has to meet our criteria that we have set out to you. We have been always very clear about that and we will stick to those criteria going forward. And in that sense we believe that where the opportunities will arise we'll definitely go after them.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

A second question from Nick Dempsey at Barclays. Regarding your print portfolio, can you give an indication of what proportion of that is standalone products that could be either sold or shut down? And what is really linked to Electronic products? How do you think about your ability to influence the print dynamic?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Good question. All of the products that we produce in print we also produce in online forms, whether it's online delivered through the Internet or online in terms of some kind of eBook program. So we see that print is -- or the choice of print is very much driven by our customers.

What we see as we go out and watch our customers work is that many of our customers, in fact, our largest and most profitable customers, are using a combination of print, online and software solutions from us. And they choose print when they believe that print is the most efficient approach to solving the problem. So I'll just give you a quick example.

We went out and we studied how securities attorneys worked and in the US we have a securities in print that spans about 40 different volumes. And what we found was that when the attorney knew exactly the nature of the problem and, therefore, the code section, they would reach for the book. When they open the book you see that they've added a lot of annotations etc. and they believe that was a very efficient way to solve the problem.

In other situations where maybe they didn't know exactly what the -- how to solve the problem, they would go online and do more research and more exploration. So as a result of that you can see that lopping off print and saying, okay, let's just get out of it, first of all, you maintain most of those costs because the largest portion of the cost is in the content creation. But, more importantly, you would be annoying your most profitable customers.

So we see print as something that we are managing. And as you all know we've been harvesting those product lines for some time. They are continuing to be a smaller and smaller part of our portfolio, but we really see that being driven by the customers in terms of how they use our products.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

And one final one maybe from the webcast. A few people have asked about the Tax & Accounting group. Mark Braley in particular had extrapolated Thomson's growth rate and said that at some point they may become larger than Wolters Kluwer. How do we think about share as we compare ourselves with Thomson?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes, we are today the global leader in Tax & Accounting. We have a different mix of business from Thomson as well as from the others.

And I would say that as you look at the growth rates of the various players in Tax & Accounting what drives the differences are really mix, and mix in three areas; the geographic mix, how much presence you have in Europe versus Asia, versus North America; customer mix, how much of the portfolio is coming from CPA firms versus corporation; and then also a mix between software and publishing. And that really explains largely the differences not only between our growth rate and Thomson, but others in the marketplace.

I think there were a few other questions from the -- yes.

Unidentified Audience Member

The Springboard program has formerly been completed.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Yes.

Unidentified Audience Member

But I think going forward -- well, I would assume going forward that you will continue to push for efficiency. So on a normalized run rate what kind of restructuring costs should we expect to flow through the P&L and to be included in the ordinary EBITDA?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Well, maybe I can ask Jack to just talk a little bit about -- you're right to say we do still see areas to be efficient, and maybe, Jack, you can comment on those.

Jack Lynch - *Wolters Kluwer NV - Member, Executive Board*

Yes. I think in general we are always going to see opportunities to improve through operational excellence initiatives our operational efficiency. We have a few discreet programs that we are working on right now. One is a global infrastructure delivery network and that is largely consolidation of data centers and virtualization of the servers within those data centers, through a deal that we announced earlier this year with Dell Computer and Atos.

So that is a significant opportunity for us to leverage our scale, reduce our cost. In doing so we have additional opportunities beyond the ones contained in that deal that we'll continue to work on, not only to reduce cost, but to improve our agility and operational platform for Cloud Computing.

The second is, with HCL we did a deal for back-office maintenance of our back-office software. HCL is an Indian outsource provider and so we are moving that work to India and we will achieve savings as a result of that.

And the third is for finance and accounting some lower-level clerical activities in accounts payable and accounts receivable, a deal we did with Capgemini to move those to India and Eastern Europe. So those are a few of the larger programs that we are working on right now that will produce savings this year as well as in future years.

Unidentified Audience Member

But going forward will we see -- there will typically be some cost involved.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

But it will flow through the normal P&L.

Unidentified Audience Member

But can you quantify it? What kind of magnitude?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member, Executive Board*

Well, let me say this. The -- it's actually included already in our guidance, right, so we have a strong belief that the migration to more Electronic Software and Services comes with a higher margin, will, therefore, support the margin. These operational initiatives that Jack just referred to with -- part of that is already in Springboard, but additional programs on top of that will fuel us on the other side.

In the meantime we will continuously restructure and optimize our businesses. And you could have years, for example, in Europe, where you want to do more or less, and Europe always is a little bit more expensive to restructure than in the US. So it's very difficult for us to guide specifically on that. I think what you will see is us actually reflecting every year when we give you the annual margin guidance, that we take into that number the net benefits and costs of any restructuring initiatives going forward.

Andrea Beneventi - *Cheuvreux - Analyst*

Hi, it's Andrea again. A follow-up question on Heath. Do you expect any impact in '12 from the Health Information Technology Act in the US? And do you have any big product franchise falling within the scope of meaningful use requirements, please?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

(Inaudible) that we are already benefiting from healthcare reform in the US. What you see is that within the original tart money there was specific funds earmarked for hospitals to use to invest in IT and automation.

We are -- we have been benefiting from that, particularly within our Clinical Solutions group. And now with the healthcare reform, as you know, there is a meaningful use criteria along 13 dimensions and the majority of our products, again, particularly within Clinical Solutions group, fall into that meaningful use criteria. So as a result of that hospitals and physician offices will be able to use some of that funding to support buying our products. And we are already seeing some good lift from that.

Andrea Beneventi - *Cheuvreux - Analyst*

Thank you.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Any other questions, or, Jon, anything on your end?

Jon Teppo - *Wolters Kluwer NV - VP, IR*

No. The only thing that I would add, there was a specific question from Barclays around Health Books declining and how that was tied to the enrolments for non-profit colleges. Is there anything around enrolment trends or other things that are going to influence the Books as we look forward? I know you touched on that to a degree, but maybe you could just reiterate that as it relates to this point.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman, Executive Board*

Good question. I would say that the vast majority -- or the primary reason for the decline in the Health Books really had to do with this stocking up in '12 and then normalizing the order pattern among our wholesalers and retailers in '11. That was the primary reason.

We did see that the enrolment in the careers schools is in decline year over year. We don't have that large of a portfolio of products that serves that market, so we were not unduly harmed by those lower enrolments. It's really this order pattern and, again, we would expect in 2012 to return to more normalized ordering.

Anything else, otherwise, we will say thank you very much for joining us. And please join us for some refreshments outside.



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