


Q2/HY 2006 Results

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 **Wolters Kluwer**

August 2, 2006 - Amsterdam

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Agenda

- Accomplishments & Highlights
- Key Performance Indicators
- Divisional Operating Performance
- Financial Performance
- Outlook & Summary
- Q&A

Three Year Plan Continues on Track

- Growth momentum continues
- Extending market positions by investments in tools & solutions and selective strategic acquisitions
 - Continued product investment in on-line and software yielding good growth
 - Strategic acquisitions to extend market positions tracking to plan (Healthcare Analytics, Provation, and Heymanns)
- Restructuring initiatives progressing well
 - HR Shared Services operational and data center consolidation underway in North America
 - In-country restructuring in LTRE showing positive results
- On track to achieve all targets for 2006

Highlights

■ Key Financials

- Organic revenue growth of 3% in the quarter versus 2% last year
- Half year organic revenue growth of 2% in-line with prior year
- Product development spend of €126 million in the half year, which is a 13% increase over the same period in the prior year
- Ordinary EBITA of €262 million increased 9% over half year 2005
- Ordinary EBITA margin of 15%, flat over half year 2005, due to increased investments in product development and sales & marketing
- Structural cost savings of €58 million, an increase of 23% over last year

■ Operating Performance

- Strong organic growth in Tax Accounting & Legal and Corporate & Financial Services
- Health revenue growth driven by acquisitions and solid performance at Professional & Education and Pharma Solutions
- LTRE in Q2 contributed positively to organic growth
- Education showing signs of seasonal sales cycle with 3% organic growth in Q2

On-Track to Achieve 2006 Guidance

Key Operational Measures	HY05	2005	Q106	Q206	HY06	Target 2006*
Organic revenue growth	2%	2%	1%	3%	2%	2-3%
Ordinary EBITA margin	15%	16%	13%	16%	15%	16.5-17%
Cash conversion	57%	106%	65%	59%	55%	95-105%
Key Financial Measures						
Free cash flow	€23 mln	€351 mln	€43 mln	€36 mln	€79 mln	± €350 mln
ROIC %**	n/a	7%	n/a	n/a	n/a	7%
Diluted ordinary EPS	€0.45	€1.06	€0.22	€0.30	€0.52	€1.18-€1.23

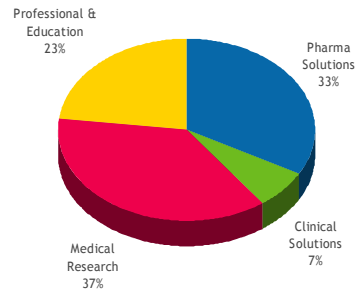
* At constant currencies EUR/USD 1.25

** After Tax

WACC is currently 8% after tax

Health Results

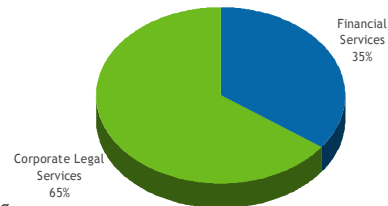
- Revenues for HY increased 31% largely due to acquisitions
- Organic growth (-1%) for the quarter and HY due to timing, softness in pharma spend and loss of Journal of Urology
- On track to achieve full year guidance of 3-5% due to phasing into the second half, new products and anticipated strengthening of promotional spend
- Professional & Education and Pharma Solutions deliver good performance due to new products and due to new drug launches
- Margins impacted by product development, sales & marketing spend and increased royalties



Millions		Q206	Q205	Change (million)			
				Organic	Acquisition/Divestment	Currency	Total
Revenues	(USD)	251	202				
	(EUR)	201	160	(2)	41	2	41
Ord. EBITA	(USD)	28	33				
	(EUR)	22	27	(11)	6	0	(5)
Ord. EBITA margin%		11	16				

CFS Results

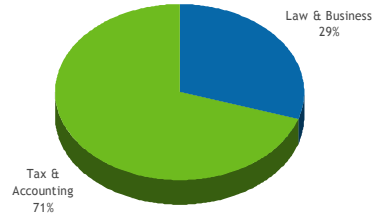
- Strong organic growth of 7% in Q2 and 7% for HY, on-track to achieve full year guidance of 4-6%
- Good performance at CLS (8% organic growth) despite strong comparables in Q2 05 of 6%
 - Strong growth in core corporate and UCC services
 - E-billing, litigation support software and trademark services gaining share, supporting significant growth
- Financial services performed well through the half year with 4% organic growth and with a strong Q2 of over 5%



Millions		Q206	Q205	Change (million)			
				Organic	Acquisition/Divestment	Currency	Total
Revenues	(USD)	167	154				
	(EUR)	132	122	8	1	1	10
Ord. EBITA	(USD)	35	34				
	(EUR)	27	26	0	1	0	1
Ord. EBITA margin%		21	22				

TAL Results

- Strong organic growth of 4% for Q2 and 5% for HY
- Tax & Accounting growth due to strong customer demand for software (double-digit growth) and integrated online libraries
- US, Canada and Asia Pacific all showed good growth
- Law & Business growth driven by new product introductions, standing order performance, and strong sales in legal Education



Millions		Q206	Q205	Change (million)			
				Organic	Acquisition/ Divestment	Currency	Total
Revenues	(USD)	191	180	6	3	2	11
	(EUR)	153	142				
Ord. EBITA	(USD)	35	36	(1)	1	0	0
	(EUR)	28	28				
Ord. EBITA margin%		18	20				

ATX/Kleinrock

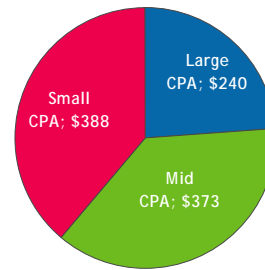
- Provider of tax preparation, accounting, tax research and software solutions to tax professionals and CPAs in the US
- Acquisition of ATX/Kleinrock would significantly expand WK TAA's position and enables us to achieve overall market leadership in the CPA segment
- Synergies result from combining publishing operations in near term
- Revenue growth supported by integration of CCH Software Suite with ATX's tax software line



Market Overview: CPA Segments

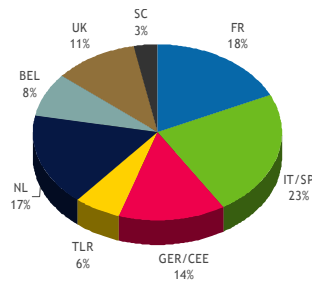
- The low-end accounting market is large at 76,000 customers, consisting of:
 - Small CPA Firms
 - Sole Practitioner CPAs
 - Tax Prep/Accounting Firms
 - Enrolled Agents
- Key Segment Dynamics:
 - Practical guidance and tools required
 - Ease-of-use and plug and play are essential
 - Increasing demand for electronic filing
- Major players in the low-end tax software market include:
 - Intuit (ProSeries)
 - ATX/Kleinrock
 - UTS (Taxwise)
 - Thomson (Creative Solutions)
 - Drake

Tax & Accounting Market Size: CPA Segments (2005 \$MM)



LTRE Results

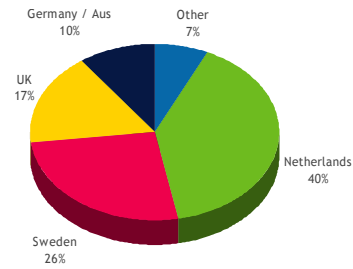
- Solid organic growth of 2% in the quarter; improvement on last year (-1%), resulting in flat results for HY
- Growth momentum in Spain, Central Europe and Italy continued
- Strong double digit on-line growth across the board
- Restructuring effect shows improvements in the Netherlands and Belgium



Millions	Q206	Q205	Change (million)			
			Organic	Acquisition/Divestment	Currency	Total
Revenues (EUR)	341	322	6	13	0	19
Ord. EBITA (EUR)	55	49	2	4	0	6
Ord. EBITA margin%	16	15				

Education Results

- Results in line with expectations
3% organic growth for Q2 as seasonal sales cycle begins; flat for HY
- On track to achieve 1-2% organic growth for 2006
- Good Q2 performance in the Netherlands, UK and Belgium
- Germany achieved good early sales into elementary school market



Millions	Q206	Q205	Change (million)			
			Organic	Acquisition/ Divestment	Currency	Total
Revenues (EUR)	89	88	2	0	-1	1
Ord. EBITA (EUR)	23	21	2	0	0	2
Ord. EBITA margin%	25	25				

Strategy & Restructuring Impact

EUR Million	2003		2004		2005		2006	Total	
	Original Target	Actual	Original Target	Actual	Original Target	Actual	Target	Original Target	Guidance
Product development spend	N/A	200	200 +50 (CC=235)	220	200 +70 (CC=255)	250	270	± 800 (incr. 200 3 yr period)	± 800 (incr. 200 3 yr period)
Non-exceptional restructuring expenses	N/A	N/A	40	25	30	42	30	± 215	± 260
Exceptional restructuring expenses	100	96	40	44	10	20	-		
FTE reductions	500	521	500	724	400	358	200	± 1600	± 1800
Total cost savings	20	29	40	70	80	100	120	100-110	150-160 run-rate

Impact of Restructuring

EUR Million	Q105	Q205	HY05	FY05	Q106	Q206	HY06	FY06E
Non-exceptional restructuring costs	9	7	16	42	6	8	14	30
Exceptional restructuring costs	3	4	7	20	-	-	-	-
FTE reductions	83	98	181	358	47	10	57	200
Total cost savings	22	25	47	100	28	30	58	120

Financials

Boudewijn Beerkens
Member Executive Board/CFO

Financial Highlights

- On-track to achieve FY KPI's
 - Acceleration of organic revenue growth to 3% in Q206 from 1% Q106
 - Ordinary EBITA margin of 15% in HY06, flat compared to HY05 due to increased product development spend and sales and marketing
 - Free Cash Flow of €79 million was higher than expectations and above HY05 (€23 million) largely due to a tax refund
- Decreased financing costs due to positive impact from the mix of matured debt instruments, results from derivatives, and currency results
- Effective tax rate on pre-tax ordinary income of 26% is below last year (27%)
- Net income of €131 million, above last years level of €109 million
- Net debt increased by 11% to €2.1 billion from €1.9 billion over a 12 month period due to acquisition spending

Key Financials

EUR Million	HY06	HY05	Actual Currencies %	Constant Currencies %	Organic Growth %
Revenues	1,770	1,580	12	9	2
Ordinary EBITA	262	242	9	5	(6)
Ordinary EBITA margin %	15	15			
EBITA margin %	15	15			
Ordinary Net Income	161	135	20	9	
Ordinary diluted EPS	€0.52	€0.45	18	6	
Free cash flow	79	23			

Profit & Loss

EUR Million	HY06	HY05
Revenue	1,770	1,580
Ordinary EBITA	262	242
<i>Ordinary EBITA margin %</i>	15	15
Exceptional restructuring	0	(7)
EBITA	262	235
<i>EBITA margin %</i>	15	15
Amortization	(55)	(34)
Operating profit	207	201
Results on disposals	7	0
Income from investments	3	3
Financing results	(48)	(60)
Profit before tax	169	144
Income tax expense	(38)	(35)
Profit for the period	131	109
Net results from associates	0	0
Net Income	131	109

EUR Million	HY06 Revenues	HY06 Ordinary EBITA
Health	384	41
CFS	267	54
TAL	343	82
LTRE	651	90
Education	125	11
Corporate		(16)
Total	1,770	262

- Operating Profit (EBIT) was impacted by the increase of amortization of publishing rights as a result of recent acquisitions
- Financing costs were lower than the same period last year due to positive impact from the mix of matured debt instruments, results from derivatives and currency results

Profit & Loss (cont.)

EUR Million	HY06	HY05
Net income attributable to equity holders	131	109
Amortization of intangibles	55	34
Taxation on amortization	(20)	(13)
Results on disposals (after tax)	(5)	0
Exceptional restructuring expense (after tax)	0	5
Ordinary Net Income	161	135
Ordinary diluted EPS	€0.52	€0.45
<i>Weighted average number of shares</i>	306	301
<i>Weighted average diluted shares</i>	321	314

Consolidated Balance Sheet

EUR Million	June 06	Dec 05	June 05
Total non-current assets	4,102	3,805	3,818
Total current assets	1,250	1,635	1,461
Total current liabilities	(2,701)	(2,562)	(1,941)
Working capital	(1,451)	(927)	(480)
Capital Employed	2,651	2,878	3,338
Total group equity	1,091	1,099	913
Total non-current liabilities	1,230	1,436	2,141
Deferred tax liabilities	137	80	8
Employee benefits	178	250	248
Provisions	15	13	28
Total Financing	2,651	2,878	3,338

Cash Flow from Operating Activities

EUR Million	HY06	HY05
Operating Profit	207	201
Amortization & Depreciation	100	78
Exceptional restructuring expense	-	7
Autonomous movements in working capital	(124)	(109)
Cash Flow from Operations	183	177
Paid Financing costs	(67)	(64)
Paid corporate income tax	14	(38)
Appropriation of restructuring provisions	(20)	(23)
Share-based payments	9	6
Other	0	2
Cash Flow from Operating Activities	119	60

■ Increase in EBITA and amortization from acquisitions, offset by slight increase of working capital compared to last year.

■ Lower corporate tax due to a tax refund on tax paid in prior years. Cash corporate income tax was therefore positive.

Cash Flow from Investments

EUR Million	HY06	HY05
Cash Flow from Operating Activities	119	60
Net capital expenditure on fixed assets	(40)	(38)
Net Acquisition spending	(433)	(282)
Net receipts from disposal of activities	2	1
Dividends received	0	1
Cash from derivatives	1	30
Cash Flow from Investing Activities	(470)	(288)
Exercise of share options	3	8
New loans / (redemptions)	138	(3)
Movement in bank overdrafts	(5)	46
Repurchased shares	(19)	0
Dividend payments	(80)	(69)
Cash Flow from Financing Activities	37	(18)

- Higher acquisition spending is largely due to Healthcare Analytics, Provation and Heymanns
- Swap gains in 3rd quarter
- Buy-back 1 million shares
- 2004 dividend was taken 57% stock versus 52% over 2005

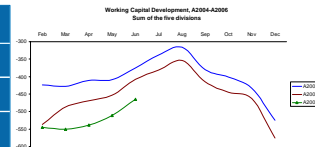
Free Cash Flow

EUR Million	HY06	HY05
Cash flow from operating activities	119	60
Cash flow from investments activities	(470)	(288)
Cash flow from financing activities	37	(18)
Net Cash Flow	(314)	(246)
Cash and cash equivalents as at January 1	428	687
Exchange differences on cash equivalents	0	6
Cash and Cash Equivalents as at June 30	114	447
Cash flow from operating activities	119	60
Capital expenditure on fixed assets	(40)	(38)
Dividends received	0	1
Free Cash Flow	79	23

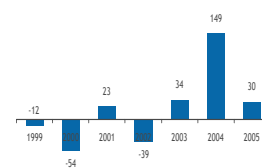
Working Capital Development (Organic Trend)

Analysis of contribution (+) absorption of (-) Cash Flow

EUR Million	HY06	HY05	Δ
Inventories	(14)	(14)	0
Trade debtors	88	94	(6)
Other debtors	(3)	(2)	(1)
Deferred income	(55)	(53)	(2)
Trade creditors	(44)	(78)	34
Other short-term liabilities	(96)	(56)	(40)
Autonomous movement in WC	(124)	(109)	(15)



Strong Working Capital Management



€210 million improvement over 3 years

Acquisitions HY 2006

- Acquisitions:

	<u>Annualized Revenues</u>	<u>Date</u>
– NDC/IM, now Healthcare Analytics	- \$165 million	January 6
– Sage Practice Solutions line	- \$7 million	January 16
– ProVation Medical, Inc.	- \$13 million	January 23
– Carl Heymanns Verlag	- €15 million	May 8
- Total acquisition spending €433 million; including earn-outs of past deals
- All acquisitions are accretive to ordinary EPS in year 1 and are expected to cover their cost of capital within 3 to 5 years

NDCHEALTH

sage
software



Carl Heymanns Verlag

ProVation® Medical
Clinical Productivity by Design

Disposals and Post Balance Sheet Acquisitions

■ Disposals

- On 23 January 2006, Segment (Beek, the Netherlands) was divested (annual revenues of approximately €5 million)
- On 28 February 2006, the CFS division divested two product lines. Xchangesoftware and Financial/Securities Exam Training which have annual revenues of approximately \$8 million

■ Post Balance Sheet Acquisitions

- ATX/Kleinrock was announced August 1, 2006
 - Serves the CPA market providing tax preparation software and research
 - Revenues of approximately \$40 million



2006 Outlook

Key Operational Measures	Actual 2005	Target 2006*
Organic revenue growth	2%	2-3%
Ordinary EBITA margin	16%	16.5-17.0%
Cash conversion	106%	95-105%
Key Financial Measures		
Free cash flow	€351 mln	± €350 mln
ROIC %**	7%	7%
Ordinary diluted EPS	€1.06	€1.18 - €1.23

Free Cash Flow 2006

- Improved growth
- Margin improvement
- Maintain working capital improvement
- Premium redemption convertible bond

Ordinary diluted EPS

- >10% increase including acquisitions (€0.03 NDC)

* At constant currencies EUR/USD 1.25
 ** After Tax

Summary

Continued Strong Free Cash Flow

Strong Financial Position

Supporting Operational Performance

Facilitating growth opportunities

Outlook

Nancy McKinstry
Chairman Executive Board/CEO

2006 Outlook: Growth Momentum Continues

Deliver stronger growth

- Continued investments
- New products
- Stronger customer relationship

Execute restructuring

- Support the integrated business
- Shared services; Global Platform, Off-shoring
- Data center consolidation

Extend positions in highest return markets

- Health
- CFS
- Tax & Accounting

Commitment to thoroughly know and understand our customers

The Professional's First Choice

2006 Outlook & Beyond: Reiterated

Key Operational Measures	2003	2004	2005	Target 2006*	2007*
Organic Revenue growth	-2%	1%	2%	2-3%	4%
Ordinary EBITA margin	18%	16%	16%	16.5%-17.0%	19-20%
Cash conversion	109%	126%	106%	95-105%	95-105%
Key Financial Measures					
Free cash flow	€393 mln	€456 mln	€351 mln	± €350 mln	≥ €400 mln
ROIC %**	7%	7%	7%	7%	≥ WACC***
Diluted ordinary EPS	€1.18	€1.02	€1.06	€1.18-€1.23	€1.45-€1.55

* At constant currencies EUR/USD 1.25

** After Tax

***WACC is currently 8% after tax

Summary

Three year strategy yielding results on all fronts

Momentum to deliver stronger and sustained growth

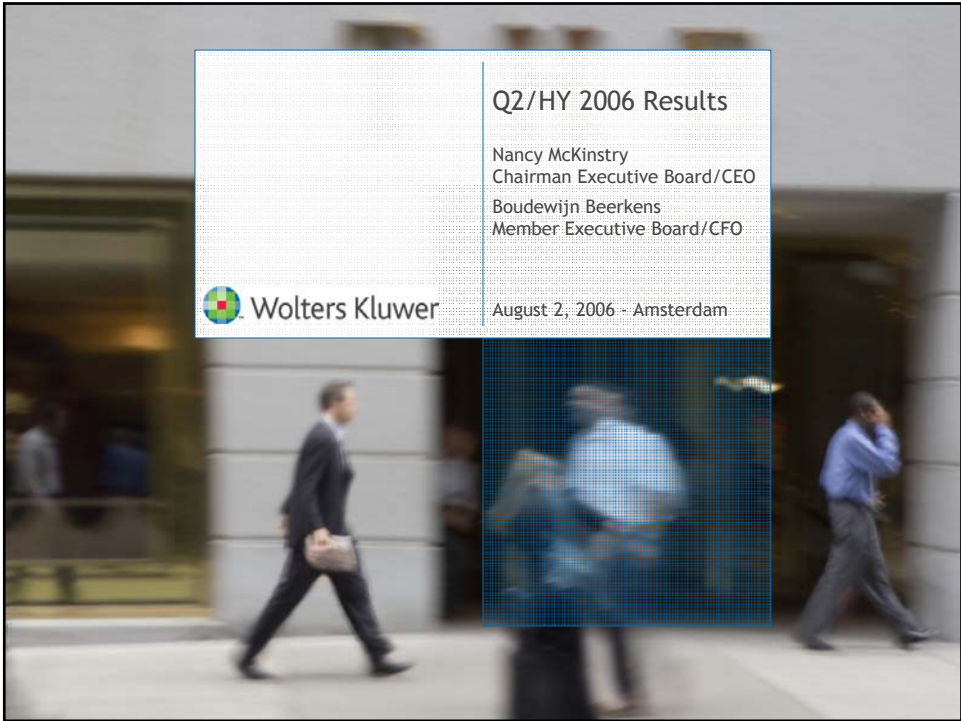
Customer adoption of online and integrated tools and solutions affirms core WK strategy

Restructuring progressing well with cost savings on target for full year

Fulfilling the Promise to Be...

The Professional's First Choice

Provide information, tools, and solutions to help professionals make their most critical decisions effectively and improve their productivity



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