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WKL.AS - Interim 2012 Wolters Kluwer NV Earnings Conference Call

EVENT DATE/TIME: JULY 25, 2012 / 11:00AM GMT

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PRESENTATION

Meg Geldens - *Wolters Kluwer NV - VP IR*

Okay, why don't we get started? Good afternoon, everyone, thank you for joining us today. My name is Meg Geldens and I'm Vice President of Investor Relations at Wolters Kluwer. I'd like to welcome you to our first-half 2012 results presentation. This afternoon's presentation will be delivered by our CEO, Nancy McKinstry, and our CFO, Boudewijn Beerkens. Also present today is Jack Lynch, Member of the Executive Board.

This afternoon's presentation is being simultaneously webcast. To access the webcast please follow instructions on the investor page of our website, www.wolterskluwer.com. You can submit your questions on your screens, we will then direct your questions to management. We also have a limited number of audio lines and the moderator will instruct you how to pose a question.

Finally, I would kindly like to ask you to read the forward-looking statement, which is included on page two of today's presentation. Thank you and with that I would like to hand over to Nancy.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Thank you. Meg. Welcome, everyone, it's a pleasure for those of you joining us here in Amsterdam to welcome you and also those of you on the webcast. I'm pleased to be here to present our 2012 half-year results. I will start with a brief introduction and then turn it over to Boudewijn Beerkens, our CFO, who will talk about our financial results in more detail. Then I will come back and talk about each one of our divisions and their performance as well as discuss our strategy and the outlook for the remainder of this year.

So let's begin with some highlights. Our performance is on track to reach our full-year guidance. In the first half, we achieved positive organic growth of 1%, despite the economic challenges in Europe. The strong performance from our Health and Financial & Compliance Services divisions helped improve the organic growth rate of North America to 4%. Online, software and services revenues were also up 4% organically.

Our EBITA margin was in line with the first half of last year as we continue to invest in innovation and globalization to drive our growth. In May we divested Healthcare Analytics and today we have announced we will increased our share buyback program up to EUR35m. So with these highlights I'd now like to turn it over to Boudewijn, who will talk about our financial results in more detail.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Thank you, Nancy. Welcome, everyone. Let me walk you through the financials for the half year, starting with the headline numbers. Revenues increased by 7% in the first half of 2012, supported by a stronger dollar. Excluding the effect of currency, revenues grew 3% and organic growth was 1%, in line with last year.

Ordinary EBITA also increased by 7% to EUR346m, supported by the stronger dollar. On an organic basis EBITDA declined 2%. Diluted ordinary EPS increased to EUR0.68 at 5% and 1% in constant currencies. Ordinary free cash flow increased 9% to EUR142m. Net debt is relatively stable, despite share buybacks, cash dividends and acquisitions on the back of a strong free cash flow. This performance at the half is in line with expectations and supports the achievements of our full-year guidance.

Let's look at the revenue in more detail. The overall organic growth for the Company was 1%. Our combined North American operations accelerated from 3% growth in the second half of 2011 to 4%, offsetting challenging conditions in Europe, which affected all our divisions, but primarily Legal & Regulatory.

Weak economic conditions continue, especially in Southern Europe, as the private and public sector customers across Europe are tightening their budgets. Legal & Regulatory organic revenues, therefore, declined 2%, similar to the second half of 2001. However, the decline in Legal & Regulatory was more than offset by Health and Financial & Compliance Services, both of which performed strongly up 5% and 6% respectively.

Health generated strong growth in Clinical Solutions, while Financial & Compliance Services grew all its business lines except Transport Services. Tax & Accounting was in line with prior year. The North American business was held back by an expected decline in bank products and weakness in the Tax Publishing Business. This offset solid growth in software across the business.

Let's look at the recurring revenue streams. Electronic & service subscriptions grew 12%, of which 5% organically, lifting the overall recurring revenue base by 9%. Print products were down, with print subscriptions declining 8% organically. A large part of our print subscriptions are in Europe. Books, now 8% of our revenues, declined 5% organically, which was similar to last year.

Cyclical revenues saw strong growth, especially for mortgage document services and indirect lending in Financial & Compliance Services, up 25%; and 9% growth in Corporate Legal Services, on the back of increased commercial lending activities and international expansion. Other legal revenues -- other cyclical revenues declined 10% organically. This category includes training, Transport Services, transactional revenue and advertising.

Now let's have a look at the ordinary EBITA. Our first-half EBITA increased to EUR346m, supported by a stronger dollar. Margin was stable at 19.9%. Legal & Regulatory achieved a 30 basis point margin increase, despite the revenue deterioration in Europe. Margins were supported by Springboard and other cost saving actions as well as a favorable product mix. Health achieved a significant improvement in margin, partly as the result of the continuing shift of the business mix towards electronic solutions such as provision and UpToDate.

In Tax & Accounting you see the impact of the anticipated decline in bank products, increased investments in back office systems, increased spend on sales and marketing around new product launches and additional investment in customer services in Southern Europe. Financial & Compliance Services maintains its margin, despite additional investments in global expansion and lower margins in the European transport units.

Let's turn to ordinary net income. Despite an increase in our effective benchmark tax rate and higher financing costs, our ordinary net income increased 4%, supported by a higher ordinary EBITA. The effective benchmark tax rate increased to 27.5%, driven by the rising proportion of profits from North America. We continue to expect approximately 27.5% for the full year, as we stated in our outlook.

We have recently introduced the innovation box and will continue to optimize our global structure, our global tax structure, in the years to come. The weighted average number of shares reduced by 1%, as we had nearly completed our EUR100m share buyback at the end of June, mitigating the impacts of stock dividends. Diluted ordinary EPS increased 5% and 1% in constant currencies.

Now let me take you through the IFRS Figures. In addition to the factors already discussed, we see that amortization of acquired intangibles increased mainly due to last year's acquisitions. Following the completion of our Springboard program, exceptional charges fell to just EUR5m, associated with acquisition related costs.

In discontinued operations we record a net operating loss of EUR5m and a loss of EUR14m following the divestment of the pharma-related assets. Diluted EPS increased to EUR0.42 as a result of higher operating profits and the impairment charge recorded in 2011.

Turning now to cash flow. Ordinary free cash flow grew 9%, of which 1% organically. The unfavorable movement in working capital is mainly due to timing. CapEx increased to EUR67m, following investments in new products such as Jurion and iLienRed, platforms including Ovid SP and the open integration platform, in Tax & Accounting, and back office applications. Tax cashes were EUR24m lower than in the same period last year, which included capture payments of prior years.

In terms of debt, despite a strong ordinary free cash flow, net debt increased by EUR90m compared to the year end, as a result of the cash dividends and the share buyback program. The change in fair value of derivatives mainly relates to changes in currencies and interest rates and acquisition spending was only EUR8m in the first half. You will see this increase in the second half due to the acquisitions of Eclipse, in Tax & Accounting, and FinArch, in FCS, both completed in July.

Our net debt to EBITDA improved to 2.9 from 3.1 at year end, despite increasing returns to shareholders. With cash flow weighted to the second half and a balanced approach between acquisitions and shareholder returns, we expect to approach our target of 2.5 times by year end. We have no immediate refinancing needs; over half of our debt is due after 2016.

Let me give you a summary of our balance sheet. The decrease of the euro/dollar exchange rate from $1.42 at the half in 2011 to $1.26 at June 30, 2012 has increased the value of our assets on our balance sheet. Investments and equity accounted investees increased as we received a 20% stake in a newly formed entity as part of the Healthcare Analytics divestment in May. Working capital improved compared to prior year, mainly as the result of acquisitions, divestments and currency.

Now a word about dividends. As you know, we have long offered shareholders the choice to receive the dividends in cash or in shares. Today we announced our commitment to offset the dilution from our stock dividends and performance shares each year. The status of the transformation of the portfolio and the sustainable cash flow the Company generates each year, give us the confidence to make this commitment. The new policy will counter the dilution from stock dividends and performance shares and, as a result we will increase our share buyback by up to EUR35m.

In line with our progressive dividend policy, we have increased our dividend now for six years running and we intend to continue to do so. We have returned over EUR850m to shareholders in the form of share buybacks over the past six and a half years. With the new policy you will see more consistent cash returns to shareholders.

Now let me sum up the financial results; positive overall, and organic growth and stable margins, with strong growth in North America and in our software businesses. Ordinary EPS up 1% at constant currencies and on track to meet full-year guidance. Our leverage ratio is improving and we expect to get close to a target of 2.5 times net of the EBITDA by the end of the year. And today we have made a commitment to offset dilution from our scrip dividends and performance shares, which will support EPS growth going forwards.

And with that I will hand it over to Nancy.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Thank you, Boudewijn. I'd now like to start with a review of the divisional performance, beginning with Legal & Regulatory. Legal & Regulatory revenues grew 1% in constant currencies and declined 2% organically. Cost management, in combination with the ongoing shift towards online and software products, supported a margin increase of 19.9%.

In Europe, organic growth deteriorated to 4.5% (sic - see presentation "minus 4.5%") compared to minus 3% in the second half of 2011, largely due to Southern Europe, where the macroeconomic conditions were particularly challenging. While cyclical revenues were most affected, our electronic subscriptions were more resilient, supporting overall growth for the division of 2% from these products. We take a long-term view of Europe and are continuing to invest in new products, such as the launch of Jurion, an online workflow tool in Germany, which advance our transformation of the division.

In contrast to Europe, our North America Legal & Regulatory operations achieved 3% organic growth up from 1% in the second half of 2011. Both Corporate Legal Services and our Law & Business Group contributed to this acceleration. CLS grew 5% organically, driven by strong performance in commercial lending, legal spend management and trademark services. The integration of NRAI, which was acquired in 2011, is performing in line with our expectations. Law & Business is driving growth through online and software services, including our newly launched online product for securities attorneys, which is called RBSource.

While Tax & Accounting revenues were flat year over year, organically we saw good growth of 5% in software. This growth was experienced across all regions and segments, including Europe. This growth was dampened by the expected decline in bank product transactions, as well as the continued challenging -- challenges that we face in print publishing, particularly in Europe.

In North America, 4% growth in Tax & Accounting software was supported by new products and a record number of US tax returns which were filed electronically. Our small firm services unit saw good growth in software but, as expected, revenues from bank products declined as fewer returns with these products were completed by commercial tax preparers. This combined with our investment in back office infrastructure and sales & marketing, to support new product launches, reduced the margin in our US business.

Our European tax operations achieved broadly stable organic growth in difficult economic conditions. Print and cyclical activities declined. This was offset by strong, 6% organic growth in Tax & Accounting software across the region.

In Asia Pacific we saw positive growth, supported by improving retention rates and solid sales of software products. In July, we announced the acquisition of Acclipse, a leader in collaborative Tax & Accounting solutions in the region.

Our Health division achieved 5% organic growth, which helped to drive 16% growth in ordinary EBITDA, resulting in a significant margin improvement over prior year. Clinical Solutions maintained double-digit organic growth as it advanced its leadership position in the market. UpToDate continued to grow at double-digit levels as it further penetrates the US hospital market as well as extends its position internationally. The unit's drug businesses, including Medicom in China, all performed well.

At Medical Research, Ovid, our world-leading medical research online platform, achieved 4% organic growth, supported by new sales and global expansion. Our medical research journals outperformed a softer advertising market, in part due to the launch of 50 journals as iPad apps, which has generated increased leadership and longer interactions with advertisements compared with print.

At Professional & Education we saw a 2% organic decline due to softness in international sales and pharma reprints. P&E continues to expand its e-portfolio and now has over 1,900 titles available in mobile and e-book formats.

At FCS, organic growth accelerated to 6%, driven by new customer wins, new products and global expansion. Growth in these areas more than offset further weakness in the European Transport Unit. Operating profits grew 4% organically, reflecting investments in globalization and the impact from lower transport transactions.

Financial Services, which accounts for 74% of the division's revenues, achieved strong growth as ever-increasing regulations and compliance requirements for banks are driving demand for both our software and our services. We won new clients for mortgage document services, which increased both our recurring and our transaction revenues. Risk & Compliance results were positive, despite tough comparables as financial institutions continue to adopt our global risk management solutions.

Audit, Risk & Compliance saw strong growth through international expansion, whilst Transport Services saw revenues decline on the back of lower volumes across Europe. And finally, FRSGlobal is performing well, achieving double-digit growth. The acquisition of FinArch in July helps to extend our global footprint and brings us complementary products and technology.

Now a few words about our strategy and how we continue the transformation of Wolters Kluwer. We continue to make progress on our strategy for growth despite the macroeconomic conditions that we face in Europe. Our portfolio transformation towards faster growing segments and geographies, advanced with the divestments we made, most notably our pharma solutions group as well as the acquisitions of FinArch and Acclipse, which are two high growth software companies in core markets.

Organic investment in innovation is at the heart of our strategy and we continue to invest in new and enhanced products across all of our divisions. Growth through global expansion was advanced in the first half, particularly in Asia through the expansion of our Health and FCS divisions. And finally, we continue to drive operational efficiency programs to support margin expansion as well as our investment program.

While there is more work to be done, we have made considerable progress towards transforming the Group, with 75% of our revenues now coming from online software and services, which continue to provide us with good growth opportunities across all of our divisions.

Very importantly, our capital allocation is focused on the highest growth opportunities that support this transformation. Approximately 80% of all of our capital in 2012 is expected to be invested in markets that provide above-average growth opportunities. Over the long-term we believe that the strategy will result in accelerated growth for Wolters Kluwer.

Capital allocation and portfolio shifts support the rebalancing of our European footprint. We have leading market positions, strong local brands and very valuable assets in 18 countries across Europe. Whilst Southern Europe has created near-term challenges, we take a long-term view of Europe. Our strategy is to continue to invest in online and software products in Legal & Regulatory, as these products are growing and resilient.

We will also drive penetration into attractive market segments in Europe, including Tax & Accounting software, where we saw 6% organic growth in the first half, Financial & Compliance Services, which grew at double-digit rates in Europe, and Corporate Legal Services, which achieved 23% growth in this region.

In our traditional content businesses, we will continue to prune and harvest these print products while investing in sales & marketing and mobility to drive additional market share gains. We believe this strategy will rebalance our footprint in Europe towards higher growth.

Acquisitions and divestments augment our organic growth and help us accelerate our transformation. In July we made two acquisitions, Acclipse, which is a small bolt-on acquisition to our Asia Pacific operations. Acclipse provides collaborate Tax & Accounting tools for tax preparers in the region.

FinArch fits very well with our FRSGlobal operations, enabling us to extend our global footprint more quickly as well as brings us complementary products as well as synergies. In addition, we sold two publishing operations in the Netherlands and completed the divestment of our Healthcare Analytics business in the second quarter.

Organic investment remains essential to our strategy. Organic investment in new and enhanced products, which includes both CapEx as well as operating expenses, rose slightly in the first half of 2012 to just over 8% of our revenues.

Just to highlight a few of our new products, in Legal & Regulatory we launched RBSource, which reached over $1m in revenue in just a few months. In Tax & Accounting we launched the CCH Open Integration Platform, which allows us to provide seamless integration with our clients and other third party applications. In our Health division we now have over 50 journals available as iPad apps and we continue to extend UpToDate into new specialty areas. And finally, at FCS, we had early success with DocView, which helps our financial institution clients stay in compliance with federal and state laws in a dynamic way.

We are pursuing opportunities to globalize many of our businesses to drive growth. In Legal & Regulatory we're making inroads with Tymetrix and Corsearch in Europe, achieving double-digit growth in that region. In Tax & Accounting our Global Integrator product line has been rolled out to a number of countries and continues to support growth in our corporate tax product line.

In Health, UpToDate is seeing strong growth from its product from institutions in Asia, the Middle East and other parts of the world and at FCS our banking customers are asking us to provide services globally and this has been a strong driver of the overall organic growth in that division.

Finally, we continue to pursue operating efficiencies across the Group. Cost savings from Springboard helped support our margin in the first half. This program, from which the final restructuring charges were taken last year, is on track to reach our target of EUR205m to EUR210m in run rate savings this year.

So with that overview of each division, I'd now like to turn to the outlook for the remainder of this year. In Legal & Regulatory we expect European markets to remain challenging in the second half. Our North American businesses are positioned for growth. Cost savings will continue to build throughout the year, which will help us offset underlying cost inflation and support margins.

In Tax & Accounting, we expect organic growth to improve in the second half of this year, reflecting seasonal buying patterns. The second half margin is expected to be broadly in line with the second half of 2011.

In Health we expect continued strong demand for Clinical Solutions, while we expect trends in journal advertising markets to remain weak. Margins should benefit in the division from the ongoing shift towards electronic products. In Financial & Compliance Services we expect good growth in Financial Services and in Audit, Risk & Compliance, but continued weakness in Transport Services.

So in summary, we will achieve our full-year guidance. We expect our margins to be between 21.5% and 22.5%. We expect low single-digit EPS growth at constant currencies and we also expect to achieve ordinary free cash flow of EUR425m at constant currencies.

With those remarks I'd now like to turn it over to Q&A.

QUESTIONS AND ANSWERS

Meg Geldens - *Wolters Kluwer NV - VP IR*

Shall we start with a question in the room?

Maurits Heldring - *ABN AMRO - Analyst*

Thank you, Maurits Heldring, ANB AMRO, I've got two questions. First one on print, the decline in print continues at a quite high rate. You've said in the past that you thought the decline will moderate, but it remains relatively high. Should we expect more product pruning in this area or even disposals, is that an option?

And the second question is on Southern Europe, obviously weak, you also state in the outlook that you expect the second half the year to remain weak, so should we expect a cost savings plan, restructuring plan for Europe if that continues to be the case? Those were my questions, thanks.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Okay, in terms of print decline we had expected, coming out of 2011, that the rate of decline would begin to abate back to what we describe as the normal structural decline of minus 4% to minus 5%. It was more than that really being driven by Europe. So we expect that that rate of decline will likely, certainly in Europe, continue through the balance of this year.

In terms of how we're dealing with that, as you point out, we are continuing to prune products and we are also moving to more aggressively harvest some of our product lines, particularly in the regulatory part of what we do, where the legal market within Europe and the tax market is a little bit more robust compared to the regulatory market.

So we'll continue those activities and, as part of that, you should not expect any restructuring charges for activities in Southern Europe, we continue to be very aggressive on overall cost efficiencies, not just in Europe but around the world, we'll continue that but you shouldn't expect anything showing up in the P&L specifically to restructuring.

Claudio.

Claudio Aspesi - *Bernstein - Analyst*

Claudio Aspesi from Bernstein, I have four questions, do you want them one at a time or altogether?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Why don't you give them altogether, yes.

Claudio Aspesi - *Bernstein - Analyst*

Okay, the first one is about emerging markets, can you please give us a sense of where revenues and capital expenditures stand on emerging markets? You give us a sense of high growth versus low growth capital investment, but obviously some of that is in developed economies as well, so if you could help us understand where you stand on those two metrics that would be helpful.

Second question, in Tax & Accounting, if I remember correctly, you had been trying to drive growth in the middle market portion of the business, because it's where, in the last years, there's been more growth. Can you update us on your progress in that part of the business?

The third question is about the Southern European markets. Are you at the stage where you have to implement any measures to manage working capital or cash, do you empty out bank accounts yet at night, or do you still keep your cash there?

And last question, there's been an acceleration, apparently, in the political environment towards the adoption of open access, both in UK and now across the European Union. Do you see any impact and how do you start to prepare for the different parts of your business, which somehow touch on journals?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Good, very good questions, I'll take most of them and then ask Boudewijn to talk about Southern Europe and cash collections. In terms of emerging markets, the vast majority of the revenues in the numbers that we shared with you about rest of world is actually our footprint in Australia and New Zealand, which is a relatively, obviously, mature and developed market.

If you look at India, China, South America, Middle East, those are all growing at very strong double-digit levels but on a small base. So if you look at our capital allocation, we're allocating more capital into those geographies to scale those businesses, largely organically but also through some bolt-on acquisitions like we did with Medicom in China for our Health business. So that's emerging markets.

In terms of Tax & Accounting, we continue to drive innovation across the business, both in three arenas. One is overall in software, so clearly that's where we're getting good growth, that is where the market is growing more quickly. Second is in Corporate Tax, that's a major focus for us because the corporate market is growing more quickly than the CPA market.

And then the third area is to really continue to expand out our portfolio for small firms where we see software growing nicely, training also growing nicely there. So the middle market is -- our strategy is very much to take some of our software products that are in our Small Firms Services group up-market and some of our product lines that are in our CCH group down-market into that middle area.

So, on the software side we're seeing very good results. We are more challenged on the content side of our businesses and there we are accelerating some of our investments, particularly in sales and marketing but as well as in some new products to fill in some of our portfolio gaps. So we want to see better performance out of our Tax & Accounting group and we're taking these actions to accelerate our growth there.

Boudewijn, do you want to talk about Southern Europe?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Yes, within Southern Europe we don't do anything different than what you probably read about many other larger international operating companies. We keep a lot of our cash balances, for example, in the US -- in dollars in the US. We optimize our working capital positions in Southern Europe, but let me remind you that Wolters Kluwer doesn't have any transactional risks, we have mainly translational risks. So in that sense I think by managing our cash balances properly and putting into either Northern European banks or internationally and disperse a little bit better across multi-banks, more than what we used to do in the past, I think we have taken enough precautions.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

And on open access, just to frame your question, Journal Publishing accounts for a little less than 4% of our total revenues. But today we are a leader in open access, so we bought in 2011 the Medknow platform, which is based out of India; it is one of the leading providers of open access journals. Today they have about 200 journals and we continue to invest to expand that platform. And we see that platform coexisting with our Ovid platform, which is our paid platform, and very much seeing those two product lines complement each other. So for us open access is here and we're embracing that model.

Other -- yes, Hans?

Hans Slob - *Rabobank - Analyst*

Yes, Hans Slob, Rabo, a short question mainly to check on the Springboard program. You have been saying that the Springboard savings will be back-end loaded in 2012, maybe you could give a percentage of the savings of the first half versus the second half and maybe you could take us through, let's say, a new efficiency announcing initiatives beyond 2012 to maintain, let's say, your margin increase.

Jack Lynch - *Wolters Kluwer NV - Member of the Executive Board*

Yes, Hans, what I'll do is I'll talk to you about the additional programs and Boudewijn will talk about the phasing and the savings. Do you want to do that now?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Do you want to start with the phasing?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Okay, well as you saw, last year's run rate savings were at EUR191m, estimated to increase this year to EUR205m, EUR210m, so let's take EUR205m as the lower end, that's about EUR14m increase. Of that about one-third has been achieved in the first half, two-thirds we'll be achieving in the second half, supporting our claims of a slightly improved margin in the second half.

Jack Lynch - *Wolters Kluwer NV - Member of the Executive Board*

Yes, the programs that have continued on from the Springboard restructuring program that ended last year, really revolve around the consolidation of datacenters under our agreement with Dell Services with a program we call GIDN, the Global Infrastructure Delivery Network.

And so we have -- in North America we have begun to accelerate virtualization there, further consolidation, and in Europe we are basically consolidating datacenters here in Holland under the Dell Access Agreement. So you see additional savings that will occur throughout this year and next year as a result of that.

In addition, one of the things that we did last year is we consolidated all of our back office IT functions under global shared services, so we've consolidated in Europe as well as in North America and Asia Pacific, all those functions are in one central organization looking at efficiencies there and, in addition to that, we have taken a number of our maintenance and support activities for the back office software and we've moved those activities to Chennai, India.

So those are probably the most material activities that will result in additional savings this year and next year.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Can I suggest we take a question from the audio call?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Okay.

Operator

Thank you, our first question is from Polo Tang of UBS. Please go ahead and speak clearly.

Polo Tang - *UBS - Analyst*

Yes, hi, it's Polo Tang from UBS. I just have a couple of different questions. My first question is, if you look at the overall picture it seems to be one of accelerating top line growth in the US with a continued weakness in Europe, but given that comparables for things like US legal are easier in the second half, do you think that the performance in the US can be sustained or can accelerate further?

Similarly, do you think that the rate of decline in Europe can get much worse than where we are now or are we bumping along the bottom?

My second question is really just about legal, and specifically legal profits, they were notably ahead of expectations, so is there scope for more savings in this year?

And separately, can you expand on when you talk about the impact of the positive mix shift in this unit boosting profitability or are you basically talking about the profit uplift from higher margin transactional revenues in the US? Thanks.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Okay, maybe I'll take the question on just the trends and then you can talk about profitability. So just in terms of the trends, as you rightfully point out, Polo, we are seeing 4% growth in the first half from North America, minus 4.5% growth in Europe, both of which are accelerating off the second half of 2011.

As we look to this year, what we believe is that the growth in North America will continue. And, as you know, we're very much a subscription model, so really where growth affects us this year is both in terms of retention, which is broadly holding up very nicely around the world, and in new sales. And we see the environment in the US legal market to be stable and improving, so we will continue to see growth coming out of North America. We don't necessarily believe that that growth will continue to accelerate in any kind of major way, but we clearly believe that we will continue to support positive growth numbers.

Conversely, in Europe, we believe that the conditions will remain challenging. If you look across the portfolio, Southern Europe is really where we see the more economic conditions being much more challenging than the North of Europe. So we again don't see that that will accelerate in a downward way in any kind of major, again, trend line. In part because we are a subscription business and, if you look at retention throughout Europe, retention again is broadly in line with last year's levels. So now it is all about just how much new selling activity we'll see in the second half of the year. So again, we don't see it getting any worse, but we clearly see that the headwinds will remain in Europe.

Boudewijn, do you want to talk about profitability?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Yes, profitability and, if I understood, your question was mainly directed at Legal & Regulatory specifically. Well, you have indeed seen that the margins of Legal & Regulatory did improve in the first half year and we also anticipate to see still solid margins throughout the remainder of the year.

This is mainly on the back of the cost initiatives that are already up and running and that are still in the mix. Secondly, we do see a positive benefit from the mid-shift, particularly our CLS business unit's strengthened by the acquisition last year of NRAI, clearly gives support to the margin and therefore we feel solid about 2012.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Do you want to go to the next caller?

Operator

Thank you and our next question is from Mr. Nick Dempsey from Barclays Capital. Please go ahead, Mr. Dempsey, and speak clearly.

Nick Dempsey - *Barclays - Analyst*

Yes, hi guys, three questions please if I can. The first one, on FS transactional, I wonder if you could quantify how much of that strong growth was due to the international expansion you mentioned and how much was due to just good underlying markets there for that product line and maybe just touch on your outlook for the second half, in terms of FS transactional.

Second question, in Health I wonder if you could remind us what proportion of your revenues are from advertising now? I don't know if you said that.

And the last point regarding your leverage, when you talk about getting close to 2.5 times net debt/EBITDA, does that include further bolt-on acquisitions that you have not yet done, or is that assuming that you do no more deals this year? Thank you.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Okay, I'll do the first two and then Boudewijn can take the question on acquisitions. So if you look at Financial & Compliance Services transaction revenues did have nice growth through the first half, that's primarily driven out of our US transaction businesses, those are mortgage and commercial lending lines. Our geographic expansion through FRS global is largely more of a subscription model than a transaction model, so it is out of the US.

I would just have you know it's still a relatively small base, if you look at the absolute numbers. As we guided you in the press release for financial services, we do expect that the growth will moderate a bit in the second half of the year.

On Health, advertising represents approximately 1% of our total revenues. So it's for all of Wolters Kluwer. So it's a relatively small part of the total for the company at large.

And for Health specifically, do you know that number?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

I thought it was about 2 -- 2%.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

2% in Health. 2% in Health. And then the leverage.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Okay on leverage. As we indicated we will -- we anticipate to approach our net debt to EBITA target of 2.5 times by year end. That includes the two acquisitions just recently announced that were closed in July, which was FinArch and Acclipse. And we still have some room for some small bolt-on acquisitions in the remainder of the year, to come to that target.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Shall we go to the next caller and then go back to the room?

Operator

Okay. In this case we have a caller from Mr. Matthew Walker, from Nomura. Mr. Walker, please go ahead and speak clearly.

Matthew Walker - *Nomura - Analyst*

Oh, thank you very much and good afternoon. I was wondering, two questions please. The first is, could you give us any kind of revenue and margin guidance, or indications for the two acquisitions that you made in July, to help us model those?

And the second question is, can you tell us what you think your cash conversion for the full year is going to be please?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

The margins and the revenue, that we normally don't disclose any specifics on those acquisitions. What I can tell you is they're -- both acquisitions are in -- are software related, are high growth with solid margins and very good outlooks. So we have paid the normal multiples that you see in the markets for these type of businesses.

And we anticipate also strong synergetic effects given the fact that these products very nicely fit, and can be glued within the existing portfolio of our activities as we have them today.

On the cash conversion, you are used to -- normally -- this is why I should start this differently. Normally you see that in the second half of the year we have a stronger cash flow and higher margins. And you see that we have slightly weaker cash conversion often in the first half versus the second half. So, you can anticipate that the cash conversion is most likely to be better than what you have seen in the first half. But, given the fact that working capital and so much of our cash and cash collections still happen in the fourth quarter of the year, it's very difficult to pinpoint a certain percentage at this moment in time.

Matthew Walker - *Nomura - Analyst*

Okay, thank you.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Other questions in the room? Sir, go ahead. In the back. Yes.

Margo Joris - *KBC Securities - Analyst*

Hi, Margo Joris from KBC Securities. One question for me please on the Tax & Accounting guidance, why do you only expect a flat margin in your second half? And I would like to understand how we should look at the risk of a structurally lower margin in that division.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Yes, what we said in the press release is that we expect the second-half margin to be broadly in line with the second half of 2011. What that reflects is two things. One is that we do continue to invest in the division, particularly in sales and marketing and new products. As I indicated we want to see better overall growth in that division. So we are investing to make that happen.

And then the second thing it reflects is really the high margin benefit we get from good growth in software. But that is impacted from the decline of the bank product transactions which are high margin, as well as our publishing -- some of our publishing activities that are also high margin. So, you've seen the effect of good growth on the software, partially offset by the margin dilution from those more profitable lines.

So, if you look in the broad, the absolute levels of the margins in Tax % Accounting are world class. So if you look at the industry we have very strong margins. That reflects the fact we are the global leader. But we will consistently make trade-offs between how much margin improvement we want to get in the division and how much investments we want to make to ensure that the division will grow.

Margo Joris - *KBC Securities - Analyst*

Okay, thank you.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Other questions here?

Unidentified Audience Member

Two questions if I may. Sorry, Peter Olofsen of Kepler Capital Markets.

Peter Olofsen - *Kepler Capital Markets - Analyst*

First on CapEx, it was up quite a bit from first half last year. Is that a structural increase or is it more to do with timing?

And then on Health margins, big improvement there, now close to the Group average. As the mix continues to improve I would assume a further improvement there. Could you maybe shed some light on where margins potentially then go in the Health business?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

On the CapEx the -- as you know we always indicated to you that we will continue, and we are committed to invest 8% to 10% of revenues in the businesses, in innovation, platforms and so on. So, that commitment still stands. Therefore, you will see CapEx in absolute terms continue to increase in line with our revenue growth. So therefore maybe the EUR10m increase year on year might be some timing, but I think over time you will see us continuing to invest. But it will remain around the 4% on CapEx and then 4% to 6% in further investments.

On the margin of Health, yes, we did actually promise you that given the restructuring and the investments we have made in Health over the years, that the margin would approach the average of the Group. We're clear -- what we see is on the one hand that the -- particularly the clinical service -- the Clinical Solutions group is performing very strongly with high growth. And we anticipate that will continue for some time therefore that will support the margin going forward.

On the other hand, we make also great effort to further globalize that business as fast as we can. And that probably will have, for a certain period of time, will put some pressure on the margins. So I think overall, I think you can anticipate the margin should be, as it is today, with maybe some slightly upward potential. But, that depends very much on how our globalization rollout will work out.

Meg Geldens - *Wolters Kluwer NV - VP IR*

We have some questions coming in by email as well. Let me pose this one from Pavel Govciyan from Natixis in Paris. He's asking about the recent deal signed by Law & Business with Thomson Reuters Westlaw announced last week. Does this have anything to do with the termination of the contract between Thomson and BNA? Is this just a one-off gain? And, can we hope for some other contracts? For example, could you do something similar with LexisNexis?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Yes. I think for just to put it -- the question in context. As most of you know we are a specialty provider of information and software in the US legal business. So, that means that we have very deep portfolios in things like securities law, etc.

So we traditionally, in addition to serving clients directly, we also traditionally license some of our content to other players. We have had a longstanding relationship with Thomson Reuters. And what was announced last week was an extension and an expansion of that relationship to include some current awareness products that we have in the areas of HR and IP law.

We currently have other arrangements in place today with other major providers in the market as well.

Meg Geldens - *Wolters Kluwer NV - VP IR*

All right. We have a couple of questions on the impact of the acquisitions we've made and the divestitures you talked about. Perhaps, Boudewijn, you could give us some idea of the impact of these? The divestitures, and the Dutch ones I think is what is being referred to.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Well, to start with the latter. as you can -- as you've read from the press release we divested two smaller assets in the Netherlands over the last -- in the last quarter. Across the board we also indicated this impact will be about 2% of L&R revenue overall for the full year. So I leave the calculation there to you.

I think on the acquisition side you can see actually in the back we give a supplemental information where we split out what the acquisition and definite impact actually is per division. So you get -- you get a lot of information from there.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Other questions, Meg, I think in the room? Yes, yes, go ahead.

Sander van Oort - *Kempen & Co - Analyst*

Sander van Oort of Kempen & Co. A few questions if I may. First of all, as a bit of an add-on on the divestment of pharma in the Netherlands we just discussed, is it fair to assume that this business is loss making when looking at the breakdown of the EBIT and the sales contribution in the first half, with 5% impact -- positive impact on divestments on EBITA. So, my question is, is the [pharma] was loss making?

And then secondly a question on tax and accounting where the bank products phasing had a negative impact in the first half. Is it fair to assume this will continue into the second half?

And then a more general question, during the presentation, you stated that Wolters Kluwer is looking for increased cash returns and on a more consistent basis. Does this imply that acquisition activity will go down, going forward now that the transformation has been more or less completed?

And finally, a question on Legal & Regulatory Europe, maybe you can discuss the growth differences between Northern and the Southern part of Europe?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Okay, I will start and then ask Boudewijn to talk about divestments. Just real quick, I'll work my way back from the bottom to the top. In terms of Legal & Regulatory, clearly, the Southern European countries are declining at a faster rate than the Northern European countries. However, with that said, I would say that even in Northern Europe, we see constraints to growth, particularly in the regulatory market. And the regulatory market serves municipalities and larger kind of government institutions. But the South is being impact more dramatically.

And I think, as you saw in our presentation, if you -- if you look at France, Italy and Spain in terms of the overall results of Wolters Kluwer, including Transport Services, that had a 1 percentage point effect on our overall organic growth where the North is obviously in better shape from a growth perspective.

On the second question around acquisitions, from a strategic perspective we continue to focus on organic growth as the primary way that we will allocate our capital, and the primary way that we will grow. We will continue to look for bolt-on acquisitions. And you saw we announced, in July, two of those that fit very nicely, strategically into what we want to do.

And then on Tax % Accounting in terms of phasing, you should expect -- we changed the business model for banks -- bank products in 2011 where the majority of the revenues that we earn occur in the fourth quarter. That will happen again this year. But, you should expect that year over year bank product revenues will be in decline for the full year.

And Boudewijn, maybe a few words on divestments, effect of pharma?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Yes. I think the reason that you don't see actually any benefit of these divestments in the P&L is not because these were loss making, because they were not, they were actually profitable. But normally when we get out certain parts of the business we still have to deal with some of the -- what we call stranded costs, that's costs that are left over in the business afterwards which we will restructure ourselves and normally we provide for that.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Okay. I think we have someone on the line. You can put him through.

Operator

Right. Thank you very much. And our next question is from Mark Braley from Deutsche Bank. Mr. Braley, please go ahead and ask your question and speak clearly.

Mark Braley - *Deutsche Bank - Analyst*

Yes, hi, thanks. It's two questions. Both kind of follow ups to earlier things. Just to come back on this question of buyback versus acquisition. Should we take away a sense of this that you will at least be less reliant on acquisitions going forward? Or is this -- are you effectively saying that you think you can actually run this business with a kind of higher level of leverage than the ratings agencies might want you to? So you can do both the buybacks and the acquisitions.

And then the second one was on the Tax & Accounting point around the trade-off between organic revenue growth and margin. Should we think of this as a phase beyond just this year in which you have to invest more aggressively in that business to get the organic growth moving again?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Okay. A couple of things. Just first on acquisition I think that there's a couple of elements to discuss. One is that the fundamental strategy has not changed. Meaning that we put the vast majority of our capital in organic growth. We're really looking for bolt-on acquisitions that either let us consolidate a leading market position that we might have or get us into an adjacent market. So that strategy has not changed.

As you note, obviously we've made a commitment now, both to a progressive dividend policy, which we've had in place for a number of years, but also in terms of commitment to buy up shares associated with the dilution from the script and the performance shares. So, what the implication of that is that we will clearly, as we always have been, be very selective with our bolt-on acquisitions.

And we believe that as the business has been transformed in a lot of ways, if you look today 75% of our revenues are coming from online software services. That -- the number of acquisitions or the kinds of acquisitions that we will be making in the future will largely be around software products in certain market segments where we can expand our business.

So we believe we will have sufficient capital to be able to make those kinds of investments and at the same time provide for returns to shareholders.

On Tax & Accounting, as you know we don't provide specific margin guidance for the divisions and certainly would not want to speculate on next year. But clearly again I would reiterate that in Tax & Accounting we have the highest -- one of the highest margins in the industry. And so again, what we're doing is balancing improvements in margin with investments in the business. And we will consistently make that -- that trade-off, not just in 2012 but also in the future.

Mark Braley - *Deutsche Bank - Analyst*

Okay. Thank you.

Meg Geldens - *Wolters Kluwer NV - VP IR*

I think there's another caller. You can go ahead with him.

Operator

Thank you. And our next question is from Sami Kassab from BNP Paribas. Please go ahead, Mr. Kassab, and ask your question and speak clearly.

Sami Kassab - *BNP Paribas - Analyst*

Thank you. Good afternoon, ladies and gentlemen. Two questions if I may please. When you said that journal advertising is 2% of Health, does that include the reprints business as well please?

And secondly, can you comment on how much integration there is between training and seminar activities with the core software and provision activities? In other words, if you ever decided one day to get rid of training activities, would it be possible? Or do you think they're too much integrated with the core product making such a divestment unlikely. Thank you Nancy.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Yes, I'll do the second and maybe you can do the one on advertising, whether it includes reprints.

So, on training and seminars, of course, as you'd expect at Wolters Kluwer the answer very much varies by product line. If you look in Europe many of our training activities are separate from our publishing activities. If you look within Tax & Accounting US and Financial & Compliance Services, which is global, the training and seminar businesses is much more integrated into our software businesses. And so there it's not as separable.

And in Health we don't have a great deal of training activities globally. So, training is largely within legal and regulatory, tax and accounting and financial and compliance services.

And then on advertising --

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

On the 2% of advertising revenue within Health it doesn't include reprints. But the reprint business is mainly divested together with our NPS business. So it is still very small what is left.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Are there any more questions in the room? Perhaps we can take a few more.

Maurits Heldring - *ABN AMRO - Analyst*

Thank you. Just Maurits Heldring, ABN Amro. Just a follow-up question on the globalization strategy. Can you quantify how much that is helping revenue growth at the moment and how important that will be going forward for growth? And how would it works exactly? I suppose you need to open offices or step up the sales force so is it in first instance hurting margins or is it quite fast profitable to globalize revenues? If you can clarify a bit there please.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

The reason globalization is so important to us strategically is really the fact that today we're largely a technology company, in the sense that a big chunk of our revenue is coming from online and software businesses. And, if you look particularly at software, what we have been able to accomplish is that you can invest one time, build the application and then the amount of incremental investment that you need to localize it, either for language or certain specific regulatory conditions in a country is relatively modest. So what we've been able to do is really create these global applications.

So, a quick example is we have TeamMate, which we've talked about in the past, an audit solutions for global companies. We operate today in 100 countries in 10 languages. So, as a result of that, that ability to scale these product lines more quickly, we are able to tap into higher growth and also higher margins.

So in the early days it's not so much the application that requires additional investment. But as we move some of the North American applications into Europe, or move one product from one country in Europe to another the sales and marketing activity is largely a new investment. And so, if you look at FCS as an example, you do see that the margins are relatively stable through the half year, compared to last year, and despite the high organic growth. And that is largely because we are investing to build out sales and marketing.

And so in the short term on the sales and marketing side you do have that pressure on the margin. But over time, you can scale these things pretty quickly.

Unidentified Audience Member

A question on the healthcare business in particular, the Clinical Solutions and the UpToDate product. Given the growth in that product and the growth prospects, I can imagine also other players looking at that particular market. And I think [Elsofeer] a couple of months ago announced a product aimed at this specific market. So could you maybe comment on the competitive situation and your positioning in that market? And where you think you have a competitive edge over other players?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Yes. We remain the market leader by leaps and bounds. We have assembled a very highly valuable set of assets in clinical solutions, our UpToDate product line, which is a clinical tool for physicians and nurses. We have our probation product line which serves hospitals in documentation. And we have all of our drug businesses, which again serve both pharmacies and hospitals as well as retail pharmacies. So no one else in the market has this group of assets.

So we really have a unique offering. We continue to face, as we always do, competition but we clearly are winning far more share in the market than any of the major players and we do not see that any one will be able to duplicate the footprint that we have been able to create.

And I think one of the themes that we didn't really touch on today, but I think is very important to think about in the long term for Wolters Kluwer is what you're seeing now in Clinical Solutions and also in FCS, is that we have achieved scale in these businesses through this -- both this combination of assembling these assets but also investing organically. And now, as we've gotten that global scale you can see us accelerate the growth.

So, Clinical Solutions is one of those areas where we have both scale, we have a leading position and it's going to be very tough. I never want to underestimate competition, but it will be tough for somebody to duplicate what we have.

Meg Geldens - *Wolters Kluwer NV - VP IR*

I've got --

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Sorry, one more, yes?

Mark Begher - - *Analyst*

[Mark Begher] here. As of 2013 IAS 19 will kick in, you've made a statement in your press release. How will you treat that? Or, will you regard it as an exceptional, so exclude it from the ordinary? Could you inform us if it will impact your cash out?

Secondly -- thirdly what would a 10% or 10 base point movement in interest, what kind of impact would that have?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Could you repeat the first question. Which (inaudible) were you referring to? Sorry.

Mark Begher - - *Analyst*

The IAS 19.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

IAS 19, yes.

Mark Begher - - *Analyst*

If you exclude it from an accounting point of view. Would you exclude it from the ordinary net profit, EBITA, whatever?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

No. At the moment the IAS 19 impact is part of our normal operating EBITA and ordinary EBITA. So the changes in the IAS 19 and the treatments will actually have an adverse impact on the way IAS 19 looks and records pension contributions from the company. So I think you can anticipate to see in the years to come some slight upwards pressure on our margins for the countries where that is relevant.

Just to take advantage of that point, our pension fund -- our largest pension fund, currently in the Netherlands, has a coverage ratio which -- of 95% which was similar to what we told you at the year end of 2011. So, the decline of the interest rates that has happened between January 1 and today actually had no impact on the performance of our pension funds so far. So I think that is positive.

And your other question on the --

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

The cash out.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

The cash out -- and that's actually I referred to that in the 95%. So that won't actually change. Because as you know, there is of course a big difference within the way IAS 19 calculates for pensions vewrsus the actual funding requirements from a cash perspective we have for our pension funds. So those won't be changed -- they won't be changed going forward.

We also indicated that we do anticipate it, some small contributions to our pension funds on a global basis. And, that we do not anticipate any material change in those assumptions that we made already at the beginning of the year.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Thank you. I've got a question from the web. And after that I think we have about five minutes left. So perhaps we'll just do a round up in the room.

You talked a lot about investment and shifting your spending towards mobility applications, etc. Do you anticipate change in your CapEx to sales ratio going forward? And if not, are you shifting -- reallocating spending from elsewhere?

And a second question from the same analyst. What kind of levels of wage inflation are you seeing around the world?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Boudewijn, do you want to take this?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Well, our CapEx to sales ratio will not change in light of all the investments that we make, particularly in mobility. I think the -- particularly the CapEx or actually the overall investments remain 8% to 10%, and I think I said that earlier at this conference.

The shift on where that CapEx or where that OpEx might take place, changes continuously. So, we see different groups of large investments that change in nature over time, but these investments in mobility will not increase our percentage of investments, neither our percentage of CapEx in the future.

In terms of wage inflation, we all see that inflation actually is coming down globally. So where this year we're still counting for 2012 between 2% and 3%, I think we will see a trend for 2013 close to 2% than what we had. So, slightly lower than what we have seen this year.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

Yes. Maybe we can ask also Jack to just comment about how we're developing mobile solutions. Because I think the approach we're taking allows us to accelerate development of these activities without spending a great deal of additional capital.

Jack Lynch - *Wolters Kluwer NV - Member of the Executive Board*

Yes. I think that, obviously over the last two years we've seen the emergence of the tablet as well as smartphone, and our customers still use their desktop computers. But what you're going to see is a [dip]. The growth in mobility is going to be very significant in the next 36 months, probably less than 20% of the devices connected to the internet will be PCs. So, obviously we do have to invest in mobility. And the way in which we're doing it, I think is pretty innovative and efficient.

We -- obviously when you are using a android device you can have a native android application. If you're using an iPhone you can have an OS native application. But we use -- often we use html 5, which is adaptable to the form factor of a smartphone, for android devices as well as for a smartphone for iPhone as well as a tablet, whether that be android tablet or a OS tablet.

So, I think with a lot of our centralized R&D we're very focused on how can our -- how can we syndicate out some innovation to our businesses to allow them to have the tools to very rapidly build these mobile applications.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman*

So, just strategically our approach is very much that when we develop a product, think about some kind of content offering that we might provide to our customers, that it immediately can be available in online as well as in these mobile applications. And that the product is flexible through the technology, to know how much real estate you have, whether it's a phone or a tablet. And it -- we're taking this very flexible approach so that again we can scale up our mobile applications relatively quickly.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Shall we see if there's any more questions in the room and then wrap it up?

Unidentified Audience Member

Maybe two questions from my side. First of all, on the financing costs which were EUR62m in the first half and you're guiding for EUR125m, so -- which assumes of course a similar financing charge for the second half. Whereas, of course, the cash flow generation will cause the net debt to go down. So I'm a bit puzzled why financing costs should remain stable for the second half of the year.

Then, second question on the effective tax rate, given of course the growth trends difference between Europe and the US. One might expect of course that Wolters Kluwer is generating a bigger part of its profits from the US, which would of course push up the effective tax rate going forward. So what makes you confident that the effective tax rate will remain at the current level?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

It is true that you will see that our debt come down -- will come down actually (inaudible) year, but it's a net debt number that we mainly look at. So what you will see is probably not all the cash generation will be translated directly into reduction of debt. But some of the deposits that actually generate very low returns will actually be -- remain offshore to ensure liquidity. And therefore you will see that the overall financing costs will remain more or less flat, between the first and the second half.

On the ETR, yes, 27.5% upward pressure mainly due to the fact that we make more profits in high tax jurisdiction countries and in this case, particularly the United States. But we take a lot of action to further optimize our tax structure.

And I think that the whole globalization strategy that we have set in, a couple of years ago, actually supports and creates more flexibility for us to do so. So, as I said in my presentation, we introduced the Innovation Box for example in the Netherlands. And, as you can imagine that is never -- has immediate material impact on your ETR and takes a couple of years for you to see the full benefit of these type of tax structures to come through.

So, you will see us actually taking more actions. And once we have implemented those I will report back and you'll actually see that hopefully it to have a positive effect on the ETR going forward. But for now, as long as the situation between Europe and US stays as, go on as it is today, I think you should anticipate the ETR to see some upward pressure also in the next 12 to 18 months.

Unidentified Audience Member

(inaudible) I've still one question left about your statement that you won't compensate by share buybacks for the increase of the number of shares due to the stock of -- stock dividends and the other impact.

Now, you have increased your share buyback program by EUR35m, which more or less coincides with the EUR35m impact of more of the dividend being taken up in shares this year. So, how should I see this going forward with your commitment to compensate? Will that more or less compensate for all new shares coming up from the stock dividend or is that a partial effect? Could you give a bit more guidance on that?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

I think the policy is pretty clear. We buy back all dilution as a result of stock dividend pickup and performance shares. So the EUR35m additional share buyback is indeed the result of the fact that we bought back 7.7m shares for EUR100m. We issued through stock 8.4m and we have performance shares about 2.5m. So the remainder, what is left to be bought back to be in line with our anti-dilution policy is approximately this EUR35m that we need to buy back, about 2.5m shares. So that's the calculation.

And going forwards the policy is also clear. We will buy back the dilution year after year.

Meg Geldens - *Wolters Kluwer NV - VP IR*

Other questions? Okay, I want to say thank you very much for joining us, and thank you for those on the phone. And we offer you some coffee outside. Thank you.