

# 2010 Half-Year Results

July 28, 2010 - Amsterdam



Wolters Kluwer

**Nancy McKinstry**  
CEO and Chairman of  
the Executive Board

**Boudewijn Beerkens**  
CFO and Member of the  
Executive Board

**Jack Lynch**  
Member of the  
Executive Board

# 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.*

# Agenda

- 2010 Half-Year Highlights and Outlook
- 2010 Half-Year Financial Performance
- Divisional Operating Performance
- Summary
- Q&A



# Highlights 2010 Half-Year

*Solid performance provides confidence for full-year outlook*

- Revenue in-line with 2009; underlying growth improved 300 basis points
- Solid retention and good growth in online and software solutions
- Ordinary EBITA margin improved 40 basis points to 19.0%
- Free cash flow improved 13% to €165 million
- Full-year guidance and medium-term outlook reiterated

# Accomplishments 2010 Half-Year

*Results affirm strategic direction*

- Electronic product growth of 4% coming from sustained investment
- Health & Pharma Solutions division results improved
- Springboard program on track
- Solid financial position
- Global alignment and portfolio shift support future growth



# 2010 Outlook

*Guidance confirmed*

Key Performance Indicators	2010 Outlook
Ordinary EBITA Margin	20-21%
Free Cash Flow <sup>1</sup>	≥ €400 million
Return on Invested Capital (after tax)	≥ 8%
Diluted ordinary EPS <sup>1</sup>	€1.41 to €1.45

<sup>1</sup> At constant currencies (EUR/USD = 1.39)

# Portfolio Evolution

*Mix shift and favorable market trends support future growth*

- Market trends support growth
- Growth potential and economics improve as portfolio evolves
  - Favorable retention and growth characteristics from electronic solutions
  - Strong global market positions provide a base for growth
  - Consistent investment supports sustainable results
- Margin expansion supported by portfolio mix and global leverage
  - Continued shift to higher margin online and software solutions
  - Leverage global scale and platforms to drive cost effectiveness

# Confidence in the Future

*Reiterating medium-term outlook*

Key Performance Indicators	Medium-Term
Revenue Growth/ Portfolio Composition	Double-digit online & software growth Online, software & services revenue 75% of total revenues
Ordinary EBITA	Continuous improvement
Free cash flow <sup>1</sup>	≥ €400 million per annum
Diluted ordinary EPS <sup>1</sup>	Continuous improvement
Return on invested capital	≥ 8%

<sup>1</sup>At constant currencies (EUR/USD = 1.39)



# Financial Performance

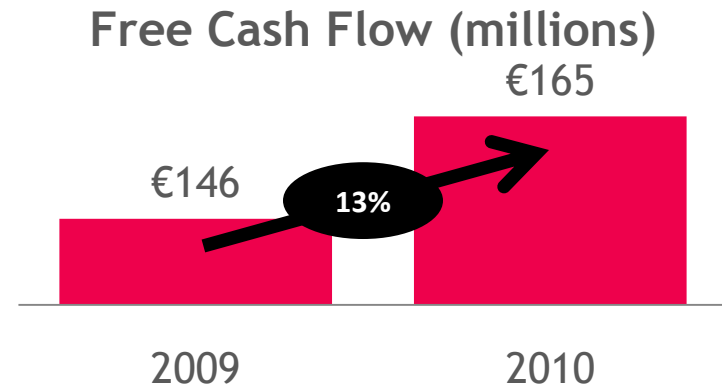
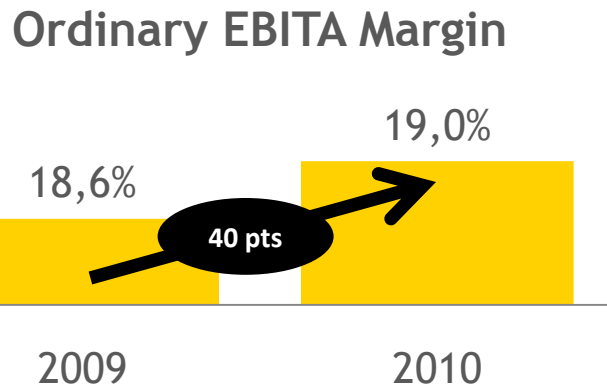
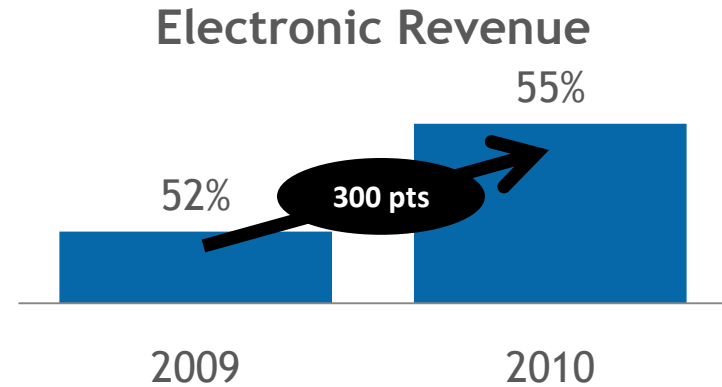
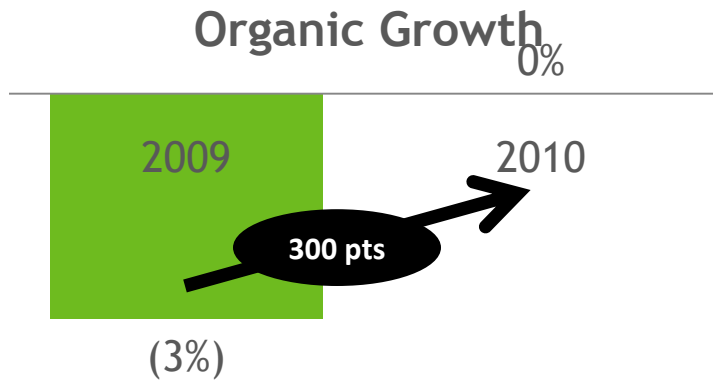
2010 Half-Year Results



**Boudewijn Beerkens**  
CFO and Member of the  
Executive Board

# Financial Highlights

*Revenue trends improving; strong growth in electronic revenue, profitability, and cash flow*



# Statement of Income

*Higher revenues and margins offset by financing costs, taxes*

Six months ended June 30, 2010 (€ millions)	2010	2009	Δ%	Δ% CC <sup>1</sup>	Δ OG
Revenue	1,728	1,720	0%	(1%)	0%
Ordinary EBITA	328	320	2%	2%	2%
Ordinary EBITA margin (%)	19.0%	18.6%			
Exceptional items	(27)	(28)			
Amortization of publishing rights	(86)	(91)			
Financing results	(65)	(57)			
Taxation on income	(28)	(11)			
Other	4	0			
Net income (before non-controlling interest)	126	133	(5%)	3%	

<sup>1</sup>CC - At constant currencies (EUR/USD = 1.39)

# Divisional Structure Realignment

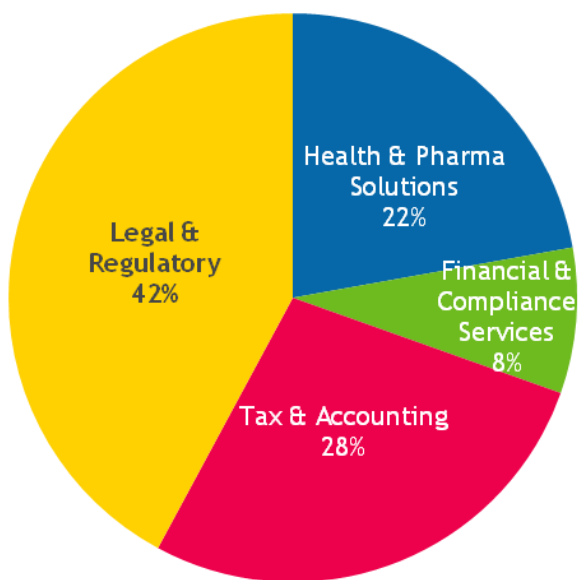
*To align with strategy, the company has reorganized around global operating divisions*

Legal & Regulatory	Tax & Accounting	Health & Pharma Solutions	Financial & Compliance Services
Law & Business U.S.	Tax & Accounting U.S.	Medical Research	Financial Services
Law & Business U.K.	Tax & Accounting Canada	Professional & Education	ARC Logics (GRC)
Corporate Legal Services	Small Firm Services	Clinical Solutions	Transport Services
Legal & Regulatory EU	Asia Pacific	Pharma Solutions	
	Tax & Accounting EU		

# Revenue Growth

*In line with prior year; positive growth in three divisions offsetting decline in Legal & Regulatory*

Revenue: Half-Year 2010  
€1,728 million



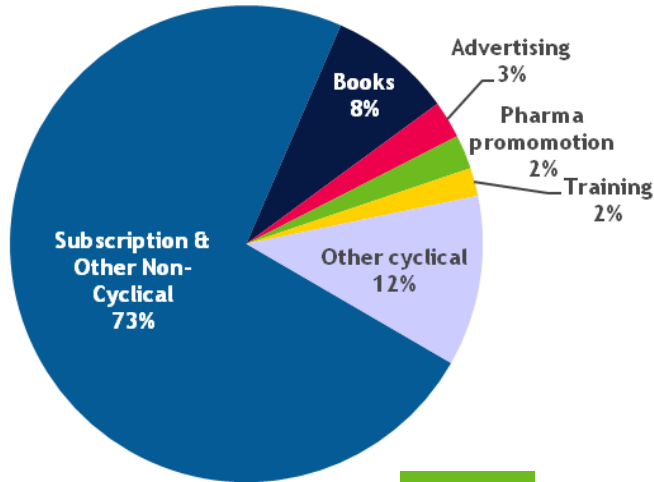
Revenue: six months ended June 30

€ millions	2010	2009	Δ	Δ CC	Δ OG
Health & Pharma Solutions	383	365	5%	3%	3%
Financial & Compliance Services	143	138	4%	3%	2%
Tax & Accounting	474	471	1%	0%	1%
Legal & Regulatory	728	746	(2%)	(4%)	(3%)
<b>Wolters Kluwer</b>	<b>1,728</b>	<b>1,720</b>	<b>0%</b>	<b>(1%)</b>	<b>0%</b>

Δ - % Change; Δ CC - % Change constant currency (EUR/USD 1.39); Δ OG - Organic growth %

# Revenue

*Solid revenue growth in electronic and services*



- Resilient recurring revenues, improving retention rates
- Solid growth in electronic & services subscriptions
- Print customers continue migration to online products
- Challenging economy in Europe, impacting print renewals and books sales
- Improved economy in the US, supporting CLS transactions

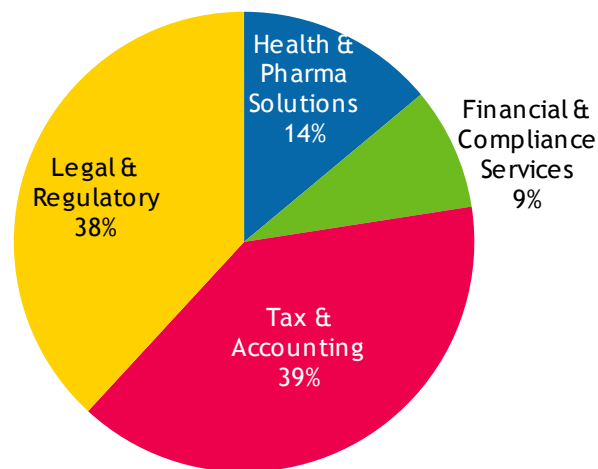
€ million	2010	2009	Δ	Δ CC	Δ OG
Electronic & service sub.	845	816	4%	2%	3%
Print subscription	246	265	(7%)	(8%)	(8%)
Other non-cyclical	168	164	2%	1%	3%
Recurring revenues	1,259	1,245	1%	0%	0%
Books	146	146	0%	(1%)	(1%)
Cyclical products	323	329	(2%)	(3%)	(2%)
<b>Total revenues</b>	<b>1,728</b>	<b>1,720</b>	<b>0%</b>	<b>(1%)</b>	<b>0%</b>

Δ-% Change; ΔCC-% Change constant currency (EUR/USD 1.39); ΔOG-% Organic growth

# Ordinary EBITA

*Improvement driven by higher margin online and software products, and operational excellence programs*

Ordinary EBITA: Half-Year 2010  
€328 million

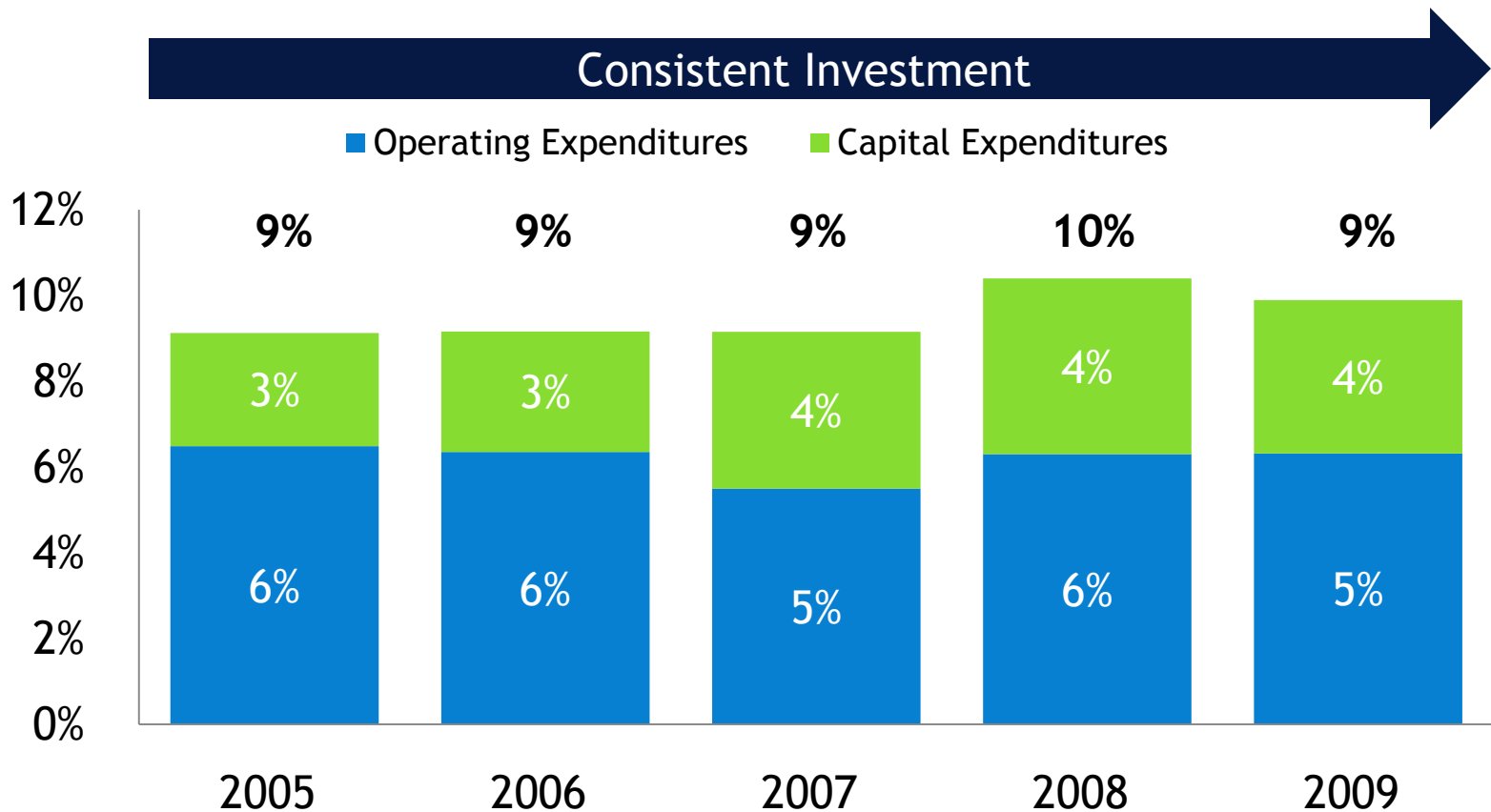


Ordinary EBITA margin: six months ended June 30

	2010	2009
Legal & Regulatory	18.3%	18.0%
Tax & Accounting	28.9%	29.7%
Health & Pharma Solutions	12.7%	10.2%
Financial & Compliance Services	21.0%	20.8%
Wolters Kluwer	19.0%	18.6%

# Investments

*Sustained investment in new and enhanced products drives future growth*





# Acquisitions

*Acquisitions must meet or exceed our financial criteria*

Acquisitions, Including:		EPS accretive in Year 1	Year ROIC exceeds WACC
2005	DeAgostini, Nolis, Osra, Eon, Best Case, Tripoint, Entyre, Amerisearch, Boucher	✓	3
2006	NDC, Heymanns, ProVation, Sage, ATX Kleinrock, UTS TaxWise	✓	3*
2007	MCFR, TeamMate, GEE, AppOne, Europea del Derecho	✓	3
2008	MYOB, Addison, UpToDate, IntelliTax	✓	2
2009	Coimbra, Axentis, Schleupen	✓	1

## Acquisition Financial Criteria

- EPS accretive in year 1
- Cover their weighted average cost of capital within 3 to 5 years

*2005-2007 acquisitions are calculated from actual results, 2008-2009 Acquisitions are calculated based on 2010 estimated revenues/projections*

*\* Excludes impaired assets. Including impaired assets, average year ROIC exceeds WACC is 6 years*

# Springboard Program

*Program is on track to deliver full-year cost savings goals and to be completed by 2011*



Program savings and costs € million (pre tax)	2008 actual	2009 actual	FY 2010 estimate	2011 estimate	Total
Cost savings	16	84	125	140-160	140-160
Exceptional program cost	45	70	70	35-55	220-240

- HY 2010 Savings = €67million
- HY 2010 Exceptional Cost = €24 million

# Free Cash Flow

*Strong cash conversion driven by tight management of working capital*

Six months ended June 30 (€ millions)	2010	2009	Δ%	Δ% CC <sup>1</sup>
Ordinary EBITA	328	320	2%	1%
Depreciation	52	45		
Autonomous movements in working capital	(7)	(21)		
Financing charges	(101)	(112)		
Paid corporate income tax	(34)	(21)		
Appropriation of provisions	(39)	(27)		
Other	4	12		
<b>Cash flow from operating activities</b>	<b>203</b>	<b>196</b>	<b>4%</b>	<b>8%</b>
Net capital expenditure	(61)	(61)	0%	0%
Dividends received	1	1		
Appropriation of Springboard provisions (after tax)	23	10		
<b>Free cash flow</b>	<b>165</b>	<b>146</b>	<b>13%</b>	<b>19%</b>
<b>Cash conversion</b>	<b>95%</b>	<b>88%</b>		

<sup>1</sup> CC - At constant currencies (EUR/USD = 1.39)

# Balance Sheet

*Strong financial position due to working capital movements and favorable exchange rates*

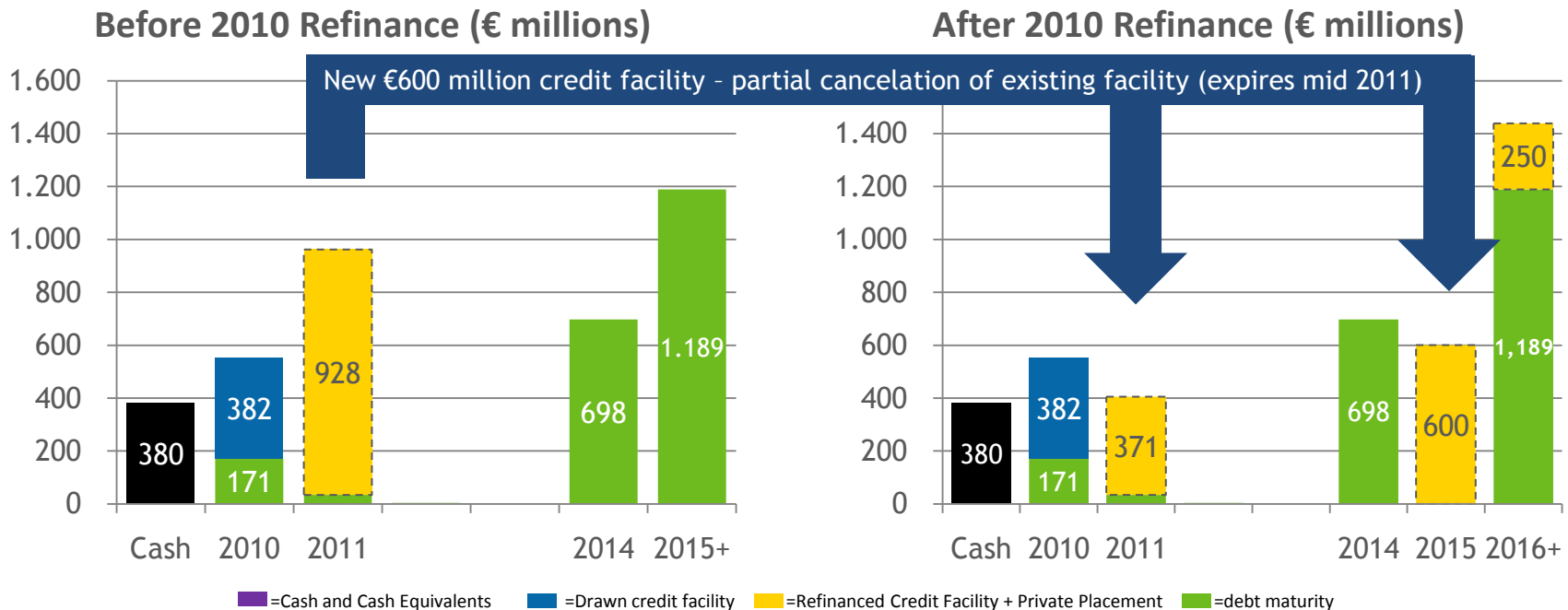
(€ millions)	June 30 2010	Dec 31 2009
Non-current assets	5,020	4,539
Operating working capital	(707)	(631)
Non-operating working capital	(287)	(253)
Working capital	(994)	(884)
Capital employed	4,026	3,655
Total equity	1,656	1,355
Long-term debt	1,927	1,891
Non-current liabilities	443	409
Total financing	4,026	3,655
Net debt	2,100	2,007
Net debt/equity ratio	1.3	1.5
Net debt/EBITDA ratio	2.9	2.9

# Extended Maturity Profile

*Liquidity and headroom secured with extended maturity profile at attractive cost levels*

- 5-year €600 million credit facility and partial cancelation of the existing facility
- 10-year €250 million private placement at coupon of 4.2%

## 2010 Half-year debt maturity profile (€ million)



# Financial Summary

*Solid results provide foundation for future growth*

- Improving revenue trends
- Solid profitability and cash flow
- Continued investment to ensure long-term success
- Strong financial position



# Operating Performance

2010 Half-Year Results



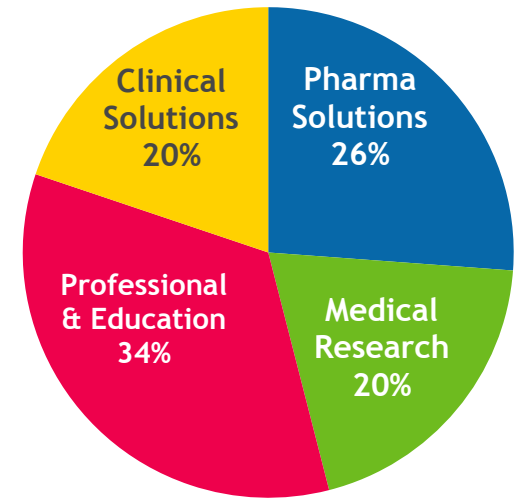
Wolters Kluwer

**Nancy McKinstry,**  
CEO and Chairman of  
the Executive Board

# Health & Pharma Solutions: Highlights

- Performance reflects significant improvement
- Underlying revenue growth +3%
  - Clinical Solutions, Healthcare Analytics, PE Books
  - Pharmaceutical promotion, advertising, print journals
- EBITA margin supported by revenue growth, Springboard

Division Revenues:  
€383 Million



€ Millions	2010	2009	Δ	Δ CC	Δ OG
Revenue	383	365	5%	3%	3%
Ordinary EBITA	49	37	31%	23%	23%
Ordinary EBITA margin	12.7%	10.2%			

Δ - % Change; Δ CC - % Change constant currency (EUR/USD 1.39); Δ OG - Organic growth %

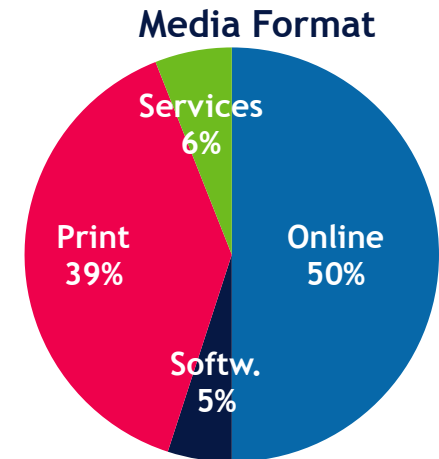
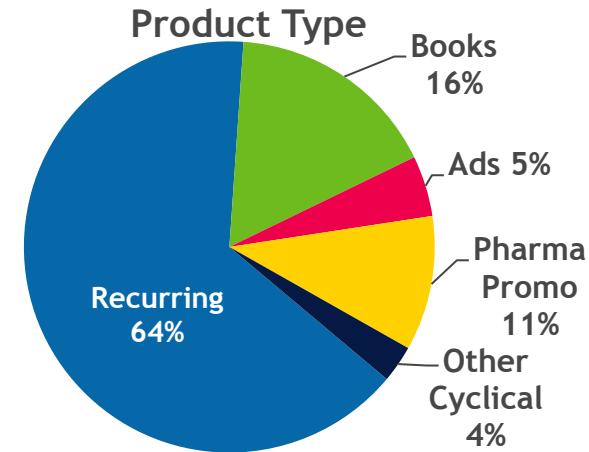


# Health & Pharma Solutions: Revenue

- Strong electronic revenue growth in online, software
- New titles and channel management support books
- Journals and cyclical revenue remain pressured

€ million	2010	2009	Δ	Δ CC	Δ OG
Electronic & Svc subscription	191	174	9%	8%	8%
Print subscription	34	38	(10%)	(12%)	(12%)
Other non-cyclical	20	16	24%	22%	22%
Recurring revenues	245	228	7%	6%	6%
Books	63	59	7%	6%	6%
Cyclical product lines	75	78	(4%)	(5%)	(5%)
<b>Total revenues</b>	<b>383</b>	<b>365</b>	<b>5%</b>	<b>3%</b>	<b>3%</b>
Ordinary EBITA	49	37	31%	23%	23%
Ordinary EBITA margin	12.7%	10.2%			

Δ-% Change; ΔCC-% Change constant currency (EUR/USD 1.39); ΔOG-% Organic growth



# Health & Pharma Solutions: Strategic Focus

*Growth investments focused on workflow and point-of-care solutions while supporting core healthcare content assets*

- Focus on clinicians' lifecycle and further expand into hospitals, payers, and patients
- Improve healthcare outcomes by delivering solutions at a lower cost
- Deliver point-of-care/use solutions
- Expand internationally
- Link products to the growing healthcare IT infrastructure

Lippincott CME  
Institute's XtraCred



Provation

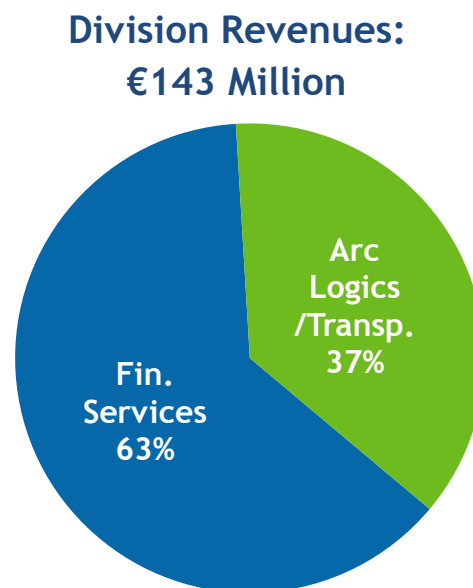


Medi-Span



# Financial & Compliance Services: Highlights

- Good retention in subscription base
- Underlying revenue growth +2%
  - ARC Logics, GainsKeeper, Transport Services
  - Financial transactions (tied to lending)
- EBITA margin supported by revenue growth, operational improvements

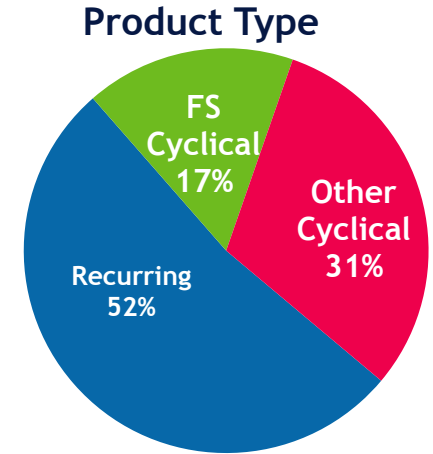


€ Millions	2010	2009	Δ	Δ CC	Δ OG
Revenue	143	138	4%	3%	2%
Ordinary EBITA	30	29	5%	5%	7%
Ordinary EBITA margin	21.0%	20.8%			

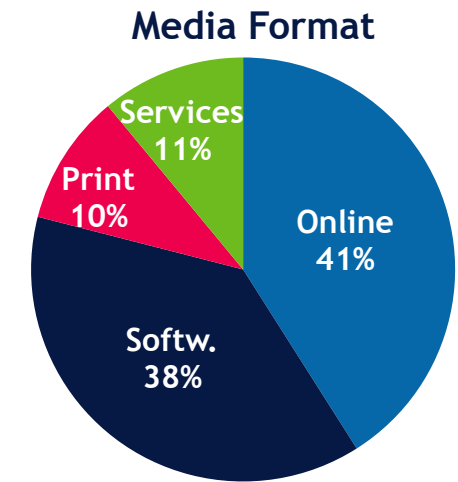
Δ - % Change; Δ CC - % Change constant currency (EUR/USD 1.39); Δ OG - Organic growth %

# Financial & Compliance Services: Revenue

- Largely electronic / software product portfolio (90%)
- Electronic subscription growth due to good retention and new sales of compliance content and audit/risk software
- Banking market constraints in spending/lending drive lower transactions volumes



€ million	2010	2009	Δ	Δ CC	Δ OG
Electronic & Svc subscription	68	65	4%	4%	5%
Print subscription	2	3	(35%)	(36%)	(36%)
Other non-cyclical	5	2	116%	116%	28%
Recurring revenues	75	70	6%	5%	4%
FS Transactional	24	27	(9%)	(9%)	(9%)
Cyclical product lines	44	41	8%	7%	7%
<b>Total revenues</b>	<b>143</b>	<b>138</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>
Ordinary EBITA	30	29	5%	5%	7%
Ordinary EBITA margin	21.0%	20.8%			



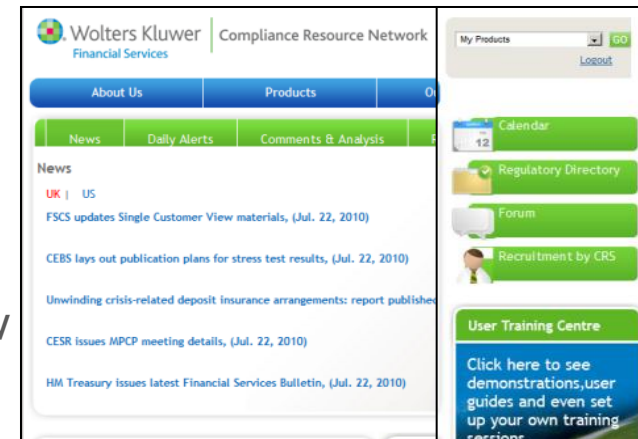
Δ-% Change; ΔCC-% Change constant currency (EUR/USD 1.39); ΔOG-% Organic growth

# Financial & Compliance: Strategic Focus

*Compliance solutions and geographic expansion drive growth*

- Focus on compliance information and software, and risk analytics tools
- Deliver highly targeted tools, commentaries, and global regulations integrated into customers workflow
- Develop ARC platforms that combine extensive content repository with software
- Expand to key international markets

## Compliance Resource Network

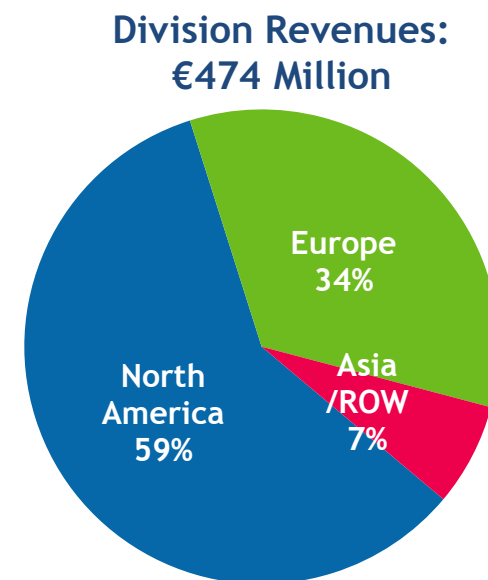


## ARC (TeamMate)



# Tax & Accounting: Highlights

- Performance reflects solid retention and strong growth in software, offset by declines in print and timing of tax related transactions
- Underlying revenue growth +1%
  - Software, new sales in NA
  - New sales in EU, print declines, advertising
- EBITA margin reflects market leading positions



€ Millions	2010	2009	Δ	Δ CC	Δ OG
Revenue	474	471	1%	0%	1%
Ordinary EBITA	137	139	(2%)	0%	0%
Ordinary EBITA margin	28.9%	29.7%			

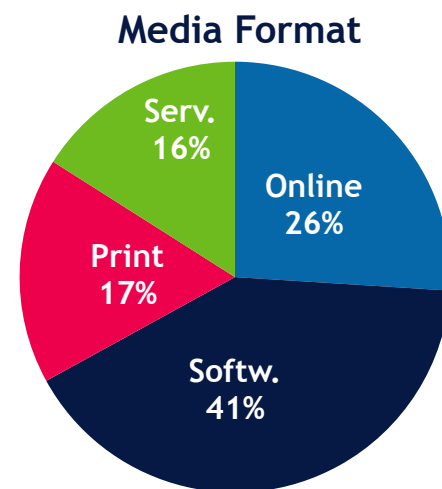
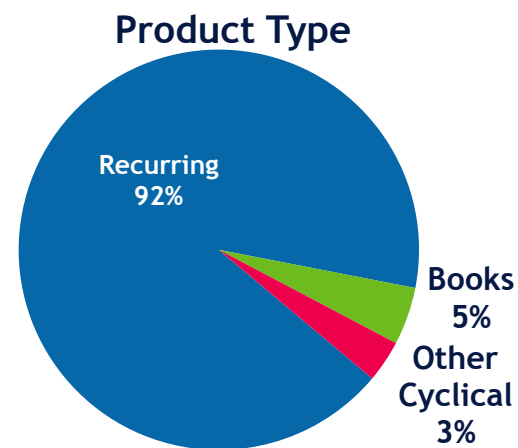
Δ - % Change; Δ CC - % Change constant currency (EUR/USD 1.39); Δ OG - Organic growth %

# Tax & Accounting: Revenue

- Solid growth in global software
- Decline in print subscription and books driven by electronic migration and weak new sales in Europe
- Tax transactions and bank products impacted by timing and fewer filed returns

€ million	2010	2009	Δ	Δ CC	Δ OG
Electronic & Svc subscription	275	268	3%	2%	2%
Print subscription	52	53	(3%)	(4%)	(4%)
Other non-cyclical	107	110	(3%)	(4%)	0%
Recurring revenues	434	431	1%	0%	1%
Books	22	23	(1%)	(2%)	(2%)
Cyclical product lines	18	17	6%	5%	6%
<b>Total revenues</b>	<b>474</b>	<b>471</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>
<b>Ordinary EBITA</b>	<b>137</b>	<b>139</b>	<b>(2%)</b>	<b>0%</b>	<b>0%</b>
<b>Ordinary EBITA margin</b>	<b>28.9%</b>	<b>29.7%</b>			

Δ-% Change; ΔCC-% Change constant currency (EUR/USD 1.39); ΔOG-% Organic growth



# Tax & Accounting: Strategic Focus

*Global expansion of online & software solutions drive growth*

- Focus on tax and accounting professionals to drive expansion of online and software suites
- Integrate leading content and software to increase customer's productivity
- Leverage multi-local market leadership to deliver growth
- Realize cross-border scale benefits in technology and product development

Germany - Addison Software



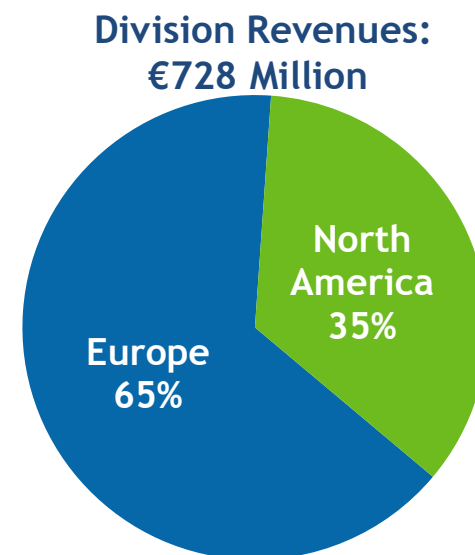
U.S. - Tax Software Dashboard





# Legal & Regulatory: Highlights

- Good online and solutions growth; print remains pressured
- Underlying revenue growth (3%)
  - Electronic growth, new sales in NA, CLS transactions
  - New sales in EU/UK, print declines, advertising
- EBITA margin supported by mix shift and Springboard



€ Millions	2010	2009	Δ	Δ CC	Δ OG
Revenue	728	746	(2%)	(4%)	(3%)
Ordinary EBITA	133	134	(1%)	(2%)	(1%)
Ordinary EBITA margin	18.3%	18.0%			

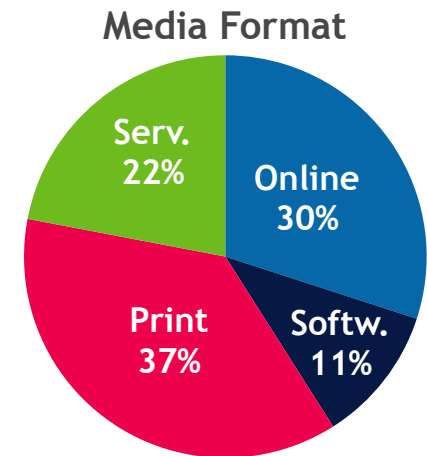
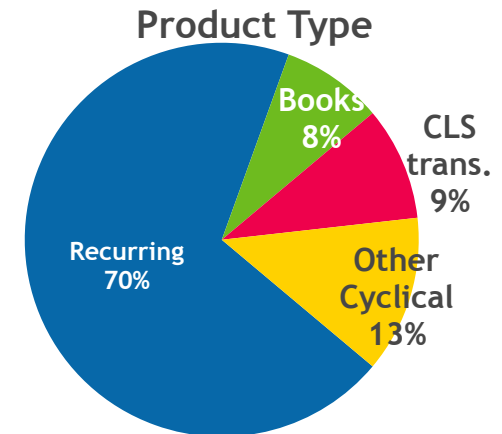
Δ - % Change; Δ CC - % Change constant currency (EUR/USD 1.39); Δ OG - Organic growth %

# Legal & Regulatory: Revenue

- Strong electronic revenue growth in online, software (TyMetrix, MediRegs, Best Case)
- Improved cyclical transactions at CLS; advertising pressured
- Print declines driven by electronic migration, soft new sales in U.K., Southern Europe

€ million	2010	2009	Δ	Δ CC	Δ OG
Electronic & Svc subscription	311	309	1%	(1%)	(1%)
Print subscription	158	171	(7%)	(8%)	(8%)
Other non-cyclical	36	36	1%	0%	3%
Recurring revenues	505	516	(2%)	(3%)	(3%)
CLS Transactions	68	63	8%	7%	7%
Books	61	64	(5%)	(6%)	(6%)
Cyclical product lines	94	103	(9%)	(10%)	(8%)
<b>Total revenues</b>	<b>728</b>	<b>746</b>	<b>(2%)</b>	<b>(4%)</b>	<b>(3%)</b>
Ordinary EBITA	133	134	(1%)	(4%)	(1%)
Ordinary EBITA margin	18.3%	18.0%			

Δ-% Change; ΔCC-% Change constant currency (EUR/USD 1.39); ΔOG-% Organic growth



# Legal & Regulatory: Strategic Focus

*Information and compliance tools, expansion into new geographies, and specialty areas drive growth*

- Focus on specialty areas for law firms, corporate legal offices, and compliance professionals
- Drive online and software solutions
- Extend specialty areas globally, particularly Asia and Eastern and Central Europe
- Shift portfolio to compliance content, tools, and transactions

Best Case- US



Laley - Spain



# Summary

## *Results affirm strategic direction*

- Growing online and software solutions portfolio
- Stable retention with improving new sales in NA and Asia
- Improved performance in Health and Pharma Solutions
- Solid profitability and cash flow
- Strong financial position
- Continued investment to ensure long-term success



Q&A

## 2010 Half-Year Results



Wolters Kluwer

# Our Vision

## The Professional's First Choice

Provide information, tools, and solutions to help professionals deliver quality results more efficiently

# Our Customer Promise

*To be the preferred global provider of information-enabled solutions to help professionals manage processes and drive results effectively*

Customers increasingly compensated for results rather than time, with increasing emphasis on quality, accuracy and productivity

**Growing commonality** of processes, driven by similarities in customer needs and regulatory frameworks across global markets

Wolters Kluwer is well positioned to deliver collaboration and connectivity between clients, firms and governments which is essential to achieve efficiency



# Leading Brands

*Serving professionals*

## Legal & Regulatory

- ▶ Kluwer
- ▶ CT Corporation
- ▶ Aspen Publishers
- ▶ LA LEY
- ▶ CT TyMetrix
- ▶ Croner
- ▶ IPSOA
- ▶ Loislaw

## Tax & Accounting

- ▶ CCH
- ▶ Addison
- ▶ A3 Software
- ▶ CorpSystem
- ▶ ProSystem *fx*

## Health & Pharma Solutions

- ▶ Adis
- ▶ Lippincott  
Williams & Wilkins
- ▶ Ovid
- ▶ ProVation Medical
- ▶ Source
- ▶ UpToDate®

## Financial & Compliance Services

- ▶ AppOne
- ▶ AuthenticWeb
- ▶ Bankers Systems
- ▶ CCH Sword
- ▶ CCH TeamMate
- ▶ Expere
- ▶ Pci