Wolters Kluwer First-Quarter 2020 Trading Update

May 6, 2020 – Wolters Kluwer, a global leader in professional information, software solutions, and services, today releases an update on first-quarter 2020 trading and the impact of COVID-19.

Highlights

- **2020 guidance suspended due to uncertainty caused by the impact of COVID-19.**
  - Recurring revenues (approximately 80% of annual revenues) expected to show resilience.
  - Non-recurring revenues expected to see weaker trends in current market conditions.
- **First-quarter revenues up 3% in constant currencies and up 4% organically.**
  - Recurring revenues (82%) rose 5% while non-recurring revenues declined 2% organically.
  - Digital & services revenues (93%) grew 5% while print revenues declined 13% organically.
- **First-quarter adjusted operating profit margin increased by 110 basis points.**
- **First-quarter adjusted free cash flow declined 9% in constant currencies.**
- **Strong balance sheet and liquidity position.**
  - Twelve months' rolling net-debt-to-EBITDA ratio 1.5x as of March 31, 2020.
  - Cash-on-hand and undrawn credit facility amply cover our funding needs.
- **Final dividend for 2019 approved by shareholders and to be paid on May 20, 2020.**
- **2020 share buyback of up to €350 million maintained.**
  - €125 million completed in the year through May 5, 2020.
  - Pace of buybacks to be slowed: mandate for €50 million in buybacks for next three months.

Nancy McKinstry, CEO and Chairman of the Executive Board, commented: *"As we navigate the disruption caused by the spread of COVID-19, Wolters Kluwer has been focused on the health and well-being of its employees and on providing solutions and support to our customers around the world. Our employees have shown tremendous dedication, ingenuity, and agility and I would like to thank them for their hard work and commitment. Our first quarter results saw limited impact from COVID-19, but given current uncertain market conditions, we feel it is appropriate to suspend our specific 2020 guidance until we have greater clarity on the sales environment and on revenue trends. We have initiated plans to mitigate the impact of COVID-19 with expense reductions, while protecting jobs and key product and strategic investments. We start from a strong financial position and are confident we can weather the economic disruption while focusing on achieving our longer-term strategic goals."*

First Quarter 2020

Our first quarter 2020 results exhibited minimal impact from COVID-19 on revenues and costs, as government efforts to contain the spread of the virus did not yet have much impact on conditions in our geographies and market segments until late in the quarter. In the second half of March, we saw an impact on transactional revenues in Governance Risk & Compliance (GRC) and on other non-recurring revenue types across all divisions.

First quarter 2020 revenues rose 5% in reporting currency, benefitting from a 2% favorable effect from currency. Excluding the impact of exchange rate movements, first quarter revenues increased 3%, reflecting net disposal activity in our Health and Legal & Regulatory divisions. Organic growth was 4%, broadly in line with the same period a year ago. Recurring revenues, which made up 82% of revenues in the first quarter and include subscriptions and other repeating revenue streams, sustained 5% organic growth. Non-recurring revenues, which accounted for the remaining 18% of first quarter revenues, declined 2% for the quarter after a strong start to the year. Non-recurring revenues were impacted by trends in transactional volumes in Governance Risk & Compliance (GRC) and weakness in training, journal advertising and reprints, software license fees and professional implementation services. Additionally, printed books (2% of first quarter revenues) recorded double-digit declines across three of our divisions in the first quarter.

Health revenues increased 5% in constant currencies and 5% on an organic basis. Clinical Solutions grew 8% organically in the first quarter, led by our global clinical decision support tool, UpToDate. Health Learning, Research & Practice saw positive organic growth in the quarter with improved momentum in digital subscription revenues, including nursing solutions for education and practice, partly offset by a deterioration in print books, journal advertising and continuing medical education trends. Recent trading: organic growth was positive but significantly slower in April, with Clinical Solutions (over 95% recurring) driving mid-single-digit organic growth and Health Learning, Research & Practice impacted by declines in print books, advertising, and other non-recurring revenue streams. In current market conditions, subscription renewals for digital solutions are likely to hold up well, while new sales and non-recurring revenues are challenged.

Tax & Accounting revenues increased 5% in constant currencies and 5% organically, in line with the same period a year ago. Corporate Performance Solutions, which includes CCH Tagetik and TeamMate cloud and on-premise software, grew well, albeit slower than in the same period in 2019. In Professional Tax & Accounting, our large North American operations saw moderate organic growth, in line with a year ago and largely as expected. Our European Professional Tax & Accounting business, as expected, recorded slower organic growth due to a challenging comparable. Trends in Asia Pacific and Rest of World (ROW) improved. Recent trading: organic growth was weak in April, due to lower new sales and software licenses. We expect U.S. recurring e-filing revenues to spread into the third quarter following the extension of IRS filing deadlines to July. Market conditions for new sales of subscription products and for non-recurring categories such as training, software licenses, and implementation services are proving challenging.

Governance, Risk & Compliance (GRC) revenues increased 4% in constant currencies and 4% organically, in line with the same period a year ago. Legal Services organic growth decelerated compared to a year ago as robust momentum in recurring revenues was accompanied by weaker trends in transactional revenues. Legal Services transactional volumes declined sharply in the last two weeks of March. Financial Services organic growth improved for all main units and across both recurring and transactional revenues in the first quarter. Our Finance, Risk & Reporting software business achieved good growth, albeit slower than a year ago. Recent trading: Transactional revenues declined year-on-year in April, but this was temporarily mitigated by the rapid launch of a dedicated solution to help our U.S. lending customers participate in the Small Business Administration's COVID-19 paycheck protection program. In current market conditions, we expect recurring revenues (approximately 60% of divisional total) to hold up well, but non-recurring revenue streams to decline.

Legal & Regulatory revenues declined 1% in constant currencies and 1% organically in the first quarter. EHS/ORM Solutions and Legal Software recorded double-digit organic growth in the quarter, although slower than in the same period a year ago. Legal & Regulatory Information Solutions (83% of divisional revenues) posted 3% organic revenue decline in the quarter due to a deterioration in print subscription trends and weakness in non-recurring business, including training and printed books. Digital information solutions sustained good organic growth in both the U.S and Europe. Recent trading: organic revenue trends weakened in April, mainly due to non-recurring revenues including books and training. In current market conditions, we expect recurring revenue to hold up well supported by strong usage of digital solutions, while non-recurring revenues are expected to decline.

Cash Flow, Balance Sheet and Liquidity

First-quarter adjusted EBITDA increased in constant currencies. The cash conversion ratio declined, largely as expected, due to increased working capital outflows and net capital expenditure in the quarter. As a result, adjusted free cash flow declined in constant currencies. Cash taxes and financing costs increased modestly compared to the same period a year ago. Net cash spend on acquisitions was €25 million, primarily related to the acquisition of CGE Risk Management in February 2020. Net disposal proceeds were €10 million in the quarter and mainly related to the sale of certain Belgian training assets in January 2020 which were classified as held for sale at year-end 2019. A total of €87 million was deployed towards share repurchases during the quarter and, as of March 31, 2020, the number of issued ordinary shares outstanding (excluding 6.8 million shares held in treasury) was 266.2 million.

Net debt stood at €2,142 million on March 31, 2020, compared to €2,199 million at December 31, 2019. Our balance sheet remains strong, with net-debt-to-EBITDA, based on rolling twelve months' EBITDA, reduced to 1.5x at the end of March 2020, compared to 1.6x at year-end 2019.

Our liquidity position is very solid with, as of the end of March 31, 2020, net cash available of €298 million (€953 million of cash and cash equivalents less bank overdrafts used for cash management purposes of €505 million and outstanding Euro commercial paper of €150 million). In addition to this net cash position, we have access to an as-of-yet undrawn multi-currency credit facility of €600 million, which we expect to renegotiate and extend before its maturity date in July 2021. Apart from a €250 million private loan agreement maturing in December 2020, we have no other long-term debt maturing in 2020. After payment during the second quarter of approximately €210 million in relation to the proposed final dividend for 2019, we expect to remain comfortably below the debt covenant on our credit facility.

Full-Year 2020 Outlook Suspended due to COVID-19 Uncertainty

Following a good start to the year and prior to the global spread of COVID-19, we were aiming to deliver another year of solid organic growth and improvement in adjusted operating profit margin, adjusted free cash flow, return on invested capital (ROIC), and diluted adjusted EPS in 2020. However, the impact of unprecedented measures put in place to contain the spread of COVID-19 have created significant uncertainty and challenges for the coming quarters and we therefore suspend our specific 2020 guidance until we have greater clarity on selling conditions and revenue trends.

We expect renewal rates for existing digital and services subscriptions and other recurring revenue products to show resilience, but we note that new sales of subscription products are more difficult in current market conditions. Sales of new software licenses and implementation services are likely to be postponed while transactional volumes, training, books and other non-recurring revenue products[1] are likely to be weak in current conditions.

We have prepared cost reduction plans for various revenue growth scenarios in 2020 aiming to protect margins while sustaining key product and strategic investments. We are closely monitoring fast-changing market conditions and will adapt our response as needed. Like many companies, in mid-March, we transitioned over 95% of Wolters Kluwer's 19,000 employees to a global work-from-home status, with only minimal disruption to date on business continuity and productivity.

Across all divisions, we have been supporting customers with information and solutions to support their workflow and decision-making in these challenging times. We have introduced dedicated COVID-19 resources for healthcare, tax, legal and compliance professionals and we have developed software solutions to enable lenders to participate in the U.S. SBA paycheck protection program and to help companies manage health and safety risks specific to COVID-19.

Share Buyback 2020

On February 26, 2020, we announced our intention to repurchase up to €350 million in shares during

[1] Non-recurring revenues includes revenues from transactional services, software license sales and implementation services, training, advertising, print books, and other products not sold on a subscription basis.

2020. In the year to date, we have completed share repurchases of €125 million (1.9 million ordinary shares at an average share price of €65.08).

As previously stated, share repurchases may be suspended, discontinued, or modified at any time. In the interest of prudence given the current uncertainty around COVID-19, we intend to slow the rate of share repurchases in the coming months. For the period starting May 7, 2020, up to and including August 3, 2020, we have engaged a third party to execute €50 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. Share repurchases will be used for capital reduction purposes and to meet obligations arising from share-based incentive plans.

About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. 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 2019 annual revenues of €4.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 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, visit www.wolterskluwer.com, follow us on Twitter, Facebook, LinkedIn, and YouTube.

Financial Calendar

May 20, 2020	Payment date: 2019 final dividend ordinary shares
May 27, 2020	Payment date: 2019 final dividend ADRs
August 5, 2020	Half-Year 2020 Results
September 1, 2020	Ex-dividend date: 2020 interim dividend
September 2, 2020	Record date: 2020 interim dividend
September 24, 2020	Payment date: 2020 interim dividend
October 1, 2020	Payment date: 2020 interim dividend ADRs
October 30, 2020	Nine-Month 2020 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, including the expected impact of the COVID-19 pandemic on Wolters Kluwer, its customers and suppliers; 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).