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WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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PRESENTATION

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

Good afternoon, everybody. Thank you very much for coming. I'm delighted to be here to talk about our results of 2010.

The program this afternoon will be I will kick off with an overview of our results, overall, and then talk about the divisions, then turn it over to Boudewijn, who will talk about our financial results. And then I will come back and talk about the outlook, before we go to Q&A.

So, beginning, we're very pleased with the year we had, of 2010. It was a strong year for Wolters Kluwer. We grew our revenues 4%. That reflects a solid improvement in our retention rates, growing online and software product lines, as well as a good

Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

improvement in our underlying trends around new sales. Our electronic revenues grew 7%. And today, if you look at our portfolio overall, what you see is that online software and services account now for approximately 70% of all of our revenues.

2010 was also a year of improved profitability. We increased our operating margins to 20.4%. That was driven by the shift in our portfolio towards higher-margin products, by the improvement we had in our retention rates, and by the contributions from our project Springboard.

Very importantly, 2010 was also a year where we extended our global footprint. If you look at the growth we had in emerging markets, it was double-digit organic growth. And we also, through the strategic acquisitions that we made, extended our footprint into many faster-growing markets.

If you look at the guidance we gave you for 2010, we met or exceeded all of these operating metrics. In addition to the good operating improvement we saw in our profitability, we also saw very strong free cash flow of EUR427m. We also saw an increase in our return on invested capital, to 8.6%.

So, 2010 put us well on our way to meet our medium-term guidance, which you see here. We were especially pleased with the growth that we saw in our online and software revenues of 7%. We are progressing very well in terms of our goal around the transformation of our portfolio. Today, about 70% of our revenues come from online software and services. And as you know, our goal is to extend that to equal or greater than 75% by the end of 2012.

We will accomplish this by continuing to invest in the business. We are committed to reinvesting 8% to 10% of our revenues back in building new and enhancing our products. We are doing this all at the same time that we are driving improvements in our operating profit and our EPS, as well as in our return on invested capital.

So, with those overall remarks, I'd now like to go through each of the divisions, beginning with our Legal & Regulatory Division. This group showed a good improvement in results over prior year. The division, importantly, grew its operating margins to 21.4 -- excuse me, 21.6%, driven by solid retention of our subscription products, driven by good growth in electronic revenues, which grew 4% in the division, and by the good recovery that we saw in the transaction part of our Corporate Legal Services Group.

These positive results will allow us to continue to invest in the business. In particular, if you look within the division, what you would see is that within our US legal businesses, which include our CLS business, they had 2% organic growth. That was supported by 8% growth in our online products at our Law & Business Unit in the US, as well as strong performance at our Corporate Legal Services group. They demonstrated 12% organic growth in the transactional part of that business, and we also saw double-digit growth at Tymetrix and at Corsearch.

Importantly, the division expanded its global footprint through two strategic acquisitions, the first being Edital, which is a European-based trademark services business, and the second being the acquisition of the LexisNexis business in Germany.

One of the things that we wanted to talk about is some of the trends that our customers are facing. And this slide is -- basically tries to share with you what customers in the corporate legal departments face, and they face a couple of key things. One is increasing regulations and a lot more regulatory scrutiny, at the same time that they are trying to lower the cost of doing business and to prove that they are getting better performance within -- among their corporate legal suppliers.

So one of the things that customers tell us is that in order for them to do a better job at managing their outside legal spend, which is the single biggest cost category for most corporate legal departments, is that they need better transparency around legal costs. So they tell me there's two key questions they need answers to. One is what should I be spending on legal costs in different geographies, and what are other people spending? And to do that, they need a lot more transparency than they typically have had.



Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

So Tymatrix, which is one of the leaders in e-billing, launched this product last year called the Real Rate Report. And what the product does is it provides the transparency around legal costs. And it does that by leveraging a database of information that they have, which includes \$36b of legal spend, which is represented by over 4m invoices. And it takes this information and it analyzes it, and provides that back to corporate legal departments. This report was obviously in high demand last year, and it helped this unit within CLS grow at 19% organically.

So I think that's a great example of what we are trying to do across Wolters Kluwer, in terms of innovation that helps customers deal with some of their most pressing concerns.

Another example that I wanted to share with you is around workflow tools. I know that many of you wonder what is it that we actually mean when we talk about workflow tools for professionals. Well, ComplyTrack is a great example of a workflow tool. As most of you know, regulation, compliance and risk management continues to grow as an area of focus. This is particularly true for US healthcare professionals. To them, that regulation and compliance is the lifeblood of what they do. If you look at a hospital or a physician today, reimbursement, quality standards and processes are all regulated by some government body within the US. And if they don't comply well, they can be put out of business.

So what we did is, understanding that basic need, we built a product called ComplyTrack. And what it does is it integrates information and compliance into a desktop tool that compliance professionals use. And what you can see from this clip is not only does it give information and forms, but it also allows the customer to build specific dashboards and reports on the fly. And it's become the standard in the US for compliance professionals. We're now moving into Canada and looking to build out this product as a platform across the globe. It has been -- become the standard, as I said. We are used by over 25% of all the hospitals in the US, and in fact regulators are some of our best customers.

So I think this is a terrific example of not just a workflow tool, but how Wolters Kluwer is -- how we're looking at all of these trends that our customers are confronted with and using them to drive innovation and growth within the Company.

Now, I'd like to talk about Tax & Accounting. This division experienced good growth, driven by software adoption and globalization. The division saw 4% organic growth in its software lines globally. It also saw good growth in online revenues, both in North America as well as in Europe. This was driven by, again, improvements in our retention rates of our subscription products, as well as increasing new sales trends throughout 2010.

Importantly, the division saw significant growth in the number of users of IntelliConnect, which is our global online platform, as customers have responded well to the enhancements that we've made in the platform in 2010.

In 2010, the division also expanded its footprint in the corporate tax area through the addition of Global Integrator, which provides us with a platform for helping multinational companies deal with corporate tax issues.

Print publishing continued to decline in all of our markets as customers are migrating to online solutions, as well as the fact that customers did continue to tightly manage their budgets. Despite all of that, the division was able to improve its underlying operating margins to 28%. This good profit performance will continue to support investments that we're making in the business to drive growth globally.

If you look at the issues that are confronting our tax and accounting professionals, one of the major trends is that cloud and platform computing is becoming absolutely essential to these customers, and that is because they need the ability to work anywhere, anytime. They also need to collaborate more frequently with their clients and with other suppliers. And as the leader in tax and accounting globally, our division is very well positioned to help our customers adapt the way that they work to be able to work in the cloud.

In 2010, the division saw significant growth in the adoption of some of our SaaS-based products, including ProSystem Knowledge Coach and ProSystem Portal. In fact, ProSystem Portal has been the fastest-growing product ever launched by CCH. What that



Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

product does is it helps accountants exchange confidential information with their clients in a secure way within the cloud. And today, we have licensed over 700,000 portals on this product. So, again, this demonstrates how quickly some of these technology trends are taking hold within our customer base.

Now I'd like to move on to our Health & Pharma Solutions Group. The division had a strong year, with 3% organic growth and improved operating margins. Investments in product innovation and global expansion helped support the double-digit growth that we saw at both Clinical Solutions and at Healthcare Analytics.

In Clinical Solutions, we continue to add new content areas to UpToDate, which had very strong organic growth performance overall and particularly strong performance internationally, where they grew 26% organically. If you look at the division overall, they had -- their electronic revenues grew by 14%.

Global expansion was also achieved through the continuation of partnerships, as well as by launching local language interfaces. Ovid in particular signed a number of partnerships in China and in other parts of the world. And it also recently launched local language interfaces, Chinese, Japanese and French.

The division acquired Pharmacy OneSource, which extends our presence in the hospital pharmacy market. And this transaction, coupled with the joint venture that we announced in the early part of 2011 with Medicom, which is one of the leaders in the Chinese drug information market, both of these transactions helped continue to advance our leadership within the clinical decision support market. So we feel very good about the turnaround in our Health business, and particularly around the performance that we saw within the Clinical Solutions area.

What we see in the healthcare market is that our customers across the globe are increasingly using technology in combination with high-quality content to reduce medical errors, to reduce costs and to improve outcomes. The division's strategy is focused on those areas exactly, to help our customers improve patient care and at the same time reduce costs.

Content expansion played a significant role in the growth of the division last year. P&E books had a record year of new product introductions, including the launch of 500 titles in e-book formats, which includes applications on smart phones as well as the iPad.

UpToDate is an online tool that is used by more than 450,000 (sic - see presentation) clinicians in 147 countries. UpToDate brings evidence-based medicine directly into the doctor's hands. And what you -- if you talk to any doctor - and we had one this morning here visiting with us - what they will tell you is that it's almost impossible to keep up to date with the literature. In medicine, the literature is doubling at a rate of every 10 years. The volume of literature is growing. And at the same time, they're being asked to see more patients every day.

So what UpToDate does is it provides evidence-based medicine at the point of care. Physicians need this kind of information in 70% of all the patient visits. How do we build these kinds of products? In the case of UpToDate, we are working with 5,500 experts to synthesize and summarize the medical literature and provide practical guidelines for how to treat patients. We know that the use of UpToDate improves patient outcomes by reducing adverse events and reducing mortality. So this is a great example of how Wolters Kluwer can play a leading role by bringing the best solutions to our customers.

Now I'd like to finish up with the divisional review by highlighting some of the accomplishments at our Financial & Compliance Services Division. Global compliance requirements help to drive growth at this division. The division delivered 4% organic growth. This was supported by double-digit growth at ARC Logics, which is our risk management area, as well as by significant expansion globally. Today, 33% of the revenues of this division are coming from outside the US. The acquisition of FRSGlobal will extend this division's footprint even further.

I think, as those of you certainly in this room know, financial service is -- companies continue to face issues around the financial crisis. They are also impacted by the globalization of regulations, and by the increased scrutiny of regulators and other compliance



Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

requirements. Our division is extremely well positioned to help our customers deal with these very issues. By way of example, our Gainskeeper product grew over 50% in 2010. And that is because customers rapidly adopted our solutions in order to deal with new requirements around cost basis rules.

So I hope that the highlights that I shared with you demonstrate that there's a lot of innovation going on at Wolters Kluwer. We are really building on the unique assets that we have as a company. Those assets include our very strong market positions, our strong content and deep expertise in various areas, and our ability to take that content and put it together with technology to build out solutions that help our customers deal with the most pressing aspects of their profession.

So, with those remarks, I'm now going to turn it over to Boudewijn, who will talk about our financial results in more detail.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

Thank you. Okay. Thank you, Nancy. I'm happy to have this opportunity to share the highlights of our financial results in 2010. So let's get started.

We saw significant progress among each dimension of our results in 2010. Growth in electronic revenues and solid retention rates generated improved organic growth of over 300 basis points. Electronic revenue grew by 7% for the year, accounting for 54% of our revenues. All divisions contributed to this improvement, with no exceptions.

It's important to note that online software and services are now almost 70% of our revenues. And this is quite a transformation compared to just a few years ago, and it gives us growing confidence that we can meet our medium-term target of 75%.

Margins continue to improve, supported by an improved product mix, acquisitions, the Springboard program and continued cost containment. I will cover this in more detail later on. And finally, free cash flow improved 5% to EUR445m and EUR427m in constant currencies, well beyond our medium-term guidance of EUR400m.

Let me remind you that this is the first year that Wolters Kluwer is presenting its numbers under the new divisional structure for a full year. As you recall, we now have four global divisions, Legal & Regulatory, Tax & Accounting, Health & Pharma Solutions and Financial & Compliance Services. Each division is the number one or two in its markets globally, and here you can see some of our top brands. The comparable set of numbers in the old divisional structure has been provided to you at the back of the press release.

So now let's take a look at the divisional performance from a divisional perspective. Overall revenues grew 4%, with organic revenues improving through the year to finish positively at 0.3%.

Revenue at Legal & Regulatory Division was 2% down in 2010, with 2% organic growth in North America being offset by declines in print, particularly in Europe. Despite the challenging market conditions and flat revenue growth, margins improved 80 basis points. This strong performance was driven by a rigorous focus on cost controls. Strong operating profits from this division continue to feed investments in growth initiatives across the Company.

The Tax & Accounting Division continued to see strong results in its software lines, which grew 5% in North America and 4% globally. This was offset by publishing, which remains under pressure, especially in print lines. Division margins improved by a full percentage point, supported by revenue growth and cost efficiencies. These efficiencies were generated by, for example, streamlining our customer service activities and lowering editorial costs through process optimization.

Health & Pharma Solutions continued to perform well. Clinical Solutions continued to expand its market-leading positions, with strong double-digit growth. And at the division, the solid contribution of the revenue growth to profitability allowed investments in growth initiatives, including international sales expansion. Margins improved 30 basis points to 14.4%.



Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

Financial & Compliance Services delivered 4% organic growth, led by double-digit growth at ARC Logics and a solid recovery of transactional revenue in the second half. Profitability of the division is down slightly, as we accelerated spending in marketing and sales in support of current and future revenue growth.

A closer look at the revenue composition gives you a clearer view on the trends in the business. Overall subscriptions, which is approximately 71% of our revenue, remained stable. Growth in the electronic and service subscriptions continued to improve the revenue mix. Print revenues declined, as we continued to migrate our offerings from print to electronic. Books, which constitutes approximately 10% of the business, continued to improve, with strong performance in Health somewhat offset by pressure in Europe.

Cyclical revenues showed a steady rate of improvement, finishing in line with last year, much better than a year ago, and a 2% decline we saw at half-year. In the pie chart, you can see a detailed breakdown of our cyclical revenue streams. But I can tell you that we see momentum across transactional revenue streams in Financial Services and Corporate Legal Services, with continued softness in training, consulting and promotional revenue.

If you look at the phasing of revenues across the year, you can clearly see a positive trend in the second half. Across each division, you can see that the organic trends are consistent. While the Health & Pharma Solutions posted consistent results, with strong growth in Clinical Solutions, books and Healthcare Analytics, this performance is clearly a significant improvement over 2009.

Financial & Compliance Services saw an acceleration in the second half, fueled by the global expansion of the business and a pickup in mortgage transactional revenues in the fourth quarter. We also saw acceleration in mortgage document services and risk and compliance solutions with products like Gainskeeper, which Nancy highlighted earlier.

Tax & Accounting finished the year on a positive note, with strong growth in electronic subscriptions and user growth in its core platforms. Legal & Regulatory improved on 2009 results. Steady growth in the US helped drive our core legal and transactional businesses to a year-on-year improvement.

We continued to improve our cost base, with overall cost coming down over the course of the year. G&A continued to decline, as the result of operational excellence programs. We have simplified and rationalized fragmented back-office processes and IT applications, which allow us to work more effectively. We continue to leverage our global scale and back-office functions through shared services and outsourcing.

Cost of sales came down since 2006, driven by restructuring initiatives and the Springboard program. We lowered the cost and reduced the complexity of our datacenters, and made use of scale by expanding global sourcing. Marketing and sales increased, showing our commitment to invest for future growth and expanding our sales force to support our global ambitions.

And Publishing & Editorial remained flat, as we continue to invest heavily in new and enhanced electronic products. We continued to standardize, reengineer and automate the content manufacturing process, to support next-generation publishing and content enrichment. These activities improve the customer experience, support revenue growth, reduce product cycle time, as well as costs.

Our operational excellence program Springboard finished the year ahead of expectations, as we continued to build on the success of the program and find ways to drive additional savings. Total costs increased by EUR62m -- sorry, I'm corrected here. Total cost savings increased by EUR62m to EUR146m in 2010. Program costs to support these savings were EUR58m.

Based on the current progress of the program, I'm happy to upgrade the expected range of savings to EUR170m to EUR180m. I'm particularly pleased that we can do this while maintaining and even improving the savings/investment ratio over the life of the program. For every euro invested, we had expected around EUR0.65 back in structural cost savings, and now this return is almost EUR0.70. Let me remind you that non-recurring program costs of EUR245m to EUR260m through 2011 will be treated as exceptional costs.

Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

The positive impact of Springboard and revenue growth resulted in a higher ordinary net income, which grew 4%. This positive result was offset by higher financing expenses and tax expenses. Financing increased year on year, due to foreign exchange impacts and a small increase in fixed rate interest costs, as we extended our maturity profile.

Ordinary EPS grew 2%, following the improved ordinary EBITA, partially offset by a higher effective tax rate as the result of higher profitability in US operations. The increased number of shares bring the net results materially in line with 2009 in constant currencies.

Free cash flow improved by 5% to EUR445m. The increase in free cash flow was due to higher net cash flow from operations, positively influenced by revenue growth, cost savings from the Springboard program and further improvement in working capital. This was supported by strong fourth-quarter cash collections and a higher deferred income balance at year-end.

Capital expenditure increased to EUR145m, driven by increases in the Health Division. For example, new product launches across Clinical Solutions, such as ProVation's One Click Updates to its order sets, and continued innovation in professional education with its journal platform, and Financial & Compliance Services as we extend the business globally. This investment is evidence of our continued commitment to invest 8% to 10% of revenues towards new and enhanced products to drive future growth.

The strong cash flow performance in 2010 also creates an opportunity to provide additional shareholder returns. And therefore, given our strong cash performance, I'm pleased to announce our intention to conduct a EUR100m share buyback program. The combination of this buyback and proposed 2% dividend increase represents an increase in cash returns to our shareholders. This represents a good allocation of capital, as we continue to invest in the business to drive transformation, work towards optimal leverage targets and deliver shareholder return along the way.

In terms of financing, we have no material redemption before 2014, and most of Wolters Kluwer debt matures well beyond 2015. Last year, we refinanced our multi-currency credit facility for EUR600m, replacing the EUR1b facility. The remaining EUR400m will be repaid in July of this year.

In December, the Company has closed a EUR250m private placement for 10 years at a coupon of 4.2%. So the Company has secured long-term financing at an attractive rate, while gaining financial flexibility. The Company's headroom at year-end was over EUR1b. And given 2010 performance, our net-debt-to-EBITDA ratio improved from 2.9 last year to 2.7 at year-end, as we head towards our midterm goal of 2.5.

We have made several strategic acquisitions over 2010. These enhanced positions in fast-growing segments and accelerated transformation of our portfolio on a global scale. But it's very important to note that the Company remains disciplined, and it's very clear on its financial criteria when making acquisitions. All acquisitions will be EPS accretive in year one and must exceed its weighted average cost of capital within three to five years.

Recent acquisitions have performed well within the schedule. Overall, the acquisitions we have undertaken over the past years have contributed to revenue growth, enhanced profitability and return on invested capital.

So, at this point, I would like to take a moment to summarize our accomplishments. We've returned to profitable growth in 2010, with underlying trends improving throughout the year. With strong execution of the Springboard program, we're able to upgrade our saving target for its final year. And strong free cash flow, combined with confidence in the future, allow us to propose a 2% dividend increase and announce our intention to do a EUR100m share buyback program in 2011.

Thank you for that. And I will return the floor to Nancy.



Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Thank you, Boudewijn. Just a couple of words on our outlook. We remain very optimistic and enthusiastic about the underlying market trends that support Wolters Kluwer. The things that we see over and over again in each of our markets is the increase in regulation and compliance complexity, we see our customers more and more focused on productivity and cost effectiveness, and we see the globalization of our business continue. All of these trends support the long-term growth opportunities that we have at Wolters Kluwer.

If we look specifically at 2011, what we are encouraged by was the momentum that we finished 2010 with, both in terms of improving retention levels, increasing new sales levels and the growing online and software portfolio that we have. So, as we look to 2011, we have confidence that we can improve our top line growth performance, as well as improve our profitability.

Specifically, we are giving operating metric guidance of an ordinary EBITA margin of 20.5% to 21%, free cash flow of equal to or greater than EUR425m, a return on invested capital of equal to or greater than 8%, and earnings per share of between EUR1.50 and EUR1.55 per share.

As we look to the medium term, our 2010 performance is putting us well on our way to meet our medium-term guidance. We will continue to invest in innovation in the business and increase our focus on adding value to both our customers and our shareholders.

So, in summary, I'm very pleased with our 2010 results. These have provided us with momentum, as we move into 2011. We will continue to invest in high-growth areas of our business. We will also continue to build out our online and software product portfolios, as well as to continue to expand our global footprint. All of this underpins our confidence that you will see improved top line performance in 2011, as well as improved profitability.

I'm also pleased that we were able to both increase our dividend and announce a EUR100m share buyback program. Both of those efforts continue to reward our shareholders.

So, with that, I'd now like to turn it over to Q&A. Have to wait till I sit down, though. Okay. Please, yes, go ahead.

QUESTIONS AND ANSWERS

Maurits Heldring - *ABN AMRO - Analyst*

Thank you for that. Actually - Maurits Heldring from ABN AMRO - I've got two questions, first one on the outlook. In the press release, you state that you expect the top line growth trends to continue into 2011. Well, the first-half growth was flat. Growth for the full year was flat. So should we read that you expect flat growth for 2011?

I'm also asking this because your margin guidance looks a bit conservative. We will have additional uplift from Springboard savings. We should see the benefits from increasing percentage of electronic products, etc., etc. I know that we will have wage inflation offsetting that, but I would've expected a bit higher margin unless you don't expect any growth. So that's the first question.

And then the second question is on the margin in Health, looked like a substantial deterioration in the margin in the second half. If I heard it correctly, it was related to the international sales expansion. Maybe you can elaborate on that. And was that the only reason, or were there more reasons that the margin was weaker in the second half of the year? Thank you.



Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Okay. First, on the outlook, what you should take away from what we've talked about is that we have finished the year well, both in terms of our retention rates. Our retention rates increased 2 percentage points, year over year. We also saw improving new sales trends, as we went through 2010. We also saw improvements in some of our transactional businesses, particularly in the US. So we finished well. Our goal for 2011 is to show improved top line performance, so that is above where we finished 2010.

On the margin level, we're guiding 20.5% to 21%. That reflects a couple of things. One is it reflects an assumption of improved top line performance. It reflects an assumption of a continued mix shift and growth in online and software. It reflects the contribution from Springboard. Offsetting that, as you pointed out, is we do have some inflationary impact on our wage base, which is the single largest cost component for Wolters Kluwer. We also -- there is a mix effect, with some of our higher-margin print products and cyclical businesses still going to be under pressure as customers again continue to migrate to online. But also, in Europe, there remains I think -- we're looking at 2011 as still having some pressure on those cyclical product lines.

And then, as it relates to the margin in Health, you want to take that one, Boudewijn?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

It's true that the -- predominantly the investments we made in Health within the international sales force. We added quite some people, to make sure we could benefit from future growth. As you can imagine, year on year, the overall investment level within our Health Division, and by the way in most of our divisions, actually increased quite significantly. As you saw, our CapEx went up EUR245m, from around EUR120m last year. So I think across the board there has been a lot of emphasis and focus in investing in innovation and growth.

Maurits Heldring - *ABN AMRO - Analyst*

So it was the only reason for the margin deterioration, or was there more?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

No, I think that -- I think this is the most important and the largest element to it. There have been, of course, additional investments in platforms, in product enhancements, but this is the single one that we wanted to single out for you.

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

Other questions? Yes, please. Go ahead.

Andrea Beneventi - *Exane BNP Paribas - Analyst*

Thank you. It's Andrea Beneventi from Exane BNP Paribas. I have three questions, if I may. The first one is on CLS transaction. I'd like to know what is driving the 12% growth. And does your guidance imply that we should see it as a floor on 2011?

And second question is on Legal. You mentioned increasing willingness from customers to acquire new products. Is it a recent trend? And what has changed in general in the legal market over the last six months?

And finally, on CapEx, can we have some more details on what you expect on 2011 as compared to 2010, please?

Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Okay. I'll take the first two and then ask Boudewijn to come in on CapEx.

On CLS, they had 12% organic growth in their transaction business. If you look at CLS in total, it's about a \$380m business. About half of that is transactions; about half of that is subscription products that are software products. In the transaction part, it does a couple of things. It helps its customers, who are law firms and corporate legal departments, with transactions associated with business formation, M&A, IPO activities, also lending transactions. And what you saw throughout 2011 -- 2010, excuse me, is that each quarter's performance improved. So if you look at the organic growth at CLS in total in the fourth quarter, it was 7%.

So it shows that the US market is recovering. What we are guiding for 2011 is we expect the volumes, the underlying volumes, of those transactions of IPO, M&A, lending transactions to improve from a total volume perspective, year over year.

If you look more broadly at the Legal market, what we would say is if you look at just our US business, which includes CLS, we had 2% organic growth last year. That is being driven by, again, good retention of our subscription products, improved transaction revenues at CLS, and then good growth in online and software solutions more broadly. If you look at Europe, Europe declined last year overall in the Legal & Regulatory business. And that's largely been driven by print declines, both in subscriptions and books, that was greater than the growth that we are seeing in online and software.

So, as we look to 2011, what we anticipate is that we'll continue to see good improvements in new sales across the board, both in North America and Europe. We would anticipate that the US business is recovering at a faster pace than the European business. But as we look at Europe, what we have seen is that we see consistency in the trend in 2010. So we believe that the worst is behind our European businesses from an economic perspective, and we are anticipating in 2011 that you will see recovery continue to take hold within Europe.

Boudewijn, on CapEx?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

We have guided you, and I think I also mentioned it in my presentation just now, that our CapEx -- or actually our overall investments in product, product enhancements, including CapEx, is around 8% to 10% of revenues. So, out of that 8% to 10%, approximately 4% to 5%, but normally 4%, is purely CapEx related. And you have to think about platform enhancement, [common] creation, building out front lists. It is like a laundry list of lots of, let's say, individual initiatives, ERP systems in the businesses. But I think what is clearly a new and more demanding area where we invest a lot of our money is actually international expansion, and I think that's one of the areas where you see a large part of the growth will come from.

Maybe, Jack, you want to add something on CapEx investments in Springboard.

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

Yes. I think, in addition to the product or front office related investments that require CapEx, we're also capitalizing some of the infrastructure investments that we're making in, as Boudewijn mentioned, ERP and other investments in infrastructure and software that will drive our cost savings.

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

Yes. Please, go ahead.



Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

Hans Slob - Rabobank - Analyst

Hans Slob, Rabobank International. A question on the renewal rates. You mentioned a 200 basis points increase for the renewal rates. Are those now very far from historical levels, or are they already there? So how much room is there for further improvement of the renewal rates?

A second question is on Europe. You're mentioning a recovery in Europe. What's the situation in Italy and Spain? Are you already seeing a bit of a stabilization there, or are we still in a downturn?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman

Yes. First, on renewal rates, we are back, I think, from an overall level to where we were prior to the financial crisis overall, as a company. Where you'll start to see the biggest room for improvement is as we shift the portfolio more and more to software products. If you look at our portfolio, software products tend to renew at 90-plus kind of levels, where information products renew below that kind of level. So, as we're shifting the product line more and more towards software, we obviously have an ambition to continue to increase that renewal rate.

On Europe, again, to remind everybody, we're in 18 countries in Europe, so it is a country-by-country discussion. Within specifically southern Europe, we clearly have seen good performance in our software businesses in both Italy and Spain. So, even during this difficult time for them, there's been high retention and growth in those lines. Where they're still under pressure is obviously within the print business. But we're clearly seeing a stabilization in all the countries in Europe, and we anticipate that new sales levels will gradually improve even in the south.

Hans Slob - Rabobank - Analyst

Yes. And maybe an add-on, let's say on the print side, I think print subscriptions were down 9%. Do you expect an easing of the decline in 2011?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman

Yes. We clearly expect, both in our Tax & Accounting business and in our Legal & Regulatory business, on a global basis, that the rate of decline will abate, that it will begin to moderate. If you look pre-crisis, the rate of print decline was more in that 4% rate, and so we anticipate getting back to that level over the medium term. We're already beginning to see greater stabilization in the US, for example, and we would expect that Europe will follow.

Hans Slob - Rabobank - Analyst

Thanks.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman

Yes, please, Claudio.

Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

Claudio Aspesi - Sanford Bernstein - Analyst

Claudio Aspesi, Sanford Bernstein. Two questions. The first one is that a year ago you described the weakness on organic growth as largely driven by the mix of new sales rather than the weakness in pricing. Can you please give us a flavor for how pricing and new sales mix are trending at the moment?

And the second question is do you have any exposure to Middle East?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman

Yes. Okay. We don't have a great exposure in the Gulf States. We typically -- they are what I would call an export market for us, mostly for our Health business and some of our Kluwer Law international titles, so we don't see a big exposure there. And we continue, even during this period, to continue to operate with our distributors there for our health products.

On the mix issue, it was as you characterized it. It was mostly a new sales issue. During the height of the crisis, our pricing held up well. We certainly had to give concessions at the upper end of the market, but overall we achieved a price increase each year since the crisis began. And we are seeing stabilization of pricing as we continue to recover around the world.

Claudio Aspesi - Sanford Bernstein - Analyst

Just a clarification on my first question, when you say you don't have much exposure to the Middle East, can you give us at least a sense of the size, in terms of revenues?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman

Yes. It's got to be a couple -- not even a percent, I would imagine, but yes.

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of Executive Board

It's less than EUR20m.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman

Yes. Please, yes.

Simon Wallis - ING - Analyst

It's Simon Wallis from ING. My question is about the acquisition spend. There was EUR256m, excluding earn-outs, spent on acquisitions. I think the average historical multiple was just over 14 times EBIT. Can you give a sense for what your expectations are on forward multiples, so how expensive will they look on forward EBIT multiples? And what kind of revenue growth rate would you expect of these businesses the next couple of years?

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of Executive Board

Well, the number you see here in the press release of course includes cost that was associated with failed unsuccessful deals on the one hand, and some were announced. So I think you're right. On a 2010 multiple, it will be around 13.5. Normally what

Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

we -- we buy fast-growing software-oriented businesses. That's the majority. Look at Edital, look at FRS, look at Pharmacy OneSource, all the examples we mentioned here, are all falling exactly in that suite.

So, as a result of that, you can expect that the growth rate of those businesses are well beyond the growth rates of Wolters Kluwer average, that's one, with also higher margins. Now, that's even excluding the potential integration benefits that we get out of these businesses. And as you have seen from my slide, where I showed you are those acquisitions in the past meeting or exceeding their WACC, you normally see anywhere between one and three years. So the ramp-up in the coming years will be significant and as a result, you'll see that the multiples come down to a much more normalized level.

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

Yes, please.

Margo Joris - *KBC Securities - Analyst*

Hi. Margo Joris, KBC Securities. You see your EBITA margin increasing to 20.5% or to 21% in 2011. Could you elaborate a bit more on the divisional split, so in which division should we see the strongest increase?

And then, secondly, do you see organic growth accelerating in the first two months of this year? Thank you.

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

Boudewijn, do you want to do the margin? Yes.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

Well, the margin overall will grow mainly on the back of organic growth that we will see in 2011. Secondly, the savings from Springboard that are year on year slightly lower than what we have seen in 2010, but still very impressive, and the product mix. So, those three will actually benefit all of our divisions at the same time. So I think there will be a rather equal distribution of margin improvement throughout the Company. But you might see that our Health Division might benefit a little bit more, given the level where they are today, and also in line with our anticipation that the margin of the Health Division will grow over time in line with the efforts of the Group.

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

And then, in terms of organic growth in the first couple of months, one of the most important metrics that we look at as we finish out a year and start a new year is what is our inventory value, which measures how well did we renew our subscribers. And that becomes a very important thing that we look at in January. And I can say that when we looked at that in January across the board, our retention held up very nicely, so that's encouraging for us.

The first two months of the year are never a very important part of Wolters Kluwer. In fact, we're much more of a second-half weighted company than a first-half weighted company. And that's a combination of both the fact that we have a lot of year-end business that comes through in November and December, and the fact that we really start tax season, largely starting in January. And so that makes more of our business second-half weighted.

Yes, please.

Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

Michel Veul - *SNS Securities - Analyst*

Michel Veul, SNS. I wonder, just talking about acquisitions, you decided to have a share buyback program of EUR100m. Could you elaborate on your arguments behind that? Or do we basically implicitly imply that there are no acquisition candidates, or do you have sufficient financial means for that?

Secondly, I just wonder, you just mentioned that a margin rise can be expected when organic growth picks up. I think on the wire there was a statement that 2012 should be kind of a turning point. Have you said that? And what do you mean by that? Do you imply that organic growth will rise going forward?

And thirdly, related to Springboard, I think for several times now cost saving targets have been improved. How much further can you go with operational performance, procurement and so on? And we do have 2011 targets. Can we anticipate this program to continue in 2012 and forward?

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

Okay. I'll take the one on turning point, Boudewijn will talk about acquisitions and Jack will talk about Springboard.

2012 really will be a turning point for us as a company, on a couple of dimensions. The first is by then, based on our medium-term guidance, we expect the print part of our portfolio to be 25% or less. That very much changes the dynamic as it relates to the growth potential of the Company, as well as the margin potential, because electronic products are faster growing and higher margin. So that's an important milestone for us.

The second major way that we're looking at the business is how much of our business is global, and we clearly see that our growth in emerging markets is double-digit level. And we clearly -- as we have moved to align our business into a global organization, what we see is more and more opportunity to take products from one market into another market. And I think the biggest example of that is if you look at our Financial Services Division, five, even three years ago, four years ago, it was a completely US-centric business. And today, 33% of the revenues fall outside the US, and with the acquisition of FRSGlobal we're going to be able to expand even more.

So I think the turning point is both in the composition of the business and in where we -- how widespread we are from a geographic perspective. So we clearly expect, as I indicated, that in 2011 we will have better top line performance than we had in 2010. And we would anticipate that in 2012 we will continue to have even better performance.

So, with that, Boudewijn, do you want to talk about the share buyback and acquisitions?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

The share buyback is mainly an initiative on the back of the fact that we had a very strong cash generation in 2010. As a result of that, you also saw that we upgraded our 2011 guidance on cash flow to equal or above EUR425m. So clearly we see there that, at least for the next 12 months, cash flow will remain as strong as we have seen it in 2010.

So, therefore, in the meantime we look continuously to acquisition alternatives. We continue to invest heavily in the business. That hasn't changed. But we feel that, given the fact that our cash flow actually is getting stronger, that there is room for a buyback next to the investments and next to a de-levering of the Company over time on a non-acquisition basis.



Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Then, Jack, do you want to --?

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

Yes. In terms of Springboard, we have upped our guidance again, and largely as a result of the opportunity we see to consolidate -- continue to consolidate back-office functions and infrastructure within global shared services. So, for example, I think most of you know that we consolidated about 37 data centers within North America to two, and now have embarked upon a virtualization program. Outside of North America, we have over 52 internal and external data centers, so the same opportunity for consolidation and virtualization remains. So that opportunity is in planning stages, remains ahead of us.

Having said that, the program ends in 2011. So we've taken the exceptional spending for this program below the line, so as not to distort our operating performance. So these initiatives will carry forward beyond 2011 and they will produce additional savings.

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

Yes, please.

Jonathan Helliwell - *Berenberg Bank - Analyst*

Thanks. It's Jonathan Helliwell at Berenberg. Two questions, actually. First is, you talked about wage inflation being an offset in the margin increase this year. What average number should we be looking at for wage inflation in 2011? Is it 1%, 2%, 3%?

The second is deferred income. What is the percentage increase in your deferred income position at year-end? And is that a good representative number for subscription revenue growth for the year?

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

Okay. Do you want to -- yes, please. Yes.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

Okay. On the wage inflation, I would deal with something like 2% to 3% as being realistic. Even though on the one hand we restructure on a continuous basis to make the organization more efficient, you also see that either through acquisitions or the existing workforce know that inflation is kicking in every year. And personnel costs is actually the largest cost component within Wolters Kluwer's cost structure. So, in that sense, that is very relevant.

Secondly, on the deferred income, the deferred income has been impacted by on the one hand an exchange rate, euro/dollar; secondly, new sales. We had a pretty strong end in Tax & Accounting and within Health and within Financial Services on the -- on renewals. So that impacted the deferred income substantially. And it just shows you that the growth outlook for the Company for 2011 is supported by that number.

And then the last element that acts on that is the acquisitions that, in this case, in 2011, were made for a large part in the fourth quarter. And therefore you see that they might have a slightly higher contribution from acquisitions than when you would have made those acquisitions throughout the year. But they all have the same pattern, right? In all our businesses, subscription driven, often renewal in the third or in the fourth quarter.

Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

Jonathan Helliwell - *Berenberg Bank - Analyst*

Fine. Sorry, and just one thing on that. On the wage side of it, is that -- are you saying 2% to 3% even after savings from Springboard, so total increase in salary costs seem to be what you're implying?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

Yes. Well, it's always a sum of the three elements I mentioned. One, we have of course the restructuring initiatives to make the Company more efficient under Springboard. That is a deduction of FTEs. Then you have the existing workforce with the 2% to 3% wage inflation. And then you have the addition from acquisitions, and the number of people coming into the Company on the back of that.

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

Yes. So I think what Boudewijn's indicating is a 2% to 3% kind of increase in personnel cost, which is a combination of those three things. If you just look at wage inflation, it's probably closer to that 3% kind of level for 2011, in terms of the salary increases of the average employee.

Jonathan Helliwell - *Berenberg Bank - Analyst*

Perfect. Thanks.

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

Yes, please.

Sander van Oort - *Kempen & Co - Analyst*

Sander van Oort, Kempen. Four questions, if I may. First of all, on the phasing of the share buyback over the year, is there any criteria you set yourself or is it just pretty open schedule?

Secondly, on the breakdown of the organic sales growth development by quarter, especially the split between the third and the fourth quarter.

Then, thirdly, on the sales cycles, I was wondering if they are already back at the levels seen prior to the crisis.

And finally, on the financing costs, which are estimated at EUR130m for this year, I was a bit surprised that these remain stable compared to last year. So, I was wondering what's exactly happening over there.

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

Okay. I'll do sales and then turn the rest over to you. Sales levels are improving across the board, but certainly not back in all cases to pre-crisis levels, particularly if you look at still some of the print products, both subscriptions and books, and some of the cyclical products like advertising and training in Europe. Those are not yet back to the level. But overall, if you look at weekly sales intake of our sales people and our other channels, it's definitely improved over '09 levels, and we continue to see that increase quarter by quarter.



Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

Boudewijn, do you want to --?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

Yes. On the --

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

Share phasing?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

Yes. On the share buyback phasing, we have no set agenda. We will conduct the buyback throughout 2011 and we'll keep maximum flexibility ourselves, also a lot depending on acquisition spending, etc., and other financing movements throughout the year.

In terms of the financing costs being more or less flat, don't forget that we had the private placement only came in at year-end. So, in that sense, if you would annualize that for -- on the full year, it will have some upward impact. On the other hand, that will be mitigated by the fact that part of the credit facility will be redeemed and will be paid off. So, in that sense, that's the reason why we will not see a lot of movement in our financing costs year on year. We have an average cost, I think, of around anywhere 5.5 to 6, about 5.8, 5.9, so that won't move much year on year.

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

And then sales breakdown between third and fourth quarter, organic phasing.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

Yes. The fourth quarter normally is from a sales perspective often our most important quarter, and then the second most important quarter is actually the third quarter. So the -- sometimes it can shift a little bit from the third to the fourth quarter. But you see every year exactly the same pattern, a ramp-up mainly in the second half of the year when the majority of our sales actually takes place.

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

Yes, please.

Maurits Heldring - *ABN AMRO - Analyst*

Yes. Maurits Heldring, ABN AMRO again. Just coming back to the share buyback program, to be honest, I'm a bit confused both by the timing as well as the size, timing because we're still above the 2.5 times EBITDA level, and the size looks relatively small. So my question would actually be is there a relation with the dilution from the long-term incentive plan and the options? So should we expect more of these buyback programs in the coming years of this size, just to offset dilution, or is that a false conclusion?

Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Boudewijn?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

I think it's a false conclusion. And I think we indicated this time after time, a buyback is an opportunistic undertaking by the Company. We feel that based on our cash positions, based on the cash generativeness of the Company, we look for the best way to allocate our capital. And for 2011 we felt that a EUR100m share buyback program was granted.

So there's nothing tricky about it or one way or another. The amount has been determined based exactly on our financing flows as we anticipated them. It might of course -- through acquisitions and otherwise, of course you never can predict it 100%, but I think we can predict it to a large extent. So that's the reason why we actually came to this program. But we keep flexibility, just to make sure that we don't put ourselves in a corner.

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

Okay. Please.

Henks Slotboom - *The Idea - Analyst*

Henks Slotboom, The Idea. I've noticed in the past year that I saw your name popping up in relation to China quite frequently. Can you give us some color as to what kind of activities you're currently deploying there, what your ideas are, and where you hope to stand in, let's say, five years down the road? And who are the other familiar names you are encountering in these markets? That's one question.

The second question relates to Health. I had a long discussion with Jon on the Clinical Solutions tool, which -- tools, which are obviously doing extremely well. Will the growth there be big enough to lift the overall margins of Health to Company average levels, or do you expect having to do more to realize that? And if so, when can we expect the margins to reach Company average levels?

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

Okay. Thank you. First, on China, we've been in China since 1985, so about 25 years. We started there in the Legal and Tax business. We were the first publisher to publish in English and Mandarin. When we first started there, there really was no legal business, really no tax business as we would know it here in the west.

And what you see that's really occurred in the last five years, which is why we're getting much more excited about the opportunity, is that the -- two things are going on. One is the number of professionals are increasing dramatically. So, for example, 1985, almost the legal profession didn't exist. Today, there's about 170,000 lawyers in China. They estimate by 2020 there will be 2m lawyers, which exceeds the US, and we all know the US is well known for its legal community. So, a very, very strong growth. So you're starting to finally see the size of the market, the absolute size of the market, get more interesting. So, that's why we've been for the last five years almost doubling the investment that we're making in China year over year. So, Legal and Tax, very interesting business.

Now, that's -- and then, in Health, we're very encouraged by what we've been doing in Health recently. Two things are going on. One is we're signing more and more content partnerships through Ovid. We're also entering into either acquisitions or joint ventures, both with Medicom, which we talked about, which is a leading supplier of drug information. We also have a joint venture with a company called [Hui Sheng], which does training to physicians in the rural communities of China.



Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

So I think what you see going on, on the health side, is that there's a huge commitment now on the part of the Chinese government to modernize both the facilities in health and also start to pay for healthcare. In China, unlike most other places in the world, the citizen pays largely for the healthcare. So, if you look at their program, they've committed \$125b to healthcare improvements. So that very much underpins the growth that we see going forward in our Clinical Solutions business.

So, if you look at our results in China, we grew overall 22% organically in China across all of those lines. And our growth in Health was even higher than that, in Tax a little bit lower, Tax & Legal a little bit lower. So we think it's an interesting market. Not so much because it's growing, I think that's well known by everyone, right, but really that the size is starting to get a bit more interesting.

On Clinical Solutions, as you noted, we're very pleased with the growth there. We think there's a lot more opportunity both to take products like UpToDate and ProVation into places like China, where we're not yet really marketing those products. So there's a lot of room for global expansion. Also, within the US market, two major factors are supporting our growth. One is again the TARP money that was launched or implemented in the US earmarks about \$60b to healthcare infrastructure. And, again, our role in that is, as hospitals build out their infrastructure, it supports the deployment of our products like ProVation and Order Sets and UpToDate. So there's a lot of movement in that direction.

The other thing is that, as Boudewijn talked about, one of the things going on with the Health margins is that we see more and more opportunities to innovate. Within Clinical Solutions, we have this innovation lab that we've established, working with five of the largest hospitals in Boston. And we collaborate with customers, and out of that comes new things that they would like us to do. So I think you'll continue to see us really drive that business more aggressively, from both an investment perspective but also from a growth perspective.

So, what does that say -- sorry, long answer to your question, but what does that say about margins? What it says is that we are committed to continue to get the margin of Health to the Group average. We will do that as -- over the medium term, and balance investment with margin improvement.

Henks Slotboom - *The Idea* - Analyst

Medium term being three, five years?

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

More, I would say, two to three years.

Henks Slotboom - *The Idea* - Analyst

Okay.

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

Yes. Any other questions? Yes, please.

Andrea Beneventi - *Exane BNP Paribas* - Analyst

Hi. It's Andrea at Exane. A quick follow-up, please, on pharmaceutical advertising. I understand this market is still weak. Do you expect or do you see any sign of deceleration or decline, even?

Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Yes. Let's take it in piece parts. On health advertising, we -- in the US, we did see improvements in the rate of decline, so to speak. So while the number was still in decline for 2010, it was at a much reduced level. And if you look within the lines, what you would see is, medical advertising, we did well and outperformed our competitors. Recruitment advertising still remains under pressure, obviously because of the employment situation in the US. And then reprints, which are the articles that are sold to pharmaceutical companies, that continues to be quite pressured.

So we see the trends in Pharmaceutical being more structural in nature than purely economic. So while they are moderating, I would not say that that is an area that is going to be attractive as a growth market, and it's certainly not an area that we're investing new capital in, in the Health space.

Andrea Beneventi - *Exane BNP Paribas - Analyst*

Yes.

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

Other questions? Yes, sure.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

Nancy, I have three questions coming in from the Internet. One is from Mark Braley at Deutsche Bank, who is commenting on the Springboard program. The mix of savings against the investment for the coming year, how is that changing and what are we getting out of that? Where are we investing and what types of change do we expect to see, because the mix seems to have changed?

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

Jack?

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

Yes. In terms of the ratio of investment to savings, it's actually remained the same. So it's about 1.5 -- a 1 to 1.5 savings to investment ratio. Again, those are run rate savings, so that they're part of our cost structure year after year.

In terms of where we're seeing the savings, we're seeing it as a result of restructuring programs in Europe in particular. And in addition, as I mentioned earlier, our consolidation of back-office functions, for example, application development that we do, across the globe in each of our business units are now being consolidated within global shared services. I mentioned also infrastructure. Those kinds of initiatives are producing savings this year and in future years as well.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

Great. Thank you, Jack. Two others. Richard Menzies-Gow is commenting on the level of investment we've said, 8% to 10%. And seems like -- he's indicating that it seems like we're on the top end of that range today. How do we see that going forward, particularly in 2011?

Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Boudewijn, do you want to take that one?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO & Member of Executive Board*

Yes. I think that's right. If you look at the CapEx and the investments over 2010, they were actually even slightly beyond the 10% mark. But, again, it's always a composition of a lot of individual investments that are made across the board. Some are larger, other are smaller. But we do not see an easing of, let's say, the overall investment program that the divisions bring forward to the Board. So will 2011 be also in the upper end of the range? I would say it's probably anywhere between 9% and 10%, yes.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

Final question from Paul Gooden at RBS. He is looking at Thomson Reuters' organic growth in the fourth quarter as 4%, and is wondering what our view is on organic growth within the tax market, and how do we see that playing out.

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

Yes. We also -- sorry. We don't report, as you know, fourth-quarter numbers. But what we can say is clearly organic growth for the Company overall improved in the fourth quarter. Within the Tax business, we had a very good fourth quarter, as Boudewijn indicated. Clearly the growth is stronger in the US markets than they are in the European markets. Our software business in the US, for example, grew 5% overall last year, and that's heavily weighted to the fourth quarter.

So we're well positioned within the Tax business. I think the only thing confronting everybody right now in the Tax business is that the IRS has been very late to -- they just started accepting what's called Schedule A in the US a couple of weeks ago. So there's -- we've now -- the tax season is getting compressed for everyone. So that's keeping everybody working very hard in the next few weeks. But in aggregate, we like where we are in the Tax business right now.

Yes.

Michel Veul - *SNS Securities - Analyst*

Michel Veul, SNS. Two questions on regulation, please. Competitors stated that they see a delay in hospital spending in the US. Do you see that happening as well?

And secondly, once in a while you see some (inaudible) about data mining in the US, whether that should be allowed or not. What's your stance on that one? And may that affect, going forward, your Healthcare Analytics activities?

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

Can you just repeat the first part on the hospitals? I didn't --

Michel Veul - *SNS Securities - Analyst*

Yes. I understand from a competitor that hospital budget -- hospital spending is delayed. Do you see those patterns as well?

Feb. 23. 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Yes. No, actually, we would see the opposite of that conclusion. What we see now is that, where hospital spending was being pressured back in '09, there has been improved spending on the part of hospitals, largely driven, again, as I indicated, from the support of the TARP monies, that hospitals have monies to spend on certain kinds of products. And on many of our products, like the UpToDates and the ProVation products, fit into that criteria. So that has been supporting the adoption for us.

Broadly, on the data mining question, that's been an issue in the market for decades now. If you look state by state, we work with our colleagues and our competitors on these issues in Washington and other state areas. And there has been the ability on the part of the industry overall to win those efforts such that the data remains freely available. And of course, we stay in line with all the regulations around privacy, and the data is anonymized and all of that.

So we don't see that that is a major threat to the business. We certainly see it's going to be a continued business issue for not just ourselves to manage but the whole industry to continue to manage.

Yes, please.

Jonathan Helliwell - *Berenberg Bank - Analyst*

Thanks. Jonathan Helliwell again. Just coming back on the comment about 50-odd data centers -- sorry, just coming back again on the comment about 50-odd data centers outside the US still to do, are you saying there's the potential to press the button on a whole new Springboard 2 at some point in the future? Or is some of what's outside the US already being done?

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

Yes. No, I'm not -- we're not going to press the button on a Springboard 2. However, either -- what we are saying is that there are operational excellence initiatives like the one you just mentioned that will continue beyond 2011.

Jonathan Helliwell - *Berenberg Bank - Analyst*

To create new exceptional programs, or just --?

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

No. They will not be new exceptional programs. They'll be financed through our P&L and will be self-funding, if you will, through our P&L.

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

Any other questions, comments? Jon, anything else on your end?

Jon Teppo - *Wolters Kluwer NV - VP, IR*

No, I think (inaudible).

Feb. 23, 2011 / 12:00PM, WTKWY - Q4 & Full Year 2010 Wolters Kluwer NV Earnings Presentation

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

Okay, good. Well, thank you all very much. We really appreciate you coming today. There's coffee and refreshments outside, and we look forward to chatting with some of you. Take care.

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