Wolters Kluwer

Wolters Kluwer 2015 First-Quarter Trading Update

May 13, 2015 – Wolters Kluwer, a global leader in professional information services, today released its scheduled 2015 first-quarter trading update.

Highlights

- **Trading in line with expectations; full-year 2015 guidance affirmed.**
- **First-quarter revenues up 4% in constant currencies and up 3% organically.**
  - Leading, high growth businesses and digital products continue to drive organic growth.
  - Growth in North America and Asia Pacific & ROW offset weakness in Europe.
  - Non-recurring and transactional revenues increased after posting declines a year ago.
- **First-quarter adjusted operating margin increased, in line with expectation.**
- **First-quarter adjusted free cash flow increased in constant currencies.**
- **Balance sheet leverage (net-debt-to EBITDA: 1.9x) remains favorable to target (2.5x).**

Nancy McKinstry, CEO and Chairman of the Executive Board, commented:
"Wolters Kluwer delivered a solid first quarter, in line with our expectations, enhanced by non-recurring and transactional revenue streams and favorable revenue timing. Our leading, high growth businesses and digital products continue to drive growth, more than offsetting decline in print products. We are supporting our growing businesses with additional investment while continuing to pursue efficiencies and restructuring programs, particularly in Europe. We are confident we will achieve our guidance for 2015."

First Quarter Developments

In the first quarter, revenues increased 4% at constant currencies and grew 3% on an organic basis. The effect of acquisitions (mainly Datacert acquired April 7, 2014) more than outweighed the impact of small divestitures in the quarter. In reporting currency, revenues rose 17%, reflecting the strength of the U.S. Dollar as well as the impact of other currencies. Organic growth was lifted by non-recurring and transactional revenues which had declined in the first quarter of last year. Organic growth for the first four months of 2015 was 2%. The first-quarter adjusted operating margin improved compared to a year ago, supported by the ongoing shift in business mix, higher non-recurring revenues, cost savings and currency.

In Legal & Regulatory, Corporate Legal Services (CLS) achieved strong organic growth in the quarter, lifted by double-digit growth in transactional revenues against an undemanding comparable in first quarter 2014. Legal & Regulatory Solutions saw organic revenue decline in line with second half 2014 trends, as growth in digital solutions was more than offset by decline in print products and services. As expected, the divisional adjusted operating margin declined due mainly to higher restructuring. For the full year, we expect Corporate Legal Services (CLS) to achieve organic revenue growth, albeit at a more moderate pace in the second half. This is expected to be more than offset by organic decline in Legal & Regulatory Solutions, due to continued weakness in print formats. Margins are expected to contract modestly, due to cost inflation, additional product investment and restructuring.

Tax & Accounting delivered positive organic growth, in line with prior year and with seasonal patterns, and increased its adjusted operating margin in the first quarter. Growth was supported by software solutions (67% of divisional revenues) which performed well in all geographic regions. Trends in print formats, bank products, and training services continue to partly offset growth in software. For the full year, we expect underlying revenue momentum to be similar to 2014, with growth in software solutions more than offsetting ongoing decline in print publishing and bank product revenues. We expect full year margins to improve modestly.

Health achieved good organic growth and increased its adjusted operating margin in the first quarter. Clinical Solutions organic growth moderated, but remained in double-digits, with *UpToDate* driving performance. Health Learning, Research & Practice (the new name for our combined Medical Research and Professional & Education unit) delivered positive organic growth, benefitting from favorable timing of distributor orders for print books. For the full year, we continue to expect steady revenue performance for the division, supported by robust growth in Clinical Solutions. Learning, Research & Practice is expected to see growth in digital revenues offset by continued decline in print formats. Margins are expected to rise despite increased product investment and restructuring.

Financial & Compliance Services also delivered good organic growth, against a decline in the comparable quarter. Recurring revenues saw steady growth. FS transactional revenues (mainly related to mortgages in our Originations unit) increased, after posting declines in the first quarter of 2014, while other non-recurring revenues benefitted from stronger software license and professional services implementation fees compared to a year ago. Transport Services saw further abatement in its rate of decline as it continues to develop its subscription base and invest in transport management software. For the full year, we expect the division to achieve positive organic growth driven by our Finance, Risk & Compliance and Audit units, with comparables becoming more challenging in the second half. Market conditions for U.S. mortgage originations remain mixed, but new lending regulations are providing opportunities for growth.

Cash Flow, Acquisitions, Divestitures, and Net Debt
Cash conversion was broadly stable in the quarter compared to a year ago. Adjusted free cash flow increased in constant currencies, primarily as a result of the absence of last year's additional coupon payment. First quarter net acquisition spending, net of cash acquired, was €27 million, in large part relating to deferred and contingent payments with respect to acquisitions in previous years.

Leverage remains better than our target of 2.5x. Twelve months rolling net-debt-to-EBITDA was 1.9x at the end of March, ahead of our annual cash dividend payment. Following approval at the Annual General Meeting, a dividend of €0.71 per share will be paid on May 13, 2015. In February 2015, we announced our intention to buy back shares for up to €140 million. As of May 12, a total of 0.2 million ordinary shares have been repurchased for a total consideration of €5 million.

Full-Year 2015 Outlook

We reaffirm our full-year 2015 guidance. We note that comparables become more challenging in the remainder of the year. As indicated in our full-year results announcement in February, this year we intend to further sharpen our portfolio towards our leading high growth businesses, to step up organic investment in digital products, and to continue to drive efficiencies, particularly in low growth or declining operations. We expect the adjusted operating margin to increase in 2015. This includes anticipated restructuring costs of €30-€35 million (2014: €36 million), mainly in Legal & Regulatory Solutions. The table below provides our guidance for the full-year.

Performance indicators	2015 guidance
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.

Our guidance is based on constant exchange rates. Wolters Kluwer generates more than half of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2014 currency profile, a 1 U.S. cent move in the average EUR/USD exchange rate for the year causes an opposite 1.0 euro-cent change in diluted adjusted EPS. Currency is expected to have a more significant influence on results in 2015 than in recent years.

For the full year, we continue to expect adjusted net financing costs of approximately €100 million excluding the impact of exchange rate movements on currency hedging and intercompany balances. Including the effect of currency and assuming current exchange rates (including a EUR/USD rate of 1.12) prevail until year-end, we estimate full year adjusted net financing costs of around €125 million.

We expect the benchmark effective tax rate to be between 27% and 28% in 2015. We expect a cash conversion ratio in line with our historic average of 95%, and capital expenditure between 4% and 5% of revenue. Our guidance assumes no significant change in the scope of operations. We may make further disposals which could be dilutive to margins and earnings in the near term.

About Wolters Kluwer

Wolters Kluwer is a global leader in professional information services. Professionals in the areas of legal, business, tax, accounting, finance, audit, risk, compliance and healthcare rely on Wolters Kluwer's market leading information-enabled tools and software solutions to manage their business efficiently, deliver results to their clients, and succeed in an ever more dynamic world.

Wolters Kluwer reported 2014 annual revenues of €3.7 billion. The group serves customers in over 170 countries, and employs over 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 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, follow @Wolters_Kluwer on Twitter, or search for Wolters Kluwer videos on YouTube.

Financial Calendar

May 13, 2015	Dividend payment date
May 20, 2015	ADR dividend payment date
July 29, 2015	Half-Year 2015 Results
November 4, 2015	Third-Quarter 2015 Trading Update
February 24, 2016	Full-Year 2015 Results

Media
Caroline Wouters
Corporate Communications
t + 31 (0)172 641 459
press@wolterskluwer.com

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

Forward-looking Statements

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.