



# Wolters Kluwer

## 2017 Annual General Meeting of Shareholders

April 20, 2017



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

- **2016 Financial Performance**
- Progress on Strategic Priorities
- Outlook and Summary

# Highlights 2016

*In 2016, we sustained growth, improved profitability and made strategic progress*

Sustained  
organic  
growth

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

Increased  
profitability

- Adjusted operating profit up **+6%**
- Adjusted FCF up **+9%**
- Diluted adjusted EPS up **+6%**

Attractive  
shareholder  
returns

- Dividend per share **+5%**
- Share buybacks **€200 million**
- Total shareholder return **+14%**

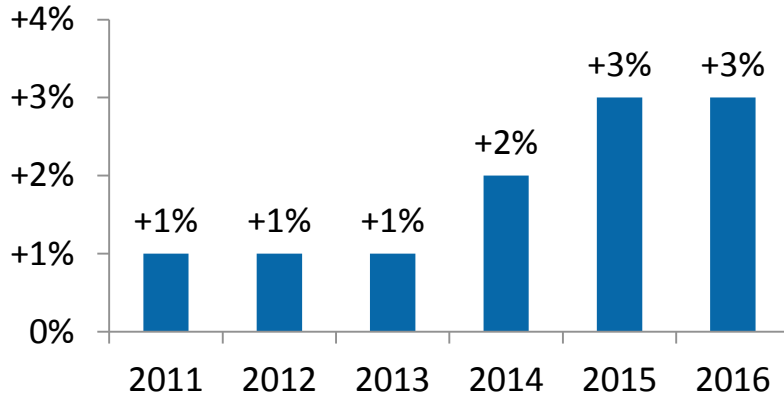
Progress on  
strategic  
plans

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

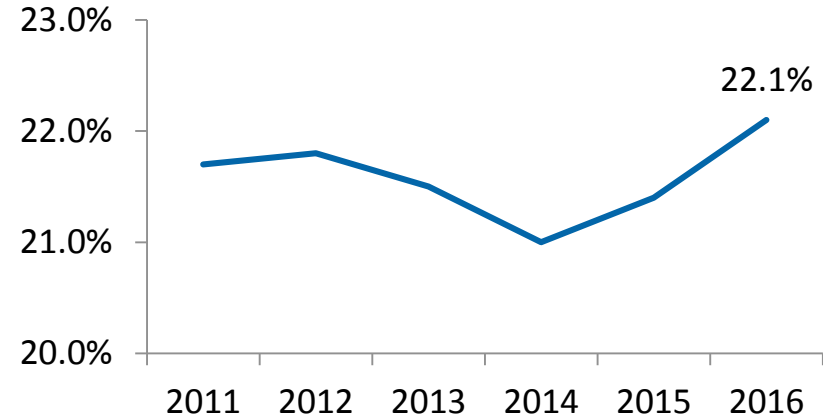
# Financial performance

*We have seen steady improvement across several key financial metrics*

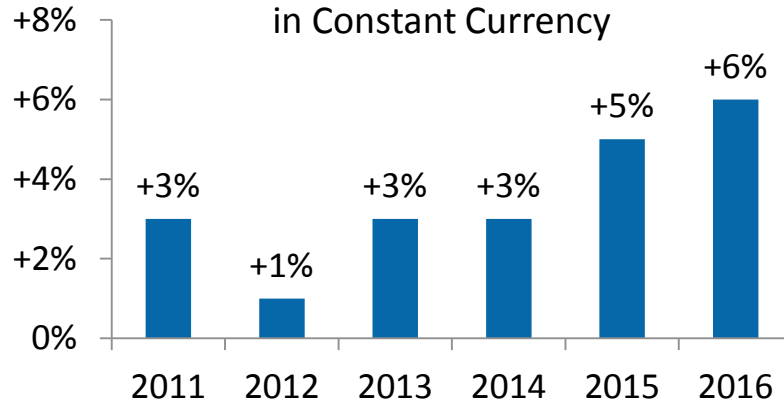
### Organic Revenue Growth



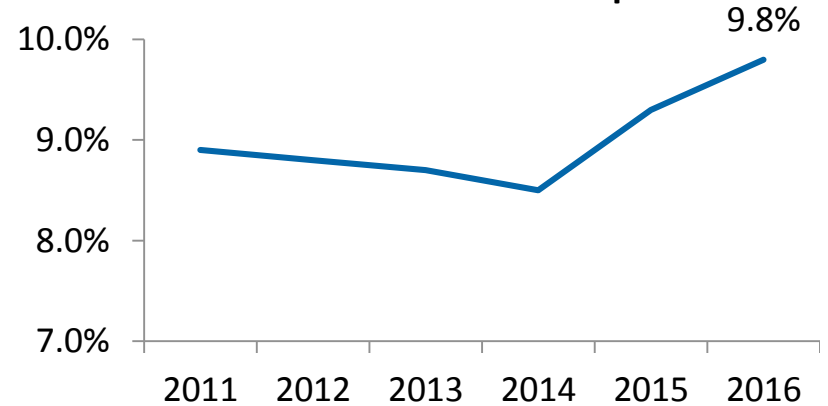
### Adjusted Operating Profit Margin



### Diluted Adjusted EPS Growth in Constant Currency



### Return on Invested Capital



Note: all figures as reported.

# Performance vs. guidance

*And, we met or exceeded our 2016 guidance*

Performance indicators	2016 Guidance	2016 Actual	Achieved
Adjusted operating profit margin	21.5%–22.0%	<b>22.1%</b>	Exceeded
Adjusted free cash flow	€650-€675 million <sup>1)</sup>	<b>€708 million<sup>2)</sup></b> <b>+9%<sup>1)</sup></b>	Exceeded
Return on invested capital	> 9%	<b>9.8%</b>	✓
Diluted adjusted EPS	Mid-single-digit growth <sup>1)</sup>	<b>+6%</b>	✓

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

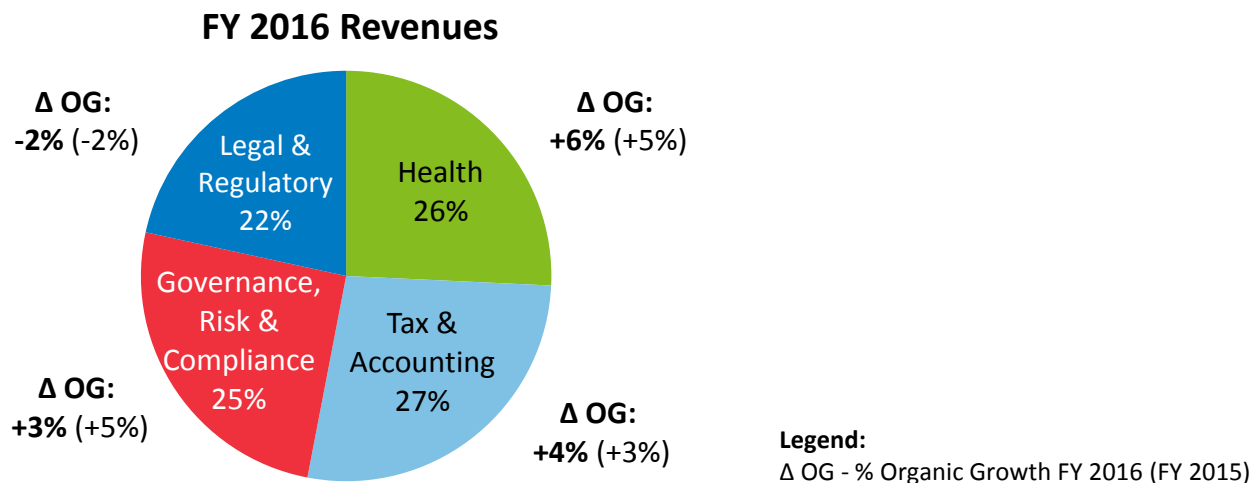
2) Actual adjusted free cash flow shown in reported currencies.

# Revenues by division

*Accelerated growth in Health and Tax & Accounting offset slower growth in GRC*

(€ million)	FY 2016	FY 2015	Δ	Δ CC	Δ OG
Health	1,106	1,022	+8%	+8%	+6%
Tax & Accounting	1,173	1,132	+4%	+4%	+4%
Governance, Risk & Compliance	1,091	1,065	+2%	+3%	+3%
Legal & Regulatory	927	989	-6%	-6%	-2%
<b>Total revenues</b>	<b>4,297</b>	<b>4,208</b>	<b>+2%</b>	<b>+2%</b>	<b>+3%</b>

Δ: % Change; Δ CC: % Change constant currencies (€/€ 1.11); Δ OG: % Organic growth.





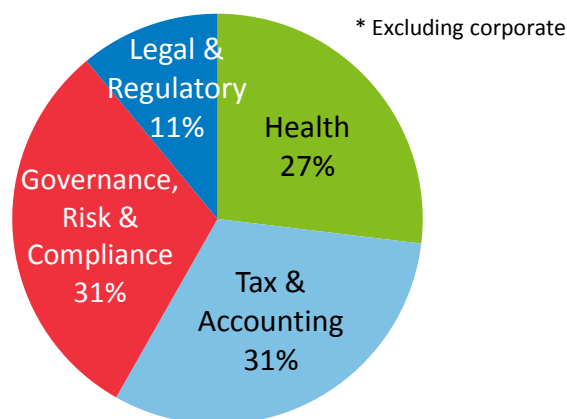
# Adjusted operating profit

*Increased margins in Health, GRC, and Legal & Regulatory more than offset lower margin in Tax & Accounting*

(€ million)	FY 2016	FY 2015	Δ	Δ CC	Δ OG	Margin FY 2016	Margin FY 2015
Health	271	247	+10%	+9%	+8%	24.5%	24.1%
Tax & Accounting	315	311	+1%	+2%	+1%	26.9%	27.5%
Governance, Risk & Compliance	309	298	+4%	+4%	+4%	28.4%	28.0%
Legal & Regulatory	111	96	+15%	+17%	+17%	12.0%	9.7%
Corporate	(56)	(50)	+11%	+11%	+11%		
<b>Adjusted operating profit</b>	<b>950</b>	<b>902</b>	<b>+5%</b>	<b>+6%</b>	<b>+5%</b>	<b>22.1%</b>	<b>21.4%</b>

Δ: % Change; Δ CC: % Change constant currencies (€/\$ 1.11); Δ OG: % Organic growth.

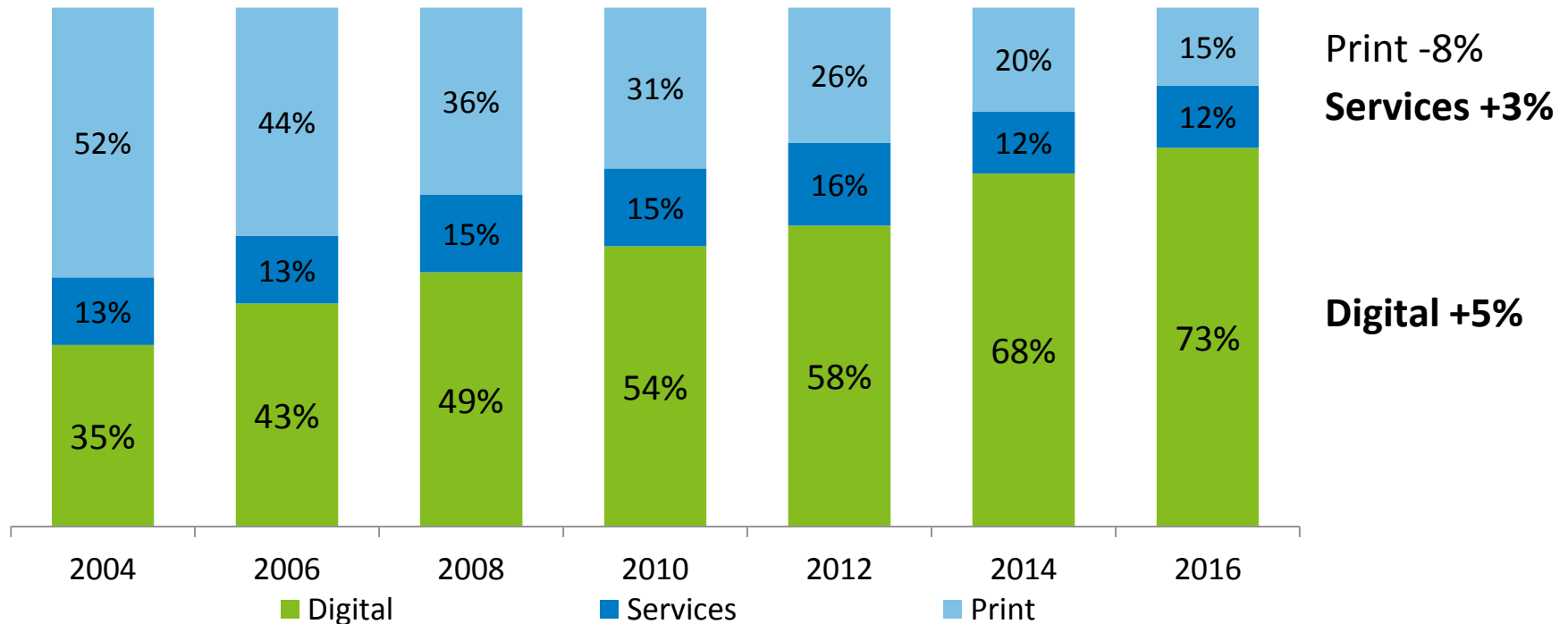
## FY 2016 Adjusted Operating Profit



# Digital transformation

*Digital products and services are driving our transformation: in 2016, they grew +5% organically and reached 85% of total revenues*

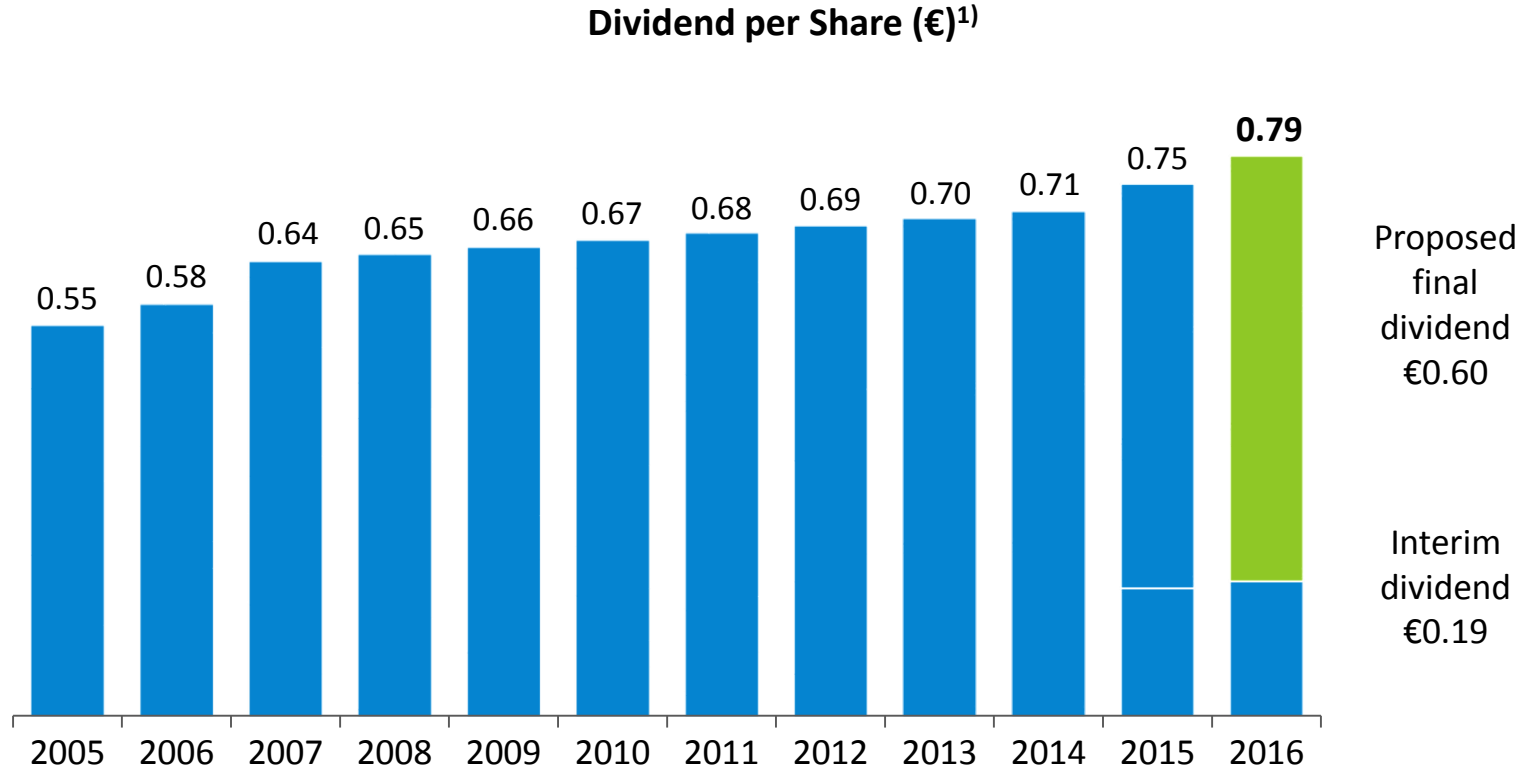
Revenues by Media Format (%)



Note: 2012 excludes discontinued operations. 2014 reflects updated product classifications.

# Dividend

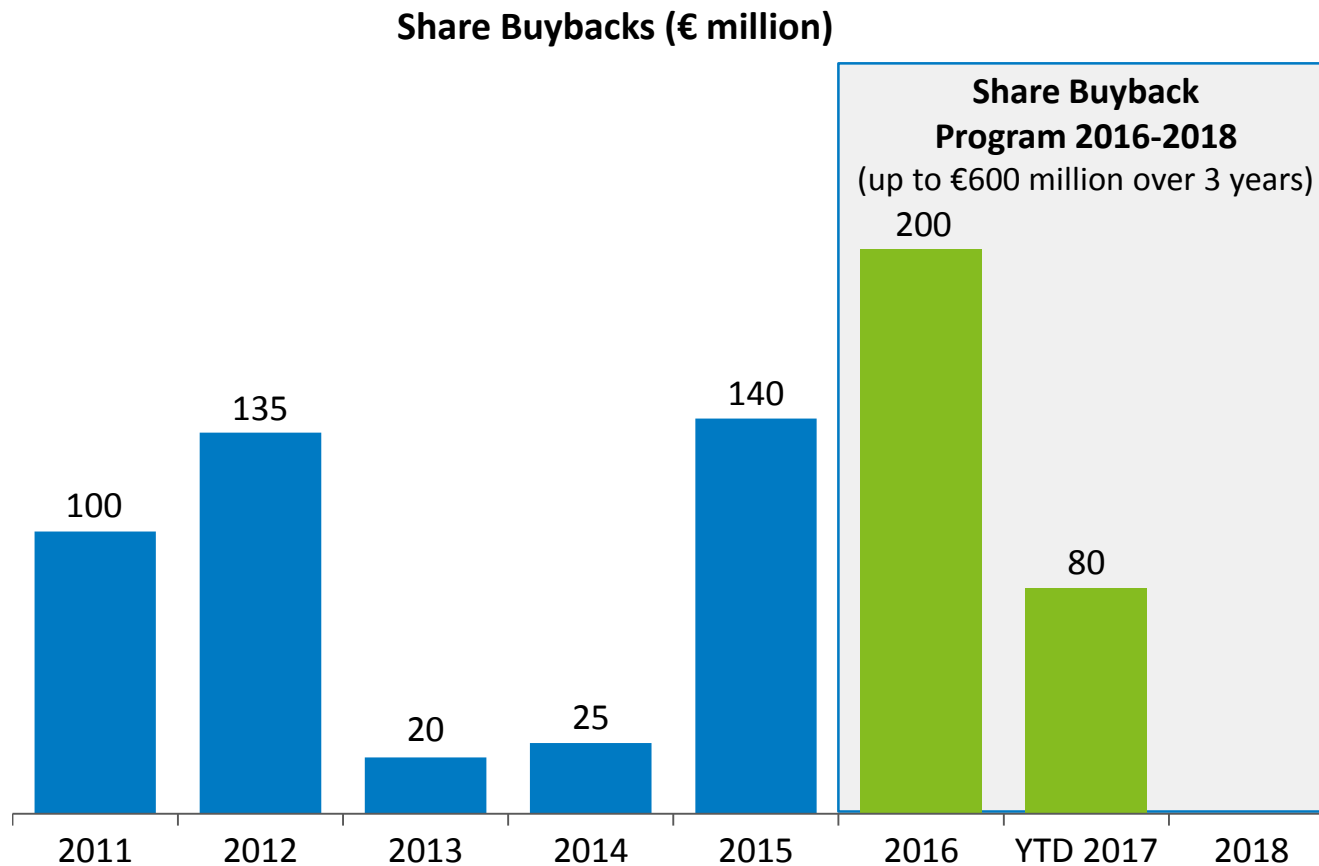
*For over 25 years, Wolters Kluwer has maintained or increased its dividend per share. Today we are proposing full-year total dividend of €0.79 per share, up +5%*



1) Dividend declared for the year indicated.

# Share buybacks

*We've been executing on our Share Buyback Program 2016-18: completing €200 million in 2016 and, as of April 19, €80 million in 2017*



# Share price performance

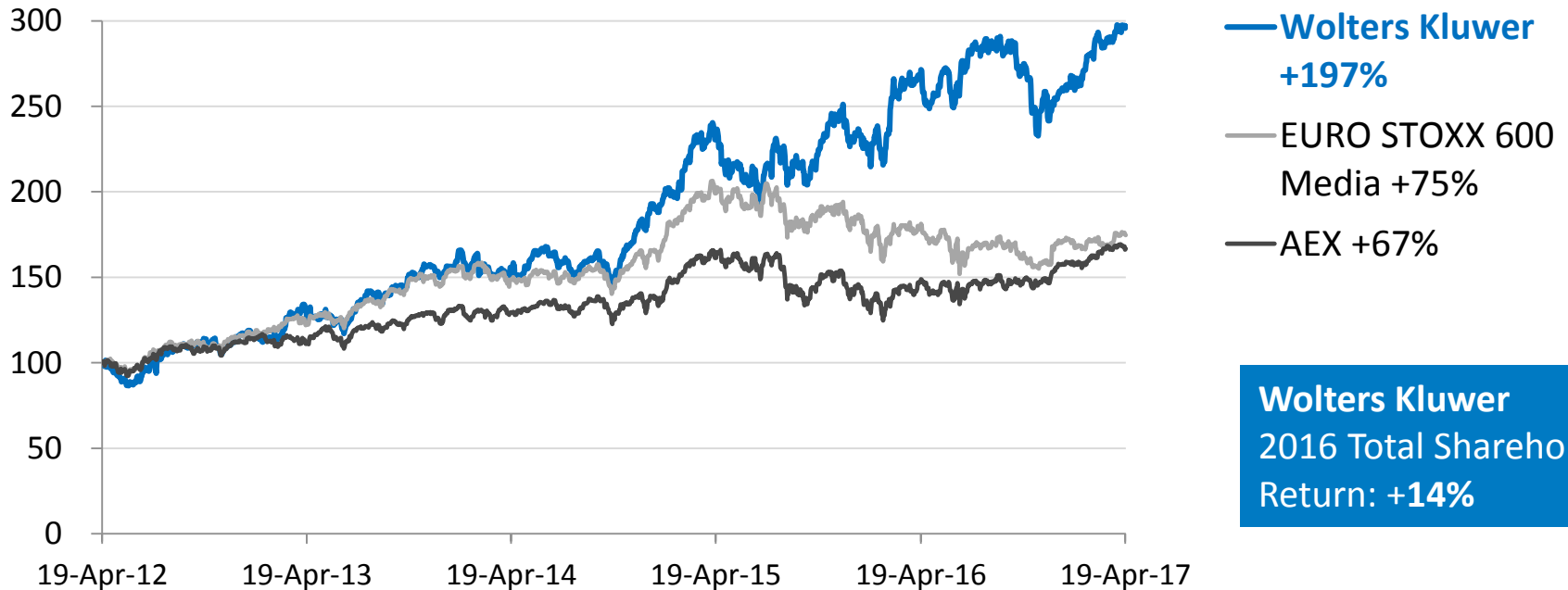
*Wolters Kluwer share price has significantly outperformed the AEX and Media sector*

**Wolters Kluwer Share Price vs AEX and STOXX Europe 600 Media  
Rebased to 100; 5 years**

**Market  
Capitalization:**

**€4.0 billion**

**€11.9 billion**



**Wolters Kluwer  
2016 Total Shareholder  
Return: +14%**

Source: Nasdaq IR Insight, April 19, 2017

# Agenda

- 2016 Financial Performance
- **Progress on Strategic Priorities**
- Outlook and Summary

# Strategic priorities 2016-2018

*Our strategy aims to improve our 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

*Building on our strengths with organic investment and selected acquisitions*



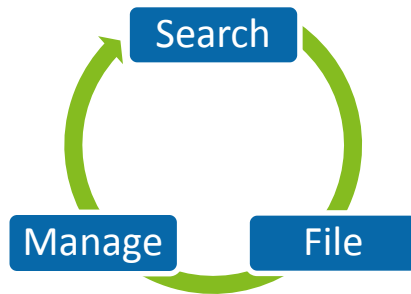
- **Increased investment in sales and marketing for global products:**
  - Added sales and marketing FTE's in Clinical Solutions
  - Prepared launch of TeamMate+ cloud solution
  - Increased investment to support roll-out of iFirm
- **Extended into attractive adjacencies through selected acquisitions:**
  - Enablon (July 2016): global provider of EHS compliance software for large corporations
  - Emmi (Nov. 2016): U.S. provider of subscription-based patient engagement solutions for hospitals and insurance carriers
  - Tagetik (Apr. 2017): leading provider of corporate performance management solutions, supporting the Office of the CFO
- **Progress on non-core disposals**
  - 2016 disposals had annualized revenues of €37 million
  - April 2017: Received binding offer for Transport Services



# Deliver expert solutions

*Investing in digital products with increasing focus on expert solutions that deliver improved outcomes and greater productivity:*

## Lien Solutions



- U.S. market leader in lien services, serving banks and other lenders
- Helps lenders reduce operational and credit risk and enhance profitability
- High-single-digit organic CAGR in past 5 years

## TeamMate



- Global market leader in internal audit software, used by corporations and governments
- Brings significant efficiency to the audit process by automating and standardizing workflow
- High-single-digit organic CAGR in past 5 years

# Drive efficiency and engagement

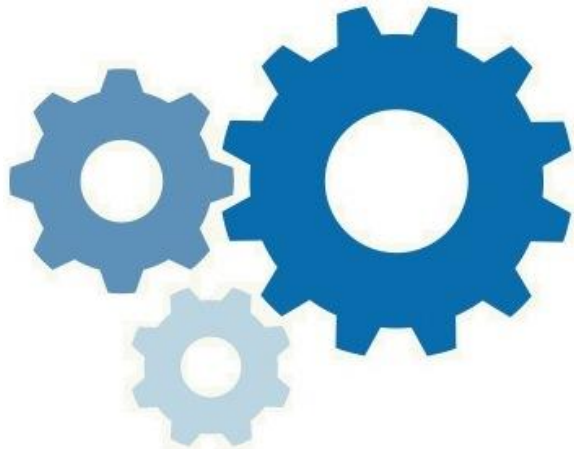
*Efficiency savings are helping to fund investment and margin increases*

## Efficiencies

- Created sales and marketing centers of excellence
- Delivered savings in editorial and production
- Leveraged technology platforms and components
- Consolidated real estate; rationalized data centers
- Established North American Accounting Center

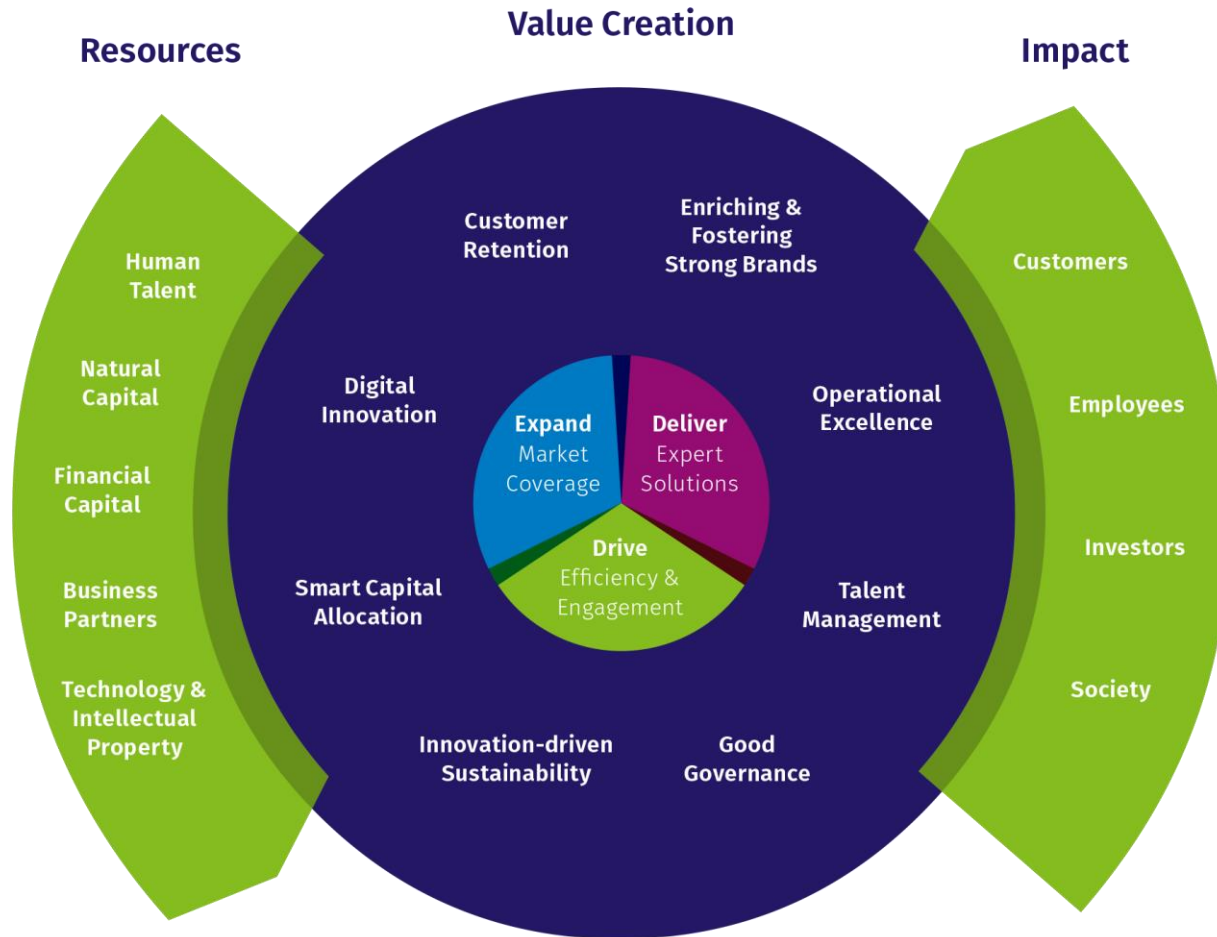
## Engagement

- Increased employee engagement by 7 points, surpassing Global High Performance Norm
- Launched global performance management and learning management system
- Invested in talent programs






# Sustainable value creation

*We aim to create value for all stakeholders with a long-term sustainable business model driven by innovation*



# Sustainability ratings

*Inclusion in several sustainability indices provides external confirmation of our efforts*

Sustainability Index	Index Provider	2014	2015	2016
Dow Jones Sustainability Index	<b>Dow Jones Sustainability Indices</b>	✓	✓	✓
CDP Investor		✓	✓	✓
FTSE4Good Index	 FTSE4Good	✓	✓	✓
RobecoSAM	<b>ROBECOSAM</b> Sustainability Investing	Bronze	Bronze	Bronze
EURO STOXX Sustainability Index	<b>STOXX</b> ESG LEADERS INDICES	✓	✓	✓
Global 100 Most Sustainable Corporations in the World	Corporate Knights  GLOBAL100	✓	-	✓

# Agenda

- 2016 Financial Performance
- Strategic Progress
- **Outlook and Summary**

# Guidance 2017

*In February 2017, we set out our financial guidance for the year*

## Performance indicators

## FY 2017 Guidance

Adjusted operating profit margin

22.5%–23.0%

Adjusted free cash flow

€675-€725 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 (€/ \$ 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.

### *Additional information:*

Expect adjusted net financing costs of approximately €110 million, excluding the impact of exchange rate movements.

Expect the benchmark effective tax rate to be approximately 27.5%.

Expect a cash conversion ratio of approximately 95%, with capital expenditure in the range of 5%-6% of total revenue.

# Summary

*We are focused on achieving our 2017 goals*

## ■ 2016 results

- Sustained 3% organic growth
- Significant improvement in margins, free cash flow and adjusted EPS
- Increased returns to shareholders

## ■ Executing on our strategic plan

- Expanding our market coverage with organic investment and selected acquisitions
- Delivering expert solutions that offer customers improved outcomes and greater productivity
- Driving efficiencies and engagement across our enterprise
- Advancing against our sustainability targets

## ■ 2017 outlook

- Expect another year of margin improvement and EPS growth in mid-single-digits in constant currencies

# 2017 Charity: Princess Máxima Center

*New Dutch healthcare initiative for children, care and research against cancer*



- The Princess Máxima Center for Pediatric Oncology is a new national initiative to improve the quality of oncology treatment and care for children
- The Center, to be opened in 2018 in Utrecht, will provide all intensive and complex parts of the treatment and brings together passionate top talents and the brightest researchers to improve the care and treatment
- Wolters Kluwer will support the Princess Máxima Center with monetary support linked to our deep domain expertise in this specific area of healthcare



Thank you



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