

# Wolters Kluwer

## Annual General Meeting 2018

Amsterdam  
April 19, 2018



Wolters Kluwer

# Nancy McKinstry

CEO and Chairman of the  
Executive Board



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

- **2017 Financial Performance**
- Progress on Strategic Priorities
- Outlook and Summary

# Highlights 2017

*In 2017, we delivered strong financial results and made progress on strategic goals*

**Solid  
organic  
growth**

- Total organic growth **+3%**
- Digital and services organic growth **+5%**

**Increased  
profitability**

- Adjusted operating margin **22.8%, +60bps**
- Adjusted free cash flow **+7%**
- Diluted adjusted EPS **+13%**

**Attractive  
shareholder  
returns**

- Dividend per share **+8%**
- Share buybacks **€300 million**
- Total shareholder return **+29%**

**Progress on  
strategic goals**

- Expanding our market coverage
- Delivering *Expert Solutions*
- Driving efficiencies and engagement

Growth rates for adjusted free cash flow and diluted adjusted EPS are in constant currencies.

# Performance versus guidance

*A strong fourth quarter led us to exceed several 2017 guidance metrics*

| Performance indicators           | 2017 Guidance                         | 2017 Actual   | Achieved |
|----------------------------------|---------------------------------------|---|----------|
| Adjusted operating profit margin | 22.5%–23.0%                           | <b>22.8%</b>  | ✓        |
| Adjusted free cash flow          | €675-€725 million <sup>1)</sup>       | <b>€746 million<sup>2)</sup></b><br><b>+7%<sup>1)</sup></b> | ✓ +      |
| Return on invested capital       | 9.5% - 10.0%                          | <b>10.2%</b>  | ✓ +      |
| Diluted adjusted EPS             | Mid-single-digit growth <sup>1)</sup> | <b>+13%</b>   | ✓ +      |

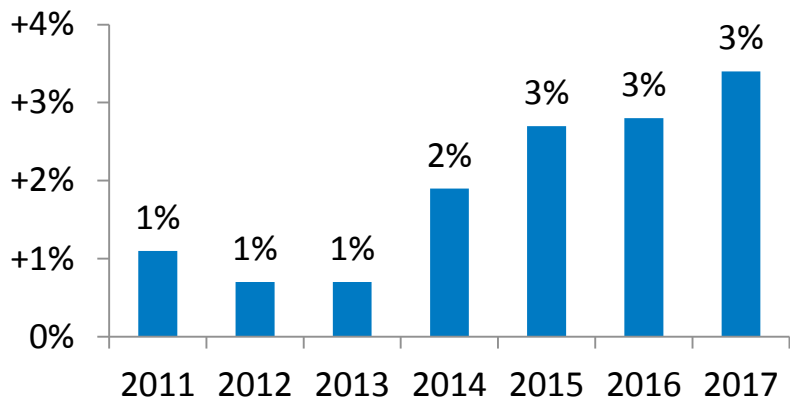
1) Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/ \$ 1.11).

2) Actual adjusted free cash flow shown in reported currencies.

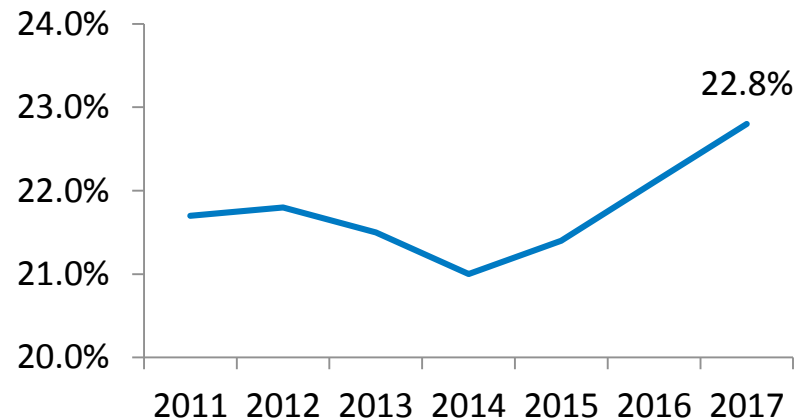
# Financial performance

*A track record of improving financial metrics*

### Organic Revenue Growth

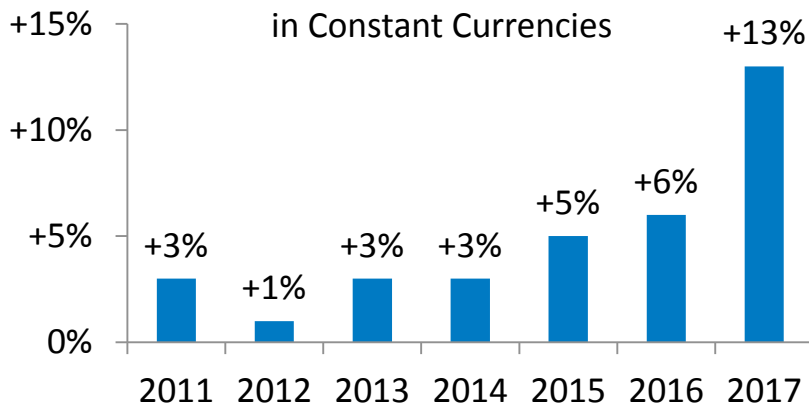


### Adjusted Operating Profit Margin

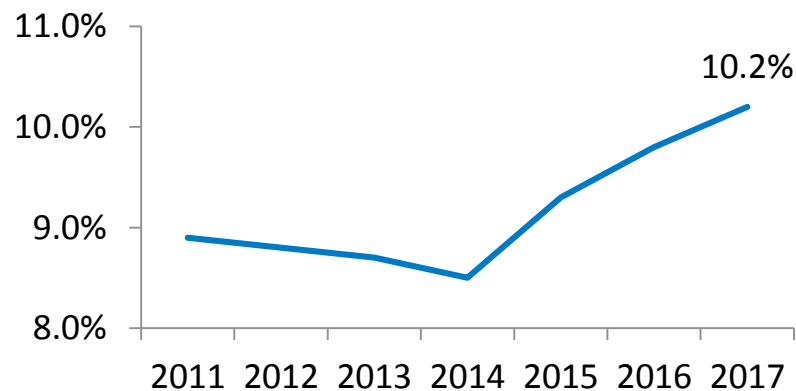


### Diluted Adjusted EPS Growth

in Constant Currencies



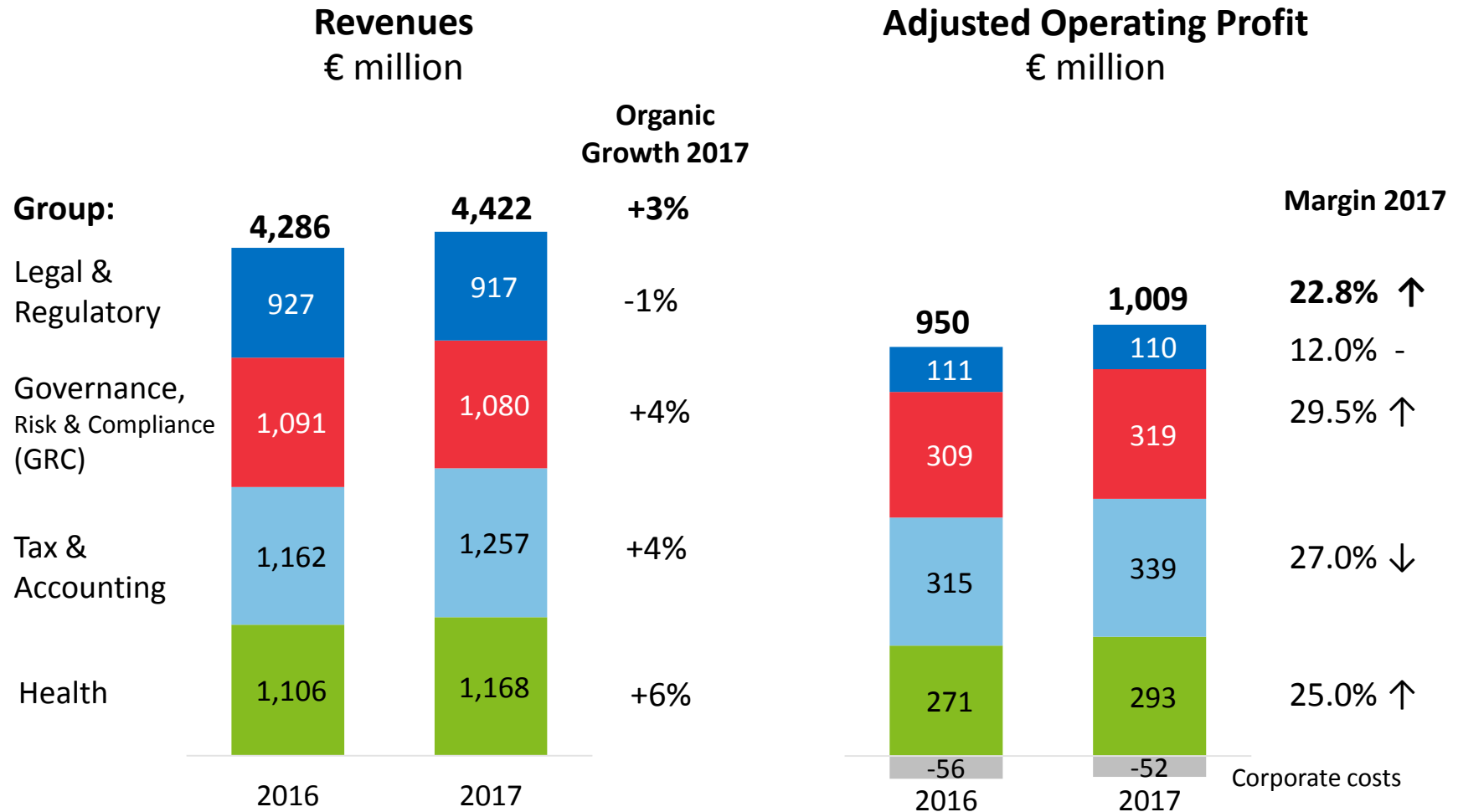
### Return on Invested Capital



All figures as reported.

# Divisional performance

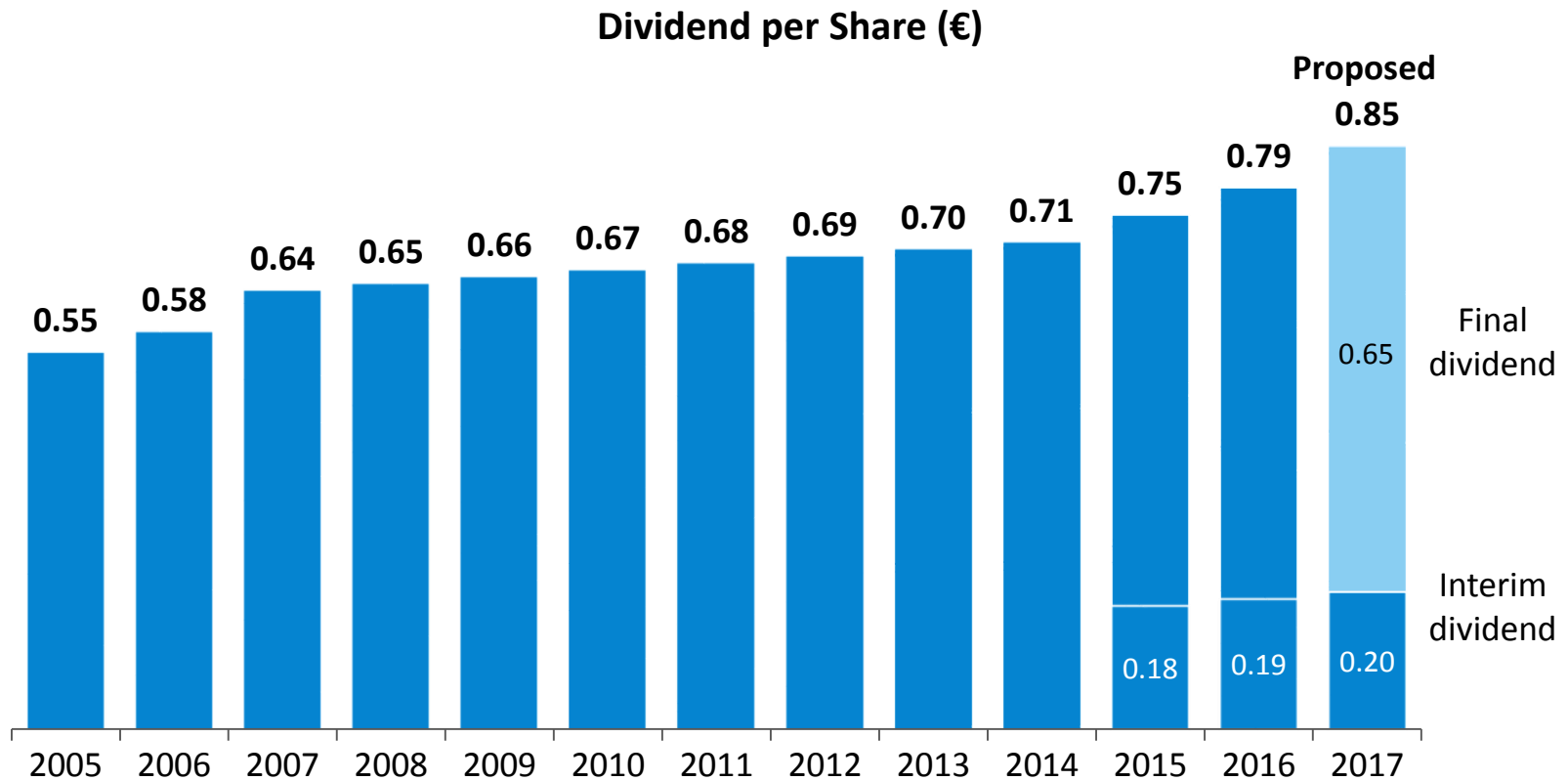
Three divisions delivered good organic growth and margins; Legal & Regulatory improved





# Dividend

Today, we propose a full-year total dividend of €0.85 per share, up +8%



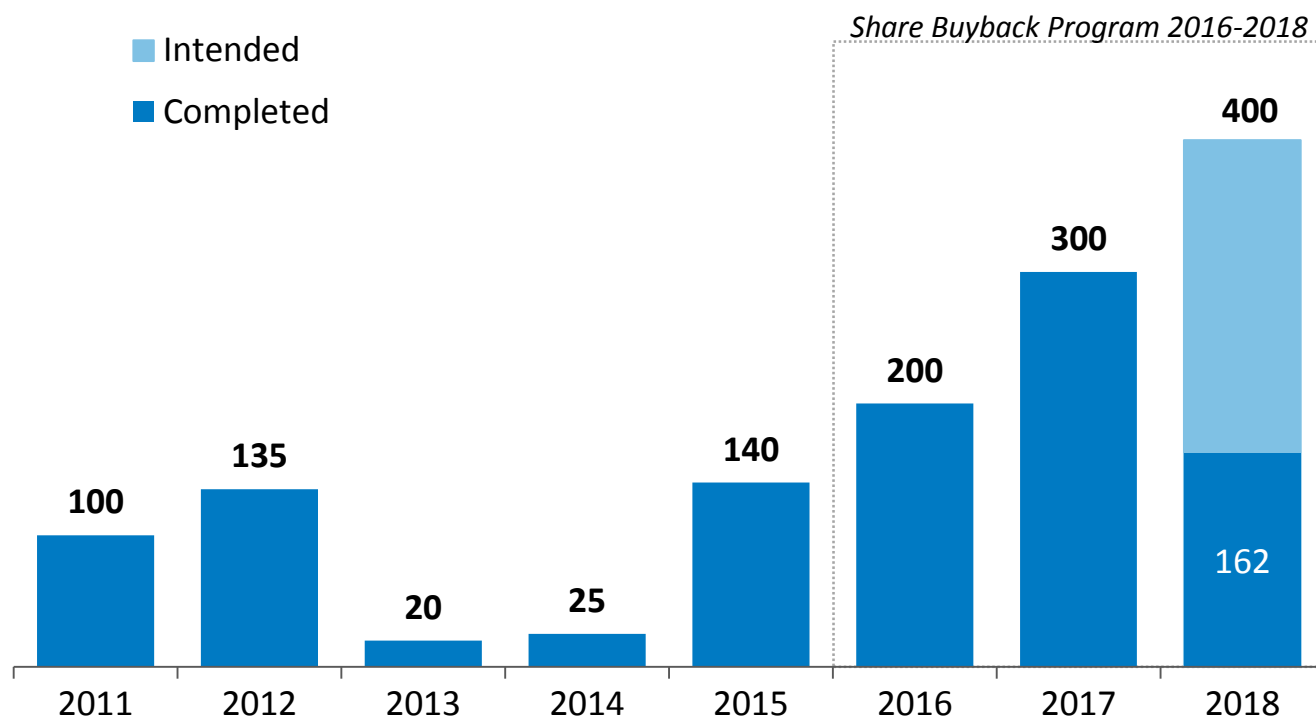
2018 interim dividend to be set at 40% of prior year total dividend (previously 25%)

The interim dividend is paid in September and the final dividend is paid in May of the subsequent year.

# Share buybacks

*Our buyback program has been expanded with proceeds from non-core disposals*

**Share Buybacks (€ million)**  
as of April 18, 2018



ProVation disposal proceeds (€150 million) to be used for additional buybacks in 2018-2019

Share buyback amounts include repurchases made to offset management incentive share issuance

# Share price

*Wolters Kluwer shares continued to outperform AEX and European Media sector*

**Wolters Kluwer vs AEX and STOXX Media**  
Prices Rebased to 100



Wolters Kluwer  
Closing Price April 18  
**€44.19**

Wolters Kluwer  
Market Cap: €4.7bn

€12.8bn

|  |                 |                              |
|--|-----------------|------------------------------|
| <b>One Year 2017:</b> Wolters Kluwer <b>+26%</b>         | <b>AEX +13%</b> | <b>Euro Stoxx Media +4%</b>  |
| <b>Five Years 2012-2017:</b> Wolters Kluwer <b>+181%</b> | <b>AEX +59%</b> | <b>Euro Stoxx Media +50%</b> |

Source: Nasdaq IR Insight/FactSet data

# Agenda

- 2017 Financial Performance
- **Progress on Strategic Priorities**
- Outlook and Summary

# Strategic priorities 2016-2018

*Our strategy aims to sustain and improve organic growth, margins and returns*



- Allocate capital to leading growth units and digital products
- Extend into adjacencies and new geographies
- Broaden sales and marketing coverage
- Supplement organic growth with portfolio actions



- Deliver solutions providing improved outcomes and productivity
- Accelerate development of global and cloud solutions
- Expand new media marketing channels
- Invest 8-10% of revenues in innovation



- Drive scale economies, quality and agility
- Leverage our technology investments
- Foster employee engagement

# Expand market coverage

*Expanding our global products and reshaping our portfolio*



## ■ Invested in global products

- Health: invested to grow UpToDate and drug information outside the U.S.
- Tax & Accounting: launched TeamMate+; extended CCH iKnow and CCH iFirm into new geographies
- GRC: invested to enhance core features of OneSumX
- Legal & Regulatory: extended Kleos into Germany; added mobility features to Enablon

## ■ Entered attractive global adjacency with acquisition of Tagetik

- Combined Tagetik with TeamMate to form Corporate Performance Solutions, serving the Office of the CFO

## ■ Completed non-core disposals

- 2017: Sold Transport Services and certain U.K. assets
- 2018: Sold Corsearch, certain Swedish assets, and ProVation

# Deliver expert solutions

*Two leading expert solutions that drove double-digit organic growth in 2017*

## Tax & Accounting CCH Axcess



- Integrated cloud solution for U.S. professional tax and accounting firms
- In 2017, added CCH My1040Data leveraging artificial intelligence for data transfer
- Recurring revenue model
- Existing and new customers helped drive double-digit organic growth in 2017

## Governance, Risk & Compliance OneSumX

Finance, Risk & Reporting



- Leading global solution for integrated risk- and regulatory reporting used by world's leading banks
- Supports financial institutions comply with complex, data-driven regulatory regimes
- License/maintenance revenue model
- New and expanded software license contracts drove 10% organic growth in 2017

# Drive efficiencies

*Driving front and back office savings; increasing technology standardization*



- **Driving operational excellence in front and back office**
  - Launched collaborative sales and digital marketing initiatives
  - Consolidated data centers and advanced migration to the cloud
  - Rationalized real estate and consolidated large vendor contracts



- **Standardizing technology planning, tools and processes**
  - Standardized digital product development process
  - Advanced our use of standard technologies
  - Drove the adoption of advanced technologies, including artificial intelligence

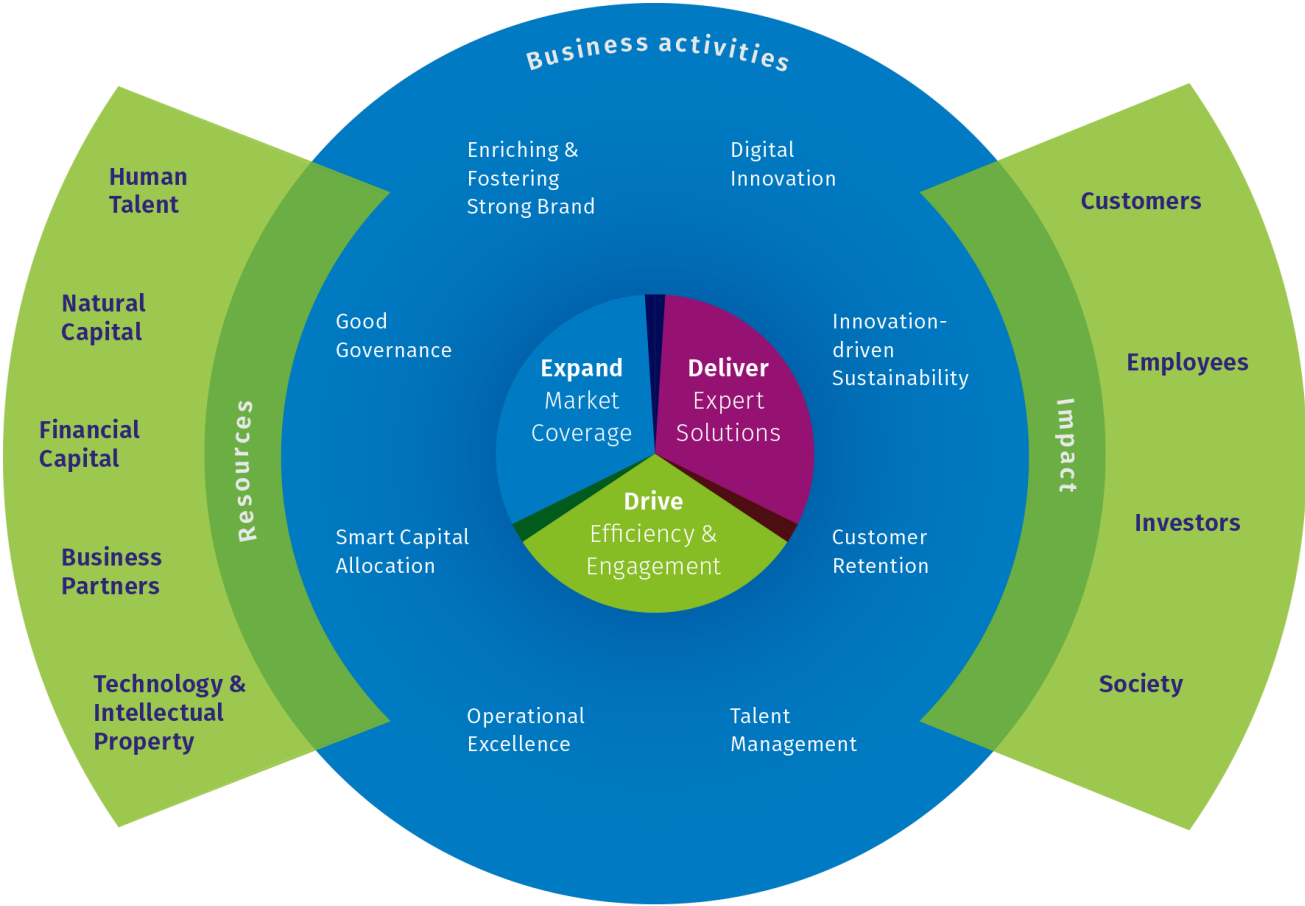


- **Extracting integration benefits from acquisitions**
  - Set stage to drive revenue and cost synergies from integrating recent acquisitions



# Value creation model

*Our strategy aims to add value for customers, employees, investors, and society*

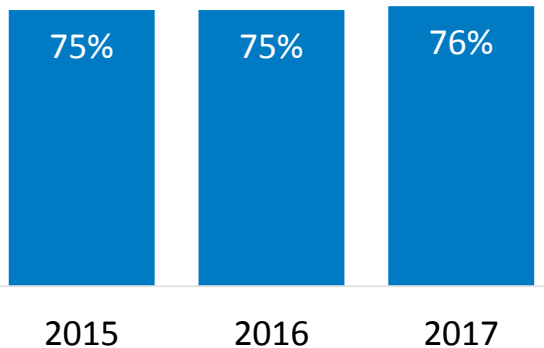


# Non-financial indicators

*We strive to improve on a range of non-financial measures each year*

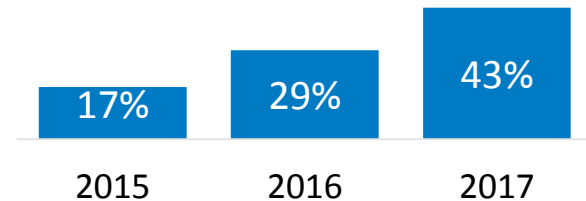
## Employee Engagement

■ % Favorable



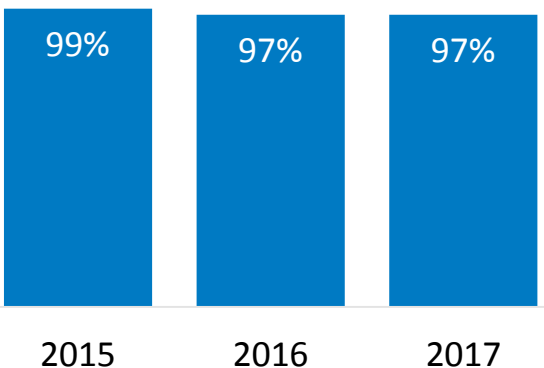
## Female Supervisory Board Members

■ % Female



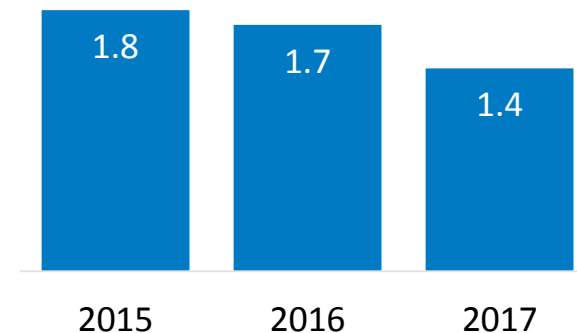
## Compliance Training

■ % Completed



## Energy Consumption

■ Tons CO2 Emissions/FTE



Source: Wolters Kluwer 2017 Sustainability Data document. Data is not assured.

# Sustainable development goals

*We are contributing directly to key Sustainable Development Goals*



# Agenda

- 2017 Financial Performance
- Strategic Progress
- **Outlook and Summary**

# Guidance 2018

*In February 2018, we set out our financial guidance for the year*

| <b>Performance indicators</b>    | <b>2018 Guidance</b> | <b>2017 (Under IFRS 15)</b> |
|----------------------------------|----------------------|-----------------------------|
| Adjusted operating profit margin | 22.5% - 23.0%        | 22.2%                       |
| Adjusted free cash flow          | €725 - €750 million  | €746 million                |
| Return on invested capital       | 10.0% - 10.5%        | 9.8%                        |
| Diluted adjusted EPS             | 10% - 15% growth     | €2.22                       |

Guidance reflects IFRS 15. Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/€ 1.13). Guidance for EPS growth assumes share repurchases for up to €400 million in 2018. Adjusted operating profit margin and ROIC are in reported currencies and assume an average EUR/USD rate around €/€ 1.20.

## *Additional guidance:*

Expect adjusted net financing costs of approximately €70 million, excluding the impact of exchange rate movements.

Expect the benchmark effective tax rate to be approximately 26%.

Expect cash conversion of approximately 100% and capital expenditure in the range of 5%-6% of total revenue.

# Summary

*We are focused on executing on our plans and objectives for 2018*

## ■ 2017 results

- Solid +3% organic growth
- Further improvement in profitability and cash flow
- Increased cash returns to shareholders

## ■ Significant progress on our 2016-2018 strategic plan

- Extended our market coverage
- Increased our focus on expert solutions
- Drove efficiencies and engagement
- Improved on our sustainability metrics

## ■ 2018 outlook

- Solid organic growth and margin improvement
- Adjusted EPS growth of 10-15% in constant currencies

Thank you



Wolters Kluwer