

Wolters Kluwer First-Quarter 2024 Trading Update

Alphen aan den Rijn, May 1, 2024 – Wolters Kluwer, a global leader in professional information, software solutions and services, today releases its first-quarter 2024 trading update.

Highlights

- Full-year 2024 guidance reiterated.
- First-quarter revenues up 6% in constant currencies and up 6% organically.
 - Recurring revenues (82%) up 7% organically; non-recurring revenues up 1% organically.
 - Expert solutions revenues (59%) up 8% organically.
 - Cloud software revenues (18%) up 16% organically.
- First-quarter adjusted operating profit margin increased.
- First-quarter adjusted free cash flow increased in constant currencies.
- Net debt-to-EBITDA was 1.4x as of March 31, 2024.
- 2024 share buyback: €353 million of intended share buyback of €1 billion completed in the year through April 29, 2024.

Nancy McKinstry, CEO and Chair of the Executive Board, commented: “We’ve had a good start to the year, with 6% organic growth and improvements in the margin and free cash flow. We continued to invest in scaling our expert solutions, rolling out several new products, and expanding into adjacent markets. And, we are increasing our investment in deploying artificial intelligence to bring benefits to customers. I am pleased to reiterate our full-year guidance.”

First-quarter 2024 developments

First-quarter revenues increased 5% in reporting currencies, reflecting organic growth of 6% (1Q 2023: 6%), slightly offset by the impact of currency due to the weaker U.S. dollar compared to a year ago (average EUR/USD rate was €/\$1.09 in 1Q 2024 versus €/\$1.07 in 1Q 2023).

Recurring revenues (82% of revenues), which include subscriptions and other repeating revenue streams, sustained 7% organic growth (1Q 2023: 7%). Non-recurring revenues (18% of revenues) increased 1% organically, slowing slightly compared to a year ago (1Q 2023: 2%). Within non-recurring revenues, transactional revenues posted 3% organic growth (1Q 2023: 1% decline), as Financial & Corporate Compliance transactional trends started to stabilize and Legal & Regulatory transactional revenues (ELM Solutions) remained strong. Organic growth in software license and implementation fees and other non-recurring revenues slowed to 1% (1Q 2023: 2%). The adjusted operating profit margin increased in the first quarter compared to first quarter 2023.

Health revenues increased 7% in constant currencies and 7% organically (1Q 2023: 5%). Clinical Solutions delivered 9% organic growth (1Q 2023: 6%), reflecting good renewal rates in clinical decision support and clinical drug information. Our referential drug data and patient engagement solutions (formerly Lexicomp and Emmi) were brought under the UpToDate brand. Health Learning, Research & Practice recorded 5% organic growth (1Q 2023: 3%), benefitting from new journal launches, including *NEJM AI*, a title focused on AI in Medicine.

Tax & Accounting revenues increased 6% in constant currencies, with organic growth of 8% (pro forma 1Q 2023: 9%) partly offset by the transfer of our Chinese legal research solution Bold (2023 revenues: €21 million) to the Legal & Regulatory division. North American organic growth slowed to 8% as expected (pro forma 1Q 2023: 11%) partly due to the challenging comparable created by last year’s tax guide publication schedule. Europe recorded a strong start to the year despite the absence of last year’s one-time benefits in Germany and Spain. Asia Pacific & Rest of World grew 2% organically (1Q 2023: 7%) as print books turned down.

Financial & Corporate Compliance revenues grew 4% in constant currencies and 4% organically (pro forma 1Q 2023: 2%). Recurring revenues increased 6% organically (pro forma 1Q 2023: 5%). Transactional and other non-recurring revenues began to stabilize (1% organic increase in 1Q 2024 compared to pro forma decline of 4% in 1Q 2023) but remain difficult to predict. Legal Services grew 4% organically (pro forma 1Q 2023: 2%), supported by sustained organic growth in service subscriptions alongside stable transactional revenues. Financial Services revenues grew 3% organically (pro forma 1Q 2023: 1%), supported by 4% organic growth in recurring revenues and a slight upturn in transactional revenues compared to decline a year ago.

Legal & Regulatory revenues grew 8% in constant currencies and 5% organically (pro forma 1Q 2023: 4%), reflecting the transfer into the division of the Bold legal research solution from the Tax & Accounting division. Legal & Regulatory Information Solutions grew 4% organically (1Q 2023: 4%), with sustained growth in digital products more than offsetting decline in print. Legal & Regulatory Software revenues grew 6% organically (pro forma 1Q 2023: 5%), buoyed by sustained double-digit growth in volume-driven transactional revenues at ELM Solutions related to the on-boarding of new customers.

Corporate Performance & ESG revenues grew 7% in constant currencies and 7% organically (pro forma 1Q 2023: 10%). Recurring revenues sustained double-digit organic growth, while non-recurring revenues declined in the quarter. Our EHS/ORM¹ unit (Enablon) delivered 8% organic growth (1Q 2023: 22%), driven by double-digit growth in recurring cloud subscriptions partly offset by decline in non-recurring software license fees against a challenging comparable. The CCH Tagetik Corporate Performance Management (CPM) platform delivered 13% organic growth (1Q 2023: 16%), driven by Europe and Asia Pacific & ROW. Our corporate tax, internal audit (TeamMate), and Finance, Risk & Reporting (OneSumX) units all recorded low single-digit organic growth in the quarter.

Cash flow and net debt

First quarter cash conversion declined compared to first quarter 2023, as expected, due to a working capital outflow in the quarter compared to an inflow in first quarter 2023. Adjusted free cash flow increased in constant currencies, mainly due to favorable timing of financing cost and tax paid in the quarter. A total of €252 million in cash was deployed towards share repurchases during the quarter. Net acquisition spending was negligible.

Net debt was €2,499 million as of March 31, 2024, compared to €2,612 million at December 31, 2023. Net-debt-to-EBITDA, based on rolling twelve-months EBITDA, was 1.4x at the end of March 2024, compared to 1.5x at year-end 2023.

In March, 2024, we issued a new €600 million Eurobond with a 5-year term and 3.250% annual coupon.

Shares outstanding, share buybacks, and dividends

As of March 31, 2024, the number of issued ordinary shares outstanding (excluding 9.3 million shares held in treasury) was 239.2 million.

In the year to date (through April 29), we have repurchased 2.5 million ordinary shares for a total consideration of €353 million (average share price €141.86). This includes a block trade of €48.0 million executed on February 22, 2024, to offset the dilution caused by our incentive share issuance.

For the period starting May 2, 2024, up to and including December 27, 2024, we have engaged third parties to execute approximately €647 million in share buybacks on our behalf, within the limits of relevant laws and regulations (in particular Regulation (EU) 596/2014) and Wolters Kluwer's Articles of Association. For the period after November 10, 2024, this mandate is subject to authorization by the AGM on May 8, 2024. Share repurchases will be used for capital reduction purposes through share cancellation. The share repurchase program may be suspended, discontinued, or modified at any time.

At the Annual General Meeting to be held on May 8, 2024, shareholders will be asked to approve a total dividend of €2.08 over financial year 2023, an increase of 15% compared to the 2022 dividend. If approved, the final dividend of €1.36 per share will be paid to shareholders on June 4, 2024 (ADRs: June 11, 2024). The interim dividend for 2024 will be set at 40% of the 2023 total dividend.

Sustainability developments

Across the group, the focus in early 2024 has been on reinforcing a range of initiatives that foster diversity, engagement, and belonging, including career development programs and employee networks. Our global real estate team began executing on plans to deliver a reduction in square meters of office space in 2024, while at the same time improving the quality of workspaces for employees. These plans will help us reach our SBTi²-validated targets.

¹ EHS/ORM = environmental, health & safety and operational risk management.

² SBTi = Science Based Targets initiative.

Full-year 2024 outlook

Our group-level guidance for 2024, shown in the table below, is unchanged. We continue to expect sustained good organic growth in 2024, in line with the prior year, and a further modest increase in the adjusted operating profit margin. Due to phasing of investment expenses, margin improvement is expected to be modest in the first half.

Full-Year 2024 Outlook

Performance indicators	2024 Guidance	2023 Actual
Adjusted operating profit margin*	26.4%-26.8%	26.4%
Adjusted free cash flow**	€1,150-€1,200 million	€1,164 million
ROIC*	17%-18%	16.8%
Diluted adjusted EPS growth**	Mid- to high single-digit	12%

*Guidance for adjusted operating profit margin and ROIC is in reporting currency and assumes an average EUR/USD rate in 2024 of €/\$1.09. **Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/\$ 1.08). Guidance reflects share repurchases of €1 billion in 2024.

In 2023, Wolters Kluwer generated over 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2023 currency profile, each 1 U.S. cent move in the average €/\$ exchange rate for the year causes an opposite change of approximately 3 euro cents in diluted adjusted EPS³.

We include restructuring costs in adjusted operating profit. We expect 2024 restructuring costs to be in the range of €10-€15 million (FY 2023: €15 million). We expect adjusted net financing costs⁴ in constant currencies to increase to approximately €60 million. We expect the benchmark tax rate on adjusted pre-tax profits to increase and to be in the range of 23.0%-24.0% (FY 2023: 22.9%).

Capital expenditures are expected to remain at the upper end of our guidance range of 5.0%-6.0% of total revenues (FY 2023: 5.8%). We expect the full-year 2024 cash conversion ratio to be around 95% (FY 2023: 100%) due to lower net working capital inflows.

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

2024 outlook by division

Our guidance for 2024 organic revenue growth by division is summarized below. We expect the increase in full-year 2024 adjusted operating profit margin to be driven primarily by our Health, Legal & Regulatory, and Corporate Performance & ESG divisions. The Tax & Accounting margin is expected to decline slightly due to increased product investment.

Health: we expect full-year 2024 organic growth to be in line with prior year (FY 2023: 6%).

Tax & Accounting: we expect full-year 2024 organic growth to be slightly below prior year (FY 2023: 8%), due to slower growth in non-recurring outsourced professional services and the absence of one-off favorable events in Europe.

Financial & Corporate Compliance: we expect full-year 2024 organic growth to be in line with or better than prior year (FY 2023: 2%) as transactional revenues are expected to stabilize.

Legal & Regulatory: we expect full-year 2024 organic growth to be in line with prior year (FY 2023: 4%).

Corporate Performance & ESG: we expect full-year 2024 organic growth to be better than in the prior year (FY 2023: 9%) as Finance, Risk & Reporting revenues stabilize.

³ This rule of thumb excludes the impact of exchange rate movements on intercompany balances, which is accounted for in adjusted net financing costs in reported currencies and determined based on period-end spot rates and balances.

⁴ Adjusted net financing costs include lease interest charges. Guidance for adjusted net financing costs in constant currencies excludes the impact of exchange rate movements on currency hedging and intercompany balances.

About Wolters Kluwer

Wolters Kluwer (EURONEXT: WKL) is a global leader in information, software solutions and services for professionals in healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; corporate performance and ESG. We help our customers make critical decisions every day by providing *expert solutions* that combine deep domain knowledge with technology and services.

Wolters Kluwer reported 2023 annual revenues of €5.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 21,400 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, visit www.wolterskluwer.com, follow us on [LinkedIn](#), [Facebook](#), [YouTube](#), and [Instagram](#).

Financial Calendar

May 8, 2024	Annual General Meeting of Shareholders
May 10, 2024	Ex-dividend date: 2023 final dividend
May 13, 2024	Record date: 2023 final dividend
June 4, 2024	Payment date: 2023 final dividend, ordinary shares
June 11, 2024	Payment date: 2023 final dividend ADRs
July 31, 2024	Half-Year 2024 Results
August 27, 2024	Ex-dividend date: 2024 interim dividend
August 28, 2024	Record date: 2024 interim dividend
September 19, 2024	Payment date: 2024 interim dividend
September 26, 2024	Payment date: 2024 interim dividend ADRs
October 30, 2024	Nine-Month 2024 Trading Update
February 26, 2025	Full-Year 2024 Results
March 12, 2025	Publication of 2024 Annual Report

Media

Dave Guarino
Global Communications
t +1 646 954 8215
press@wolterskluwer.com

Investors/Analysts

Meg Geldens
Investor Relations
t +31 (0)172-641-407
ir@wolterskluwer.com

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; conditions created by pandemics; 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). Trademarks referenced are owned by Wolters Kluwer N.V. and its subsidiaries and may be registered in various countries.