Wolters Kluwer

Wolters Kluwer 2016 Full-Year Report

February 22, 2017 – Wolters Kluwer, a global leader in professional information services, today releases its full-year 2016 results.

Highlights

- **Revenues up 2% in constant currencies and up 3% organically.**
  - Digital & services revenues grew 5% organically (85% of total revenues).
  - Recurring revenues grew 4% organically (77% of total).
  - All main geographic regions delivered positive organic growth.
- **Adjusted operating profit margin up 70 basis points to 22.1%.**
- **Diluted adjusted EPS €2.10, up 6% in constant currencies.**
- **Adjusted free cash flow €708 million, up 9% in constant currencies.**
- **Share buyback 2016-2018: €200 million completed in 2016.**
- **Strong financial position: net-debt-to-EBITDA 1.7x at year-end.**
- **Proposed full-year total dividend of €0.79 per share, up 5%.**
- **Outlook 2017: expect mid-single digit growth in diluted adjusted EPS in constant currencies.**

Full-Year Report of the Executive Board

Nancy McKinstry, CEO and Chairman of the Executive Board, commented: *"I am pleased to report sustained organic growth and a significant improvement in margins and cash flow. Better performance in Europe helped us overcome a challenging comparable in the U.S. We continued to invest in innovation and recent launches are being well-received by our customers. We extended into attractive market adjacencies through selected acquisitions, completed several non-core disposals, and drove further operating efficiencies. We remain focused on executing on our strategic priorities and delivering increased value to customers, employees, and shareholders."*

Key Figures Full-Year 2016:

Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Business performance - benchmark figures					
Revenues	4,297	4,208	+2%	+2%	+3%
Adjusted operating profit	950	902	+5%	+6%	+5%
Adjusted operating profit margin	22.1%	21.4%			
Adjusted net profit	618	583	+6%	+5%	
Diluted adjusted EPS (€)	2.10	1.96	+7%	+6%	
Adjusted free cash flow	708	647	+9%	+9%	
Net debt	1,927	1,788	+8%		
Return on invested capital (ROIC)	9.8%	9.3%			
IFRS results					
Revenues	4,297	4,208	+2%		
Operating profit	766	667	+15%		
Profit for the year	490	423	+16%		
Diluted EPS (€)	1.66	1.42	+17%		
Net cash from operating activities	927	843	+10%		

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth. Benchmark (adjusted) figures are performance measures used by management. See Note 5 for a reconciliation from IFRS to benchmark figures. IFRS: International Financial Reporting Standards as adopted by the European Union.

Full-Year 2017 Outlook

Our guidance for full year 2017 is provided in the table below. We expect to deliver solid organic growth, to drive further margin improvement, and to grow diluted adjusted EPS at a mid-single-digit rate in constant currencies. The first half, in particular the first quarter, is expected to see slower organic growth due to phasing and challenging comparables in Health and in Governance, Risk & Compliance.

Full-Year 2017 Outlook

Performance indicators	Guidance
Adjusted operating margin	22.5%-23.0%
Adjusted free cash flow	€675-€725 million
ROIC	>9%
Diluted adjusted EPS	Mid-single-digit growth

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/$ 1.11). Guidance for EPS growth assumes the announced share buyback program (2016-2018) is equally spread over the three year period. Adjusted operating profit margin and ROIC are in reported currency.

Our guidance is based on constant exchange rates. In 2016, Wolters Kluwer generated more than 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2016 currency profile, each 1 U.S. cent move in the average €/$ exchange rate for the year causes an opposite change of approximately two euro cents in diluted adjusted EPS.

Restructuring costs are included in adjusted operating profit. We expect these costs to return to normal levels of around €15-€25 million this year (2016: €29 million). We expect adjusted net financing costs of approximately €110 million, excluding the impact of exchange rate movements on currency hedging and intercompany balances. We expect the benchmark effective tax rate to increase to approximately 27.5%. Capital expenditure is expected to be in the range of 5%-6% of total revenues (2016: 5.2%) with the cash conversion ratio likely to be approximately 95%.

Our guidance assumes no significant change to the scope of operations. We may make further disposals which can be dilutive to margins and earnings in the near term.

2017 Outlook by Division

Health: we expect good organic growth, comparable to 2016, and improved margins due to the ongoing mix shift towards Clinical Solutions. First quarter growth will be muted due to phasing and a challenging comparable.

Tax & Accounting: we expect solid organic growth, in line with 2016 and reflecting normal seasonal selling patterns. Margins are expected to increase slightly.

Governance, Risk & Compliance: we expect full-year organic growth to be similar to 2016, with growth to be second-half-weighted due to expected timing of larger contracts and a challenging first-half comparable for transactional and other non-recurring revenues. Full-year margins are expected to increase due to operating efficiencies.

Legal & Regulatory: we expect organic revenue decline, in line with 2016 trend, due to more moderate growth in digital products following a large customer migration in 2016. Margins are expected to improve in the second half.

Strategic Priorities 2016-2018

On February 24, 2016, we announced our strategic priorities for 2016-2018. This strategic plan ("*Growing our Value*") prioritizes expanding our market coverage, increasing our focus on expert solutions, and driving further operating efficiencies and employee engagement. Our strategy aims to sustain and, in the long run, further improve our organic growth rate, margins and returns as we continue to focus on growing value for customers, employees and shareholders. Our priorities are:

- **Expand market coverage:** We will continue to allocate the majority of our capital towards leading growth businesses and digital products, and extend into market adjacencies and new geographies where we see the best potential for growth and competitive advantage. Expanding our market reach will also entail allocating funds to broaden our sales and marketing coverage in certain global markets. We intend to support this organic growth strategy with value-enhancing acquisitions whilst continuing our program of small non-core disposals.
- **Deliver expert solutions:** Our plan calls for increased focus on expert solutions that combine deep domain knowledge with specialized technology and services to deliver expert answers, analytics and productivity for our customers. To support digital growth across all divisions, we intend to accelerate our ongoing shift to global platforms and to cloud-based integrated solutions that offer mobile access. Our plan is to also expand our use of new media channels and to create an all-round, rich digital experience for our customers. Investment in new and enhanced products will be sustained in the range of 8-10% of total revenues in coming years.
- **Drive efficiencies and engagement:** We intend to continue driving scale economies while improving the quality of our offerings and agility of our organization. These operating efficiencies will help fund investment and wage inflation, and support a rising operating margin over the long term. Through increased standardization of processes and technology planning, and by focusing on fewer, global platforms and software applications, we expect to free up capital to reinvest in product innovation. Supporting this effort are several initiatives to foster employee engagement.

Leverage Target and Financial Policy

Wolters Kluwer uses its cash flow to invest in the business organically or through acquisitions, to maintain optimal leverage, and provide returns to shareholders. We regularly assess our financial position and evaluate the appropriate level of debt in view of our expectations for cash flow, investment plans, interest rates, and capital market conditions.

While we may temporarily deviate from our leverage target at times, we continue to believe that, in the longer run, a net-debt-to-EBITDA ratio of around 2.5x remains appropriate for our business given the high proportion of recurring revenues and resilient cash flow.

At December 31, 2016, our net-debt-to-EBITDA ratio was 1.7x.

Dividend Policy and 2016 Dividends

Wolters Kluwer has a progressive dividend policy under which the company aims to increase the dividend per share each year.

In light of our current below-target leverage and our solid 2016 operating performance, we are proposing a final dividend of €0.60 per share. This will bring the total dividend over the 2016 financial year to €0.79 per share, an increase of 4 euro cents or 5% on the prior year dividend (2015: €0.75). If approved, the 2016 dividend will mark the 11th consecutive year of increase in dividend per share.

Under our progressive dividend policy, we remain committed to increasing the total dividend per share each year, with the annual increase dependent on our financial performance, market conditions, and our need for financial flexibility.

For 2017, we intend to set the interim dividend at 25% of prior year total dividend.

Dividend dates for 2017 are provided on page 34. Shareholders can choose to reinvest both interim and final dividends by purchasing additional Wolters Kluwer shares through the Dividend Reinvestment Plan (DRIP) administered by ABN AMRO Bank NV.

Anti-Dilution Policy and Share Buyback Program 2016-2018

Wolters Kluwer has a policy to offset the dilution caused by our annual performance share issuance with share repurchases.

On February 24, 2016, we announced our intention to repurchase up to €600 million in shares over the three-year period 2016-2018. This buyback includes repurchases made under our anti-dilution policy. Assuming global economic conditions do not deteriorate substantially, we believe this level of cash return will leave us ample headroom for investment in the business, including acquisitions.

During 2016, we repurchased 5.8 million shares for a total consideration of €200 million under this program. The repurchased shares are added to and held as treasury shares.

In 2017, we intend to repurchase a similar amount. As of February 21, 2017, we have repurchased a further 1.4 million shares for a total consideration of €50 million in the year to date.

Part of the shares held in treasury will be retained and used to meet future obligations under share-based incentive plans. At the 2017 Annual General Meeting of Shareholders Wolters Kluwer will propose cancelling any or all of the other shares held in treasury or to be acquired under the share buyback program 2016-2018.

Full-Year 2016 Results

Benchmark Figures

Group revenues rose 2% overall and 2% in constant currencies to €4,297 million. Currency had a slightly negative impact on revenues as the benefit of a stronger U.S. dollar was more than offset by the depreciation of the British pound and other currencies. The effect of disposals on revenues outweighed the effect of acquisitions.

Organic revenue growth, which excludes both the impact of exchange rate movements and the effect of acquisitions and divestitures, was 3%, in line with the prior year (2015: 3%).

Revenues from North America (61% of total revenues) grew 4% organically (2015: 5%), slowing as a result of reduced growth in non-recurring revenues in Governance, Risk & Compliance. Revenues from Europe (31% of total revenues) saw acceleration in organic growth to 1% (2015: 1% decline), with all four divisions recording improved performance in this region, in particular Tax & Accounting and Health. Revenues from Asia Pacific and Rest of World (8% of total revenues) grew 3% organically (2015: 4%).

Adjusted operating profit increased 5% overall and 6% in constant currencies to €950 million. The adjusted operating profit margin advanced by 70 basis points to 22.1% (2015: 21.4%), driven by lower restructuring costs, results of efficiency programs, the benefits of mix shift, and operational gearing.

Restructuring costs reduced to €29 million compared to €46 million in 2015. Approximately half of this was incurred in Legal & Regulatory and the remainder was spread across our other divisions. The acceleration of a number of efficiency programs in late 2016 led restructuring costs to exceed our guidance (€15-€25 million).

Adjusted net financing costs declined to €107 million (2015: €119 million) and included a €6 million loss on currency hedging and revaluation of intercompany balances (2015: €17 million loss). As a reminder, adjusted net financing costs exclude the financing component of employee benefits, results of investments available-for-sale, and net book gains or losses on equity-accounted investees.

Adjusted profit before tax was €845 million (2015: €783 million), an increase of 8% overall and 7% in constant currencies. The benchmark effective tax rate on adjusted profit before tax increased to 26.8% (2015: 25.5%). In 2015, the benchmark tax rate reflected a one-time favorable adjustment relating to deferred tax assets.

Diluted adjusted EPS increased to €2.10, an increase of 7% overall and 6% in constant currencies.

IFRS Reported Figures

Reported operating profit increased 15% to €766 million (2015: €667 million), reflecting the increase in adjusted operating profit, a decline in amortization of acquired intangibles, and a net gain on disposals. These factors were partly offset by an increase in acquisition-related costs. The net gain on divestments of €4 million (2015: €14 million loss) consisted mainly of a €15 million loss on the disposal of our French trade media assets and a €17 million gain on the disposal of our indirect lending platform, AppOne.

Reported financing results amounted to a cost of €113 million (2015: €125 million cost) including the financing component of employee benefits of €6 million (2015: €5 million).

Profit before tax increased 21% to €655 million (2015: €542 million). The reported effective tax rate increased to 25.2% (2015: 21.9%) and reflects a negative tax impact on 2016 divestments. In 2015, the tax rate reflected a one-time favorable adjustment relating to deferred tax assets.

Total profit for the year increased 16% to €490 million (2015: €423 million) and diluted earnings per share increased 17% to €1.66 (2015: €1.42).

Cash Flow

Adjusted operating cash flow was €948 million (2015: €903 million), an increase of 5% overall and 5% in constant currencies. The cash conversion ratio was 100% (2015: 100%), ahead of our expectation despite an increase in capital expenditures. Capital expenditures increased to €224 million, or 5.2% of revenues (2015: 4.5%). The increase in investment mainly relates to capitalized product development costs in Tax & Accounting and Governance, Risk & Compliance. Depreciation of property, plant & equipment and amortization of other intangible assets was €179 million (4.2% of revenues). Working capital inflows increased to €43 million (2015: €18 million) driven by favorable timing of payments and a reduction in inventory levels.

Adjusted free cash flow was €708 million, up 9% overall and up 9% in constant currencies, reflecting the increase in adjusted operating cash flow and benefitting from a reduction in corporate income taxes paid. Corporate income taxes paid were €108 million (2015: €141 million), as a result of favorable timing of cash tax payments. Paid financing costs were broadly stable at €100 million (2015: €101 million). The net movement of restructuring provisions of €10 million related to cash spending of €31 million on efficiency programs and net additions of €21 million during 2016. In 2016, a €22 million voluntary injection was paid into our North American pension scheme.

Dividends paid to shareholders during 2016 totaled €223 million, comprising the 2015 final dividend and 2016 interim dividend.

Acquisition spending, net of cash acquired and including acquisition-related costs, was €461 million (2015: €183 million). Of this, €5 million related to earn-outs on acquisitions made in prior years. The majority of acquisition spending reflects the purchase of Enablon in Legal & Regulatory (July 2016) and Emmi Solutions in Health (November 2016). Divestiture proceeds, net of cash disposed, were €14 million, representing the net proceeds from the sale of our French trade media assets and our U.S. indirect lending solution, AppOne.

During the year, we completed €200 million of share buybacks, of which €2 million was settled in January 2017.

Net Debt and Leverage

Net debt at December 31, 2016, was €1,927 million, an increase of €139 million since December 31, 2015, as a result of acquisitions and the share buyback program. The net-debt-to-EBITDA ratio at year end 2016 was 1.7x.

Operating and Divisional Review

Accelerated organic growth in Health and Tax & Accounting offset slower growth in Governance, Risk & Compliance. Adjusted operating profit margins increased in Health, Governance, Risk & Compliance, and Legal & Regulatory, more than offsetting a lower margin in Tax & Accounting.

Divisional Summary - Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Revenues					
Health	1,106	1,022	+8%	+8%	+6%
Tax & Accounting	1,173	1,132	+4%	+4%	+4%
Governance, Risk & Compliance	1,091	1,065	+2%	+3%	+3%
Legal & Regulatory	927	989	-6%	-6%	-2%
Total revenues	**4,297**	**4,208**	**+2%**	**+2%**	**+3%**
Adjusted operating profit					
Health	271	247	+10%	+9%	+8%
Tax & Accounting	315	311	+1%	+2%	+1%
Governance, Risk & Compliance	309	298	+4%	+4%	+4%
Legal & Regulatory	111	96	+15%	+17%	+17%
Corporate	(56)	(50)	+11%	+11%	+11%
Total adjusted operating profit	**950**	**902**	**+5%**	**+6%**	**+5%**

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

Total digital revenues reached €3,153 million, an increase of 7% in constant currencies and 5% on an organic basis (2015: 6%). Health and Tax & Accounting saw steady organic growth in digital products, while Governance, Risk & Compliance reported slower growth due to fewer large software license deals and implementation fees. Legal & Regulatory delivered an improvement in digital growth, both in Europe and the United States. Services revenues, which includes legal representation, consulting, training, events and other services, increased 3% organically (2015: 3%). Print formats declined 8% on an organic basis (2015: 7% decline) and now account for 15% of total revenues (2015: 17%).

Revenues by Media Format - Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Digital	3,153	2,962	+6%	+7%	+5%
Services	502	523	-4%	-4%	+3%
Print	642	723	-11%	-11%	-8%
Total revenues	**4,297**	**4,208**	**+2%**	**+2%**	**+3%**

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

Recurring revenues, which include subscriptions and other recurring revenue streams, increased 4% organically (2015: 3%). Non-recurring revenue trends were more mixed and largely as expected. Print book revenues fell 9% organically (2015: 5% decline). Legal Services (LS) transactional revenue growth slowed to 3% against a challenging comparable (2015: 7%). Financial Services (FS) transactional revenues recorded a better-than-expected +12% increase due largely to a new regulatory requirement in lending. Other non-recurring revenues, which includes software license and implementation fees, declined 4%, facing a challenging comparable in Governance, Risk & Compliance.

Revenues by Type - Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Digital and service subscription	2,687	2,561	+5%	+5%	+6%
Print subscription	269	314	-15%	-15%	-10%
Other recurring	344	326	+6%	+5%	+4%
Total recurring revenues	**3,300**	**3,201**	**+3%**	**+3%**	**+4%**
Print books	270	299	-10%	-9%	-9%
LS transactional[1]	224	207	+8%	+8%	+3%
FS transactional[2]	124	113	+10%	10%	+12%
Other non-recurring[3]	379	388	-2%	-2%	-4%
Total revenues	**4,297**	**4,208**	**+2%**	**+2%**	**+3%**

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth. Note: 1. LS transactional revenues include the former CLS transactional revenues excluding Lien Solutions. 2. FS transactional revenues includes the former FS transactional and Lien Solutions. 3. Other non-recurring revenues includes license & implementation fees.

Health

- Clinical Solutions achieved 9% organic growth.
- Health Learning, Research & Practice improved organic growth to 2%.
- Margins benefitted from the mix shift towards Clinical Solutions and lower restructuring.

Health - Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Revenues	1,106	1,022	+8%	+8%	+6%
Adjusted operating profit	271	247	+10%	+9%	+8%
Adjusted operating margin	24.5%	24.1%			
Operating profit	231	209	+10%		
Net capital expenditure	64	68			
Ultimo FTEs	3,064	2,964			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

Wolters Kluwer Health revenues increased 8% in constant currencies and 6% organically, following a stronger fourth quarter. The difference between organic and constant currency growth was due to the effect of the acquisition of Learner's Digest in September 2015 and Emmi Solutions in November 2016. Adjusted operating profit increased 9% in constant currencies as increased investment in sales and marketing was more than offset by lower restructuring costs, efficiency savings, and the ongoing shift towards Clinical Solutions. IFRS operating profit rose 10%, reflecting the underlying increase in profits.

Clinical Solutions (48% of divisional revenues) achieved 9% organic growth for the full year, following a strong fourth quarter. Our clinical decision support tool, UpToDate, delivered double-digit organic growth, driven by new customer wins in the U.S. and key Asian markets and by further roll-out of UpToDate AnyWhere globally. The market-leading solution now covers 24 medical specialties and reaches over 1.1 million users at 30,000 medical institutions in 180 countries. UpToDate increased its investment in sales and marketing in selected international markets, including China. Our clinical drug information group (Medi-Span, Lexicomp, Facts & Comparisons, and Medicom) achieved robust organic growth, with strong performance in the U.S. more than compensating for weakness at Medicom in China. In November, we completed the acquisition of Emmi, a provider of subscription-based patient engagement solutions for healthcare providers and insurance carriers. Performance of our other healthcare informatics solutions was mixed, with strong growth for Provation documentation software tempered by weakness in our terminology and surveillance solutions. Our innovative POC Advisor solution for Sepsis signed its first customers.

Health Learning, Research & Practice (52% of divisional revenues) achieved organic growth of 2%, an improvement on the prior year (2015: 1%). Digital products, now 64% of the segment's revenues, grew 8% organically driven by our expanding list of open access titles, journal wins, and double-digit growth in subscription-based learning solutions for the nursing market. Print formats declined 7%, with printed books down 12%. The unit saw improved momentum in Asia Pacific, in particular in India and China, and Europe. In Latin America, journal and book markets were challenged by the strength of the U.S. dollar and government spending constraints. Learner's Digest completed its first full year as part of Wolters Kluwer driving strong organic growth with the launch of Comprehensive Reviews in several medical specialties. Margins increased as a result of lower restructuring.

Wolters Kluwer

Tax & Accounting

- Tax, accounting, and audit software revenues grew 6% organically around the world.
- Print formats, online research, and learning tools remained weak.
- Margins were impacted by increased investment and higher restructuring.

Tax & Accounting – Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Revenues	1,173	1,132	+4%	+4%	+4%
Adjusted operating profit	315	311	+1%	+2%	+1%
Adjusted operating margin	26.9%	27.5%			
Operating profit	244	228	+8%		
Net capital expenditure	69	48			
Ultimo FTEs	6,276	6,164			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

Wolters Kluwer Tax & Accounting revenues increased 4% in constant currencies and 4% organically following a strong fourth quarter. The acquisition of CPE Link was partly offset by a small disposal. Adjusted operating profit increased 2% in constant currencies and the adjusted operating profit margin declined due to accelerated investment in new product development and higher restructuring costs, the effect of which was partly mitigated by cost savings and the increasing proportion of software. IFRS operating profit increased 8%, benefitting from reduced amortization of acquired intangibles.

Tax & Accounting North America (57% of divisional revenues) sustained good organic growth. Our North American professional software group, which was brought together to serve small, medium and large firms, drove 6% organic growth, supported by both on-premise and cloud-based solutions. Research & Learning revenues declined, reflecting ongoing decline in print formats and softness in online research and learning products. The unit launched an enhancement to CCH Accounting Research Manager in the second half. Our solutions for the U.S. corporate segment posted good organic growth, leveraging the combined capabilities of CCH and SureTax.

Tax & Accounting Europe (30% of divisional revenues) saw further acceleration to 5% organic growth, benefitting from a focus on software and increased investment in cloud-based, collaborative solutions. Nearly all countries achieved positive growth, with performance particularly strong in the U.K. and the Netherlands. The launch of the Addison OneClick collaboration portal in Germany has attracted new subscribers.

Tax & Accounting Asia Pacific & Rest of World (8% of divisional revenues) revenues were broadly stable on an organic basis, as double-digit growth in China and India was offset by weakness in more developed markets in Asia Pacific and in Brazil.

In Audit (5% of divisional revenues), our TeamMate solution delivered 10% organic growth for the full year following a strong fourth quarter for new license sales to corporations and governments, particularly in Europe, the Middle East and Asia Pacific. Recurring maintenance revenues grew steadily at a double-digit rate. The unit has been investing in a next generation, cloud-based platform: in early 2017, an early version of the new TeamMate+ was introduced to selected customer segments.

Governance, Risk & Compliance

- Recurring revenues sustained 4% organic growth.
- Non-recurring revenues growth slowed to 1% against a challenging comparable.
- Margins benefitted from operational excellence programs.

Governance, Risk & Compliance – Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Revenues	1,091	1,065	+2%	+3%	+3%
Adjusted operating profit	309	298	+4%	+4%	+4%
Adjusted operating margin	28.4%	28.0%			
Operating profit	276	225	+22%		
Net capital expenditure	50	31			
Ultimo FTEs	4,511	4,413			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

Wolters Kluwer Governance, Risk & Compliance revenues increased 3% in constant currencies and 3% organically. The effect of two small acquisitions in Legal Services (LS) was broadly offset by the disposal of our indirect lending platform, AppOne, in Financial Services (FS). Recurring revenues, which make up 57% of divisional revenues, sustained 4% underlying growth (2015: 4%). Organic growth in total non-recurring revenues slowed to 1% (2015: 8%) partly reflecting an 11% decline in license, implementation and other non-recurring fees (2015: +14%). The adjusted operating margin benefitted from operational improvements. IFRS operating profit increased 22%, mainly reflecting the book profit on the disposal of AppOne and lower amortization of acquired intangibles.

Legal Services (54% of divisional revenues), which comprises the former Corporate Legal Services excluding Lien Solutions, delivered 3% organic growth, below the prior year (2015: 5%) due to an expected slowdown in transaction volumes. In U.S. registered agent services, CT produced 5% organic growth, as stronger services subscriptions helped offset a marked deceleration in M&A-related filing activity by law firm customers. CT extended its market reach with two bolt-on acquisitions, Vcorp and Triad. Corsearch delivered good but slower organic growth reflecting reduced trademark search volumes. Following a good first half, our Enterprise Legal Management (ELM) software products posted revenue decline as second-half license and implementation fees did not match prior year levels amid lengthening sales cycles.

Financial Services (42% of divisional revenues), which comprises the division's solutions for financial services, achieved 2% organic growth against a challenging comparable (2015: 7%). Recurring software maintenance revenues sustained good momentum and FS transactional revenues were better than expected (+12%), but license, implementation and other non-recurring fees fell sharply, as anticipated. Lien Solutions delivered robust single-digit organic growth for the full year despite a fourth quarter slowdown in the U.S. commercial lending market. Our mortgage origination solutions, ComplianceOne and Expere, recorded lower license and implementation fees due to the challenging comparable created by the TILA RESPA opportunity in 2015. Additional disclosure requirements under an amendment to the Military Lending Act (MLA) drove new transactional revenue, alongside variable trends in mortgage volumes. Gainskeeper, which facilitates cost-basis tax reporting for investment compliance, delivered good organic growth driven by higher retention. Our Finance, Risk & Reporting solutions achieved 3% organic growth, slowing from 2015, as robust growth in recurring maintenance revenues was tempered by decline in non-recurring fees.

Transport Services (4% of divisional revenues) saw modest decline (-1%) on an underlying basis and improved margins while expanding in transport management software and Eastern Europe.

Legal & Regulatory

- Digital products generated 6% organic growth.
- Print formats and training services continue to decline.
- The adjusted operating margin increased 230 basis points on lower restructuring costs.

Legal & Regulatory – Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Revenues	927	989	-6%	-6%	-2%
Adjusted operating profit	111	96	+15%	+17%	+17%
Adjusted operating margin	12.0%	9.7%			
Operating profit	70	55	+27%		
Net capital expenditure	41	41			
Ultimo FTEs	4,363	4,411			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

Wolters Kluwer Legal & Regulatory revenues were 6% lower in constant currencies as the effect of non-core disposals outweighed the effect of acquisitions. On an organic basis, revenues declined 2%, in line with the prior year (2015: 2% decline), as expected. Digital revenues, now 56% of divisional total, grew 6% organically (2015: 1%). The improvement was due to new and enhanced products introduced in the past two years and certain one-off factors. Print products (37% of divisional revenues) declined 10% organically, returning to the anticipated longer term trend. Adjusted operating profit increased 17% in constant currencies and 17% on an organic basis due to lower restructuring costs. Efficiency savings were applied to wage increases and additional investment in product development. IFRS operating profit reflects book losses on disposals in both years.

Legal & Regulatory Europe revenues were down 6% in constant currencies as the effect of several non-core disposals completed in 2015 and 2016 outweighed the initial six month contribution from the acquisition of Enablon. On an organic basis, the region recorded a 2% decline, an improvement on the prior year (2015: 3% decline). Digital revenues grew 6% organically, benefitting from enhancements to our European legal research solutions, double-digit growth in legal software solutions, and the one-time effect of a major customer migration. Kleos, our legal practice management software, introduced a new version of its platform and realized over 20% growth in users. Print format revenues declined 11% underlying, as expected. Print books declined 9%, against a prior year which had benefitted from a favorable publishing schedule and front list. Training services also declined. Across Europe, we continued to drive savings by streamlining editorial and production processes, creating centers of excellence, and consolidating back office activities.

In July, we completed the acquisition of Enablon, a global provider of environmental, health and safety compliance software to large corporations. On a pro forma basis, Enablon achieved 21% organic growth in annual recurring revenues, however, license and service revenues did not match prior year levels.

Legal & Regulatory U.S. recorded a 5% revenue decline in constant currencies, due to a non-core disposal and 2% organic decline (2015: 2% decline). Digital product growth accelerated to 5% but was still more than offset by the ongoing erosion of print formats. The Cheetah legal research platform, which now covers all of our specialized legal practice areas, supported solid digital growth. In legal education, print book revenues declined, as expected, in still challenging markets; we continued our investment in Connected Casebook which has seen strong adoption by law students.

Corporate Expenses

Corporate costs increased 11% in constant currencies, reflecting increased personnel-related costs and payroll taxes and investment in global HR systems and programs.

Corporate – Year ended December 31

€ million (unless otherwise stated)	**2016**	**2015**	**Δ**	**Δ CC**	**Δ OG**
Adjusted operating profit	(56)	(50)	+11%	+11%	+11%
Operating profit	(55)	(50)	+10%		
Net capital expenditure (CAPEX)	0	0			
Ultimo FTEs	104	103			

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Financial Statements for the years ended December 31, 2016, and 2015

This report has been prepared in accordance with IFRS. The full-year figures for 2016 and 2015 in this report are derived from the 2016 consolidated financial statements, which will be published on March 8, 2017.

Condensed Consolidated Statement of Profit or Loss

(in millions of euros, unless otherwise stated)

	Full year 2016	2015
Revenues	**4,297**	**4,208**
Cost of sales	1,326	1,323
Gross profit	**2,971**	**2,885**
Sales costs	808	789
General and administrative costs	1,394	1,408
Total operating expenses	2,202	2,197
Other operating income and (expense)	(3)	(21)
Operating profit	**766**	**667**
Financing results	(113)	(125)
Share of profit of equity-accounted investees, net of tax	2	0
Profit before tax	**655**	**542**
Income tax expense	(165)	(119)
Profit for the year	**490**	**423**
Attributable to:		
▪ Owners of the Company	489	423
▪ Non-controlling interests	1	0
Profit for the year	**490**	**423**
Earnings per share (EPS) (€)		
Basic EPS	1.68	1.44
Diluted EPS	1.66	1.42

Condensed Consolidated Statement of Comprehensive Income

(in millions of euros)

	Full Year 2016	2015
Comprehensive income:		
Profit for the year	**490**	**423**
Other comprehensive income:		
Items that are or may be reclassified subsequently to the statement of profit or loss		
Net gains/(losses) on hedges of net investments and exchange differences on translation of foreign operations	120	315
Recycling of foreign exchange differences on loss of control	(1)	15
Gains/(losses) on cash flow hedges	10	7
Income tax on other comprehensive income	0	(1)
Items that will not be reclassified to the statement of profit or loss:		
Remeasurements on defined benefit plans	(22)	(11)
Income tax on other comprehensive income	7	1
Other comprehensive income for the year, net of tax	**114**	**326**
Total comprehensive income for the year	**604**	**749**
Attributable to:		
▪ Owners of the Company	603	750
▪ Non-controlling interests	1	(1)
Total	**604**	**749**

Condensed Consolidated Statement of Cash Flows

(in millions of euros)

	Full Year 2016	2015
Cash flows from operating activities		
Profit for the year	490	423
Adjustments for:		
Financing results	113	125
Share of profit of equity-accounted investees, net of tax	(2)	0
Income tax expense	165	119
Amortization, impairments, and depreciation	360	385
Additions to provisions	25	43
Release of provisions	(3)	0
Fair value changes to contingent considerations	(1)	(2)
Book (profit)/loss on divestments of operations	(11)	11
Share-based payments	18	19
Autonomous movements in working capital	43	18
Paid financing costs	(100)	(101)
Paid corporate income tax	(108)	(141)
Appropriation of provisions for restructuring	(31)	(43)
Additional defined benefits payments	(25)	(1)
Other	(6)	(12)
Net cash from operating activities	**927**	**843**
Cash flows from investing activities		
Capital expenditure	(224)	(188)
Acquisition spending, net of cash acquired	(450)	(179)
Receipts from divestments, net of cash disposed	14	24
Dividends received	2	3
Cash from settlement of derivatives	(11)	(33)
Net cash used in investing activities	**(669)**	**(373)**
Cash flows from financing activities		
Repayment of loans	(5)	(1)
Proceeds from new loans	2	1
Collateral	5	20
Repurchased shares	(198)	(140)
Dividends paid	(223)	(263)
Net cash used in financing activities	**(419)**	**(383)**
Net cash flow	**(161)**	**87**
Cash and cash equivalents less bank overdrafts at January 1	527	413
Exchange differences on cash and cash equivalents and bank overdrafts	23	27
	550	440
Cash and cash equivalents less bank overdrafts at December 31	**389**	**527**
Add: Bank overdrafts at December 31	551	285
Cash and cash equivalents at December 31	**940**	**812**

Condensed Consolidated Statement of Financial Position

(in millions of euros)

	December 31, 2016		December 31, 2015	
Non-current assets				
Goodwill and intangible assets	6,113		5,550	
Property, plant, and equipment	126		128	
Investments in equity-accounted investees	10		9	
Financial assets	30		21	
Deferred tax assets	83		80	
Total non-current assets		6,362		5,788
Current assets				
Inventories	118		140	
Trade and other receivables	1,375		1,316	
Income tax receivable	18		43	
Cash and cash equivalents	940		812	
Total current assets	2,451		2,311	
Current liabilities				
Deferred income	1,555		1,522	
Trade and other payables	414		392	
Income tax payable	23		26	
Short-term provisions	27		33	
Borrowings and bank overdrafts	556		286	
Other current liabilities	627		511	
Total current liabilities	3,202		2,770	
Working capital		(751)		(459)
Capital employed		**5,611**		**5,329**
Non-current liabilities				
Long-term debt		2,314		2,306
Deferred and other tax liabilities		479		346
Employee benefits		191		199
Provisions		1		1
Total non-current liabilities		2,985		2,852
Equity				
Issued share capital	36		36	
Share premium reserve	87		87	
Other reserves	2,498		2,349	
Equity attributable to the owners of the Company		2,621		2,472
Non-controlling interests		5		5
Total equity		2,626		2,477
Total financing		**5,611**		**5,329**

Condensed Consolidated Statement of Changes in Total Equity

(in millions of euros)

			2016
	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
Balance at January 1	**2,472**	**5**	**2,477**
Total comprehensive income for the year	603	1	604
Share-based payments	18		18
Cash dividend 2015	(167)	(1)	(168)
Interim cash dividend 2016	(55)		(55)
Repurchased shares	(250)		(250)
Other	0		0
Balance at December 31	**2,621**	**5**	**2,626**

			2015
	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
Balance at January 1	**2,106**	**15**	**2,121**
Total comprehensive income for the year	750	(1)	749
Share-based payments	19		19
Cash dividend 2014	(211)	0	(211)
Interim cash dividend 2015	(52)		(52)
Repurchased shares	(140)		(140)
Other	0	(9)	(9)
Balance at December 31	**2,472**	**5**	**2,477**

Notes to the Condensed Consolidated Financial Statements

Note 1 Reporting entity

Wolters Kluwer nv ('the Company') with its subsidiaries (together 'the Group') is a market-leading global information services company. These condensed consolidated financial statements for the year ended December 31, 2016, comprise the Group and the Group's interests in associates and a joint venture.

Note 2 Basis of preparation

Statement of compliance
The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the 2016 Annual Report which will be published on March 8, 2017. The consolidated financial statements included in the Annual Report 2016 were authorized for issue by the Executive Board and Supervisory Board on February 21, 2017. In accordance with article 393, Title 9, Book 2 of the Netherlands Civil Code, Deloitte Accountants B.V. has issued an unqualified auditor's opinion on the 2016 Annual Report. The Annual Report 2016 has not yet been published by law and still has to be adopted by the Annual General Meeting on April 20, 2017.

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. However, they do not include all the information required for a complete set of IFRS financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2015.

Judgments and estimates
The preparation of the condensed consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to Wolters Kluwer's 2015 Annual Report. Reference is made to Note 3 'Accounting Estimates and Judgments' to the Consolidated Financial Statements of Wolters Kluwer. Further reference is made to Note 26 'Financial Risk Management'. Note 26 outlines Wolters Kluwer's exposure to market risks, currency risks, interest rate risks, liquidity risks, and credit risks, which have not substantially changed since the issuance of our 2015 Annual Report. Actual results in the future may differ from these estimates and current risk judgments.

Estimates and judgments are being continuously evaluated and are based on historic experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

Functional and presentation currency
The condensed consolidated financial statements are presented in euro, which is the Company's functional and presentation currency. Unless otherwise stated, the financial information in these financial statements is in euro and has been rounded to the nearest million.

Exchange rates to the euro	2016	2015
U.S. dollar (average year)	1.11	1.11
U.S. dollar (at December 31)	1.05	1.09

Wolters Kluwer

Comparatives
Where necessary, certain reclassifications have been made to the prior year financial information and the notes thereto to conform to the current year presentation and to improve insights.

Note 3 Significant accounting policies

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in Wolters Kluwer's 2016 Annual Report. The new standards that became effective as of January 1, 2016, have no significant impact.

Note 4 Seasonality

Some of the Group's businesses are impacted by seasonal purchasing patterns. Revenues of Wolters Kluwer's tax and regulatory businesses are strongest in the fourth and first quarters, in line with statutory (tax) filing requirements. The cash flow is typically strongest in the fourth quarter as calendar-year subscription renewals are received.

Note 5 Benchmark Figures

Wherever used in this report, the term 'adjusted' refers to figures adjusted for non-benchmark items and, where applicable, amortization and impairment of goodwill and publishing rights.
Adjusted figures are non-IFRS compliant financial figures, but are internally regarded as key performance indicators to measure the underlying performance of the business from continuing operations. These figures are presented as additional information and do not replace the information in the condensed consolidated statement of profit or loss and in the condensed consolidated statement of cash flows. The term 'adjusted' is not a defined term under IFRS.

Reconciliation of benchmark figures

Revenue Bridge

(in millions of euros)	€	%
Revenues 2015	4,208	
Organic change	114	3
Acquisitions	57	1
Divestments	(68)	(2)
Currency impact	(14)	0
Revenues 2016	**4,297**	**2**

U.S. dollar 2016: average €/$=1.11 versus 2015: average €/$=1.11

Reconciliation between operating profit and adjusted operating profit

(in millions of euros)	*Full Year*	
	2016	2015
Operating profit	766	667
Amortization of publishing rights and impairments	181	214
Non-benchmark items in operating profit	3	21
Adjusted operating profit	**950**	**902**

Reconciliation between total financing results and adjusted net financing costs

(in millions of euros)	*Full Year* 2016	2015
Total financing results	(113)	(125)
Non-benchmark items in total financing results	6	6
Adjusted net financing costs	**(107)**	**(119)**

Reconciliation between profit for the year and adjusted net profit

(in millions of euros)	*Full Year* 2016	2015
Profit for the year attributable to the owners of the Company (**A**)	489	423
Amortization of publishing rights and impairments (adjusted for non-controlling interests)	181	213
Tax on amortization and impairments of publishing rights and goodwill (adjusted for non-controlling interests)	(65)	(81)
Non-benchmark items, net of tax	13	28
Adjusted net profit (B)	**618**	**583**

Reconciliation between net cash from operating activities and adjusted free cash flow

(in millions of euros)	*Full Year* 2016	2015
Net cash from operating activities	927	843
Capital expenditure	(224)	(188)
Acquisition related costs	11	4
Paid divestment expenses	3	2
Dividends received	2	3
Transactional tax on internal restructuring	-	5
Net tax benefit on previously divested assets and consolidation of platform technology	(11)	(22)
Adjusted free cash flow (C)	**708**	**647**

Per share information

(in euros, unless otherwise stated)	*Full Year*	
	2016	2015
Total number of shares outstanding at December 31[1]	287.7	291.7
Weighted average number of shares (D)[1]	291.6	293.6
Diluted weighted average number of shares (E)[1]	294.6	297.4
Adjusted EPS (B/D)	2.12	1.98
Diluted adjusted EPS (minimum of adjusted EPS and (B/E))	2.10	1.96
Diluted adjusted EPS in constant currencies	2.12	2.01
Adjusted free cash flow per share (C/D)	2.43	2.21
Diluted adjusted free cash flow per share (minimum of adjusted free cash flow per share and (C/E))	2.40	2.18

[1)] In millions of shares.

Summary of non-benchmark items

(in millions of euros)	*Full Year*	
	2016	2015
Included in 'other operating income and (expense)':		
Divestment related results	4	(14)
(Additions to)/releases of acquisition integration provisions	3	(5)
Acquisition related costs	(11)	(4)
Fair value changes contingent considerations	1	2
Total non-benchmark income/(costs) in operating profit	**(3)**	**(21)**
Included in total financing results:		
Divestment related results on equity-accounted investees	0	(1)
Employee benefits financing component	(6)	(5)
Total non-benchmark income/(costs) in total financing results	**(6)**	**(6)**
Total non-benchmark items, before tax	**(9)**	**(27)**
Tax on non-benchmark items	(4)	(1)
Non-benchmark items, net of tax	**(13)**	**(28)**

Benchmark tax rate

(in millions of euros, unless otherwise stated)	*Full Year*	
	2016	2015
Income tax expense	165	119
Tax benefit on amortization of publishing rights and impairments	65	81
Tax benefit/(expense) on non-benchmark items	(4)	(1)
Tax on adjusted profit before tax (F)	**226**	**199**
Adjusted net profit (B)	618	583
Adjustment for non-controlling interests	1	1
Adjusted profit before tax (G)	**845**	**783**
Benchmark tax rate (F/G) (%)	**26.8**	**25.5**

Cash conversion ratio

(in millions of euros, unless otherwise stated)	*Full Year*	
	2016	2015
Operating profit	766	667
Amortization, depreciation, and impairments	360	385
EBITDA	**1,126**	**1,052**
Non-benchmark items in operating profit	3	21
Adjusted EBITDA	**1,129**	**1,073**
Autonomous movements in working capital	43	18
Capital expenditure	(224)	(188)
Adjusted operating cash flow (I)	**948**	**903**
Adjusted operating profit (H)	**950**	**902**
Cash conversion ratio (I/H) (%)	**100**	**100**

Return on invested capital (ROIC) calculation

(in millions of euros, unless otherwise stated)	*Full Year*	
	2016	2015
Adjusted operating profit (**H**)	950	902
Allocated tax	(255)	(230)
Net operating profit after allocated tax (NOPAT) (J)	**695**	**672**
Average invested capital (**K**)	7,084	7,207
ROIC-ratio (J/K) (%)	**9.8**	**9.3**

Note 6 Segment Reporting

Divisional revenues and operating profit

(in millions of euros, unless otherwise stated)	*Full Year*	
	2016	2015
Revenues		
Health	1,106	1,022
Tax & Accounting	1,173	1,132
Governance, Risk & Compliance	1,091	1,065
Legal & Regulatory	927	989
Total revenues	**4,297**	**4,208**
Operating profit		
Health	231	209
Tax & Accounting	244	228
Governance, Risk & Compliance	276	225
Legal & Regulatory	70	55
Corporate	(55)	(50)
Total operating profit	**766**	**667**

Note 7 Earnings per Share

Earnings per share (EPS)

(in millions of euros, unless otherwise stated)	*Full Year* 2016	2015
Profit for the year attributable to the owners of the Company (A)	**489**	**423**
Weighted average number of shares		
in millions of shares		
Outstanding ordinary shares at January 1	301.9	301.9
Effect of repurchased shares	(10.3)	(8.3)
Weighted average number of shares (D) for the year	**291.6**	**293.6**
Basic EPS (€) (A/D)	1.68	1.44
Diluted weighted average number of shares		
in millions of shares		
Weighted average number of shares (D)	291.6	293.6
Long-Term Incentive Plan	3.0	3.8
Diluted weighted average number of shares (E) for the year	**294.6**	**297.4**
Diluted EPS (€) (minimum of basic EPS and [A/E])	1.66	1.42

Note 8 Acquisitions and Divestments

Acquisitions

Total acquisition spending, net of cash acquired, in 2016 was €450 million (2015: €179 million) including deferred and contingent consideration payments of €5 million (2015: €21 million). Acquisition related costs amounted to €11 million in 2016 (2015: €4 million). Acquisitions made in 2016 had annualized revenues of €85 million and adjusted operating profit of €3 million.

In 2016, the following main acquisitions were completed:

On July 1, 2016, Wolters Kluwer Legal & Regulatory acquired 100% of the shares of Enablon S.A., a leading global provider of environmental, health, and safety compliance software to large corporations. On a pro forma basis, Enablon achieved 21% growth in annual recurring revenues, however, license and service revenues did not match prior year levels. Enablon had annualized revenues of €45 million and 340 employees. The purchase price consideration, net of cash and debt acquired, was €250 million in cash.

On November 15, 2016, Wolters Kluwer Health acquired 100% of the shares of Emmi Solutions LLC, a provider of subscription-based patient engagement solutions for healthcare providers and insurance carriers. Emmi had annualized revenues of €28 million and 165 employees. The purchase price consideration, net of cash acquired, was €158 million ($170 million) in cash.

In addition, the following noteworthy smaller acquisitions were completed, with a combined purchase price consideration of €50 million, including deferred payments of €4 million, and combined annualized revenues of €9 million:

On February 2, 2016, Wolters Kluwer Governance, Risk & Compliance completed the acquisition of 100% of the shares of Triad Professional Services LLC, a provider of U.S. legal and compliance products and services. Triad has become part of the CT suite of products and has 13 employees.

On April 15, 2016, Wolters Kluwer Health acquired the assets of PrepU, an adaptive learning technology that powers a quizzing tool for nursing education. Since 2010, Wolters Kluwer Health has licensed the technology platform from Macmillan Learning and worked together with the Macmillan team to enhance the PrepU solution, which is embedded with Wolters Kluwer's expert-written Lippincott question content. The company has 3 employees.

On June 1, 2016, Wolters Kluwer Tax & Accounting acquired 100% of the shares of CPE Link, a leading online provider of continuing professional education (CPE) for accountants, tax preparers, and financial advisors. The acquisition will expand and complement Wolters Kluwer's existing learning portfolio and enable us to reach a broader range of customers. CPE Link has 5 employees.

On October 7, 2016, Wolters Kluwer Governance, Risk & Compliance completed the acquisition of 100% of the shares of Vcorp Services LLC, a provider of registered agent, UCC and other corporate legal services. Vcorp has 22 employees and will continue to deliver its solutions as part of CT's suite of products and services.

Acquisitions

(in millions of euros)	*Full Year*	
	2016	2015
Consideration payable in cash	463	161
Deferred and contingent considerations	6	13
Total consideration	**469**	**174**
Non-current assets	347	140
Current assets	47	8
Current liabilities	(48)	(30)
Non-current liabilities	(10)	-
Provisions for restructuring commitments	(1)	-
Deferred tax liability	(94)	(7)
Fair value of net identifiable assets/(liabilities)	**241**	**111**
Goodwill on acquisitions	**228**	**63**
Cash effect of acquisitions:		
Consideration payable in cash	463	161
Cash acquired	(18)	(3)
Deferred and contingent considerations paid	5	21
Acquisition spending, net of cash acquired	**450**	**179**

The fair value of the identifiable assets and liabilities of some acquisitions could only be determined provisionally and will be subject to change based on the outcome of the purchase price allocation which will be completed within 12 months from the acquisition date.

The goodwill recognized for the acquisitions represents a payment in anticipation of the future economic benefits to be derived by Wolters Kluwer as a result of the acquisition. These future economic benefits relate to revenue opportunities (such as cross-selling) or cost efficiencies (such as sharing of infrastructure).

Contingent consideration
The acquisitions completed in 2016 resulted in a maximum achievable undiscounted contingent consideration of €6 million. The fair values of the 2016 contingent considerations amount to €6 million at December 31, 2016.

Divestment related results on operations and equity-accounted investees

(in millions of euros)	*Full Year*	
	2016	2015
Divestments of operations:		
Consideration receivable in cash	15	31
Consideration receivable	**15**	**31**
Non-current assets	11	30
Current assets	3	36
Current liabilities	(8)	(29)
Employee benefits	(1)	-
Deferred tax liability	-	(1)
Non-controlling interests	-	(9)
Net identifiable assets and liabilities	**5**	**27**
Reclassification of foreign exchange gain/(loss) on loss of control, recognized in other comprehensive income	1	(15)
Book profit/(loss) on divestments of operations	**11**	**(11)**
Restructuring of stranded costs following divestments	(4)	(1)
Divestment expenses	(3)	(2)
Divestment related results, included in other operating income and (expense)	**4**	**(14)**
Divestments of equity-accounted investees:		
Consideration receivable in cash	0	3
Fair value of divested equity-accounted investee	0	2
Carrying value of equity-accounted investees	0	(6)
Divestment related results included in financing results	**0**	**(1)**
Cash effect of divestments:		
Consideration receivable in cash	15	34
Cash included in divested operations	(1)	(10)
Receipts from divestments, net of cash disposed	**14**	**24**

Divestment related results on operations and equity-accounted investees

On July 1, 2016, Wolters Kluwer Legal & Regulatory completed the divestment of French trade media assets. In 2015, the French trade media business was fully consolidated in the Wolters Kluwer Group accounts and had revenues of €22 million and approximately 170 employees. The divestment resulted in a one-time loss of €15 million, net of divestment related expenses. The divestment is in line with Legal & Regulatory's strategy to focus on legal information and software solutions for law firms, corporate counsel, and other legal and compliance professionals.

On October 3, 2016, Wolters Kluwer Governance, Risk & Compliance completed the divestment of its indirect loan origination solutions, including the AppOne platform for a consideration of €32 million in cash, resulting in a positive divestment result of €17 million, net of divestment related expenses.

Note 9 Provisions for Restructuring Commitments

Provisions for restructuring commitments

(in millions of euros)	*Full Year* 2016	2015
Position at January 1	1	3
Add: short-term commitments	33	30
Total at January 1	**34**	**33**
Movements:		
Additions through business combinations	1	-
Additions for restructuring stranded costs following divestments	4	1
Additions to provisions for restructuring	21	37
Additions to acquisition integration provisions	0	5
Total additions to provision	26	43
Appropriation of provisions for restructuring	(31)	(43)
Release of acquisition integration provisions	(3)	-
Exchange differences and other movements	1	1
Total movements	**(7)**	**1**
Total at December 31	27	34
Less: short-term commitments	(26)	(33)
Position at December 31	**1**	**1**

The majority of the provisions relates to severance programs, restructurings, and onerous contracts and will be settled within the next twelve months (€26 million). The remaining long-term part of the provisions (€1 million) is expected to be settled in 2018 and beyond.

Note 10 Issuance, Repurchase, and Repayments of debt

The Company had no significant events in its long-term debt.

Reconciliation gross debt to net debt

(in millions of euros, unless otherwise stated)	December 31, 2016	December 31, 2015
Gross debt		
Bonds	1,878	1,877
Private placements	410	399
Other long-term loans	17	10
Deferred and contingent acquisition payments	9	11
Derivative financial instruments	0	9
Total long-term debt	2,314	2,306
Borrowings and bank overdrafts	556	286
Deferred and contingent acquisition payments	8	6
Derivative financial instruments	0	2
Total short-term debt	564	294
Total gross debt	**2,878**	**2,600**
Minus:		
Cash and cash equivalents	(940)	(812)
Derivative financial instruments:		
Non-current receivable	(11)	-
Current receivable	0	-
Net debt	**1,927**	**1,788**
Net-debt-to-EBITDA ratio	1.7	1.7

Note 11 Share Buyback, Dividends, LTIP

In 2016, the company announced its intention to repurchase up to €600 million in shares in the next three years (2016-2018). Under this program, 5.8 million shares were repurchased for a total consideration of €200 million (average price €34.28). In 2016, treasury shares were used for the vesting of Long-Term Incentive Plan (LTIP) shares; no new shares were issued.

The annual dividend over the 2015 financial year totalled €219 million (financial year 2014: €211 million), which was paid as interim dividend in September 2015 and final dividend in May 2016. As announced on February, 24, 2016, the Supervisory Board and Executive Board of Wolters Kluwer resolved to distribute interim dividend at 25% of the prior year’s total dividend, or €0.19 per ordinary share. This interim dividend was distributed on September 14, 2016. The 2015 total dividend per share was €0.75 (2014 total dividend per share: €0.71).

The LTIP 2013-15 vested on December 31, 2015. Total Shareholder Return (TSR) ranked third relative to the peer group of 15 companies, resulting in a payout of 125% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-condition based shares resulted in a payout of 150%. A total number of 1,783,399 shares was released on February 25, 2016, at a volume weighted average price of Wolters Kluwer nv of at €33.27.

The LTIP 2014-16 vested on December 31, 2016. On Total Shareholder Return (TSR) Wolters Kluwer ranked first relative to its peer group of 15 companies, resulting in a payout of 150% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 140%. A total number of 1,432,522 shares will be released on February 23, 2017.

Under LTIP 2016-18 grant, 849,996 shares were conditionally awarded to the Executive Board and Senior Management in 2016.

In 2016, 65,384 shares were forfeited under outstanding long-term incentive plans.

At December 31, 2016, the Executive Board jointly held 249,781 shares (2015: 148,586 shares), of which 218,945 shares (2015: 128,350 shares) were held by Ms. McKinstry and 30,836 shares (2015: 20,236) by Mr. Entricken.

Note 12 Events after balance sheet date

Subsequent events were evaluated up to February 21, 2017, which is the date the Annual Report 2016 was approved by the Executive Board and external auditor. There are no events to report.

Divisional Supplemental Information – Year ending December 31

€ million (unless otherwise stated)	**2016**	**2015**	Organic	**Change:** Acquisition/ Divestment	Currency
Health					
Revenues	1,106	1,022	56	27	1
Adjusted operating profit	271	247	20	3	1
Adjusted operating profit margin	24.5%	24.1%			
Tax & Accounting					
Revenues	1,173	1,132	46	3	(8)
Adjusted operating profit	315	311	3	2	(1)
Adjusted operating profit margin	26.9%	27.5%			
Governance, Risk & Compliance					
Revenues	1,091	1,065	28	0	(2)
Adjusted operating profit	309	298	11	2	(2)
Adjusted operating profit margin	28.4%	28.0%			
Legal & Regulatory					
Revenues	927	989	(16)	(41)	(5)
Adjusted operating profit	111	96	16	0	(1)
Adjusted operating profit margin	12.0%	9.7%			
Corporate					
Adjusted operating profit	(56)	(50)	(5)	0	(1)
Wolters Kluwer					
Revenues	4,297	4,208	114	(11)	(14)
Adjusted operating profit	950	902	45	7	(4)
Adjusted operating profit margin	22.1%	21.4%			

Note: (1) Acquisition/divestment column includes the contribution from 2016 and 2015 acquisitions before these became organic (12 months from their acquisition date), the impact of 2016 and 2015 divestments, and the effect of asset transfers between divisions, if any.

Divisional Revenues by Type – Year ending December 31

€ million (unless otherwise stated)	2016	2015	Δ	Δ CC	Δ OG
Health					
Digital and service subscription	734	660	+12%	+11%	+8%
Print subscription	64	66	-4%	-6%	-6%
Other recurring	136	113	+21%	+21%	+14%
Total recurring revenues	**934**	**839**	**+12%**	**+11%**	**+8%**
Print books	111	124	-11%	-10%	-10%
Other non-recurring	61	59	+3%	+3%	+3%
Total Health	**1,106**	**1,022**	**+8%**	**+8%**	**+6%**
Tax & Accounting					
Digital and service subscription	856	812	+5%	+6%	+6%
Print subscription	34	37	-6%	-6%	-6%
Other recurring	162	161	+1%	0%	+1%
Total recurring revenues	**1,052**	**1,010**	**+4%**	**+5%**	**+5%**
Print books	36	39	-7%	-7%	-7%
Other non-recurring	85	83	+1%	+2%	+1%
Total Tax & Accounting	**1,173**	**1,132**	**+4%**	**+4%**	**+4%**
Governance, Risk & Compliance					
Digital and service subscription	624	621	+0%	+0%	+4%
Print subscription	1	1	-19%	-19%	-19%
Total recurring revenues	**625**	**622**	**+0%**	**+0%**	**+4%**
LS transactional[1]	224	207	+8%	+8%	+3%
FS transactional[2]	124	113	+10%	+10%	+12%
Other non-recurring[3]	118	123	-3%	-1%	-11%
Total Governance, Risk & Compliance	**1,091**	**1,065**	**+2%**	**+3%**	**+3%**
Legal & Regulatory					
Digital and service subscription	473	468	+1%	+2%	+6%
Print subscription	170	210	-20%	-19%	-12%
Other recurring	46	52	-12%	-12%	-6%
Total recurring revenues	**689**	**730**	**-6%**	**-5%**	**0%**
Print books	123	136	-10%	-9%	-8%
Other non-recurring	115	123	-7%	-6%	-4%
Total Legal & Regulatory	**927**	**989**	**-6%**	**-6%**	**-2%**
Total Wolters Kluwer					
Digital and service subscription	2,687	2,561	+5%	+5%	+6%
Print subscription	269	314	-15%	-15%	-10%
Other recurring	344	326	+6%	+5%	+4%
Total recurring revenues	**3,300**	**3,201**	**+3%**	**+3%**	**+4%**
Print books	270	299	-10%	-9%	-9%
LS transactional[1]	224	207	+8%	+8%	+3%
FS transactional[2]	124	113	+10%	10%	+12%
Other non-recurring[3]	379	388	-2%	-2%	-4%
Total Wolters Kluwer	**4,297**	**4,208**	**+2%**	**+2%**	**+3%**

Δ: % Change; Δ CC: % Change constant currencies (€/$ 1.11); Δ OG: % Organic growth. Note: 1. LS transactional revenues include the former CLS transactional revenues excluding Lien Solutions. 2. FS transactional revenues include the former FS transactional and Lien Solutions. 3. Other non-recurring revenues include license & implementation fees.

About Wolters Kluwer

Wolters Kluwer is a global leader in professional information services and solutions for professionals in the areas of health, tax & accounting, finance, risk & compliance, and legal. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

Wolters Kluwer reported 2016 annual revenues of €4.3 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).

For more information about our products and organization, visit www.wolterskluwer.com and follow us on Twitter, Facebook, LinkedIn, and YouTube.

Financial Calendar

March 8, 2017	2016 Annual Report and 2016 Sustainability Report
April 20, 2017	2017 Annual General Meeting of Shareholders
April 24, 2017	Ex-dividend date: 2016 final dividend
April 25, 2017	Record date: 2016 final dividend
May 10, 2017	First-Quarter 2016 Trading Update
May 16, 2017	Payment date: 2016 final dividend ordinary shares
May 23, 2017	Payment date: 2016 final dividend ADRs
July 28, 2017	Half-Year 2017 Results
August 28, 2017	Ex-dividend date: 2017 interim dividend
August 29, 2017	Record date: 2017 interim dividend
September 19, 2017	Payment date: 2017 interim dividend
September 26, 2017	Payment date: 2017 interim dividend ADRs
November 1, 2017	Nine-Month 2017 Trading Update
February 21, 2018	Full-Year 2017 Results

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Forward-looking Statements and Other Important Legal Information

This report contains forward-looking statements. These statements may be identified by words such as "expect", "should", "could", "shall" and similar expressions. Wolters Kluwer cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors which could cause actual results to differ from these forward-looking statements may include, without limitation, general economic conditions; conditions in the markets in which Wolters Kluwer is engaged; behavior of customers, suppliers, and competitors; technological developments; the implementation and execution of new ICT systems or outsourcing; and legal, tax, and regulatory rules affecting Wolters Kluwer's businesses, as well as risks related to mergers, acquisitions, and divestments. In addition, financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive. Wolters Kluwer disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Elements of this press release contain or may contain inside information about Wolters Kluwer within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).