



# 2015 Half-Year Results

July 29, 2015

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**Nancy McKinstry**

Chief Executive Officer and Chairman

**Kevin Entricken**

Chief Financial Officer



Wolters Kluwer

# Forward-looking Statements

*This presentation 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, 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.*

*Growth rates are cited in constant currencies unless otherwise noted.*

# Agenda

- Introduction
- Financial Review
- Strategic and Operating Review
- Outlook 2015
- Appendix

# Introduction

- **Good first half results**
  - Organic growth +2% and underlying margin increase
  - Diluted adjusted EPS up +5% at constant currencies
- **Progress on strategic objectives**
  - Leading high growth positions delivered 7% organic growth
  - Digital & services revenues grew 5% organic
  - Delivering innovative products; stepping up investment
  - Expanded operational excellence programs
  - Combining Corporate Legal Services and Financial & Compliance Services
- **On track to meet full year guidance**
  - Reiterating guidance
  - Introduction of interim dividend aligning more closely with timing of operating cash flow

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# Half-year 2015 results

*On course to meet full year guidance*

(€ million, unless otherwise stated)	<b>HY 2015</b>	HY 2014	<b>Δ</b>	<b>Δ CC</b>	<b>Δ OG</b>
Revenues	<b>2,015</b>	1,716	+17%	+3%	+2%
Adjusted operating profit	<b>391</b>	313	+25%	+5%	+4%
<i>Adjusted operating profit margin</i>	<b>19.4%</b>	18.2%			
Diluted adjusted EPS	<b>€0.79</b>	€0.63	+24%	+5%	
Adjusted free cash flow	<b>170</b>	136	+25%	-1%	
Net-debt-to-EBITDA <sup>1)</sup> ratio	<b>2.1x</b>	2.6x			

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth.

1) Based on rolling twelve months' EBITDA

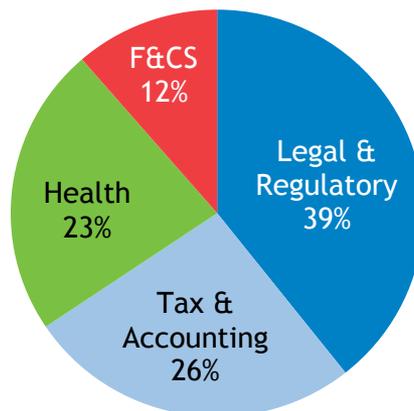
# Revenues by division

*Organic growth driven by three divisions*

(€ million)	HY 2015	HY 2014	Δ	Δ CC	Δ OG
Legal & Regulatory	792	710	+12%	+2%	0%
Tax & Accounting	529	454	+17%	+3%	+3%
Health	465	365	+27%	+5%	+5%
Financial & Compliance Services	229	187	+22%	+5%	+5%
<b>Total revenues</b>	<b>2,015</b>	<b>1,716</b>	<b>+17%</b>	<b>+3%</b>	<b>+2%</b>

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth

## HY 2015 Revenues

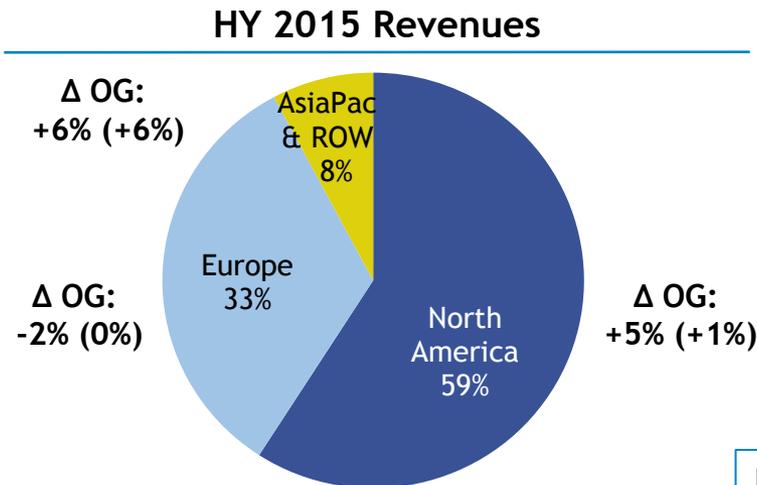


# Revenues by region

*Growth in North America and Asia Pacific outweighed decline in Europe*

(€ million)	HY 2015	HY 2014	Δ	Δ CC	Δ OG
North America	1,191	921	+29%	+6%	+5%
Europe	667	666	0%	-1%	-2%
AsiaPac & ROW	157	129	+22%	+6%	+6%
<b>Total revenues</b>	<b>2,015</b>	<b>1,716</b>	<b>+17%</b>	<b>+3%</b>	<b>+2%</b>

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth



**Legend:**  
 Δ OG - % Organic Growth HY 2015 (HY 2014)

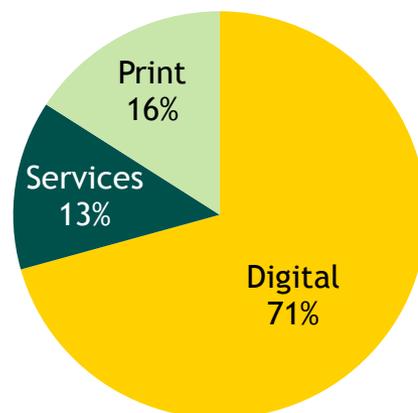
# Revenues by media format

Digital and services up 5% organically, now 84% of total

(€ million)	HY 2015	HY 2014	Δ	Δ CC	Δ OG
Digital	1,424	1,157	+23%	+7%	+6%
Services	271	230	+18%	0%	+1%
Print	320	329	-3%	-10%	-9%
<b>Total revenues</b>	<b>2,015</b>	<b>1,716</b>	<b>+17%</b>	<b>+3%</b>	<b>+2%</b>

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth. Breakdown by media format reflects updated product classifications introduced in 2014

## HY 2015 Revenues



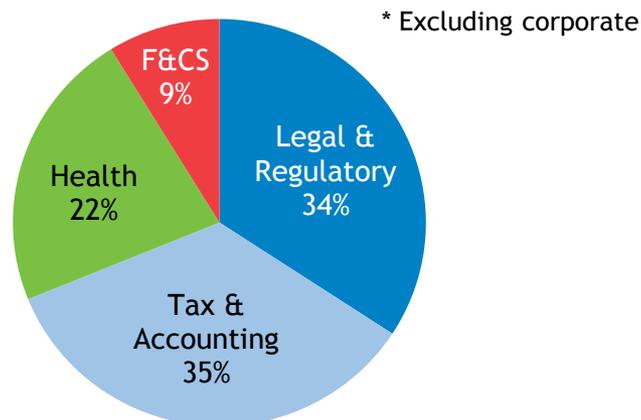
# Adjusted operating profit

*Adjusted operating profit margin increased due to T&A and F&CS*

(€ million)	HY 2015	HY 2014	Δ	Δ CC	Δ OG	Margin HY 2015	Margin HY 2014
Legal & Regulatory	141	128	+10%	-7%	-9%	17.8%	18.0%
Tax & Accounting	143	106	+35%	+17%	+16%	27.0%	23.4%
Health	93	73	+27%	+4%	+4%	19.9%	19.9%
Financial & Compliance Services	36	28	+31%	+11%	+11%	15.9%	14.8%
Corporate	(22)	(22)	-1%	-4%	-4%		
<b>Adjusted operating profit</b>	<b>391</b>	<b>313</b>	<b>+25%</b>	<b>+5%</b>	<b>+4%</b>	<b>19.4%</b>	<b>18.2%</b>

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth

## HY 2015 Adjusted Operating Profit



# Adjusted net profit and EPS

*Diluted adjusted EPS up +5% in constant currencies*

(€ million, unless otherwise stated)	HY 2015	HY 2014	Δ	Δ CC
Revenues	2,015	1,716	+17%	+3%
<b>Adjusted operating profit</b>	<b>391</b>	<b>313</b>	<b>+25%</b>	<b>+5%</b>
<i>Adjusted operating profit margin</i>	19.4%	18.2%		
Adjusted net financing costs	(67)	(49)		
Equity-accounted investees, net of tax	0	(1)		
<b>Adjusted profit before tax</b>	<b>324</b>	<b>263</b>	<b>+24%</b>	<b>+7%</b>
Tax on adjusted profit	(89)	(73)		
<i>Effective benchmark tax rate</i>	27.5%	27.7%		
Non-controlling interests	0	0		
<b>Adjusted net profit</b>	<b>235</b>	<b>190</b>	<b>+24%</b>	<b>+5%</b>
<i>Diluted weighted average shares (million)</i>	299.2	299.7		
<b>Diluted adjusted EPS</b>	<b>€0.79</b>	<b>€0.63</b>	<b>+24%</b>	<b>+5%</b>

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth

# IFRS profit and diluted EPS

*Reported EPS down 19% due to lack of exceptional gains and foreign exchange loss*

(€ million, unless otherwise stated)

	HY 2015	HY 2014	Δ
<b>Adjusted operating profit</b>	391	313	+25%
Amortization of acquired intangibles	(106)	(92)	
Results on divestments of operations	0	(1)	
Acquisition integration costs and other non-benchmark items	(4)	(6)	
<b>Operating profit</b>	<b>281</b>	<b>214</b>	<b>+31%</b>
Financing results <sup>1)</sup>	(69)	25	
Share of profit of equity-accounted investees, net of tax	0	(1)	
<b>Profit before tax</b>	<b>212</b>	<b>238</b>	<b>-11%</b>
Income tax expense	(50)	(38)	
<i>Effective tax rate</i>	23.4%	15.8%	
<b>Profit for the period</b>	<b>162</b>	<b>200</b>	<b>-19%</b>
Non-controlling interests	1	1	
<b>Profit for the period to the owners of the Company</b>	<b>163</b>	<b>201</b>	<b>-19%</b>
<b>Diluted EPS</b>	<b>€0.55</b>	<b>€0.67</b>	<b>-19%</b>

Δ: % Change

1) HY 2015 financing results include employee benefits financing costs of €3 million (HY 2014: €2 million). HY 2014 financing results included a €76 million revaluation gain on our minority interest in Datacert

# Adjusted free cash flow

*FCF broadly stable at constant currency*

(€ million, unless otherwise stated)	HY 2015	HY 2014	Δ	Δ CC
<b>Adjusted operating profit</b>	<b>391</b>	<b>313</b>	<b>+25%</b>	<b>+5%</b>
Depreciation and amortization of other intangibles	78	67		
<b>Adjusted EBITDA</b>	<b>469</b>	<b>380</b>	<b>+23%</b>	<b>+4%</b>
Capital expenditure	(84)	(63)		
Autonomous movements in working capital	(45)	(22)		
<b>Adjusted operating cash flow</b>	<b>340</b>	<b>295</b>	<b>+15%</b>	<b>0%</b>
<i>Cash conversion ratio</i>	<i>87%</i>	<i>94%</i>		
Paid financing costs	(82)	(110)		
Paid corporate income tax	(68)	(56)		
Net change in restructuring provision	(4)	(4)		
Other <sup>1)</sup>	(16)	11		
<b>Adjusted free cash flow</b>	<b>170</b>	<b>136</b>	<b>+25%</b>	<b>-1%</b>
Springboard, net of tax <sup>2)</sup>	-	(2)		
<b>Adjusted free cash flow, incl. Springboard</b>	<b>170</b>	<b>134</b>	<b>+23%</b>	<b>-3%</b>

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33)

1) Other includes share-based payments, dividends received, and other items. In addition, in HY 2015, it includes an adjustment to remove a €22 million tax benefit relating to previously divested assets and a €5 million tax payment relating to last year's consolidation of platform technology.

2) In 2014, appropriation of Springboard provisions was treated as a non-benchmark item. In 2015, use of Springboard provisions (€1 million) is included in adjusted free cash flow. Adjusted free cash flow excludes additions to provisions related to acquisitions.

# Movement in net debt

*Net debt increased following cash returns to shareholders*

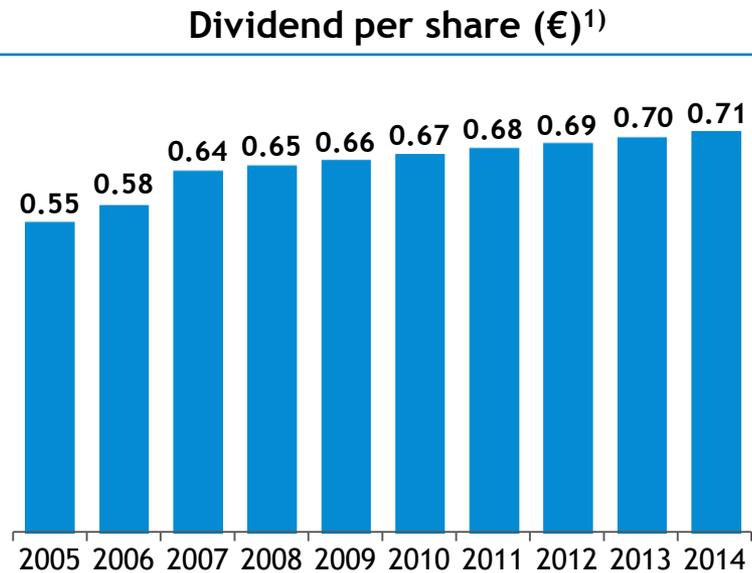
(€ million, unless otherwise stated)	HY 2015	FY 2014	HY 2014
<b>Net debt at start of period</b>	<b>(1,897)</b>	<b>(1,988)</b>	<b>(1,988)</b>
Adjusted free cash flow, incl. Springboard	170	512	134
Dividends paid	(211)	(209)	(207)
Acquisition spending, net of cash acquired, including costs	(40)	(189)	(172)
Divestiture cash proceeds, including costs, net of tax	(1)	27	(1)
Share repurchases	(134)	(25)	-
Other <sup>1)</sup>	44	(25)	7
<b>Movement in net debt</b>	<b>(172)</b>	<b>91</b>	<b>(239)</b>
<b>Net debt at end of period</b>	<b>(2,069)</b>	<b>(1,897)</b>	<b>(2,227)</b>
<b>Net-debt-to-EBITDA<sup>2)</sup> ratio</b>	<b>2.1x</b>	<b>2.1x</b>	<b>2.6x</b>

1) In HY2015, Other includes a €22 million net tax benefit on previously divested assets; a €5 million one off transactional tax payment related to last year's consolidation of platform technology; €30 million foreign exchange differences, €(9) million change in the fair value of derivatives; and other items.

2) Based on rolling twelve months' EBITDA.

# Returns to shareholders

*Share buy-back completed and introducing interim dividends*



- Intent to move to semi-annual dividend frequency, starting with an interim dividend for 2015
- 25% of prior year's total dividend
- Subject to final resolution in September, intend to declare interim dividend of €0.18 per ordinary share, to be paid in October
- Final dividend payment over 2015 is planned for May next year, subject to approval at the Annual General Meeting of Shareholders in April 2016
- Aligns the timing of our dividend payments with operating cash flow generation

1) Dividend declared for the year indicated

# Summary

*On course to meet full year guidance*

- Revenues up +2% organically
  - Leading, high growth positions +7%
  - Digital & services revenues +5%
- Adjusted operating profit of €391 million
  - Underlying margin increase
- Diluted adjusted EPS €0.79, up +5% in constant currencies
- Adjusted free cash flow of €170 million
- Net-debt-to-EBITDA ratio of 2.1x

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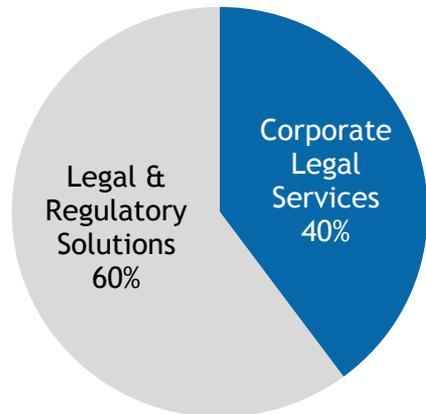
# Legal & Regulatory

*Strong transaction volumes; margin reflects increased restructuring*

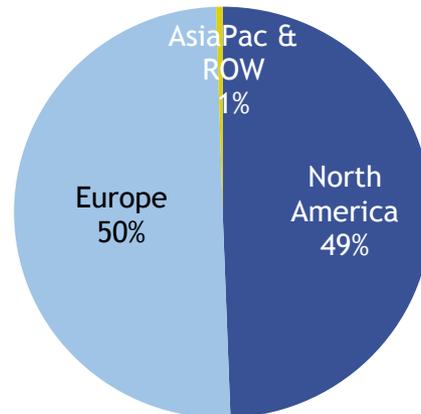
€ million	HY 2015	HY 2014	Δ	Δ CC	Δ OG
Revenues	792	710	+12%	+2%	0%
Adjusted operating profit	141	128	+10%	-7%	-9%
<b>Margin</b>	<b>17.8%</b>	<b>18.0%</b>			

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth

## L&R Segments



## Revenues by Geography



HY 2015 revenues by geographic market

## Corporate Legal Services

- Organic growth +8%, lifted by strong transactional volumes
- CLS transactional revenues up +12% versus 3% in first half 2014
- ELM Solutions (Datacert + Tymetrix) delivered double-digit organic growth

## Legal & Regulatory Solutions

- Revenues decline -4% organically, in line with second half 2014 trend
- Digital revenue growth more than offset by decline in print, training and other services
- Increased restructuring to drive operational excellence in editorial and production

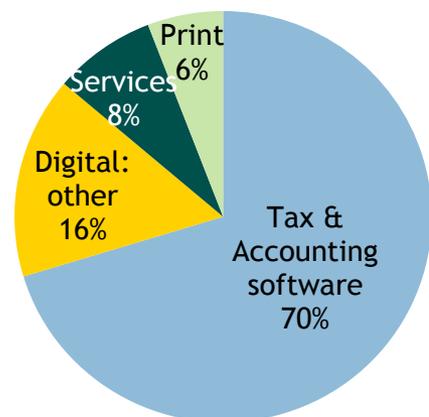
# Tax & Accounting

Software up +5%. Margin reflects lower restructuring and operational gearing

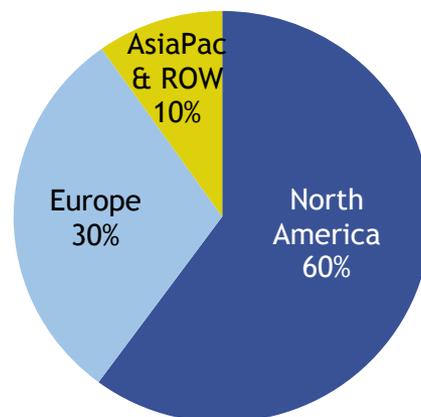
€ million	HY 2015	HY 2014	Δ	Δ CC	Δ OG
Revenues	529	454	+17%	+3%	+3%
Adjusted operating profit	143	106	+35%	+17%	+16%
Margin	27.0%	23.4%			

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth

## Revenues by Media



## Revenues by Geography



HY 2015 revenues by geographic market

## North America

- Software revenues up +5% organically
- On-premise software sustains growth; cloud products attract new customers
- Print products and bank products continue to decline

## Europe

- Organic growth improved, helped by Spain and Italy
- Investing in cloud-based and collaborative solutions; Twinfield launched in Germany

## Asia Pacific & ROW

- Organic growth improved, partly due to product timing
- Software growth outweighs print decline
- Prosoft Brazil grows despite economic downturn

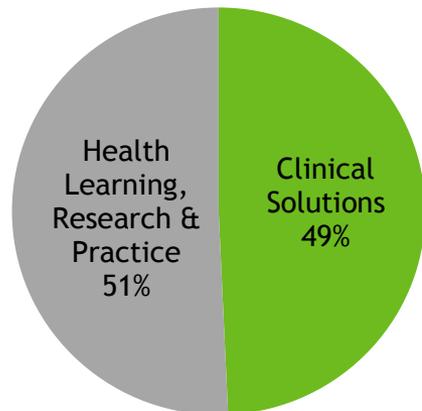
# Health

Organic growth +5%; margin reflects first-half-weighted restructuring

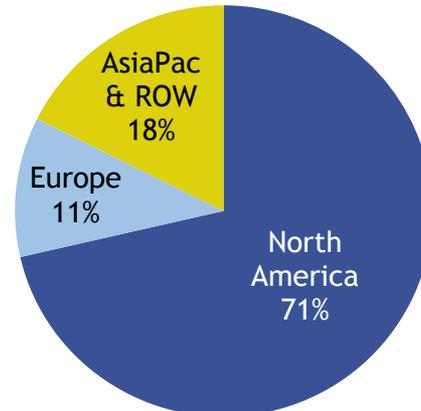
€ million	HY 2015	HY 2014	Δ	Δ CC	Δ OG
Revenues	465	365	+27%	+5%	+5%
Adjusted operating profit	93	73	+27%	+4%	+4%
Margin	19.9%	19.9%			

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth

## Health Segments



## Revenues by Geography



HY 2015 revenues by geographic market

## Clinical Solutions

- Organic growth +11%
- UpToDate* added major customers in Japan, Brazil and Spain
- Other product areas also achieved positive organic growth
- Launched Chinese version of *UpToDate*
- Investing in Sepsis disease management platform *POC Advisor*

## Health Learning, Research & Practice

- Revenues stable on an organic basis as digital revenue growth continued to offset print decline
- Integration completed leading to restructuring charge in first half
- Ovid expanded its content library
- Digital learning and practice solutions growing rapidly

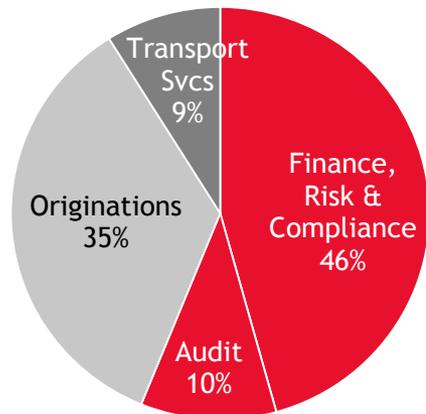
# Financial & Compliance Services

Organic growth+5% and margin improves

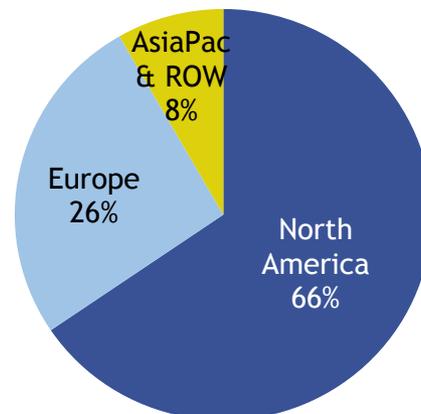
€ million	HY 2015	HY 2014	Δ	Δ CC	Δ OG
Revenues	229	187	+22%	+5%	+5%
Adjusted operating profit	36	28	+31%	+11%	+11%
Margin	15.9%	14.8%			

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth

## F&CS Segments



## Revenues by Geography



HY 2015 revenues by geographic market

## Finance, Risk & Compliance

- Organic growth +5% driven by upfront software license, professional services and implementation fees

## Audit

- Organic growth +5%, supported by new customer wins for *TeamMate*

## Originations

- High single-digit organic growth
- New and expanded contracts for *Expere* as banks prepare for Tila Respa
- First half spike in U.S. refinancing volumes

## Transport Services (Europe)

- Revenue decline moderated
- Strategic review concluded; will remain part of Wolters Kluwer

# Strategic progress

*Our strategy aims to accelerate profitable growth*

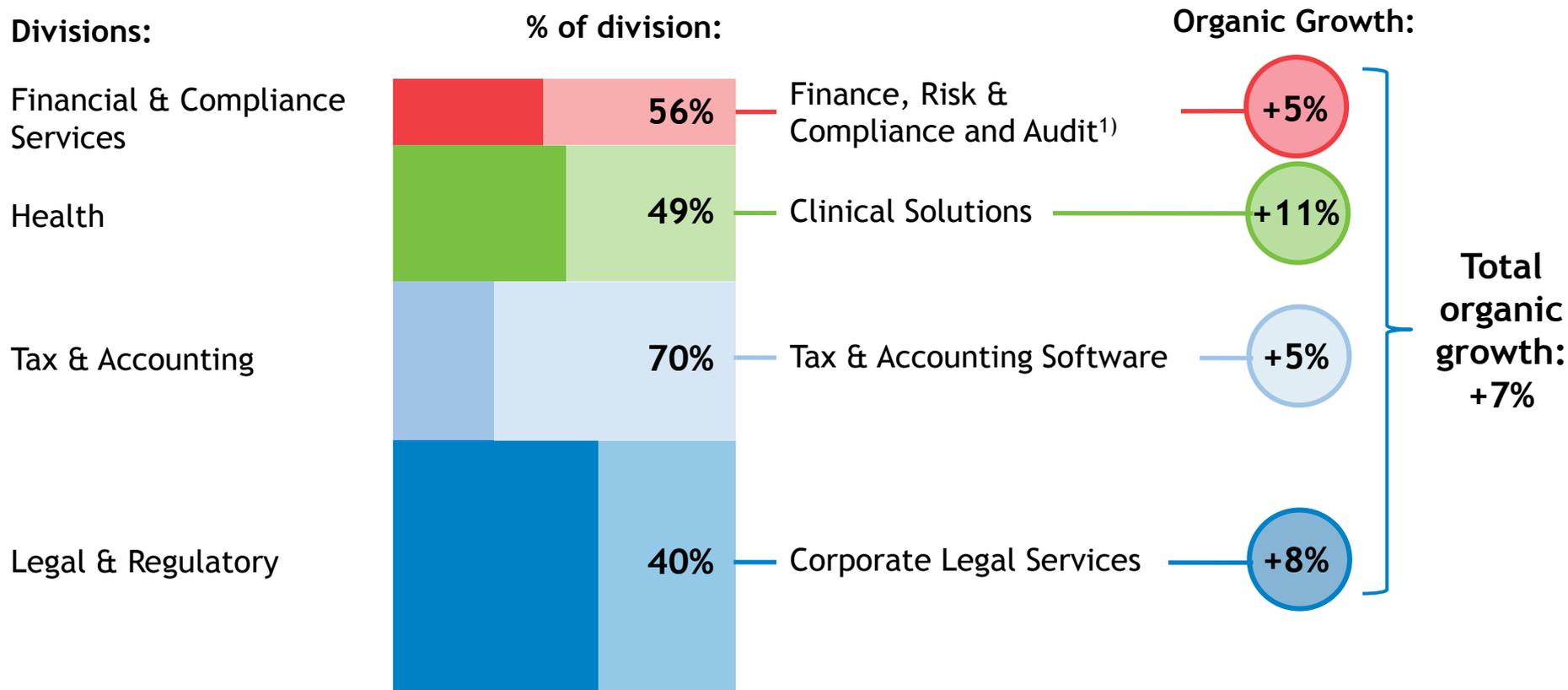


- Leading, growth positions grew +7% organically
- Selected software acquisitions
- Combining Corporate Legal Services and Financial & Compliance Services
- Increased investment in new and enhanced products - remains within 8-10% of revenues
- Delivering innovations in all divisions to drive improved outcomes and productivity
- Merged Medical Research and Professional & Education to exploit revenue opportunity and drive savings
- Driving operational excellence in editorial and production functions
- Leveraging technology platforms and components across borders

# 1. Expand our leading, high growth positions

*Our leading, high growth positions in total grew +7% organically*

Wolters Kluwer Revenue HY 2015  
 Leading, high growth units within divisions (52% of total revenues)



1) Includes the Finance, Risk & Compliance and Audit units within the F&CS division

## 2. Deliver solutions and insights

*Improve our customers' productivity and outcomes*

Tailored to  
customer needs

UpToDate 临床顾问



**UpToDate Clinical Consultant**

UpToDate clinical decision support with 3,100 topics in Chinese and integrated with *Medicom* (drug information)

Increases mobility and  
productivity



**CCH iFirm Practice Manager**

Cloud-based practice management solution for tax and accounting firms

Driving improved  
outcomes

**Expere®**  
**ComplianceOne®**

**TILA-RESPA**

Loan origination and documentation software enhanced to be TILA-RESPA compliant

# 3. Drive efficiencies

*Creating global scale and savings in our operations*



## *Legal & Regulatory Solutions*

- Driving operational excellence in editorial and production
- Restructuring marketing and sales; investing in digital marketing
- Consolidating real estate: relocated to new office in Paris

## *Health*

- Integrated Medical Research and Professional & Education

## *Global Platform Organization*

- Expanding mobility and online toolset across divisions, improving time to market

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# Divisional Outlook 2015

## Legal & Regulatory

- Corporate Legal Services to see organic growth, albeit at a more moderate pace in the second half
- Continued revenue decline in Legal & Regulatory Solutions
- Margins constrained by cost inflation, restructuring and investments

## Tax & Accounting

- Revenue growth similar to 2014, with growth in software solutions more than offsetting decline in print and bank products
- Margin expected to improve even with increased product investments

## Health

- Steady revenue growth, driven by robust growth in Clinical Solutions
- Health Learning, Research & Practice likely to see growth in digital offset by continued decline in print
- Margins to rise despite increased investments and restructuring

## Financial & Compliance Services

- Positive organic growth driven by Finance, Risk & Compliance and Audit units, with challenging comparables in the second half
- In Originations, outlook for mortgage volumes remains mixed, but new U.S. lending regulations are providing opportunities for growth

# Guidance 2015

<b>Performance indicators</b>	<b>FY 2015 Guidance</b>
Adjusted operating profit margin	21.0%-21.5%
Adjusted free cash flow	€500-€525 million
Return on invested capital	≥ 8%
Diluted adjusted EPS	Mid-single-digit growth

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (EUR/USD 1.33). Guidance for EPS growth reflects the announced share repurchases. Adjusted operating profit margin and ROIC are in reported currency

# Q&A

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**Nancy McKinstry**

Chief Executive Officer and Chairman

**Kevin Entricken**

Chief Financial Officer



Wolters Kluwer

# Appendix

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**Nancy McKinstry**

Chief Executive Officer and Chairman

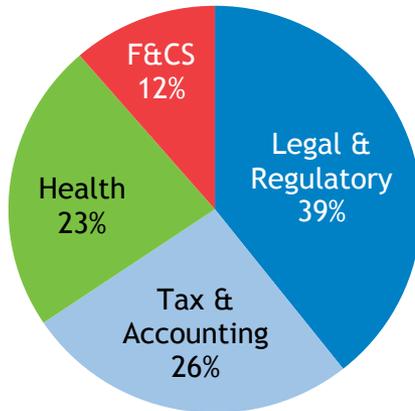
**Kevin Entricken**

Chief Financial Officer



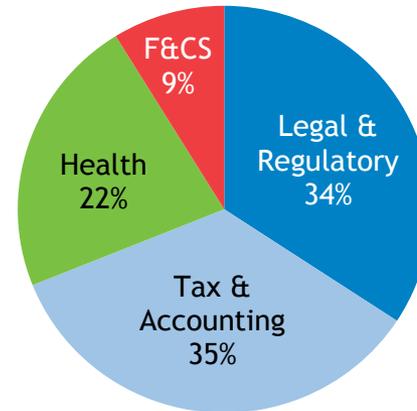
# Revenue and operating profit breakdown

## HY 2015 Revenues by division

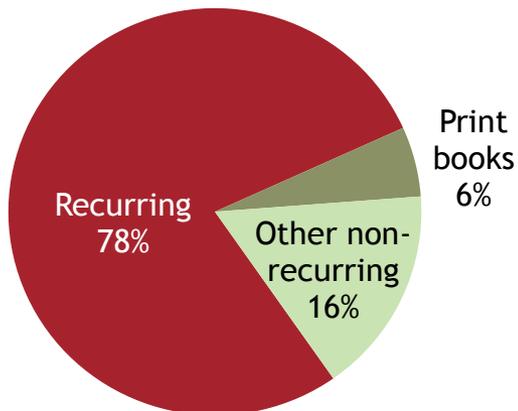


## HY 2015 Adjusted operating profit<sup>1)</sup>

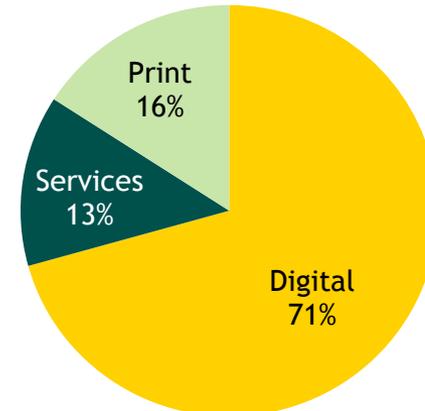
<sup>1)</sup> Excluding corporate



## HY 2015 Revenues by type



## HY 2015 Revenues by media format

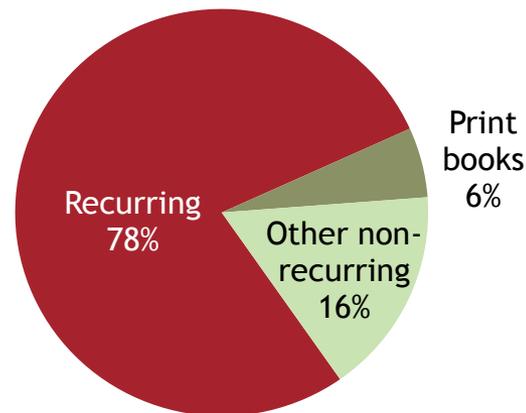


# Revenues by type

(€ million)	HY 2015	HY 2014	Δ	Δ CC	Δ OG
Digital and services subscriptions	1,250	1,022	+22%	+7%	+5%
Print subscriptions	159	172	-8%	-12%	-10%
Other recurring	162	140	+16%	-2%	-3%
<b>Recurring revenues</b>	<b>1,571</b>	<b>1,334</b>	<b>+18%</b>	<b>+4%</b>	<b>+3%</b>
Print books	112	114	-1%	-11%	-10%
CLS transactional	139	101	+39%	+14%	+12%
FS transactional	21	17	+24%	+1%	+1%
Other non-recurring	172	150	+14%	+2%	+3%
<b>Total revenues</b>	<b>2,015</b>	<b>1,716</b>	<b>+17%</b>	<b>+3%</b>	<b>+2%</b>

Δ: % Change; Δ CC: % Change constant currencies (EUR/USD 1.33); Δ OG: % Organic growth. Breakdown by revenue type reflects updated product classifications introduced in 2014

## HY 2015 Revenues



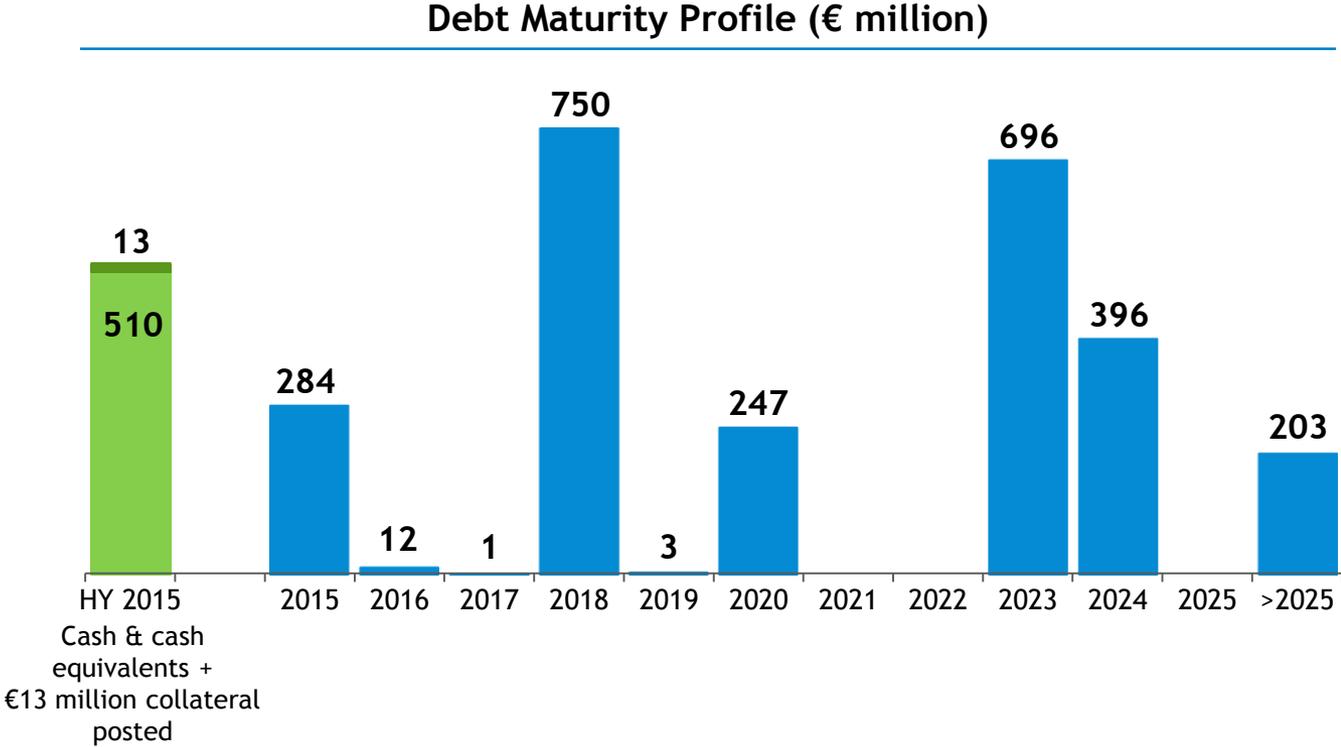
# Reconciliation: Adjusted net financing costs to financing results

(€ million)	HY 2015	HY 2014
<b>Adjusted net financing costs</b>	<b>(67)</b>	<b>(49)</b>
Employee benefits financing component	(2)	(2)
Revaluation gain on minority interest in Datacert	-	76
<b>Financing results</b>	<b>(69)</b>	<b>25</b>

# Balance Sheet

(€ million, unless otherwise stated)	June 30, 2015	Dec. 31, 2014	June 30, 2014
Goodwill and intangible assets	5,398	5,172	4,840
Equity-accounted investees and financial assets	31	32	42
Other non-current assets	229	216	212
<b>Non-current assets</b>	<b>5,658</b>	<b>5,420</b>	<b>5,094</b>
Cash and cash equivalents	510	535	280
Other current assets	1,263	1,412	1,060
Deferred income	(1,362)	(1,375)	(1,152)
Short-term borrowings and bank overdrafts	(286)	(125)	(192)
Other current liabilities	(723)	(924)	(663)
<b>Working capital</b>	<b>(598)</b>	<b>(477)</b>	<b>(667)</b>
<b>Capital employed</b>	<b>5,060</b>	<b>4,943</b>	<b>4,427</b>
Total equity	2,203	2,121	1,611
Long-term debt	2,308	2,304	2,310
Other non-current liabilities	549	518	506
<b>Total financing</b>	<b>5,060</b>	<b>4,943</b>	<b>4,427</b>
<i>Closing rate EUR/USD</i>	1.12	1.21	1.36

# Debt maturity profile



# Currency

	Average rates		Impact revenue	Impact adjusted operating profit
	HY 2015	HY 2014	HY 2015	HY 2015
<b>1 Euro</b>				
U.S. Dollar	1.12	1.37	231	60
British Pound	0.73	0.82	7	1
Canadian Dollar	1.38	1.51	3	1
Australian Dollar	1.43	1.50	1	0
Brazilian Real, Russian Ruble and other			2	0
<b>Total impact (€ million)</b>			<b>244</b>	<b>62</b>

*By division:*

Legal & Regulatory	72	22
Tax & Accounting	60	19
Health	80	17
Financial & Compliance Services	32	5
<b>Total</b>	<b>244</b>	<b>62</b>

# Sensitivity to U.S. Dollar

## Impact of a 1% weakening of the U.S. Dollar against the Euro

(€ million)	2014
Revenues	(21)
Adjusted operating profit	(6)
Adjusted net profit	(3)
Adjusted FCF	(4)
Diluted adjusted EPS (Euro)	(0.01)

Does not include the impact of other currency exposures

Does not include the impact of exchange rate movements on year-end valuation of intercompany balances