Wolters Kluwer 2016 Nine-Month Trading Update

November 2, 2016 – Wolters Kluwer, a global leader in professional information services, today released its scheduled 2016 nine-month trading update.

Highlights

- **Full-year 2016 guidance reiterated.**
- **Nine-month revenues up 2% in constant currencies and up 2% organically.**
  - Digital & services revenues grew 4% organically (86% of total revenues).
  - Digital revenues rose 5% organically (74% of total), in line with first half trend.
  - Recurring revenues sustain 4% organic growth (78% of total).
  - All main geographic regions delivered positive organic growth.
- **Nine-month adjusted operating profit up 3% in constant currencies; adjusted operating profit margin increased by 20 basis points.**
- **Nine-month adjusted free cash flow increased overall and in constant currencies.**
- **Net-debt-to-EBITDA was 1.8x as of September 30, 2016.**

Nancy McKinstry, CEO and Chairman of the Executive Board, commented:
"Through the first nine months of 2016, we have continued to see good momentum in our recurring revenues, reflecting robust organic growth from our expert solutions which deliver deep domain knowledge and productivity to customers. Print books, transactional and other non-recurring revenues were, as expected, subdued in the third quarter. Operational excellence programs and lower restructuring costs are resulting in improved margins while allowing increased investment in new product development and in sales and marketing. We reaffirm our outlook for the year."

Nine Months to September 30, 2016

Nine-month revenues increased 1% overall, including the impact of exchange rate movements. In constant currencies, revenues grew 2%, largely reflecting organic growth of 2%. The effect of disposals on nine-month revenues exceeded the revenue contribution from acquisitions. All geographic regions delivered positive organic growth in the nine-month period. North America (61% of total revenues) saw organic growth moderate to 3% (9M 2015: 5%), primarily due to slower growth in Governance, Risk & Compliance. Europe (31% of total revenues) recorded an improvement in organic growth to 1%, compared to a 1% decline in the comparable period, with all divisions seeing improved year-on-year trends in this region. Asia Pacific & Rest of World (8% of total revenues) saw organic growth decelerate to 2% (9M 2015: 6%), mainly due to weakness in Tax & Accounting in Brazil and parts of Asia Pacific. Total recurring revenues, which accounted for 78% of total revenues sustained 4% organic growth, in line with the first half trends. The nine-month adjusted operating profit margin increased by 20 basis points, reflecting lower restructuring costs in Health and Legal & Regulatory as well as increased investment.

Health: Nine-month organic growth was 5%, in line with the first half. Clinical Solutions delivered 8% organic growth in the first nine months. *UpToDate*, which launched its 24th specialty (*Sleep Medicine*) in August, achieved double-digit organic growth. Health Learning, Research & Practice grew 1% organically, as growth in digital products outweighed decline in print journals and books. For the full year, we expect another year of good organic revenue growth for the division, similar to 2015, supported by robust organic growth in Clinical Solutions and positive growth in Health Learning, Research & Practice. Margins are expected to improve slightly, even as we continue to invest sales and marketing and product development to drive future growth. In October, we signed an agreement to acquire Emmi, a provider of subscription-based patient engagement solutions for healthcare providers and insurance carriers; this transaction is subject to Hart-Scott-Rodino regulatory approval in the U.S. and other customary closing conditions.

Tax & Accounting: Nine-month organic growth was 3%, in line with first half performance. Tax, accounting and audit software continue to drive the division's organic growth, sustaining robust momentum in North America and Europe. Print formats, online research and learning tools remain weak. In the third quarter, we introduced a *CCH ProSystem fx* offer tailored to the needs of small firms. For the full year, we continue to expect organic revenue growth to improve slightly on 2015 levels, driven by the ongoing mix shift towards software solutions. Margins are expected to be maintained for the full year despite higher investment.

Governance, Risk & Compliance: Nine-month organic growth was 2%, with recurring revenues sustaining 3% growth. Legal Services (LS) delivered 3% organic growth against a challenging comparable (9M 2015: 7%). LS transactional revenue organic growth slowed to 4% (9M 2015: 10%), primarily reflecting a lower level of M&A-related filings and trademark searches. Financial Services (FS) recorded organic growth of 2% (9M 2015: 7%), absorbing an anticipated decline in non-recurring software license and implementation fees following last year's TILA RESPA opportunity. FS transactional revenues sustained strong growth through the nine months supported by UCC search and filing at *CT Lien* and mortgage volumes in *Originations*. *Finance, Risk & Reporting* delivered positive organic growth, reflecting increased software maintenance revenues on the back of last year's new customer wins. For the full year, we continue to expect positive organic growth, albeit slower than in 2015, given demanding comparables for transactional and non-recurring software license and implementation fees. Full-year margins are expected to improve slightly. In October, we completed the acquisition of Vcorp Services, a provider of registered agent and other corporate legal services.

Legal & Regulatory: Nine-month organic revenue declined 2% (9M 2015: decline of 3%), marking a deterioration on the first half trend, as expected, due in part to a challenging comparable in print books. Digital products performed well, achieving mid-single-digit organic growth, reflecting new and enhanced products introduced in the past two years. Print products, which make up 37% of divisional revenues, declined 10% organically, as expected. Overall revenues for the first nine months declined 8%, mainly due to to several non-core disposals made in the past twelve months, including the divestment of our French trade media assets in the third quarter. In July, we completed the acquisition of Enablon, a global provider of on-premise and cloud-based software solutions for corporations to manage enterprise-wide environmental, health and safety (EHS) compliance. For the full year, we continue to expect organic revenue decline to be similar to 2015, with stronger digital performance offset by slight deterioration in print and services trends this year. Margins are expected to improve, mainly due to lower restructuring costs. Efficiency savings are expected to fund wage inflation and increased product investment.

Cash Flow, Acquisitions, Divestitures, Share Buyback and Net Debt

Nine-month operating cash conversion improved to 93% (9M 2015: 90%) as a reduction in working capital outflows outweighed higher capital expenditures. For the full year, we continue to expect cash conversion of around 95%. Nine-month adjusted free cash flow increased in constant currencies. A €22 million ($25 million) voluntary cash injection into the North American pension scheme in the third quarter was more than offset by improved cash conversion and lower tax paid. Our guidance for full-year 2016 adjusted free cash flow remains unchanged at €650-€675 million in constant currencies.

In September, we paid an interim dividend of €0.19 per ordinary share, bringing the total cash used for dividends to €214 million (2015 final dividend and 2016 interim dividend). Net acquisition spending, including earnouts, amounted to €275 million in the first nine months. Net proceeds from divestitures amounted to €12 million.

In the year to date, we have repurchased 2.9 million ordinary shares for a total consideration of €105 million (average price €35.52). These share repurchases are part of the three-year (2016-2018), up to €600 million buyback program announced on February 24, 2016. It remains our intention to spread the repurchases evenly over the three years. To facilitate this, Wolters Kluwer has committed itself to the repurchase of ordinary shares for a maximum total consideration of €95 million in the period November 3, 2016 up to and including December 30, 2016, by engaging a third party to execute transactions on its behalf, within the limits of relevant laws and regulations (in particular Regulation (EU) 596/2014) and Wolters Kluwer's Articles of Association.These shares will be used for capital reduction purposes or to meet obligations arising from share based incentive plans.

Twelve month rolling net-debt-to-EBITDA was 1.8x as of September 30, 2016, compared to 2.0x a year ago, and 1.7x at year-end 2015.

Full-Year 2016 Outlook

Our full-year 2016 outlook is unchanged. We expect to deliver margin improvement and to grow diluted adjusted EPS at a mid-single-digit rate in constant currencies this year. Our guidance for full-year 2016 is provided in the table below.

2016 Outlook

Performance indicators	2016 guidance
Adjusted operating profit margin	21.5%-22.0%
Adjusted free cash flow	€650-€675 million
Return on invested capital	> 9%
Diluted adjusted EPS	Mid-single-digit growth

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (EUR/USD 1.11). Guidance for EPS growth assumes the announced share repurchases are equally spread over 2016-2018. Adjusted operating profit margin and ROIC are in reported currency.

Our guidance is based on constant exchange rates. In 2015, Wolters Kluwer generated more than half of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2015 currency profile, a 1 U.S. cent move in the average EUR/USD exchange rate for the year causes an opposite change of approximately one and a half euro-cents in diluted adjusted EPS.

Restructuring costs, which are included in adjusted operating profit, are expected to start returning to normal levels: we expect these costs to be around €15-€25 million in 2016 (2015: €46 million). We expect adjusted net financing costs of approximately €105 million, excluding the impact of exchange rate movements on currency hedging and intercompany balances. We expect the benchmark effective tax rate to be in the range of 27%-28% in 2016. We expect a cash conversion ratio of approximately 95%, with capital expenditure rising to around 5% of total revenue.

Our guidance assumes no significant additional 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 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 2015 annual revenues of €4.2 billion. The group serves customers in over 180 countries, maintains operations in over 40 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 (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

February 22, 2017	Full-Year 2016 Results
March 8, 2017	Publication of 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
November 1, 2017	Nine-Month 2017 Trading Update

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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).