Wolters Kluwer

Wolters Kluwer 2018 Half-Year Report

August 1, 2018 – Wolters Kluwer, a global leader in professional information, software solutions, and services, today releases its half-year 2018 results.

Highlights

- **Full-year outlook reiterated.**
- **Revenues up 1% in constant currencies and up 4% organically.**
  - Digital & services revenues up 5% organically (89% of total revenues).
  - Recurring revenues up 5% organically (79% of total revenues).
  - Under IAS 18, organic growth would have been 4% (HY 2017: 2%)
- **Adjusted operating profit €451 million, up 8% in constant currencies.**
  - Adjusted operating profit margin of 22.3%, up 100 basis points.
  - Excluding one-time benefits, margin improved 40 basis points.
- **Diluted adjusted EPS €1.06, up 22% in constant currencies.**
- **Adjusted free cash flow €263 million, up 15% in constant currencies.**
- **Net-debt-to-EBITDA 1.7x as of June 30, 2018.**
- **Interim dividend of €0.34 per share.**
  - Set at 40% of prior year total dividend (versus 25% previously).
- **Share buyback: now intend to spend a total of €550 million on buybacks in 2018.**
  - Of this, €300 million has been completed in the year to date.

Interim Report of the Executive Board

Nancy McKinstry, CEO and Chairman of the Executive Board, commented: *"With a sharpened portfolio and in favorable market conditions, we have achieved further improvement in organic growth by continuing to focus on customer-centric innovation and shifting our business mix towards digital and expert solutions. We have delivered further operating efficiencies, enabling us to increase investment in product development, sales & marketing, and technology. We are confident of meeting our full-year outlook."*

Key Figures Half-Year 2018 (IFRS 15):

Six months ended June 30					
€ million (unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Business performance - benchmark figures					
Revenues	2,020	2,170	-7%	+1%	+4%
Adjusted operating profit	451	462	-2%	+8%	+13%
Adjusted operating profit margin	22.3%	21.3%			
Adjusted net profit	299	293	+2%	+19%	
Diluted adjusted EPS (€)	1.06	1.01	+5%	+22%	
Adjusted free cash flow	263	257	+2%	+15%	
Net debt	1,957	2,257	-13%		
IFRS results					
Revenues	2,020	2,170	-7%		
Operating profit	524	408	+28%		
Profit for the year	359	272	+32%		
Diluted EPS (€)	1.28	0.94	+36%		
Net cash from operating activities	319	342	-6%		

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. Benchmark (adjusted) figures are performance measures used by management. See Note 5 for a reconciliation from IFRS to benchmark figures. *2017 has been restated for IFRS 15 (see Note 3 and Appendix 4 of this interim report for details) and to treat customer credits for 'bank product' services as a deduction to revenues and not as a cost of sales.

Full-Year 2018 Outlook (Reflects IFRS 15 Accounting Standard, Effective January 1, 2018)

Our guidance for full-year 2018 is provided in the table below. We expect to deliver solid organic growth and margin improvement. We expect to achieve an increase in diluted adjusted EPS in constant currencies and improvement in return on invested capital (ROIC).

Full-Year 2018 Outlook

Performance indicators	2018 Guidance	2017 (Under IFRS 15)
Adjusted operating profit margin	22.5%-23.0%	22.2%
Adjusted free cash flow	€725-€750 million	€746 million
ROIC	10.0%-10.5%	9.8%
Diluted adjusted EPS	10%-15% growth	€2.22

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/$ 1.13). Guidance for EPS growth assumes share repurchases of €550 million in 2018. Adjusted operating profit margin and ROIC are in reported currencies and assume an average EUR/USD rate around €/$ 1.20.

Our guidance reflects the new IFRS 15 accounting standard, which became effective on January 1, 2018. Historical 2017 figures have been restated: please see Note 3 and Appendix 4 of this interim report for details on IFRS 15. Our guidance is based on constant exchange rates. In 2017, Wolters Kluwer generated more than 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2017 currency profile, each 1 U.S. cent move in the average €/$ exchange rate for the year causes an opposite change of approximately two euro cents in diluted adjusted EPS.

Restructuring costs are included in adjusted operating profit. We continue to expect restructuring costs of €15-€25 million in 2018 (2017: €33 million). We expect adjusted net financing costs of approximately €70 million (2017: €109 million), excluding the impact of exchange rate movements on currency hedging and intercompany balances. The decline in net financing costs reflects the redemption of the €750 million, 6.375% senior Eurobond that matured in April 2018. Following further interpretation and clarification of the changes introduced in the U.S. Tax Cuts and Jobs Act, we now expect the benchmark effective tax rate to be in the range of 25%-26% for the full year.

Capital expenditure is expected to be in the range of 5%-6% of total revenues, excluding any real estate disposals (FY 2017: 4.8%, or 5.0% excluding real estate disposals). We anticipate a cash conversion ratio of approximately 100% in 2018. Our guidance assumes no additional significant change to the scope of operations. We may make further disposals which may be dilutive to margins and earnings in the near term.

2018 Outlook by Division

Health: for the full year, we continue to expect Health to deliver good organic growth, similar to prior year levels, and a stable adjusted operating profit margin.

Tax & Accounting: for the full year, we continue to expect improved organic growth and, including one-time benefits recorded in the first half, we now anticipate a modest increase in the adjusted operating margin for the full year.

Governance, Risk & Compliance: we continue to expect good organic growth and an improved margin for the full year.

Legal & Regulatory: the division faces a challenging comparable in the second half, and as a result, we expect organic revenues to be flat to slightly positive in full year 2018. Including one-time benefits realized in the first half, we continue to expect the full-year margin to be stable for the full year.

Strategic Priorities 2016-2018

We are now in the final year of our current three-year strategic plan 2016-2018. This plan (*Growing our Value*) prioritizes expanding our market coverage, increasing our focus on expert solutions, and driving further operating efficiencies and employee engagement. Our strategy aims to sustain and, in the long run, further improve our organic growth rate, margins, and returns as we focus on growing value for customers, employees, and shareholders. Our priorities are to:

- **Expand market coverage:** We will continue to allocate most of our capital towards our leading growth businesses and digital products, and will extend into market adjacencies and new geographies where we see the best potential for growth and competitive advantage. Expanding our market reach also entails allocating funds to broaden our sales and marketing coverage in certain global markets. We intend to support this organic growth strategy with value-enhancing acquisitions while continuing our program of non-core disposals.
- **Deliver expert solutions:** Our plan calls for increased focus on expert solutions that combine deep domain knowledge with specialized technology and services to deliver expert answers, analytics, and productivity for our customers. To support digital growth across all divisions, we intend to accelerate our ongoing shift to global platforms and to cloud-based integrated solutions that offer mobile access. Our plan is also to expand our use of new media channels and to create an all-round, rich digital experience for our customers. Investment in new and enhanced products will be sustained in the range of 8-10% of total revenues.
- **Drive efficiencies and engagement:** We intend to continue driving scale economies while improving the quality of our offerings and the agility of our organization. These operating efficiencies will help fund investment and wage inflation, and support a rising operating margin over the long term. Through increased standardization of processes and technology planning, and by focusing on fewer, global platforms and software applications, we expect to free up capital to reinvest in product innovation. Supporting this effort are several initiatives to foster employee engagement.

Leverage Target and Financial Policy

Wolters Kluwer uses its cash flow to invest in the business organically or through acquisitions, to maintain optimal leverage, and provide returns to shareholders. We regularly assess our financial position and evaluate the appropriate level of debt in view of our expectations for cash flow, investment plans, interest rates, and capital market conditions.

While we may temporarily deviate from our leverage target at times, we continue to believe that, in the longer run, a net-debt-to-EBITDA ratio of around 2.5x remains appropriate for our business given the high proportion of recurring revenues and resilient cash flow.

At June 30, 2018, the net-debt-to-EBITDA ratio, based on rolling twelve-month EBITDA, was 1.7x (HY 2017: 1.9x).

Dividend Policy and 2018 Interim Dividend

Wolters Kluwer has a progressive dividend policy under which the company aims to increase the dividend per share each year. The annual increase is dependent on our financial performance, market conditions, and our need for financial flexibility. Our dividend policy takes into consideration the nature of our business and our expectations for future cash flow and investment needs.

As announced on February 21, 2018, the interim dividend for 2018 was set at 40% of the prior year total dividend (versus 25% in previous years). This results in an interim dividend of €0.34 per share, to be distributed on September 19, 2018, to holders of ordinary shares, or September 26, 2018, for holders of Wolters Kluwer ADRs.

Shareholders can choose to reinvest both interim and final dividends by purchasing additional Wolters Kluwer shares through the Dividend Reinvestment Plan (DRIP) administered by ABN AMRO Bank N.V.

Anti-Dilution Policy and Share Buyback Program 2016-2018

Wolters Kluwer has a policy to offset the dilution caused by our annual incentive share issuance with share repurchases.

On February 24, 2016, we announced a three-year share buyback program (2016-2018) which originally envisaged spending up to €200 million in each year on share repurchases, including amounts required to offset incentive share issuance. This buyback program was subsequently expanded to include additional repurchases intended to mitigate dilution caused by non-core divestments made in 2017 and early 2018.

In 2016 and 2017, we completed respectively €200 million and €300 million in share buybacks under this program.

As of July 30, 2018, we have completed a further €300 million of buybacks (6.8 million shares at an average price of €44.42). We now intend to execute €250 million of buybacks in the remainder of 2018, bringing the intended full-year 2018 total to €550 million. For the period starting August 2, 2018, up to and including December 27, 2018, we have engaged third parties to execute such share buybacks on our behalf, within the limits of relevant laws and regulations (in particular Regulation (EU) 596/2014) and the company's Articles of Association. Repurchased shares are added to and held as treasury shares, and will be used for capital reduction purposes or to meet obligations arising from share-based incentive plans.

Assuming global economic conditions do not deteriorate substantially, we believe this level of cash return leaves us with ample headroom for investment in the business, including acquisitions.

Cancellation of Ordinary Shares

At the 2018 Annual General Meeting, shareholders approved a resolution to cancel for capital reduction purposes any or all ordinary shares held in treasury or to be acquired by the company as authorized by shareholders, up to a maximum of 10% of issued share capital on April 20, 2018. As authorized by shareholders, the Executive Board has determined the number of ordinary shares to be cancelled is 10.6 million. Wolters Kluwer intends to cancel these shares in the second half of 2018. Part of the shares held in treasury will be retained and used to meet future obligations under share-based incentive plans.

Half-Year 2018 Results

Benchmark Figures

Group revenues declined 7% overall to €2,020 million due to the impact of currency movements, most importantly the depreciation of the U.S. dollar against the euro (average EUR/USD 1.21 versus 1.08 in HY 2017). In constant currencies, revenues increased 1%.

Organic growth, which excludes the impact of exchange rate movements and the effect of acquisition and disposals, was 4%. All four divisions delivered positive organic growth in the first half. Had we continued to apply the IAS 18 accounting standard for revenue recognition, organic growth would also have been 4% (an improvement on the 2% recorded in HY 2017 under IAS 18).

Revenues from North America (61% of total revenues) grew 5% organically, with good momentum across all divisions in this region of the world. Revenues from Europe (31% of total revenues) increased 4% organically, mainly benefiting from an improved organic growth rate in Legal & Regulatory. Revenues from Asia Pacific and Rest of World (8% of total revenues) grew 6% organically, principally supported by strong performance in Health.

Adjusted operating profit was €451 million, up 8% in constant currencies, and resulting in a margin of 22.3%. Adjusted operating profit included €16 million (HY 2017: €4 million) of one-time benefits in two divisions and at the Corporate level. Excluding these items, the adjusted operating margin would have increased 40 basis points. The one-time items included a real estate disposal of €6 million in Tax & Accounting, the release of a €6 million provision in Legal & Regulatory, and one-time benefits totaling €4 million at the Corporate level, mainly relating to payroll taxes.

Included in adjusted operating profit were €7 million of restructuring costs (HY 2017: €10 million).

Adjusted net financing costs decreased to €49 million (HY 2017: €55 million), reflecting reduced interest costs following the redemption of our €750 million, 6.375% senior Eurobond. This refinancing benefit was partly offset by net foreign exchange losses of €11 million. As a reminder, adjusted net financing costs are defined as total financing results, excluding the financing component of employee benefits, fair value changes in financial assets, and net book gains or losses on any divestments of non-controlled equity-interests.

Adjusted profit before tax was €402 million (HY 2017: €407 million), down 1% overall but up 12% in constant currencies.

The benchmark effective tax rate on adjusted profit before tax was 25.5% (HY 2017: 27.9%), following further interpretation and clarification of the changes introduced by the U.S. Tax Cuts & Jobs Act. As a result, adjusted net profit increased 2% overall and 19% in constant currencies to €299 million.

Diluted adjusted EPS increased 5% overall and 22% in constant currencies to €1.06 (HY 2017: €1.01), reflecting the increase in adjusted net profit and a 3% reduction in the diluted weighted average number of shares outstanding to 281.5 million.

As of June 30, 2018, the number of issued and outstanding shares was 276.6 million (excluding 13.7 million shares held as treasury shares).

IFRS Reported Figures

Reported operating profit rose 28% to €524 million (HY 2017: €408 million), mainly reflecting €159 million of net book gains on the disposal of certain Swedish assets and Corsearch in January 2018 and the sale of ProVation in March 2018. Reported operating profit also reflects lower amortization of acquired intangibles and lower acquisition-related costs.

Reported financing results amounted to a cost of €49 million (HY 2017: €58 million cost). Reported financing costs include the financing component of employee benefits of €2 million (HY 2017: €3 million). In addition, we recorded a €3 million capital gain on the sale of a non-controlled equity investment and a €1 million net fair value loss on non-controlled equity investments.

The reported effective tax rate increased to 24.3% (HY 2017: 22.3%), due to taxable gains on divestments. As a result, total profit for the period increased 32% to €359 million (HY 2017: €272 million) and diluted earnings per share increased 36% to €1.28 (HY 2017: €0.94).

Cash Flow

Adjusted operating cash flow was €448 million (HY 2017: €441 million), an increase of 10% in constant currencies. The cash conversion ratio improved to 99% (HY 2017: 95%).

Net capital expenditure was €88 million (HY 2017: €96 million), or 4.4% of revenues. This amount included a €9 million benefit related to real estate disposals. Excluding these disposals, capital expenditure as a percentage of revenues would have been 4.8%.

Depreciation and amortization of internally developed software and other assets was €95 million (HY 2017: €96 million). Net working capital outflows were €10 million (HY 2017: outflow of €21 million).

Adjusted free cash flow was €263 million (HY 2017: €257 million), up 2% overall and up 15% in constant currencies. Paid financing costs increased to €84 million (HY 2017: €81 million) and included the final coupon on the €750 million senior Eurobond which matured in April 2018. Corporate income taxes paid increased 15% to €124 million, due to taxable gains on divestments and the full utilization of remaining U.S. deferred tax assets during the first half of 2018, as expected.

The net movement in restructuring provisions of €9 million related to cash spending of €12 million and additions of €3 million excluding non-benchmark items.

Dividends paid to shareholders during the first half of 2018 totaled €182 million relating to the 2017 final dividend.

Acquisition spending, net of cash acquired and including acquisition-related costs, was €21 million (HY 2017: €303 million) relating to the acquisition of Firecracker in April 2018 and deferred payments and earnouts on acquisitions made in prior years of €10 million.

Divestiture proceeds, net of cash disposed, were €305 million (HY 2017: €77 million), relating to the disposals of certain Swedish assets, Corsearch, ProVation, and a 10%-equity interest in Medicom.

During the first six months, we settled €260 million of share buybacks.

Net Debt and Leverage

Net debt at June 30, 2018, was €1,957 million, a reduction of €112 million since December 31, 2017, as a result of free cash flow and disposal proceeds, partly offset by share buybacks and dividends.

The leverage ratio, based on rolling twelve months reported EBITDA, was 1.7x at June 30, 2018 (HY 2017: 1.9x).

Wolters Kluwer

Operating and Divisional Review

All four divisions delivered good organic growth. Tax & Accounting and Legal & Regulatory recorded an improvement in organic growth, in line with expectations. Adjusted operating profit margins increased in all divisions, except Tax & Accounting.

Divisional Summary - Six months ended June 30

€ million (unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Revenues					
Health	512	562	-9%	+1%	+5%
Tax & Accounting	623	611	+2%	+10%	+6%
Governance, Risk & Compliance	470	556	-15%	-6%	+3%
Legal & Regulatory	415	441	-6%	-3%	+2%
Total revenues	**2,020**	**2,170**	**-7%**	**+1%**	**+4%**
Adjusted operating profit					
Health	130	135	-4%	+7%	+12%
Tax & Accounting	156	156	0%	+10%	+11%
Governance, Risk & Compliance	137	156	-12%	-1%	+3%
Legal & Regulatory	51	42	+20%	+21%	+44%
Corporate	(23)	(27)	-16%	-13%	-13%
Total adjusted operating profit	**451**	**462**	**-2%**	**+8%**	**+13%**
Adjusted operating profit margin					
Health	25.3%	24.0%			
Tax & Accounting	25.1%	25.5%			
Governance, Risk & Compliance	29.3%	28.0%			
Legal & Regulatory	12.2%	9.6%			
Total adjusted operating profit margin	**22.3%**	**21.3%**			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. *HY 2017 revenues and margin restated for IFRS 15 and to treat customer credits for 'bank product' services as a deduction to revenues and not as a cost of sales.

Recurring revenues, which include subscriptions and other renewing revenue streams, grew 5% organically. Print book revenues decreased 3% on an organic basis, due to declines in Health and Legal & Regulatory. Legal Services (LS) transactional revenues rose 9% organically (HY 2017: 4%), while Financial Services (FS) transactions declined 4% (HY 2017: 2% increase). Other non-recurring revenues, which includes software license and implementation fees, rose 5% organically (IAS 18: HY 2018: 3%; HY 2017: 5% decline) reflecting strong prior year new sales in Governance, Risk & Compliance.

Revenues by Type - Six months ended June 30

€ million (unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Digital and service subscription	1,352	1,425	-5%	+3%	+6%
Print subscription	102	116	-12%	-8%	-6%
Other recurring	145	157	-8%	+3%	+5%
Total recurring revenues	**1,599**	**1,698**	**-6%**	**+2%**	**+5%**
Print books	79	92	-13%	-9%	-3%
LS transactional	105	125	-16%	-6%	+9%
FS transactional	48	59	-18%	-9%	-4%
Other non-recurring	189	196	-4%	+2%	+5%
Total revenues	**2,020**	**2,170**	**-7%**	**+1%**	**+4%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. Note: Other non-recurring revenues includes license & implementation fees. *2017 restated for IFRS 15 and to treat customer credits for 'bank product' services as a deduction to revenues and not as a cost of sales.

Health

- Clinical Solutions delivered 10% organic growth, supported by UpToDate.
- Health Learning, Research & Practice grew 1% organically.
- Margin benefitted from the ongoing mix shift and favorable timing of investments and savings.

Health – Six months ended June 30

€ million (unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Revenues	512	562	-9%	+1%	+5%
Adjusted operating profit	130	135	-4%	+7%	+12%
Adjusted operating profit margin	25.3%	24.0%			
Operating profit	186	111	+67%		
Net capital expenditure	17	25			
Ultimo FTEs	2,779	3,061			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. *2017 restated for IFRS 15.

Wolters Kluwer Health revenues increased 1% in constant currencies, reflecting net disposal activity. In the first half of 2018, we completed the divestment of ProVation Medical and reduced our interest in Medicom to 45%, leading the latter entity to be deconsolidated. We also completed the acquisition of Firecracker in Health Learning, Research & Practice, strengthening our digital offering in medical education. Excluding the impact of currency and the effect of net disposal activity, organic revenue growth was 5%. Adjusted operating profit increased 7% in constant currencies and 12% organically, driven by favorable timing of investments and savings, and the ongoing mix shift towards Clinical Solutions. IFRS operating profit increased 67%, including an €82 million book gain on the sale of ProVation Medical.

Clinical Solutions (53% of divisional revenues) delivered 10% organic growth, driven by continued double-digit growth for our clinical decision support tool, UpToDate. UpToDate saw strong renewals and added new customers around the world. The core solution is today used by 1.5 million clinicians in more than 185 countries. In the first quarter, we launched UpToDate Advanced, a next-generation module that offers patient-specific, guided pathways. Our clinical drug information group (Medi-Span, Lexicomp, and Facts & Comparisons) achieved high single-digit organic growth. In patient engagement, Emmi experienced a soft first half in new sales and had a large customer renewal delayed to July. We have reorganized our clinical effectiveness units around major customer segments, enabling us to approach the market with a full suite of solutions spanning the continuum of care. In clinical software, performances were mixed, with weakness in Health Language offset by positive momentum in the Sentri7 surveillance system and the POC Advisor clinical intelligence solution for Sepsis.

Health Learning, Research & Practice (47% of divisional revenues) achieved 1% organic growth, following an improvement in the second quarter. Digital revenues posted positive organic growth, while print formats continued to decline. Medical and nursing journal revenues were soft overall on an organic basis, as growth in Ovid digital subscriptions was offset by declines in print subscriptions, advertising, and reprints. Education and practice content saw positive organic growth, as a decline in print books and in continuing medical education was outweighed by double-digit organic growth in our digital learning and practice solutions for nurses.

Tax & Accounting

- Tax & accounting software (74% of divisional revenues) sustained mid-single-digit organic growth.
- Divisional organic growth improved, primarily due to CCH Tagetik and Research & Learning.
- Margin impacted by investment and inclusion of CCH Tagetik, partly offset by one-time items.

Tax & Accounting – Six months ended June 30

€ million (unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Revenues	623	611	+2%	+10%	+6%
Adjusted operating profit	156	156	0%	+10%	+11%
Adjusted operating profit margin	25.1%	25.5%			
Operating profit	122	111	+10%		
Net capital expenditure	32	29			
Ultimo FTEs	6,732	6,696			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. *2017 restated for IFRS 15 and to treat customer credits for 'bank product' services as a deduction to revenues and not as a cost of sales.

Wolters Kluwer Tax & Accounting revenues rose 10% in constant currencies, reflecting the acquisition of Tagetik in April 2017 and Adsolut in September 2017. Excluding the impact of currency and the effect of acquisitions, organic growth was 6%. Under IAS 18, organic growth would have been 5%, marking an acceleration on the comparable period (HY 2017: 3%), driven primarily by CCH Tagetik (included in organic growth in the second quarter) and Research & Learning. The adjusted operating profit margin declined to 25.1%, as the dilutive effect of Tagetik and increased investment in cloud solutions were partly offset by a one-time €6 million gain on the sale of real estate. IFRS operating profit increased 10%, reflecting fair value changes in contingent considerations of €9 million in 2017.

Tax & Accounting North America (52% of divisional revenues) delivered an acceleration in organic growth driven by the ongoing mix shift towards software products and an improvement at Research & Learning. CCH Axcess, our cloud-based tax software suite, and CCH ProSystem fx Engagement, our integrated audit solution, both performed strongly as we continued to invest in new features. Research & Learning saw strong demand for printed books and training on the topic of the new U.S. *Tax Cuts and Jobs Act*.

Tax & Accounting Europe (29% of divisional revenues) sustained robust organic growth, with good performances across all countries. In Germany, our online collaboration platform OneClick was enhanced with added functionality and an open interface. Our Italian business began the formal roll-out of its new cloud-based, integrated suite, Genya. In Belgium, we made progress on the integration of Adsolut, a cloud-based collaborative solution for tax advisors and their clients.

Tax & Accounting Asia Pacific & Rest of World (7% of divisional revenues) revenues were broadly in line with the comparable period on an organic basis, as double-digit growth in China and India was offset by weakness in Brazil. In Australia and other developed Asia Pacific markets, growth in digital solutions, such as iFirm and CCH Integrator, outweighed declines in print formats.

Corporate Performance Solutions (12% of divisional revenues) includes TeamMate, our internal audit software platform and CCH Tagetik, our corporate performance management suite. TeamMate recorded single-digit organic growth, as it continued to focus on the roll-out of the cloud version of its internal audit solution. CCH Tagetik delivered double-digit growth in the first six months of the year (pro forma) and stepped up investment in sales and marketing.

Governance, Risk & Compliance

- Organic growth of 3%, supported by 5% growth in Legal Services.
- Growth in Legal Services transactions outweighed decline in Financial Services transactions.
- Margin improved by 130 basis points, driven by efficiency savings and divestments.

Governance, Risk & Compliance – Six months ended June 30

€ million (unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Revenues	470	556	-15%	-6%	+3%
Adjusted operating profit	137	156	-12%	-1%	+3%
Adjusted operating profit margin	29.3%	28.0%			
Operating profit	174	185	-6%		
Net capital expenditure	25	25			
Ultimo FTEs	3,972	4,399			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. *2017 restated for IFRS 15.

Wolters Kluwer Governance, Risk & Compliance revenues declined 6% in constant currencies, reflecting the divestment of Transport Services in June 2017 and Corsearch in January 2018. Excluding the impact of currency and the effect of net disposal activity, organic revenue growth was 3%. Under IAS 18, organic growth would have been 2%, broadly in line with the comparable period (HY 2017: 2%). The adjusted operating profit margin increased by 130 basis points, driven by operational efficiency initiatives and the divestment of lower margin businesses. IFRS operating profit, which included book gains on the disposals of Corsearch in 2018 and Transport Services in 2017, declined 6%.

Recurring revenues, which accounts for 58% of divisional revenues, grew 2% organically. Transactional revenues increased 9% organically in Legal Services, but declined 4% in Financial Services. Other non-recurring revenues increased 2%, largely reflecting the prior year's new license sales.

Legal Services (57% of divisional revenues) delivered 5% organic growth. CT, which provides legal representation services to corporations and law firms, achieved good organic growth, supported by robust growth in law firm search and filing transactions. Enterprise Legal Management (ELM), which provides legal spend and matter management software and analytics to corporations and law firms, achieved high single-digit growth, driven by new customer wins (resulting in higher legal invoice volumes), recent product launches, such as LegalVIEW Bill Analyzer, and prior year new license sales.

Financial Services (43% of divisional revenues) saw subdued organic growth, as expected, as growth in recurring software revenues was offset by a decline in Financial Services (FS) transactional revenues. Finance, Risk & Reporting, which provides integrated regulatory and compliance solutions to banks, delivered mid-single-digit organic growth, driven by recurring software maintenance revenues and by revenue recognition of prior year license sales for the OneSumX suite. Lien Solutions, which supports commercial lenders with lien compliance solutions, performed well, as market share gains and expansion into new customer segments (motor vehicle title perfection) more than offset the expected slowdown in its traditional commercial lending segment. Our banking Compliance Solutions unit experienced a double-digit decline in mortgage origination volumes which outweighed growth in its recurring software revenues.

Legal & Regulatory

- Organic growth positive in both the U.S. and Europe, with digital revenues up 5%.
- Print subscriptions saw their rate of decline improve, largely due to favorable publishing schedule.
- Excluding one-time items, the adjusted operating margin improved 100 basis points.

Legal & Regulatory - Six months ended June 30

€ million (unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Revenues	415	441	-6%	-3%	+2%
Adjusted operating profit	51	42	+20%	+21%	+44%
Adjusted operating profit margin	12.2%	9.6%			
Operating profit	65	28	+134%		
Net capital expenditure	14	17			
Ultimo FTEs	4,068	4,345			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. *2017 restated for IFRS 15.

Wolters Kluwer Legal & Regulatory revenues declined 3% in constant currencies, reflecting the disposal of certain U.K. and Swedish assets in September 2017 and January 2018, respectively. Excluding the impact of currency and the effect of net disposal activity, organic revenue growth was 2% compared to a decline of 2% in the comparable period. The adjusted operating profit included a one-time benefit of €6 million relating to the release of a legal provision. Excluding one-time items, the adjusted operating profit margin would have improved 100 basis points to 10.6%, driven by portfolio reshaping, ongoing efficiency initiatives, and favorable timing. IFRS operating profit included a book gain on the divestment of the Swedish assets.

Digital revenues (63% of divisional revenues) recorded 5% organic growth, an improvement on the comparable period (HY 2017: 3%). Print formats continued to decline, with the trend in print subscription revenues reflecting a favorable publishing schedule and other timing factors, expected to reverse in the second half.

Legal & Regulatory Information Solutions (91% of divisional revenues) delivered organic revenue growth of 2%. In Europe, organic growth turned positive for the first time in many years, driven primarily by improved trends in digital products. Print formats benefitted from a favorable loose-leaf publication schedule and other timing factors. In July, we launched One Fiscale, the first module of a next-generation legal and tax research platform for Italy. Across Europe, we continued to execute on efficiency programs in editorial and production, technology, sales, marketing, and back-office functions. Legal & Regulatory U.S. also delivered improved organic growth, due to an upturn in print related to a favorable publishing schedule.

Legal & Regulatory Software (9% of divisional revenues), which includes Enablon and our centralized Legal Software unit, generated double-digit organic growth. Enablon, which provides environmental, health and safety compliance and operational risk solutions, recorded double-digit organic growth, driven by recurring revenues for its cloud-based software. Our Legal Software unit also delivered double-digit organic growth, supported by demand for our cloud-based practice management software for law firms (Kleos) and corporate legal departments (Effacts).

Corporate

Corporate expenses were lower than a year ago, due to €4 million of one-time favorable items, mainly relating to payroll taxes. Underlying costs increased due to a three-year investment program to transform our Human Resources systems and due to costs related to General Data Protection Regulation (GDPR) compliance.

Corporate – Six months ended June 30

€ million (unless otherwise stated)	**2018**	**2017**	**Δ**	**Δ CC**	**Δ OG**
Adjusted operating profit	(23)	(27)	-16%	-13%	-13%
Operating profit	(23)	(27)	-15%		
Net capital expenditure (CAPEX)	0	0			
Ultimo FTEs	116	116			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth.

Risk Management

In the 2017 Annual Report, the Company described certain risk categories that could have a material adverse effect on its operations and financial position. Those risk categories are deemed to be incorporated and repeated in this report by reference. In the Company's view, the nature and potential impact of these risk categories on the business are not materially different for the second half of 2018.

Statement by the Executive Board

The Executive Board is responsible for the preparation of the 2018 Half-Year Report, which includes the Interim Report of the Executive Board and the condensed consolidated interim financial statements for the six months ended June 30, 2018. The condensed consolidated interim financial statements for the six months ended June 30, 2018 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The responsibility of the Executive Board includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Interim Report of the Executive Board endeavors to present a fair review of the situation of the business at the balance sheet date and of the state of affairs in the half-year under review. Such an overview contains a selection of some of the main developments in the first six months of the financial year and can never be exhaustive. This Interim Report also contains the current expectations of the Executive Board for the second half of the financial year. With respect to these expectations, reference is made to the disclaimer about forward-looking statements on page 39 of this half-year report. As required by provision 5:25d (2)(c) of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) and on the basis of the foregoing, the Executive Board confirms that to its knowledge:

- The condensed consolidated interim financial statements for the six months ended June 30, 2018, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- The Interim Report of the Executive Board includes a fair overview of the situation at the balance sheet date, the course of affairs during the first six months of the financial year of the Company and the undertakings included in the consolidation taken as a whole, and the expected course of affairs for the second half of 2018 as well as an indication of important events that have occurred during the six months ended June 30, 2018, and their impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the second half of 2018, and also includes the major related parties transactions entered into during the six months ended June 30, 2018.

Alphen aan den Rijn, July 31, 2018

Executive Board
N. McKinstry, CEO and Chairman of the Executive Board
K. B. Entricken, CFO and Member of the Executive Board

The content of this Half-Year Report has not been audited or reviewed by an independent external auditor.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Interim Financial Statements for the six months ended June 30, 2018, and 2017

Wolters Kluwer

Unaudited Condensed Consolidated Interim Statement of Profit or Loss

(in millions of euros, unless otherwise stated)	Note	Six months ended June 30	
		2018	2017 Restated*
Revenues	6	**2,020**	**2,170**
Cost of sales		611	659
Gross profit		**1,409**	**1,511**
Sales costs		367	403
General and administrative costs		675	740
Total operating expenses		1,042	1,143
Other operating income and (expense)		157	40
Operating profit		**524**	**408**
Financing results		(49)	(58)
Share of profit of equity-accounted investees, net of tax		0	0
Profit before tax		**475**	**350**
Income tax expense		(116)	(78)
Profit for the period		**359**	**272**
Attributable to:			
▪ Owners of the Company		359	272
▪ Non-controlling interests		0	0
Profit for the period		**359**	**272**
Earnings per share (EPS) (€)			
Basic EPS		1.29	0.95
Diluted EPS		1.28	0.94

* 2017 has been restated for IFRS 15; see Note 3 for further details.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

(in millions of euros)	Six months ended June 30	
	2018	2017 Restated*
Comprehensive income:		
Profit for the period	**359**	**272**
Other comprehensive income:		
Items that are or may be reclassified subsequently to the statement of profit or loss:		
Net gains/(losses) on hedges of net investments and exchange differences on translation of foreign operations	67	(224)
Gains/(losses) on cash flow hedges	6	6
Items that will not be reclassified to the statement of profit or loss:		
Remeasurements on defined benefit plans	6	4
Income tax on other comprehensive income	(2)	(1)
Other comprehensive income for the period, net of tax	**77**	**(215)**
Total comprehensive income for the period	**436**	**57**
Attributable to:		
▪ Owners of the Company	436	57
▪ Non-controlling interests	0	0
Total	**436**	**57**

* 2017 has been restated for IFRS 15; see Note 3 for further details.

Unaudited Condensed Consolidated Interim Statement of Cash Flows

(in millions of euros)	Six months ended June 30	
	2018	2017 Restated*
Cash flows from operating activities		
Profit for the period	359	272
Adjustments for:		
Financing results	49	58
Share of profit of equity-accounted investees, net of tax	0	0
Income tax expense	116	78
Amortization, impairments, and depreciation	179	190
Additions to provisions	4	7
Fair value changes to contingent considerations	0	9
Book (profit)/loss on divestments of operations	(163)	(56)
Share-based payments	10	10
Autonomous movements in working capital	(10)	(21)
Paid financing costs	(84)	(81)
Paid corporate income tax	(124)	(108)
Appropriation of provisions for restructuring	(12)	(15)
Other	(5)	(1)
Net cash from operating activities	**319**	**342**
Cash flows from investing activities		
Capital expenditure	(88)	(96)
Acquisition spending, net of cash acquired	(19)	(300)
Receipt from divestments, net of cash disposed	305	77
Dividends received	1	1
Net cash from/(used in) investing activities	**199**	**(318)**
Cash flows from financing activities		
Repayment of loans	(753)	(16)
Proceeds from new loans	0	497
Drawings from facility	40	-
Collateral received/(paid)	0	(2)
Repurchased shares	(260)	(136)
Dividends paid	(182)	(172)
Net cash from/(used in) financing activities	**(1,155)**	**171**
Net cash flow	**(637)**	**195**
Cash and cash equivalents less bank overdrafts at January 1	751	389
Exchange differences on cash and cash equivalents and bank overdrafts	(1)	(52)
	750	337
Cash and cash equivalents less bank overdrafts at June 30	**113**	**532**
Add: Bank overdrafts used for cash management purposes at June 30	541	477
Cash and cash equivalents at June 30 in the Statement of Financial Position	**654**	**1,009**

* 2017 has been restated for IFRS 15.

Unaudited Condensed Consolidated Interim Statement of Financial Position

(in millions of euros)	Note	June 30, 2018		December 31, 2017 Restated*		June 30, 2017 Restated*	
Goodwill and intangible assets		5,639		5,581		6,103	
Property, plant, and equipment		88		101		107	
Investments in equity-accounted investees		13		11		8	
Financial assets		29		16		27	
Non-current contract assets	9	30		30		25	
Deferred tax assets		95		93		86	
Total non-current assets			**5,894**		**5,832**		**6,356**
Inventories		72		95		110	
Contract assets	9	65		92		80	
Trade and other receivables		1,013		1,182		1,054	
Income tax receivable		28		9		38	
Cash and cash equivalents		654		1,020		1,009	
Assets classified as held for sale	8	-		248		-	
Total current assets			**1,832**		**2,646**		**2,291**
Deferred income	9	1,483		1,486		1,489	
Other contract liabilities	9	37		41		42	
Trade and other payables		273		335		333	
Income tax payable		18		12		8	
Short-term provisions		13		22		17	
Borrowings and bank overdrafts	10	581		288		480	
Short-term bond	10	-		750		750	
Other current liabilities		447		618		446	
Liabilities classified as held for sale	8	-		81		-	
Total current liabilities			**2,852**		**3,633**		**3,565**
Working capital			**(1,020)**		**(987)**		**(1,274)**
Capital employed			**4,874**		**4,845**		**5,082**
Long-term debt	10		2,043		2,040		2,049
Deferred and other tax liabilities			444		421		491
Employee benefits			149		150		181
Provisions			3		2		2
Total non-current liabilities			**2,639**		**2,613**		**2,723**
Issued share capital		35		35		36	
Share premium reserve		87		87		87	
Other reserves		2,112		2,106		2,231	
Equity attributable to the owners of the Company			2,234		2,228		2,354
Non-controlling interests			1		4		5
Total equity			**2,235**		**2,232**		**2,359**
Total financing			**4,874**		**4,845**		**5,082**

* 2017 has been restated for IFRS 15; see Note 3 for further details.

Unaudited Condensed Consolidated Interim Statement of Changes in Total Equity

(in millions of euros)	Note			2018
		Equity attributable to the owners of the Company	Non-controlling interests	Total equity
Balance at December 31, 2017, as presented		**2,321**	**4**	**2,325**
Change of accounting policy (IFRS 15)	3	(93)	-	(93)
Restated balance at December 31, 2017		**2,228**	**4**	**2,232**
Change of accounting policy (IFRS 9)	3	(9)	-	(9)
Restated equity balance at January 1		**2,219**	**4**	**2,223**
Total comprehensive income for the period		436	0	436
Share-based payments		10	-	10
Final cash dividend 2017		(181)	(1)	(182)
Repurchased shares		(250)	-	(250)
Other movements		0	(2)	(2)
Balance at June 30		**2,234**	**1**	**2,235**

(in millions of euros)	Note			2017
		Equity attributable to the owners of the Company	Non-controlling interests	Total equity Restated
Balance at January 1, as presented		**2,621**	**5**	**2,626**
Change of accounting policy (IFRS 15)	3	(62)	**-**	(62)
Restated balance at January 1		**2,559**	**5**	**2,564**
Total comprehensive income for the period		57	0	57
Share-based payments		10	-	10
Final cash dividend 2016		(172)	-	(172)
Repurchased shares		(100)	-	(100)
Other movements		0	-	0
Balance at June 30		**2,354**	**5**	**2,359**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 1 Reporting entity

Wolters Kluwer N.V. ('the Company') with its subsidiaries (together referred to as 'the group', and individually as group entities) is a global leader in professional information, software solutions and services for the health, tax and accounting, finance, risk and compliance, and legal sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

These unaudited condensed consolidated interim financial statements ('interim financial statements') for the six months ended June 30, 2018, comprise the group and the group's interests in associates and joint arrangements.

Note 2 Basis of preparation

Statement of compliance
These interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 *Interim Financial Reporting*, as adopted by the European Union. As such, the financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to get an understanding of the changes in the group's financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2017.

The interim financial statements for the six months period ended June 30, 2018, have been abridged from Wolters Kluwer's 2017 Financial Statements. These interim financial statements have not been audited or reviewed by the external auditor. The interim financial statements were authorized for issue by the Executive Board and Supervisory Board on July 31, 2018.

Accounting policies
The accounting policies applied in these interim financial statements are the same as those applied in 2017 Financial Statements, apart from the effect of two new accounting standards which became effective as of January 1, 2018:

- IFRS 9 *Financial Instruments*; and
- IFRS 15 *Revenue from Contracts with Customers*.

Note 3 explains the impact of the adoption of IFRS 9 and IFRS 15 on the group's interim financial statements.

Effect of forthcoming accounting standards
A number of new standards and amendments are not yet effective for the year ended December 31, 2018, and have not been early adopted in these interim financial statements.

IFRS 16 – Leases
IFRS 16 is the new standard on lease accounting and will result in recognition of almost all operating leases in the balance sheet with the recognition of an asset (the right to use the leased item) and a financial liability (a liability of the future discounted lease payments). A practical expedient is applicable for short-term and low-value leases.

IFRS 16 will be effective on January 1, 2019. The group has assessed this new standard and developed new accounting policies. Furthermore, the group is implementing a tool for its lease accounting and is still in the stage of data gathering and analysis. The group expects that this new standard has no material impact on net profit. However, IFRS 16 will result in presentation changes in the statement of profit or loss and the statement of financial position. The group has not yet decided which transition approach will be used for this standard. There are no other significant developments from what was disclosed in the 2017 Financial Statements.

Judgments and estimates
The preparation of the interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses.

In preparing these interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the 2017 Financial Statements (reference is made to Note 3 'Accounting Estimates and Judgments' of the 2017 Consolidated Financial Statements), except for the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on January 1, 2018.

Due to the adoption of IFRS 9 *Financial Instruments*, the group will determine its loss allowance for financial assets by making assumptions and using judgment about the risk of default and expected loss rates, using the group's past history, existing market conditions as well as forward-looking information at the end of each reporting period. Furthermore, as a result of the adoption of IFRS 15 *Revenue from Contracts with Customers*, we make judgments on the characteristics of a performance obligation, (un)bundling of multi-element arrangements, the fair value of a performance obligation, variable considerations such as provisions for returns, determination whether the revenue should be recognized over time or at a point in time, and the product and contract life.

Reference is also made to Note 27 'Financial Risk Management' of the 2017 Financial Statements, which outlines Wolters Kluwer's exposure to a variety of risks, including market risk, currency risk, interest rate risk, liquidity risk, and credit risk. These risks have not substantially changed since the issuance of our 2017 Annual Report.

Estimates and judgments are being continuously evaluated and are based on past experience and other factors, including expectations of future events believed to be reasonable under the circumstances. Actual results may differ from those estimates and current risk judgments.

Functional and presentation currency
The interim financial statements are presented in euro, which is the company's functional and presentation currency. Unless otherwise indicated, the financial information in these interim financial statements is in euro and has been rounded to the nearest million.

Exchange rates to the euro	2018	2017
U.S. dollar (at June 30)	1.17	1.12
U.S. dollar (average six months)	1.21	1.08
U.S. dollar (at December 31)		1.20

Comparatives
Where necessary, certain non-material reclassifications have been made to the prior year financial information and the notes thereto to conform to the current year presentation.

Note 3 Changes in accounting policies

Summarized impact of the adoption of IFRS 9 and IFRS 15 on the financial statements
IFRS 9 was adopted on January 1, 2018, without restating comparative information. Therefore, the reclassifications and the adjustments arising from IFRS 9 are reflected in the opening equity in the Statement of Financial Position at January 1, 2018.

IFRS 15 was retrospectively adopted on January 1, 2018, with the use of certain practical expedients (being disclosed in Note 1 to the 2017 Financial Statements), whereby the prior year's financial statements have been restated. Not applying the practical expedients would have led to a larger effect of revenue deferral and increased capitalized costs in the opening statement of financial position.

The adjustments and reclassifications arising from the new standard are therefore reflected in the adjusted Statement of Financial Position at January 1, 2017.

The following table presents the financial statement line items impacted by IFRS 15 and IFRS 9.

Changes in the Statement of Financial Position

(in millions of euros) *Impacted accounts only*	**Dec. 31, 2016 reported**	IFRS 15	**Jan. 1, 2017 restated**	**Dec. 31, 2017 reported**	IFRS 15	**Dec. 31, 2017 restated**	IFRS 9	**Jan. 1, 2018 restated**
Non-current assets								
Financial assets	30	-	30	16	-	16	-	16
Non-current contract assets	-	25	25	-	30	30	-	30
Current assets								
Contract assets	53	29	82	69	23	92	(2)	90
Trade and other receivables	1,322	(64)	1,258	1,243	(61)	1,182	(9)	1,173
Current liabilities								
Deferred income	1,555	34	1,589	1,412	74	1,486	-	1,486
Other contract liabilities	-	44	44	-	41	41	-	41
Non-current liabilities								
Deferred and other tax liabilities	505	(26)	479	451	(30)	421	(2)	419
Equity								
Equity attributable to the owners of the Company	2,621	(62)	2,559	2,321	(93)	2,228	(9)	2,219

Impact of IFRS 15 – Revenue from Contracts with Customers

The impact of IFRS 15 on the group's retained earnings in total equity as at January 1, 2017, is as follows:

(in millions of euros)		
Equity attributable to owners of the Company as at December 31, 2016 - IAS 18		**2,621**
Recognition of asset for cost to obtain a contract	(i)	25
Recognition of asset for cost to fulfil a contract	(i)	1
Restatement of contract assets for uninvoiced sales	(ii)	28
Restatement of contract liabilities	(ii)	(142)
Impact on deferred tax		26
Adjustment to retained earnings from adoption of IFRS 15, net of tax		(62)
Equity attributable to owners of the Company as at January 1, 2017 - IFRS 15		**2,559**

(i) Contract costs as a result of IFRS 15

Cost to obtain a contract and to fulfil a contract were previously expensed when incurred. However, sales commission plans which meet the criteria of incremental cost to obtain a contract are now capitalized and amortized over the longer of the contract term or product life period. Incurred cost to fulfil contracts are now, if directly associated with our effort to execute the contract, capitalized and amortized over the related revenue recognition period.

(ii) Contract asset and liabilities

The change in uninvoiced sales (contract assets) and deferred income (contract liabilities) is the cumulative change due to deferral of license revenues, (un)bundling multiple element arrangements, and allocation of discounts. Revenue from licenses for certain license/maintenance business will no longer be recognized immediately in the statement of profit or loss, but recognized as a right to access license over the term of the underlying contract, or product life.

(iii) Changes in classification and presentation

A few presentation changes have been made whereby the group now discloses contract assets and contract liabilities separately. The provision for returns has been reclassified from trade receivables to contract liabilities. For contracts whereby neither party has performed, we presented trade receivables and deferred income balances on a net basis instead of a gross basis. This netting reclassification had an effect of €108 million on the opening balance sheet at January 1, 2017. Furthermore, we changed the recognition and presentation of a few contractual arrangements whereby the group is considered to act as an agent instead of a principal. This change had no effect on the operating profit but resulted in a decrease in revenues and corresponding cost of sales or sales costs.

Changes in the Statement of Profit or Loss

(in millions of euros)	**June 30, 2017 reported**	IFRS 15	**June 30, 2017 restated**	**Dec. 31, 2017 reported**	IFRS 15	**Dec. 31, 2017 restated**
Revenues	**2,162**	8	2,170	**4,422**	(54)	**4,368**
Cost of sales	660	(1)	659	1,335	(4)	1,331
Gross profit	**1,502**	9	1,511	**3,087**	(50)	**3,037**
Sales costs	406	(3)	403	818	(11)	807
General and administrative costs	740	-	740	1,447	-	1,447
Total operating expenses	1,146	(3)	1,143	2,265	(11)	2,254
Other operating income and (expense)	40	-	40	47	-	47
Operating profit	**396**	12	408	**869**	(39)	**830**
Financing results	(58)	-	(58)	(108)	-	(108)
Share of profit of equity-accounted investees, net of tax	0	-	0	4	-	4
Profit before tax	**338**	12	**350**	**765**	(39)	**726**
Income tax expense	(72)	(6)	(78)	(94)	5	(89)
Profit for the period	**266**	6	**272**	**671**	(34)	**637**
Attributable to:						
Owners of the Company	266	6	272	670	(34)	636
Non-controlling interests	0	**-**	**0**	1	**-**	**1**
Profit for the period	**266**	**6**	**272**	**671**	**(34)**	**637**
Earnings per share (EPS) (€)						
Basic EPS	0.93	0.02	0.95	2.35	(0.12)	2.23
Diluted EPS	0.92	0.02	0.94	2.33	(0.12)	2.21

* 2017 revenue, operating expenses, and margin have been restated to treat customer credits for 'bank product' services as a deduction to revenues and not cost of sales.

The impact of IFRS 15 in the first half of 2017 differs from the second half of 2017, due to the deferred recognition of license sales at the end of the year. The first half of 2017 includes the impact of IFRS 15 adjustments for deferred income resulting from sales prior to 2017, in so far as it relates to open contracts with customers. The tax adjustment in the second half of 2017 includes the release of the IFRS 15 adjustments related deferred tax liabilities following the U.S. tax reform enacting a lower U.S. federal income tax rate at year-end 2017.

Impact of IFRS 9 – Financial Instruments
IFRS 9 includes revised guidance on the (de)recognition, classification and measurement of financial assets and financial liabilities, impairment of financial assets, and hedge accounting.

(i) Recognition, classification and measurement of financial instruments
The group has assessed which business models apply to the financial instruments and has classified these into the appropriate IFRS 9 categories. At transition date, January 1, 2018, there were no significant classification and measurement adjustments. Currently, the financial assets and liabilities are either classified as fair value through profit or loss or at amortized cost (see Note 10 Net Debt in this report).

(ii) Impairment of financial assets
The impact of the new accounting methodology for determining the impairment provision for trade receivables and contract assets resulted in an increase of the provision for receivables and univoiced sales. The adjustment of €9 million, net of tax, is reported in the group's total equity at January 1, 2018.

(iii) Derivatives and hedge accounting
The outstanding foreign currency forwards and interest rate swaps used for cash flow hedges and net investment hedges as at December 31, 2017, will continue to qualify as hedges under IFRS 9 resulting in no significant change in accounting. The group's risk management strategy and hedge documentation have been reviewed and aligned with the requirements of IFRS 9 before year-end 2017.
For foreign currency forwards used for hedging, the group designates as a hedge instrument only the change in the value of the spot component of a forward contract (and not the forward element). The differential between the contracted forward rate and the market spot rate, defined as forward points, was recognized in the statement of profit or loss under IAS 39. Under IFRS 9, the company will recognize these changes in forward points in the hedging reserve within total equity. This change has been applied prospectively, as of January 1, 2018, and amounts to a loss of €2 million as per June 30, 2018.

Note 4 Seasonality

Some of the group's businesses are impacted by seasonal patterns. Revenues of Wolters Kluwer's tax and regulatory businesses are strongest in the fourth and first quarters, in line with statutory (tax) filing requirements. The cash flow is typically strongest in the fourth quarter as calendar-year subscription renewals are received. However, as part of IFRS 15, the revenue recognition does not always follow the pattern of cash flows since the revenue for certain license contracts will be deferred.

Wolters Kluwer

Note 5 Benchmark Figures

Wherever used in these interim financial statements, the term 'adjusted' refers to figures adjusted for non-benchmark items and, where applicable, amortization and impairment of goodwill and publishing rights. Adjusted figures are non-IFRS compliant financial figures, but are internally regarded as key performance indicators to measure the underlying performance of the business. These figures are presented as additional information and do not replace the information in the consolidated interim statement of profit or loss and in the consolidated interim statement of cash flows. The term 'Restated' refers to changes as a result of the new accounting policies.

Reconciliation between operating profit and adjusted operating profit

(in millions of euros)	Six months ended June 30	
	2018	2017 Restated*
Operating profit	524	408
Amortization of publishing rights and impairments	84	94
Non-benchmark items in operating profit	(157)	(40)
Adjusted operating profit	**451**	**462**

* 2017 has been restated for IFRS 15.

Reconciliation between total financing results and adjusted net financing costs

(in millions of euros)	Six months ended June 30	
	2018	2017
Total financing results	(49)	(58)
Non-benchmark items in total financing results	0	3
Adjusted net financing costs	**(49)**	**(55)**

Reconciliation between profit for the period and adjusted net profit

(in millions of euros)	Six months ended June 30	
	2018	2017 Restated*
Profit for the period attributable to the owners of the Company (A)	359	272
Amortization of publishing rights and impairments	84	94
Tax on amortization and impairments of publishing rights and goodwill	(27)	(33)
Non-benchmark items, net of tax	(117)	(40)
Adjusted net profit (B)	**299**	**293**

* 2017 has been restated for IFRS 15.

Summary of non-benchmark items

(in millions of euros)	Six months ended June 30	
	2018	2017
Included in 'other operating income and (expense)':		
Divestment related results	159	52
(Additions to)/releases of acquisition integration provisions	0	0
Acquisition related costs	(2)	(3)
Fair value changes to contingent acquisition payments	0	(9)
Total non-benchmark income/(costs) in operating profit	**157**	**40**
Included in total financing results:		
Employee benefits financing component	(2)	(3)
Fair value changes financial assets through profit or loss	(1)	-
Result on divestment of financial assets	3	-
Divestment result of equity-accounted investees	0	0
Total non-benchmark income/(costs) in total financing results	**0**	**(3)**
Total non-benchmark items before tax	**157**	**37**
Tax on non-benchmark items	(40)	3
Non-benchmark items, net of tax	**117**	**40**

Reconciliation between net cash from operating activities and adjusted free cash flow

(in millions of euros)	Six months ended June 30	
	2018	2017
Net cash from operating activities	319	342
Capital expenditure	(88)	(96)
Acquisition related costs	2	3
Paid divestment expenses	3	4
Dividends received	1	1
Tax on internal restructuring	-	5
Net tax benefit on divested assets, consolidation of platform technology, and repatriation tax	26	(2)
Adjusted free cash flow (C)	**263**	**257**

Per share information

(in euros, unless otherwise stated)	Six months ended June 30	
	2018	2017 Restated*
Total number of ordinary shares outstanding at June 30[1)]	276.6	285.5
Weighted average number of ordinary shares outstanding (D)[1)]	279.4	286.8
Diluted weighted average number of ordinary shares (E)[1)]	281.5	289.4
Adjusted EPS (B/D)	1.07	1.02
Diluted adjusted EPS (minimum of adjusted EPS and [B/E])	1.06	1.01
Diluted adjusted EPS in constant currencies	1.19	0.98
Adjusted free cash flow per share (C/D)	0.94	0.89
Diluted adjusted free cash flow per share (minimum of adjusted free cash flow per share and [C/E])	0.93	0.89

[1)] In millions of shares

* 2017 has been restated for IFRS 15.

Benchmark tax rate

(in millions of euros, unless otherwise stated)	Six months ended June 30	
	2018	2017 Restated*
Income tax expense	116	78
Tax benefit on amortization of publishing rights and impairments	27	33
Tax benefit on non-benchmark items	(40)	3
Tax on adjusted profit before tax (F)	**103**	**114**
Adjusted net profit (B)	299	293
Adjustment for non-controlling interests	0	0
Adjusted profit before tax (G)	**402**	**407**
Benchmark tax rate (F/G) (%)	**25.5**	**27.9**

* 2017 has been restated for IFRS 15.

Calculation of cash conversion ratio

(in millions of euros, unless otherwise stated)	Six months ended June 30	
	2018	2017 Restated*
Adjusted operating profit (H)	451	462
Amortization and impairment of other intangible assets	82	81
Depreciation of property, plant, and equipment	13	15
Adjusted EBITDA	**546**	**558**
Autonomous movements in working capital	(10)	(21)
Capital expenditure	(88)	(96)
Adjusted operating cash flow (I)	**448**	**441**
Cash conversion ratio (I/H) (%)	**99**	**95**

* 2017 has been restated for IFRS 15.

Note 6 Segment Reporting

Divisional revenues and operating profit

(in millions of euros)	Six months ended June 30	
	2018	**2017** Restated*
Revenues		
Health	512	562
Tax & Accounting	623	611
Governance, Risk & Compliance	470	556
Legal & Regulatory	415	441
Total revenues	**2,020**	**2,170**
Operating profit		
Health	186	111
Tax & Accounting	122	111
Governance, Risk & Compliance	174	185
Legal & Regulatory	65	28
Corporate	(23)	(27)
Total operating profit	**524**	**408**

* 2017 has been restated for IFRS 15.

Disaggregation of revenues

The group disaggregates revenues by media format and by revenue type as part of the management information discussed by the Executive Board. Reference is made to Appendix 2 and 3 of this report.

Note 7 Earnings per Share

Earnings per share (EPS)

(in millions of euros, unless otherwise stated)	Six months ended June 30	
	2018	2017 Restated*
Profit for the period attributable to the owners of the Company (A)	**359**	**272**
Weighted average number of shares		
In millions of shares		
Outstanding ordinary shares at January 1	290.3	301.9
Effect of repurchased shares	(10.9)	(15.1)
Weighted average number of shares (D) for the period	**279.4**	**286.8**
Basic EPS (A/D) (€)	1.29	0.95
Diluted weighted average number of shares		
Weighted average number of shares for the period (D)	279.4	286.8
Long-Term Incentive Plan	2.1	2.6
Diluted weighted average number of shares (E) for the period	**281.5**	**289.4**
Diluted EPS (minimum of basic EPS and [A/E]) (€)	1.28	0.94

* 2017 has been restated for IFRS 15.

Note 8 Acquisitions and Divestments

Acquisitions

Total acquisition spending in first half of 2018 was €19 million (HY 2017: €300 million) and included the acquisition of Firecracker, deferred and contingent acquisition payments, and acquisition-related costs.

On March 5, 2018, Wolters Kluwer Health acquired 100% of the shares of Firecracker Inc., an adaptive learning, assessment, and study-planning solution used by more than 20 percent of U.S. medical students. Firecracker has become part of the Health Learning, Research & Practice group, which produces high quality medical education and practice content under the Lippincott imprint. Firecracker has 16 employees and is headquartered in Boston, Massachusetts. Revenues are recurring in nature and derived from the U.S. market.

Deferred and contingent acquisition payments were €10 million (HY 2017: €6 million) and acquisition-related costs were €2 million (HY 2017: €3 million).

Acquisitions

(in millions of euros)	Six months ended June 30	
	2018	2017
Consideration payable in cash	9	297
Deferred and contingent acquisition payments	1	0
Total consideration	**10**	**297**
Non-current assets	16	190
Current assets	1	34
Current liabilities	(3)	(29)
Non-current liabilities	0	(12)
Deferred tax liability	(4)	(42)
Fair value of net identifiable assets/(liabilities)	**10**	**141**
Goodwill on acquisitions	**0**	**156**
Cash effect of the acquisitions:		
Consideration payable in cash	9	297
Cash acquired	0	(3)
Deferred and contingent acquisition payments paid	10	6
Acquisition spending, net of cash acquired	**19**	**300**

The fair value of the identifiable assets and liabilities of some acquisitions could only be determined provisionally and will be subject to change based on the outcome of the purchase price allocation which will be completed within 12 months from the acquisition date.

The goodwill recognized for the acquisitions represents a payment in anticipation of the future economic benefits to be derived by Wolters Kluwer as a result of the acquisition. These future economic benefits relate to revenue opportunities (such as cross-selling) or cost efficiencies (such as sharing of infrastructure).

In the first half of 2018, the group recognized fair value changes in the statement of profit or loss for the amount of €0 million (HY 2017: €9 million) for acquisitions from previous years.

Divestments

The group completed three significant divestments in the first half of 2018, which were classified as an asset held for sale at year-end 2017.

On January 4, 2018, Wolters Kluwer Legal & Regulatory completed the divestment of certain Swedish assets to Karnov Group, as originally announced on October 25, 2017. The consideration of the transaction, after purchase price adjustments for working capital and net debt, was SEK 611 million (€62 million) in cash and a deferred consideration of SEK 131 million (€13 million). The rationale for the divestment was to further sharpen our focus on core markets where the Legal & Regulatory division is best positioned for long-term growth. The Swedish assets sold included legal and regulatory information, in print and digital formats, as well as printing and distribution services. The business lines had revenues of €22 million in 2017 and employed approximately 70 people.

On January 6, 2018, Wolters Kluwer Governance, Risk and Compliance (GRC) completed the divestment of Corsearch to Audax Private Equity, as originally announced on October 23, 2017, for €113 million in cash, after purchase price adjustments for working capital and net debt. The industry in which Corsearch operates is evolving from providing traditional trademark clearance and protection services to delivering end-to-end digital solutions for brand management and marketing professionals. Although this presented new opportunities for Corsearch, Wolters Kluwer GRC decided to focus its investment on developing its core regulatory compliance and risk management software and services for corporations, financial institutions, and law firms. The business had revenues of €53 million in 2017 and had approximately 200 employees.

On March 9, 2018, Wolters Kluwer Health completed the divestment of ProVation Medical, its procedure documentation and order set management software business, to Clearlake Capital Group, L.P. for $172 million (€140 million) in cash, after purchase price adjustments for working capital and net debt. The divestment reflects the division's increasing focus on supporting healthcare providers in delivering improved patient outcomes by offering a broad and cohesive suite of products, from healthcare learning and research, to advanced clinical decision support, terminology management and patient engagement. This broad-based, multispecialty and integrated range of solutions can most effectively help healthcare providers in improving outcomes and reducing variability in care. The ProVation business had revenues of €69 million in 2017 and had approximately 200 employees.

Finally, at the end of March 2018, Wolters Kluwer Health reduced its equity-shareholding in Chengdu Medicom Medical Information Systems Co., Ltd (China) from 55% to 45%. As a result, the group no longer has a controlling interest and Medicom China has been deconsolidated and treated as an equity-accounted investee starting in April 2018. The Medicom China business had revenues of €8 million in 2017 and approximately 200 employees.

Divestment-related results

(in millions of euros)	Six months ended June 30	
	2018	2017
Divestments of operations:		
Consideration receivable in cash	316	83
Fair value of equity interest retained	2	-
Deferred consideration receivable	13	-
Consideration receivable	**331**	**83**
Non-current assets	0	25
Current assets (including assets held for sale)	235	16
Current liabilities (including liabilities held for sale)	(65)	(14)
Deferred tax liability	0	0
Non-controlling interest	(2)	**0**
Net identifiable assets and liabilities	**168**	**27**
Reclassification of foreign exchange gain/(loss) on loss of control, recognized in other comprehensive income	-	0
Book profit/(loss) on divestments of operations	**163**	**56**
Restructuring of stranded costs following divestment	(1)	-
Divestment expenses	(3)	(4)
Divestment related results, included in other operating income and (expense)	**159**	**52**
Divestments of equity-accounted investees and financial assets:		
Consideration receivable in cash	3	0
Carrying value of equity-accounted investees and financial assets	0	0
Divestment related results included in financing results	**3**	**0**
Cash effect of divestments:		
Consideration receivable in cash	319	83
Cash included in divested operations	(14)	(6)
Receipts from divestments, net of cash disposed of	**305**	**77**

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Note 9 Contract Assets and Liabilities

Contract assets and liabilities

(in millions of euros)	June 30, 2018	December 31, 2017	June 30, 2017
Contract assets:			
Uninvoiced sales	65	90	79
Cost to obtain a contract	30	30	25
Cost to fulfil a contract	0	2	1
Total contract assets	**95**	**122**	**105**
Receivables:			
Trade receivables	855	1,010	857
Impairment provision	(63)	(56)	(51)
Trade receivables, net of provision for impairment	**792**	**954**	**806**
Contract liabilities:			
Deferred income	1,483	1,486	1,489
Provision for refunds	37	41	42
Total contract liabilities	**1,520**	**1,527**	**1,531**

In the six months ended June 30, 2018, the group recorded €8 million (2017: €11 million) as an expense due to impairment on financial assets, entirely due to credit risks on trade receivables and contract assets. The majority of the contract costs are non-current in nature.

Note 10 Net Debt

Reconciliation gross debt to net debt

(in millions of euros, unless otherwise stated)	June 30, 2018	December 31, 2017	June 30, 2017
Gross debt			
Bonds*	1,627	1,627	1,626
Private placements*	404	396	409
Other long-term loans*	9	12	8
Deferred and contingent acquisition payments**	3	2	6
Derivative financial instruments**	-	3	-
Total long-term debt	2,043	2,040	2,049
Borrowings and bank overdrafts*	581	288	480
Bonds*	-	750	750
Deferred and contingent acquisition payments**	2	12	14
Derivative financial instruments**	7	0	-
Total short-term debt	590	1,050	1,244
Total gross debt	**2,633**	**3,090**	**3,293**
Minus:			
Cash and cash equivalents*	(654)	(1,020)	(1,009)
Deferred divestment consideration receivable	(12)	-	-
Derivative financial instruments:			
Non-current receivable**	(10)	0	(11)
Current receivable**	-	(1)	(16)
Net debt	**1,957**	**2,069**	**2,257**
Net-debt-to-EBITDA ratio (on a rolling basis)***	1.7	1.8	1.9

* These financial liabilities are measured at amortized cost.
** These financial liabilities are measured at fair value through profit or loss.
*** The 2017 comparatives for this ratio have been restated for IFRS 15.

The group used excess cash balances to redeem the €750 million, 6.375% senior Eurobond which matured on April 10, 2018.

Note 11 Equity, Dividends, LTIP

In the reporting period, Wolters Kluwer repurchased 6.0 million ordinary shares for a total consideration of €264 million (average share price of €43.71), of which €4 million was settled in July. A total of 1.3 million shares were repurchased to offset the dilution caused by our annual incentive share issuance.

We now intend to execute up to €550 million in share buybacks in 2018, including proceeds from the sale of ProVation intended to mitigate the EPS dilution related to that.

The repurchased shares are added to and held as treasury shares, which totalled 13.7 million at June 30, 2018.

A final dividend of €0.65 per share was approved at the Annual General Meeting of Shareholders in April 2018 and was paid in the second quarter. The final dividend brings the total dividend over the 2017 financial year to €0.85 per share, an increase of 8% compared to the 2016 dividend. For 2018, the interim dividend will be set at 40% of the prior year's total dividend, equivalent to €0.34 per share.

In the first six months of 2018, treasury shares were used for the vesting of Long-Term Incentive Plan (LTIP) shares; no new shares were issued. The LTIP 2015-17 vested on December 31, 2017. Total Shareholder Return (TSR) ranked second relative to the peer group of 15 companies, resulting in a pay-out of 150% of the conditional base number of shares awarded to the Executive Board and Senior Management. The EPS-condition based shares resulted in a pay-out of 150%. A total of 1,303,741 shares were released on February 22, 2018.

Under the 2018-20 LTIP grant, 604,134 shares were conditionally awarded to the Executive Board and other senior managers in the first six months of 2018. In the first six months of 2018, 77,099 shares were forfeited under the long-term incentive plans.

The 2017 dividend of €0.85 per share amounting to €238 million (2016 dividend: €227 million) was fully distributed in cash. This 2017 dividend was paid in two parts, an interim dividend of €57 million in the second half of 2017 and a final dividend of €181 million in the first half of 2018.

At June 30, 2018, Ms. McKinstry held 354,638 shares (December 31, 2017: 292,014 shares) in the Company. Mr. Entricken held 36,636 shares (December 31, 2017: 34,636 shares).

One of the Supervisory Board members, Mr. Noteboom, held 4,865 shares in the company (December 31, 2017: 4,865 shares).

Note 12 Related Party Transactions

There were no major related parties transactions entered into during the six months period ended June 30, 2018.

Note 13 Events after Balance Sheet date

Subsequent events were evaluated up to July 31, 2018, which is the date the condensed consolidated interim financial statements were authorized for issue by the Executive Board and Supervisory Board. There are no events to report.

Appendix 1 Divisional Supplemental Information – Six months ended June 30

(€ million, unless otherwise stated)	2018	2017*	Change: Organic	Change: Acquisition/ Divestment	Change: Currency
Health					
Revenues	512	562	28	(21)	(57)
Adjusted operating profit	130	135	15	(5)	(15)
Adjusted operating profit margin	25.3%	24.0%			
Tax & Accounting					
Revenues	623	611	38	22	(48)
Adjusted operating profit	156	156	16	(1)	(15)
Adjusted operating profit margin	25.1%	25.5%			
Governance, Risk & Compliance					
Revenues	470	556	14	(48)	(52)
Adjusted operating profit	137	156	5	(6)	(18)
Adjusted operating profit margin	29.3%	28.0%			
Legal & Regulatory					
Revenues	415	441	10	(25)	(11)
Adjusted operating profit	51	42	16	(7)	(0)
Adjusted operating profit margin	12.2%	9.6%			
Corporate					
Adjusted operating profit	(23)	(27)	3	0	1
Wolters Kluwer					
Revenues	2,020	2,170	90	(72)	(168)
Adjusted operating profit	451	462	55	(19)	(47)
Adjusted operating profit margin	22.3%	21.3%			

Note: (1) Acquisition/divestment column includes the contribution from 2018 and 2017 acquisitions before these became organic (12 months from their acquisition date), the impact of 2018 and 2017 divestments, and the effect of asset transfers between divisions, if any. *2017 restated for IFRS 15 and to treat customer credits for 'bank product' services as a deduction to revenues and not as a cost of sales.

Appendix 2 Revenues by Media Format – Six months ended June 30

(€ million, unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Digital	1,560	1,661	-6%	+2%	+6%
Services	241	262	-8%	+2%	+3%
Print	219	247	-11%	-6%	-2%
Total revenues	**2,020**	**2,170**	**-7%**	**+1%**	**+4%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. Services includes legal representation, consulting, training, events, and other services. *2017 restated for IFRS 15 and to treat customer credits for 'bank product' services as a deduction to revenues and not as a cost of sales.

Wolters Kluwer

Appendix 3 Divisional Revenues by Type – Six months ended June 30

(€ million, unless otherwise stated)	**2018**	**2017***	**Δ**	**Δ CC**	**Δ OG**
Health					
Digital and service subscription	384	405	-5%	+5%	+8%
Print subscription	24	29	-17%	-7%	-7%
Other recurring	43	50	-13%	-2%	+2%
Total recurring revenues	**451**	**484**	**-7%**	**+4%**	**+6%**
Print books	27	31	-13%	-6%	-6%
Other non-recurring	34	47	-26%	-19%	+5%
Total Health	**512**	**562**	**-9%**	**+1%**	**+5%**
Tax & Accounting					
Digital and service subscription	455	447	+2%	+9%	+7%
Print subscription	13	15	-13%	-9%	-9%
Other recurring	81	87	-6%	+5%	+5%
Total recurring revenues	**549**	**549**	**0%**	**+8%**	**+6%**
Print books	12	11	+12%	+23%	+23%
Other non-recurring	62	51	+20%	+26%	+3%
Total Tax & Accounting	**623**	**611**	**+2%**	**+10%**	**+6%**
Governance, Risk & Compliance					
Digital and service subscription	273	323	-15%	-6%	+2%
Print subscription	0	0	0%	0%	0%
Total recurring revenues	**273**	**323**	**-15%**	**-6%**	**+2%**
LS transactional	105	125	-16%	-6%	+9%
FS transactional	48	59	-18%	-9%	-4%
Other non-recurring	44	49	-12%	-6%	+2%
Total Governance, Risk & Compliance	**470**	**556**	**-15%**	**-6%**	**+3%**
Legal & Regulatory					
Digital and service subscription	240	250	-4%	-1%	+4%
Print subscription	65	72	-10%	-8%	-5%
Other recurring	21	20	0%	+2%	+11%
Total recurring revenues	**326**	**342**	**-5%**	**-3%**	**+3%**
Print books	40	50	-19%	-17%	-7%
Other non-recurring	49	49	0%	+5%	+9%
Total Legal & Regulatory	**415**	**441**	**-6%**	**-3%**	**+2%**
Total Wolters Kluwer					
Digital and service subscription	1,352	1,425	-5%	+3%	+6%
Print subscription	102	116	-12%	-8%	-6%
Other recurring	145	157	-8%	+3%	+5%
Total recurring revenues	**1,599**	**1,698**	**-6%**	**+2%**	**+5%**
Print books	79	92	-13%	-9%	-3%
LS transactional	105	125	-16%	-6%	+9%
FS transactional	48	59	-18%	-9%	-4%
Other non-recurring	189	196	-4%	+2%	+5%
Total Wolters Kluwer	**2,020**	**2,170**	**-7%**	**+1%**	**+4%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.13); Δ OG: % Organic growth. Note: Other non-recurring revenues include license & implementation fees. *2017 restated for IFRS 15 and to treat customer credits for 'bank product' services as a deduction to revenues and not as a cost of sales.

Appendix 4 Additional IFRS 15 comparatives disclosure

Wolters Kluwer adopted IFRS 15 using the retrospective method with the use of certain practical expedients, of which the exemption not to restate completed contracts is the most notable. IFRS 15 has an impact on the recognition of incremental costs to obtain a contract. These costs, arising from sales commissions schemes, will be partly capitalized and amortized, whereas these were previously expensed when incurred. IFRS 15 had no impact on adjusted free cash flow.

Adjusted income statement	**HY 2017**	IFRS 15	**HY 2017**	**FY 2017**	IFRS 15	**FY 2017**
(€ million, unless otherwise stated)	**Reported***	Restatement	**Restated**	**Reported**	Restatement	**Restated**
Revenues	**2,162**	8	**2,170**	**4,422**	(54)	**4,368**
Cost of sales	(660)	1	(659)	(1,335)	4	(1,331)
Adjusted operating expenses	(1,052)	3	(1,049)	(2,078)	11	(2,067)
Adjusted operating profit	**450**	**12**	**462**	**1,009**	**(39)**	**970**
Adjusted operating profit margin	*20.8%*		*21.3%*	*22.8%*		*22.2%*
Adjusted net financing costs	(55)	-	(55)	(109)	-	(109)
Equity-accounted investees, net of tax	0	-	0	4	-	4
Adjusted profit before tax	**395**	**12**	**407**	**904**	**(39)**	**865**
Tax on adjusted profit	(108)	(6)	(114)	(235)	10	(225)
Effective benchmark tax rate	*27.3%*		*27.9%*	*25.9%*		*25.9%*
Non-controlling interests	-	-	-	(1)	-	(1)
Adjusted net profit	**287**	**6**	**293**	**668**	**(29)**	**639**
Diluted weighted average shares (million)	*289.4*		*289.4*	*287.7*		*287.7*
Diluted adjusted EPS (€)	**€0.99**	**€0.02**	**€1.01**	**€2.32**	**(€0.10)**	**€2.22**

Adjusted free cash flow	**HY 2017**	IFRS 15	**HY 2017**	**FY 2017**	IFRS 15	**FY 2017**
(€ million, unless otherwise stated)	**Reported***	Restatement	**Restated**	**Reported**	Restatement	**Restated**
Adjusted operating profit	**450**	**12**	**462**	**1,009**	**(39)**	**970**
Depreciation and amortization of other intangibles	96	-	96	209	-	209
Adjusted EBITDA	**546**	**12**	**558**	**1,218**	**(39)**	**1,179**
Capital expenditure	(96)	-	(96)	(210)	-	(210)
Autonomous movements in working capital	(9)	(12)	(21)	(34)	39	5
Adjusted operating cash flow	**441**	**0**	**441**	**974**	**0**	**974**
Cash conversion ratio	*98%*		*95%*	*97%*		*100%*
Paid financing costs	(81)	-	(81)	(87)	-	(87)
Paid corporate income tax	(108)	-	(108)	(156)	-	(156)
Net change in restructuring provision	(8)	-	(8)	(6)	-	(6)
Additional pension contributions and other	13	-	13	21	-	21
Adjusted free cash flow	**257**	**0**	**257**	**746**	**0**	**746**

*HY 2017 revenue, operating expenses, and margin restated to treat customer credits for 'bank product' services as a deduction to revenues and not a cost of sales.

Appendix 4 Additional IFRS 15 comparatives disclosure (continued)

Divisions *(€ million, unless otherwise stated)*	**HY 2017** **Reported***	IFRS 15 Restatement	**HY 2017** **Restated**	**FY 2017** **Reported**	IFRS 15 Restatement	**FY 2017** **Restated**
Health	562	0	562	1,168	(2)	1,166
Tax & Accounting	601	10	611	1,257	(23)	1,234
Governance, Risk & Compliance	557	(1)	556	1,080	(26)	1,054
Legal & Regulatory	442	(1)	441	917	(3)	914
Total revenues	**2,162**	**8**	**2,170**	**4,422**	**(54)**	**4,368**
Health	133	2	135	293	4	297
Tax & Accounting	146	10	156	339	(19)	320
Governance, Risk & Compliance	156	0	156	319	(24)	295
Legal & Regulatory	42	0	42	110	0	110
Corporate	(27)	-	(27)	(52)	-	(52)
Adjusted operating profit	**450**	**12**	**462**	**1,009**	**(39)**	**970**
Health	23.7%		24.0%	25.0%		25.5%
Tax & Accounting	24.2%		25.5%	27.0%		25.9%
Governance, Risk & Compliance	28.0%		28.0%	29.5%		28.0%
Legal & Regulatory	9.5%		9.6%	12.0%		12.0%
Adjusted operating profit margin	**20.8%**		**21.3%**	**22.8%**		**22.2%**

*HY 2017 revenue, operating expenses, and margin restated to treat customer credits for 'bank product' services as a deduction to revenues and not a cost of sales.

About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the health, tax & accounting, finance, risk & compliance, and legal 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 2017 annual revenues of €4.4 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 about our products and organization, visit www.wolterskluwer.com and follow us on Twitter, Facebook, LinkedIn, and YouTube.

Financial Calendar

August 27, 2018	Ex-dividend date: 2018 interim dividend
August 28, 2018	Record date: 2018 interim dividend
September 19, 2018	Payment date: 2018 interim dividend
September 26, 2018	Payment date: 2018 interim dividend ADRs
October 31, 2018	Nine-Month 2018 Trading Update
February 20, 2019	Full-Year 2018 Results

Media
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