Wolters Kluwer First-Quarter 2017 Trading Update

May 10, 2017 – Wolters Kluwer, a global leader in professional information services, today released its scheduled first-quarter 2017 trading update.

Highlights

- **First-quarter results in line with expectations. Full-year 2017 guidance reaffirmed.**
- **First-quarter revenues up 3% in constant currencies and up 2% organically.**
- **First-quarter adjusted operating profit margin stable.**
- **First-quarter adjusted free cash flow increased in constant currencies.**
- **Net-debt-to EBITDA ratio 1.6x as of 31 March, 2017.**
- **Share buyback 2016-2018: €100 million completed in 2017 to date.**
- **Binding offer for Transport Services; exploring strategic alternatives for Corsearch.**

Nancy McKinstry, CEO and Chairman of the Executive Board, commented:
"The year has started in line with our expectations, with our subscription and other recurring revenues posting sustained organic growth. Non-recurring revenue trends reflect phasing and challenging comparables, as anticipated. We are making progress on integrating recent acquisitions and remain focused on supporting our customers with innovative expert solutions that improve outcomes and productivity. I am confident in our outlook for full year 2017."

First-Quarter Developments

In the first quarter, revenues increased 3% at constant currencies, including 2% organic growth and 1% due to the net effect of acquisitions and disposals. In reporting currency, revenues rose 6%, reflecting the impact of the stronger U.S. dollar (average EUR/USD 1.07) in the quarter. Recurring revenues sustained organic growth, while non-recurring revenues declined in the first quarter, as expected. The first-quarter adjusted operating profit margin was stable year-on-year, as the benefits from the ongoing shift in business mix and efficiency programs were offset by increased investment and restructuring charges.

Health achieved good organic growth, in the context of a tough first-quarter comparable, and increased its adjusted operating profit margin. Clinical Solutions sustained high single-digit organic growth, in line with full year 2016 trend, and made progress on the integration of Emmi Solutions. Health Learning, Research & Practice delivered positive organic growth, as growth in digital subscriptions offset continued print decline. For the full year, we continue to expect good organic growth, comparable to 2016, and improved margins driven by efficiency savings and the ongoing mix shift towards Clinical Solutions.

Tax & Accounting is on track to see solid organic growth in the first half, in line with normal seasonality. Growth in professional and corporate software solutions was partly offset by expected declines in print, bank products, training and other services. Adjusted operating profit margins declined as expected, due to increased investment in product development and sales and marketing, as well as higher restructuring costs. For the full year, we expect solid organic growth, in line with 2016 and reflecting normal seasonal selling patterns. Including Tagetik, which was acquired in April, full-year margins are expected to be stable.

Governance, Risk & Compliance, as expected, saw muted organic growth due to a slowdown in transactional revenue growth and a decline in non-recurring license and implementation fees in both Legal Services and Financial Services. Recurring revenues posted good organic momentum and margins increased due to efficiency programs. For the full year, we continue to expect organic growth to be similar to 2016, with growth to be second-half-weighted due to expected timing of larger contracts and a challenging first-half comparable for transactional and other non-recurring revenues. Full-year margins are expected to increase due to operating efficiencies.

Legal & Regulatory saw its rate of organic revenue decline improve year-on-year, due mainly to phasing in license sales, print and other products which is expected to reverse in the second quarter. Total revenues increased as a result of the acquisition of Enablon, offset in part by the disposal of our French trade media unit. For the full year, we continue to expect organic revenue decline in line with 2016 trend, due to more moderate growth in digital products following a large customer migration in 2016. Full-year margins are expected to be stable following improvement in the second half.

Cash Flow
First quarter cash conversion was stronger than a year ago, benefitting from working capital inflows. As a result, adjusted free cash flow grew in constant currencies, absorbing an increase in cash tax payments.

First quarter net acquisition spending, net of cash acquired, was €6 million. Subsequent to the first quarter, we completed the acquisition of Tagetik for €300 million, extending our Tax & Accounting division into the corporate performance management adjacency.

Balance Sheet
As of March 31, 2017, net debt was €1.8 billion and our leverage ratio was 1.6x (net-debt-to-twelve-months-rolling-EBITDA). In March, we issued a new €500 million 10-year Eurobond with a coupon of 1.500%. The proceeds will be used for general corporate purposes and to refinance upcoming debt maturities.

Dividends and Share Buybacks
At the Annual General Meeting in April, shareholders approved a total dividend of €0.79. This results in a final dividend of €0.60 per share, which will be paid on May 16, 2017 (ADRs: May 23, 2017).

In 2017 to date, Wolters Kluwer has repurchased 2.7 million shares for a total consideration of €100 million. For the period starting May 11, 2017 up to and including July 25, 2017, we have engaged a third party to execute share buybacks for a maximum of €50 million on our behalf, within the limits of relevant laws and regulations (in particular Regulation (EU) 596/2014) and Wolters Kluwer's Articles of Association. These shares will be used for capital reduction purposes or to meet obligations arising from share-based incentive plans. The repurchases are being made as part of the three-year (2016-2018) up to €600 million share buyback program initially announced on February 24, 2016.

Binding Offer for Transport Services; Strategic Review of Corsearch
On April 7, we received a binding offer for our Transport Services unit (part of the Governance, Risk & Compliance division) and commenced an employee consultation process in accordance with French laws. On April 24, we announced a review of strategic alternatives for Corsearch, our trademark solutions business (also part of Governance, Risk & Compliance). Should the outcome of this review be a divestment of Corsearch, Wolters Kluwer intends to mitigate the expected dilution to adjusted earnings per share through share buybacks.

Full-Year 2017 Outlook

We reaffirm our full-year 2017 guidance. Our guidance for full year 2017 is provided in the table below. We expect to deliver solid organic growth, to drive further margin improvement, and to grow diluted adjusted EPS at a mid-single-digit rate in constant currencies. As indicated in February 2017, we expect the first half to see slower growth due to phasing and challenging comparables, particularly in Governance, Risk & Compliance. We have refined our guidance for return on invested capital (from previously: >9%).

Full-Year 2017 Outlook

Performance indicators	Guidance
Adjusted operating profit margin	22.5%-23.0%
Adjusted free cash flow	€675-€725 million
Return on invested capital	9.5%-10.0%
Diluted adjusted EPS	Mid-single-digit growth

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (EUR/USD 1.11). Guidance for EPS growth assumes the announced three-year share repurchase program (up to €600 million) is implemented in equal amounts per year (2016-2018). Guidance for adjusted operating profit margin and ROIC is in reported currency and assumes an average EUR/USD rate in the range of EUR/USD 1.05-1.10.

Our guidance for adjusted free cash flow and diluted adjusted EPS is based on constant exchange rates. In 2016, Wolters Kluwer generated more than 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2016 currency profile, each 1 U.S. cent move in the average €/$ exchange rate for the year causes an opposite change of approximately two euro cents in diluted adjusted EPS.

Restructuring costs are included in adjusted operating profit. We expect these costs to return to normal levels of around €15-€25 million this year (2016: €29 million). We expect adjusted net financing costs of approximately €110 million, excluding the impact of exchange rate movements on currency hedging and intercompany balances. We expect the benchmark effective tax rate to increase to approximately 27.5%. Capital expenditure is expected to be in the range of 5%-6% of total revenues (2016: 5.2%) with the cash conversion ratio to be approximately 95%.

Our guidance assumes no significant change to the scope of operations. We may complete further disposals which can be dilutive to margins and earnings in the near term.

About Wolters Kluwer

Wolters Kluwer is a global leader in information services and solutions for professionals in the areas of health, tax and accounting, finance, risk and compliance, and legal. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

Wolters Kluwer reported 2016 annual revenues of €4.3 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).

For more information about our products and organization, visit www.wolterskluwer.com and follow us on Twitter, Facebook, LinkedIn and YouTube.

Financial Calendar

May 16, 2017	Payment date: 2016 final dividend ordinary shares
May 23, 2017	Payment date: 2016 final dividend ADRs
July 28, 2017	Half-Year 2017 Results
August 28, 2017	Ex-dividend date: 2017 interim dividend
August 29, 2017	Record date: 2017 interim dividend
September 19, 2017	Payment date: 2017 interim dividend
September 26, 2017	Payment date: 2017 interim dividend ADRs
November 1, 2017	Nine-Month 2017 Trading Update
February 21, 2018	Full-Year 2017 Results

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Forward-looking Statements

This report contains forward-looking statements. These statements may be identified by words such as "expect", "should", "could", "shall" and similar expressions. Wolters Kluwer cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors which could cause actual results to differ from these forward-looking statements may include, without limitation, general economic conditions; conditions in the markets in which Wolters Kluwer is engaged; behavior of customers, suppliers, and competitors; technological developments; the implementation and execution of new ICT systems or outsourcing; and legal, tax, and regulatory rules affecting Wolters Kluwer's businesses, as well as risks related to mergers, acquisitions, and divestments. In addition, financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive. Wolters Kluwer disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Elements of this press release contain or may contain inside information about Wolters Kluwer within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).