

FINAL TRANSCRIPT

Thomson StreetEventsSM

WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Event Date/Time: Mar. 01. 2006 / 7:00AM ET

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

CORPORATE PARTICIPANTS

Oya Yavuz

Wolters Kluwer NV - IR

Nancy McKinstry

Wolters Kluwer NV - CEO

Boudewijn Beerkens

Wolters Kluwer NV - CFO

CONFERENCE CALL PARTICIPANTS

Reinier Westeneng

SNS Securities - Analyst

Gert Potvlieghe

Petercam - Analyst

Oskar Tijss

Kempen & Co - Analyst

Maurits Heldring

Kepler Equities - Analyst

Sami Kassab

Exane BNP Paribas - Analyst

Bart Gianotten

Chevreux - Analyst

Mariska Zonneveld

Fortis Bank - Analyst

Hans Slob

Rabo Securities - Analyst

PRESENTATION

Oya Yavuz - *Wolters Kluwer NV - IR*

Good afternoon everyone. Thank you for joining us today. My name is Oya Yavuz and I head investor relations at Wolters Kluwer. I'd like to welcome you to our full year 2005 results presentation. This afternoon's presentation will be given by our CEO, Nancy McKinstry and our CFO Boudewijn Beerkens. Also present here today is Jean-Marc Dailleur, a member of the executive board.

The presentation will last just under an hour and will be followed by a question and answer session. Nancy will take all questions and where necessary redirect them to her colleagues. This afternoon's presentation is also being simultaneously video webcast in order to enable our US and overseas investors to participate. Those of you following the webcast can send in questions by pressing the icon on your screens. I will then redirect the questions to the Board. Following the Q&A session, we would like to invite those of you present here today for drinks in the room next door. I'd now like to hand over to Nancy. Thank you.

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Thank you Oya. Welcome and good afternoon. Nice that you were all able to come out to hear a bit about our results. We'd like to just quickly go over the agenda with you.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

I'll speak about the overall results of Wolters Kluwer and talk a bit about each of our divisional performances. And then I will turn it over to Boudewijn Beerkens, our CFO, who will talk about our financial performance in more detail. And then provide you with a summary and an outlook and then go straight into Q&A.

So let's take a look at our highlights. We're very pleased with the performance of Wolters Kluwer in 2005. We have met or exceed all of our key performance indicators that we use to measure our operating and financial performance. Importantly, our organic growth momentum has continued throughout the year and we have delivered very strong cash flow.

We are particularly pleased by the revenue growth that we experienced in online and electronic products. Today, 39% of our revenues come from electronic products and that's a big improvement over where we were in 2004 where we had 35% of our revenues coming from electronic products. Supporting this growth has been an increase in product investments and select acquisitions which have strengthened our market positions in some of our key growth areas.

We've also launched a new brand and corporate identity program which is enabling us to act as a unified and integrated company. As well as provides us with a platform for generating stronger customer focus throughout the organization.

Our restructuring efforts are progressing well and we are delivering our cost savings ahead of schedule.

All of the accomplishments that we made in 2005 are providing us with a strong platform for delivering improved growth in operating performance in this year 2006.

Just some additional highlights. Our organic growth for the quarter was 3% and 2% for the full year. Again, a significant improvement over where we were in 2004. Our ordinary EBITA margin was 16% in line with last year's level. Despite the improved top line results and largely due, again, to the increase in product development investments as well as continued investments in restructuring. Our product development expenditures was 13% more in '05 than they were in '04. We continue the restructuring, both the in-country restructuring that is going on in the UK and Belgium and Holland, as well as the build out of shared services in North America and in Europe. Our structural costs savings were EUR100 million, which is in excess of the original target we had slated for '05 of 80 to 90 million.

As we look at our divisional performance we saw very good growth coming out of our health division, corporate and financial services and tax, accounting and legal. Within LTRE we saw improved performance year on year. They had minus 2% organic growth in 2004 and minus 1% last year in '05, which included 15 million of product pruning. So we are beginning to see, as we expected, the turnaround occurring within our European operations. And then finally, education results were in line with last year with the good performance in the Netherlands and Belgium being offset by adverse conditions in the UK and Sweden and, to a lesser extent, in Germany.

Our strategy of investing in our key market positions and delivering online and workflow solutions is achieving sustainable organic growth. Our four largest divisions saw progress over the prior year and we saw strong online growth of 25% driven by both new products as well as the continued migration of our customers from print products to online solutions. Our new integrated products and solutions have been well received by the market and we saw improved retention in our core product lines. Supporting the growth as I mentioned is increased investments in product development; 13% above 2004 levels. And these investments have been largely focused on online solutions and software tools.

The selective acquisitions that we've made, most notably, PCi, Summation, DeAgostini and NDC have also strengthened our market positions in key growth areas.

Our restructuring efforts are progressing well and we achieved a couple of very key milestones in 2005. Most notably, we now have our HR shared service group operational in the United States and we successfully implemented SAP in France, Belgium and the UK. And finally, the restructuring that we are doing in Holland, Belgium and the UK is progressing on schedule and each of those three countries have achieved the key milestones that we've set out for them in 2005.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

So as we look at our key performance indicators, I'm pleased that in '05 we met or exceeded each of these. Most importantly, we've established a strong foundation for continuing to deliver growth; we had over 2% organic growth in 2005. Our ordinary EBITA margin of 16% was at the top end of the range we had given for '05, again despite the significant investments we continued to make in the business. This strong performance contributed to ordinary earnings per share of EUR1.06. And finally our cash flow remains quite strong at EUR351 million and it was significantly above what we had originally expected for 2005.

One of the very important ways that we measure ourselves is how we are doing against driving online penetration and development of software tools and, as you can see, we've made tremendous progress since the beginning of the 2003 timeframe. We now have 39% of our revenues coming from electronic products and so we are well on our way to meet our target that we set for the end of '06/early '07 of 45%. The growth in electronic products has been driven by good uptake of online and software products; increased retention among our existing customers as we continuously bring out new enhancements to our platforms. And finally, we are seeing good online adoption within the European realm which has been one of the later markets to adopt these types of tools. So you'll note that as you look at the '06 guidance we have increased our online products from 20 to 25%, again, driven by the fact that we are starting to see a very strong growth in online within our European countries.

So now I'd like to begin to provide you with a short synopsis of each of our divisions starting with health. Health achieved strong fourth quarter performance with organic growth of 7% to finish the year at 4.4% organic growth. All four customer units contributed to this performance and we saw especially good growth from our professional education unit from our Ovid online platform and from our pharma solution group. Overall, the success of health has been driven by acceleration of new product launches; strong online growth, Ovid grew 22% year over year; and good adoption by customers of our electronic drug information and some of the business intelligence tools that we've launched within our pharma solution group. The margins were impacted in '05 by significant levels of investments in new products as well as enhancements of our platforms such as Ovid.

Some of the major accomplishments within health really focus on building a very strong platform for growth. If you look at our position now in health, what you see is that we've been able to deliver growth by increasing the content that we offer our customers. So if you look at, for example, just our professional and education group they launched over 400 new products last year alone, largely content products. They are also now the major supplier of nursing journals in the US producing the top three journals.

The other area that health has made tremendous progress from '04 to '05 in is around the Point of Care arena. So we've launched a new synopsis content product in clinical resources and Ovid and this is a Point of Care tool that's used in hospitals by clinicians. So we're really beginning to develop a premier space within the Point of Care.

And finally, we've also developed greater global expansion. We've been increasing our investment in India, China, Australia, Spain, and these represent fast growing markets for the health content.

And finally, we made a number of strategic acquisitions in health both at the end of '05 and into the early part of this year. Those include NDC, which provides critical information and databases to the pharmaceutical markets; ProVation, which provides medical coding and documentation to clinicians and hospitals; and Boucher Communications which is a content provider in ophthalmology and vision care. So those three acquisitions are again providing us with future growth opportunities as they allow us to offer our customers a broader range of products.

So as we look at this year in 2006 the health division will be focused on three major activities. Number 1, maximize the potential of some of the innovative products that we have; Ovid portals, PubFusion, eFacts and Comparison. And these are products that have been brought out over the last 12 months but are really poised to increase their penetration quite dramatically in '06. Integrate our acquisitions that we've made in this arena and then continue to extend our position both in Point of Care tools as well as in business intelligence products.

So before I move on to corporate and financial services, I wanted to just take a minute and talk about ProVation which is an acquisition we just concluded and it's a very existing acquisition for WK Health because what this company does is it provides

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

deep medical content and software solutions which are integrated at the Point of Care, so in the hospital, and within the clinician's workflow. What the product does is it eliminates the need for dictation and transcription services within the hospital and it improves the hospital's ability to recover revenue from insurance companies and the government who are the reimbursement agents in this field. So, as many of you know, WK Health has been pursuing clinical tools as an opportunity for growth using our Clin-eguide and some of our other product lines. With this acquisition of ProVation we greatly expand the offering that we have within this marketplace as well as it provides us with a major opportunity to work more closely with some of the EMR vendors like [Sunner] and Epic and others that we have strong relationships with.

So I just wanted to share with you a quick demonstration so you get a sense of this product. Because it does represent some of the future within health.

[Video playing]

So again, it shows you an example of the kinds of things that we're doing in the health arena again, at the Point of Care which is really the next frontier, particularly within the US healthcare market.

So without further ado, I'll now talk about our corporate and services group. They also had very strong revenue growth last year of 13% with organic growth of 6% and they had particularly good fourth quarter performance of 7.5% of organic growth. This strong performance was driven largely by our corporate legal group where we saw volume growth in our major transactional businesses such as representation services, corporate, UCC and trademark services again being helped by the fact that the M&A market remains quite robust in the US in particular. Sales of e-billing and litigation support were also strong and each of those groups achieved double-digit growth levels.

Revenue growth at the financial services unit was 3%. And this was supported by sales of our core lending and deposit software products as well as our e-forms product line. The unit's mortgage business also continued to achieve good results with the market leading compliance and documentation software that we have in that area. Recent acquisitions of Summation and Tymatrix and PCi are also performing either at or above our expectations. Ordinary EBITA margins increased 20% due to strong revenue growth and cost saving initiatives that were partially offset by increases in investments in new products as well as the build out of shared services.

So if we take a closer look at CLF, what you see is it's a good example of what can happen when you continuously invest in the business. And what you see in this Group is we have been developing the next generation of software solutions focused on the corporate legal market. And these solutions are now enabling us to drive very strong organic growth in this unit. And an example of that is within the UCC area, which is an area we've been investing in over the last three to four years, they actually reached a key milestone for them which was to achieve an annual filing volume of over 1 million units. And that was something that has come as a result, again, of building out the next generation of software as well as driving to gain some additional large customers.

The acquisitions of Tripoint which is a company in the e-billing space and Summation in litigation support are also not just delivering growth in '05 but allowing us to create a platform for additional growth this year in '06 and beyond.

Within Financial Services we made significant progress in developing the next generation of software solutions that are targeted at the large regional and national bank market. We've talked about this product, it's called Expere. And we successfully signed our first customer agreement for the Expere product line at the end of 2005 and that was with a major money center bank in the US.

In addition, the financial services group has worked hard over the '05 time period to strengthen the relationships that they have with core processors. Core processors, these are companies like Fiserve and BISYS and Jack Henry. They take our products, our e-forms product, our other products and embed them in their larger ERP solutions. So by strengthening those relationships, again, not only did it contribute to sales in '05 but it helped set the stage for growth in '06 and beyond.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

And finally as we look to '06 the focus will be on driving transaction volumes by leveraging the enhancements that we have made to our core software solutions; further expanding our e-billing product line and our litigation support product lines, and then continuing to build out Expere and sign additional commercial agreements.

Now let's talk a bit about our tax, accounting and legal division. They again were able to continue the strong momentum that they have had in growing the business throughout '05 and they achieved 4% organic growth. This has been driven by new sales of content products such as the integrated online products that we've built in tax, accounting and legal. We also saw strong software sales particularly of our product lines such as Engagement and Complete Tax. And we saw improved retention both in the tax and accounting unit as well as in the legal unit.

Margins did decline year over year, again, driven by some very sizeable investments in building out new products. Also, investing in sales and marketing and in the build out of shared services.

So as we look as this unit again, the growth has really been supported by the introduction of over 300 new products by strong up-selling of our existing customers with new modules both in tax and accounting software, as well as the success of our integrated online libraries. The focus for '06 for this Group will be to continue the global expansion of our software product line both in Canada as well as other geographies throughout the world to gain further operational efficiencies through shared services and off-shoring of IT. And continued development of new products including the next generation of our tax compliance software suite.

On the next slide, we wanted to share with you one of the ways we're going about improving retention within Wolters Kluwer. I think as many of you heard me speak in the past, retention really drives the profitability of this business and we have focused a great deal of investment in the sales and marketing arena as a way to drive retention rates up. So the tax group is a great example of that. They have, over the last three years, been able to increase the retention by 3 percentage points, which is quite significant in this business, and they've done that by taking the following kinds of actions.

First is they have focused on developing an integrated suite of products that work together. And this is important because what we find is that customers who buy three products from us renew at a higher rate than those that buy two, which renew at a higher rate than those that buy one. So the more we are able to offer customers flexible bundles and integrated products, the more we can increase our retention.

Second is we have continuously upgraded our products both from a content perspective as well as the functionality perspective. And this gives customers a reason to renew because our sales people are able to go out and offer something new in the context of the product in '05 that they didn't have in '04.

Third reason, we've been building workflow solutions. Obviously, the more we embed our products in the daily work of our customers, the higher our retention rates.

And finally, not to be underestimated, we focus a great deal of attention around customer satisfaction. Obviously, the more satisfied our customers are with our products, the higher the retention rates.

So as I indicated, these actions have led to improved retention of 3 percentage points across the board and if you look specifically at the software product line we have average retention rates of approximately 95%.

So these kinds of actions are being taken throughout Wolters Kluwer and you're going to see that we will continuously focus our attention on driving improved retention both in online and in our print product line.

So now I want to talk a few minutes about LTRE. This group saw organic revenue of minus 1% which was an improvement over the '04 levels of minus 2%. This includes 15 million in product pruning that largely occurred within our Holland operations. The

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

growth within LTRE came from strong performance in France, Italy, Spain, Central Europe, as well as in our Teleroute operations and this was largely driven by a combination of improved retention plus the launch of several new products.

Operating margins improved from 14% in '04 to 15% in '05, as a result of this successful restructuring in Belgium and Holland. So we are seeing operating margins improve in those two countries as well as from overall achieving some good back office efficiencies, both in procurement and sourcing and other areas. And those savings have been offset by increased investments in new products and shared services.

LTRE has continued to strengthen their position in the market through a couple of key strategic acquisitions last year; two were in Italy with DeAgostini and UTET. Those two acquisitions help us consolidate and grow our position within the legal and the tax segments but also has provided us with entry into the public administration market in Italy.

We also made two small acquisitions in Romania, again continuing to look to build out our position in Eastern Europe. And Teleroute also increased their position in France with the acquisition of Nolis. These acquisitions were supplemented obviously by a lot of focus on organic growth. We launched many more new products in 2005 in Europe than we had in the prior year of 2004. Importantly, we have made significant progress on restructuring, in Belgium, in Holland and in the UK. As well as continuous investments not just in shared services but also in online systems and content management systems.

So if we look to this year, Europe will focus on completing the restructurings that have been going on over the last couple of years, continuing to drive improvements in penetration for online and software as well as improvements in the retention rate. And finally, they will focus intention on fully integrating the acquisitions that we made particularly in the Italian marketplace.

So now our last division, Education, which is our smallest division. They achieved flat organic revenue growth. We saw a good performance in Belgium and Holland where growth was supported by a very strong back list and aggressive sales and marketing efforts, as well as the introduction of new online testing and assessment products. Unfortunately, this good performance was offset by weak market conditions in the UK, in Sweden and, to a lesser extent, in Germany.

The division did see very good improvement in their operating margins from 17% in '04 to 19% in '05. This is the result of the prior restructuring that we had done in this division as well as tight cost management throughout 2005.

So if we look ahead in '06 for education our focus will be on taking advantage of some of the key actions we took at the end of '05. Namely we signed a partnership with AQA which is a non-profit testing and assessment body in the UK and that partnership combined with the announced new curriculum will drive growth within the UK market.

In Sweden we have at the end of last year we started to restructure our Liber-Hermods business and so we are now right sizing that business, reflecting what we anticipate to be the level of government spending and support for training in the Swedish market. We are also looking to expand our position in Germany in 2005 and continue to look for ways to leverage operational efficiencies across the countries that make up our education division.

So just a couple of comments about our strategy and restructuring before I turn to the outlook. In 2006 we expect to spend an incremental EUR20 million on product development for a total investment of EUR270 million. Our non-exceptional restructuring costs are expected to be approximately EUR30 million as compared to the prior guidance we gave you which was 10 million. To offset this by the end of 2006 we expect to achieve 120 million in cost savings as we continue our restructuring program. So if you look at the last column what you see is that as a result of these changes you will see an analyzed run rate saving of 150 to 160 million at the end of the planned period.

So now just a couple of words about our outlook and then I'll turn it over to Boudewijn. In 2006 we will continue the transformation of Wolters Kluwer and build on the momentum that we created both in '04 and '05. Our focus remains very much on growing the business and continuing to build the platform for sustained organic growth while completing the restructuring programs that we begin in 2003. Our growth agenda will be to continue investing in new products, particularly online and integrated

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

solutions. And a strong focus on our customers, both by continuing to increase our investments and sales and marketing but also really engaging our customers in the product development process.

We will continue to execute our restructuring plans to support the integration of Wolters Kluwer. 2006 will be a key year for building out our global online platform for the legal tax and regulatory business; we begin that activity in '05 but '06 is really a very key year because we expect to launch this in the '07 time period. '06 will also be a key year for largely completing the build out of shared services both in the US and in Europe. We will continue to extend our market positions within our highest growth areas so what that means in health is that we will focus on integrating the acquisitions that we've made and maximizing the full potential of those acquisitions from a growth perspective.

Within corporate and financial services we will continue to extend our e-billing product line and our business in the litigation support area. And finally within tax and accounting we will look to further identify additional global expansion opportunities particularly focused on the accounting software product line.

So if we take a look at the divisional guidance, for health we are anticipating organic growth of 3 to 5%; for CFS 46%; tax accounting and legal 3 to 4%; for LTRE we expect zero to 1% as we continue to finish the restructuring and the transformation of that division. And finally in education we expect better performance than we had in '05 at 1 to 2%. So for Wolters Kluwer as a whole we expect 2 to 3% organic growth for 2006.

So in addition to the organic growth guidance we also expect to see improved operating margins of 16.5 to 17% even as we continue to make substantial investments in this business. And finally we will continue to see very strong cash flow developments in the '06 time period.

So with those remarks I'd now like to turn it over to Boudewijn Beerkens our CFO who will talk in more detail about our financial performance.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Thank you Nancy and good afternoon everyone and welcome.

Let me take you through the financials of Wolters Kluwer. We achieved all our key performance indicators as we announced in the 2005 guidance. To reiterate what Nancy told you, organic revenue growth accelerated from 1% last year to more than 2%. Ordinary EBITA margin was 16% and at the high end of our guidance of 15 to 16%. And cash flow was EUR351 million while the guidance was EUR300 million.

We saw net income to be lower than last year at EUR261 million which is mainly the results of the divestment proceeds in '04 regarding ten Hagen & Stam. Effective tax rate on pre-tax ordinary income was 25% which is 3 percentage points lower than the 28% last year. And net debt decreased by -- increased by 7% to 1.6 billion due to the acquisition spending. Gross debt however reduced by 11% to 2.2 billion.

Looking at the specifics. Revenues of actual currencies grew 3% as a result of organic growth of 2% and the net of acquisitions and divestments. The average US dollar euro rate in '05 of 125 versus an average of 124 in 2004 did not cause material currency exchange differences throughout the year.

Looking at organic growth, excluding acquisitions and divestments, and excluding exchange rate movements we showed a 2% growth compared to 1% in 2004. Our ordinary EBITA margin was equal to last year despite accelerating of product development expenditures, increased marketing and sales spend and continued investments in restructuring. The effect of a one-off positive impact in 2004 from the change of the post-retirement medical plans in the US, the FAS106, of EUR11 million also dampened the 2005 results. These offset additional cost savings achieved.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Our ordinary net income came in at 327 million compared to 307 in '04. The ordinary earnings per share in actual currencies was therefore EUR1.06. Free cash flow was lower due to a reduced contribution from organic working capital.

Taking a look at the P&L, you see that the exceptions in 2005 came in higher than our original guidance. This reflects lower income from surplus real estate and higher redundancy costs. Financing costs increased but at a lower rate than originally guided. Let me take this opportunity to remind you that your original guidance we gave was an increase in financing charges of EUR15 million, EUR10 million convertible bond and EUR5 million for the reclassification of derivatives. However Wolters Kluwer opted to recognize convertible bond at fair value through the P&L instead of amortized costs in line with IAS39.9 which was endorsed by the European Commission in the fourth quarter of 2005. Therefore the EUR10 million negative effect from the convertible bond was mitigated.

The reclassification of our fixed [income] derivatives from P&L to equity under IFRS hedge accounting resulted in a EUR5 million hit compared to last year as indicated, as well as EUR2 million of other IFRS effects. The effect of tax rate on our ordinary net income came out lower at 25% compared to 28% in 2004. This is the results of lower corporate tax levels in the Netherlands as well as more efficient use of the Dutch financing centre.

The outlook for 2006 on our effective tax rates on our ordinary net income is 26%. This outlook is due to higher profit expectations from our US businesses where the tax level is higher thus increasing the average tax rate.

To give you a picture of the underlying business let us take a look at our ordinary net income which is our benchmark measure. To get to this benchmark we take net income, we add amortization after tax, take away any divestment income and correct for exceptionals. For 2005 this resulted in a 7% higher ordinary net income of EUR327 million and a 4% higher ordinary EPS of EUR1.06.

Moving to the balance sheets. Overall gross debt was reduced by 11% from 2.5 billion to EUR2.2 billion. We paid down two bonds for a total of EUR352 million. The increase in non-current assets as well as working capital is largely as a result of a stronger US dollar and acquisitions. We see non-current liabilities decrease and current liabilities increase mainly due to a switch from long term debt to short term liabilities. Shareholders equity increased by almost EUR400 million of which 260 million came from better net income and 150 million from the increase in the US dollar which went from 136 at year end '04 to 180 -- 118 at the end of '05, a 13% improvement. And turning to our ratios we saw our net debt to equity improve, while our net debt to EBITDA increased as only pro-rata results of acquisitions was added to EBITDA.

Turning to cash flow I would like to pull out two items on this slide. Cash flow from operating activities decreased, it was caused by a decrease in autonomous movements in working capital compared to last year. As you may recall in '04 we made significant progress in improving our working capital. In '05 we continued to improve working capital by EUR30 million. Another item worth mentioning is the increase in the financing cost due to the interest payment on our EUR700 million bonds issued in 2003. The first coupon is the so-called long coupon with the first payment in '05 instead of '04. The difference in financing costs between this year and last year is caused by this timing difference and is approximately \$30 million.

Looking at cash flow from investments, we see a higher capital expenditure due to IT spend in Europe, mainly the SAP implementation; higher acquisition spending which mainly relates to the acquisition of DeAgostini, in Italy; an increase in cash from derivatives due to real life swap gains of EUR83 million compared to 35 million in '04. Cash flow from financing activities shows the impact of the bond redemptions with lower gross debt level to EUR2.2 billion.

Summarizing these cash flow streams this resulted in a net cash flow of negative EUR269 million at year end '05 compared to EUR284 million positive in '04. This was mainly due to a small decline in movements in autonomous working capital, higher acquisition spend and the redemption of debt. This boosts the cash balance for year end '05 to more than EUR400 million. Free cash flow came in at 351 compared to 456 last year due to a small improvement of working capital than in the prior year. Despite significant investments in our businesses we continued to enjoy a strong free cash flow.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

We again managed to improve working capital in '05 by EUR30 million however the main reason for the lower increase in working capital compared to last year relates to trade debtors and is fueled by growth in the business. Health and TAL caused the bulk of the increase, it is explained by trade debtor balances returning to 2003 levels. Due to strong working capital management we improved working capital by EUR210 million over the last three years.

Turning to acquisitions, the total consolidation for acquisitions in 2005 was 363 million. The main acquisitions were DeAgostini Professionale and UTET Professionale, the leading publishing companies in Italian legal, tax and business markets; PCi Corporation, the provider of lending compliance management solutions; Boucher Communications focus on serving the vision care market, and Best Care Solutions, a market leading bankruptcy software and services company. Annualized revenues of these acquisitions would have been almost EUR120 million in '05, a contribution to our '05 reserves from these acquisitions was EUR72 million.

In 2005 Wolters Kluwer made no significant divestments but in January 2006 the divestment of Segment was announced. In January 2006 we also finalized the acquisition of NDC Information Management, now Healthcare Analytics. 2005 revenues of this company were \$165 million and as previously indicated the 2006 expected organic growth is approximately 3% with an ordinary EBITA margin of 18%. As a result of this acquisition ordinary EPS will grow EUR0.03. We also completed the acquisition of ProVation of which you just saw a demo.

As we look to our targets for 2006 the focus remains on driving organic revenue growth. Our target of 2 to 3% organic growth reflects a further increase over 2005 levels. We are guiding improved margin of 16.5 to 17% even as we continue to make substantial and incremental investments in the business. We expect continued [sale] of cash flow due to improved growth and margins. We anticipate maintaining working capital improvements. In 2006 the cash flow will be negatively impacted by a premium redemption of our convertible bonds. We anticipate having to pay an amount of EUR33 million in November of this year. Like for like this would mean a free cash flow increase by about 20% in 2006. We expect ordinary earnings per share to increase by more than 10% which is partly the result of 2005 acquisitions.

Wrapping up, I would like to highlight that Wolters Kluwer is in a strong financial position which supports operational performance and facilitates growth opportunities. We significantly improved working capital over the past three years, we continue to generate strong free cash flow, we reduced our gross debt by 11% to 2.2 billion while net debt increased by 7% to 1.6 billion due to acquisition spend. As at the end of the year our headroom was EUR1.2 billion, our current headroom is approximately EUR750 million. And with that I would like to give the floor back to Nancy and thank you for your attention.

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Thank you Boudewijn. We just have a couple of quick summary slides and then we'll move on to Q&A. To reiterate our outlook for '06 our focus will remain on driving organic growth with a target of 2 to 3%. We will also have significantly -- slightly higher margins at 16.5 to 17% and even as we make substantial investments in product development we anticipate investments of EUR270 million this year in product development. As well as continuing to invest to build out shared services and to continue the restructuring and complete that within Europe.

Going forward this strategy will enable us to achieve top line growth of 4% and operating margins of 19 to 20%. All signs are pointing in the right direction and we have a great deal of confidence in our ability to meet our '06 targets as well as our '07 targets.

So to summarize, the three year plan that we put in place in October of 2003 is clearly working; we are building a foundation for sustained profitable organic growth. We will also continue to drive the penetration of online and software services throughout Wolters Kluwer. And finally we will finish the restructuring program that we began in 2003 and our cost savings are clearly coming in higher than we expected at that point. So our strategy of providing our customers with integrated products and services is cementing our position of being the professionals' first choice and that is our mission at Wolters Kluwer.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

So with those final comments I'd like to now turn it over to Q&A. I would like to remind you when you ask a question to please state your name and institution and we'll get started.

QUESTIONS AND ANSWERS

Reinier Westeneng - *SNS Securities - Analyst*

Reinier Westeneng SNS Securities. I've got a couple of questions. To start with your targets for '07. One year ago you upped your target for organic sales growth from 3 to 4% but at that time the EBIT margin target remained unchanged. Today you have upped your cost savings target but again the EBIT margin target remains unchanged. So what should we read about it? Is it conservatism or something that I missed?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Why don't I start and then ask Boudewijn to also chime in with a few remarks. First I'd like to say that we are clearly showing a substantial improvement in operating margins from this year to next year. You know going 2 percentage points is a fairly substantial improvement.

As we look at the cost savings what you see is that we are achieving more cost savings than we anticipated. Some of that is because of some additional opportunities that we've discovered over the two and a half years we've been doing this, but some of those cost savings are getting absorbed in additional investments in sales and marketing and in additional investments in building out shared services. So part of that incremental savings that we're showing you is not getting delivered back in the bottom line but more importantly being focused on some additional growth opportunities that we see particularly in sales and marketing that had been fairly underinvested primarily in the European realm.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

To elaborate a little bit on that. You for example see our sales and marketing costs growing in '05 up by about 80 million compared to the previous year. The same thing you see in our shared services that the associated costs are also increasing year on year to make our organization more efficient. That offsets mostly the additional cost savings that we have been communicating.

Reinier Westeneng - *SNS Securities - Analyst*

One other question. During your presentation you elaborated on the retention rates which also explains the increase in organic sales growth. But one other item is of course the launch of new products. So could you elaborate on that what the contribution of new products was to your organic sales growth for '05 compared to '04? Give me some feeling of how that is progressing?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Yes we clearly are introducing more new products than we had in the prior year. I think as you folks have heard me talk in the past what you're seeing now even in '05 results and clearly what you'll see in '06 results is often new products that were launched two or three years ago. Because as you would expect it takes us two or three years to build these more integrated solution type of products and then it takes another two to three years to bring them to market in a way in which they contribute from a substantial perspective.

So if you look, I will just use tax as an example. If you look at the '05 results what you see is that the fastest growing product in that area was Engagement and Complete Tax, both of which were really begun development, in one case through an acquisition

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

we made in '01 and the other one had begun development in 2000. So you can see that it takes a while to complete the development and then have those products reach their fruition.

So as we head to '07 with the 4% organic growth what you're really seeing is the cumulative effect of a lot of the new products that we've building really from even '01 and '02 and the fact we're launching more new products. So while I can't give you the specific breakdown of how much of the growth is coming from improved retention versus new products I can say that we are clearly launching more new products and are delivering more revenue from new products in '05 than we did in '04 and '04 levels were higher than '03 levels. Yes?

Gert Potvlieghe - *Petercam - Analyst*

Gert Potvlieghe, Petercam. First on the working capital. What assumption do you take in your free cash flow guidance for '06 for working capital if you are still maintaining a steady working capital?

And what do you expect from outflow of restructuring provisions?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

I think on the first question on our guidance for '06 we expect to as I said maintain our improvements. That means that we reckon with a flat working capital so no further improvements baked in for '06.

On the outflow, the outflow will be around between 45 and 50 million for 2006.

Gert Potvlieghe - *Petercam - Analyst*

A question on NDC. NDC, your target in organic growth is below the health division for the moment. When do you expect that NDC will be in line or higher than your health division organic growth?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Yes the target for NDC is 3% organic growth which is at the low end of the range for health. And we anticipate that as one of their fast growing products is a product called [Arclite] which is one of the products that is focused on patient level data. And as that begins to take hold within the marketplace we anticipate their organic growth improving in '07 and '08. So their growth is really coming not as some additional new products as well as additional data that we've added to that unit; things like mail order data which again is a source of prescriptions in the United States.

So the integration is going well. I was in fact out there just a couple of weeks ago and the plan is working quite well in terms of having made some of the transitional services move over from the NDC world into the information management world. So now the focus is very much on growing the business there. Yes?

Oskar Tijs - *Kempen & Co - Analyst*

A question on your online growth. Oh yes of course. Oskar Tijs Kempen & Co. You mentioned that you expect online growth of 25% in 2006 and that compares to 19 in 2004 and 18 in -- 19 in 2005 and 18 in 2004. It seems that you see accelerating growth there.

Maybe related to that is you mention in Europe you see an increase in online and software products. Could you give an indication in Europe what is the share of online now versus CD-ROM and print?

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

And maybe related to the online question is how do you count NDC? Is that online or not online if you mention that as sales?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Yes. If you look at what's driving -- we are in fact seeing an acceleration of online growth in the business and that's being driven by really a couple of factors. One is that as you would imagine once a customer begins to use online products they retain at slightly higher rates than they do in print products. Second is once they're online it allows us to do more up selling of additional content and additional services in that arena. So that is true across all of Wolters Kluwer. Within certain segments of the market, most notably within Europe, not across all of the 18 countries that we operate in but in many of those countries, we're finally beginning to see some substantial adoption of internet based products. And that was not true say three years ago so that is a big part of why we see the acceleration.

In addition we continue to see very healthy growth in health, not just in the US market but in the international markets. So we had very strong billings in the international arena in Obid where we continue to see good online growth in that arena. We don't break out within Europe. We don't break out for you what percentage is online or CD but I can say that obviously the growth of online is faster than the growth of CD-ROM within the European realm.

And then finally on NDC. NDC would be largely considered online products. They have no print products obviously and very little flat client products meaning things that are delivered on CD-ROM primarily in an ASP model that the customers use. Yes, do you have a follow-up on that?

Oskar Tijjs - *Kempen & Co - Analyst*

Yes please, on Europe. If you look at Europe, it seems that there's three countries which do worst are still declining. Also, if you take out the pruning, how do you see that next year, in 2006, is there any pruning effect in your guidance of 0 to 1%?

And how much is the growth in the [growing] countries, and how much will these decline in the three problematic countries?

And maybe then on your outlook for 2007, you see a very strong improvement of organic growth in 2007. Is that mainly driven by Europe, or by the whole Group? Do you expect over the whole Group more growth?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Okay. Within Europe, what you see is we continue to have good growth in Italy, France, Spain, Central Europe. And in -- I think as we've talked in the past, we've always said that it would take us two to three years to turn around the European countries that we've been restructuring. So if you look at Belgium, which was the earliest program that we started, we started that in the late '03 timeframe, that Group is now, what you saw in the '05 results, is improved profitability. So Belgium has completely finished the redundancy program that they had, they've streamlined management, they've put in SAP, and so from a cost-based perspective, they are fully now finished with what we wanted them to do. Now the goal is for them to grow. So they did not grow in '05, but we did see the profit come through, and now the expectation is that we will see modest growth happen in '06.

Holland started the restructuring program at the end of '04, so '05 was really focused on doing three major activities. One was pruning about EUR15 million of product; that is, going from about 7,500 products down to about 3,500. That has been accomplished within Holland. They've taken out a significant number of redundancies, over 220 FTEs. And they've streamlined management. So what we're seeing now in Holland is we begin to see a slight improvement in operating margins in '05, and we will see a more substantial improvement in operating margins in '06, in Holland, and we will see very modest growth again coming from Holland.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

The UK, which is the last country, that really just started the restructuring in '05. Now, in the UK, it does go faster than you see in Continental Europe so the expectation is that we will see operating income improvement in the UK in '06, but we will not yet see any growth happening in the UK until '07.

So on the '07 question of 4% growth, it is clearly seeing some improved growth in other divisions, but also some good improvement in growth coming out of LTRE. Because, keep in mind, those three countries as you know represent a fairly sizable portion of the overall results for Europe.

So maybe, Oskar, we can come back to you so that we give your colleagues a chance, yes?

Maurits Heldring - *Kepler Equities - Analyst*

It's Maurits Heldring from Kepler Equities. I'd like to come back to the online growth, it was 25% in 2005. If you go back to slide 7, you see that the online revenues as a percentage of total revenues only increased by 1 percentage point. I was wondering why this was not a bigger rise?

And then secondly, on the 25% online growth, was the growth in Europe higher than 25% or lower? I mean for the LTRE activities, of course.

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Yes, we don't split out the different growth levels across the divisions. I will say that Europe was healthy, and an encouraging sign given that we had been waiting quite a while to start to see customers adopt internet. The growth that we anticipate this year is still very good, I mean, while you're right to point out that it's not a big improvement over the '05 levels, it's still very healthy growth. And reflects again the continued uptake of customers of online and software solutions.

Yes? Sorry, I'll come back -- can you let your colleague ask one to follow up while you? Sorry. And then we'll --

Maurits Heldring - *Kepler Equities - Analyst*

Sorry to come back, but the question I asked is why the improvement compared with '04 is just 1 percentage point in overall revenues.

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Oh, sorry, I thought you were talking about '06. It is what we're seeing, which is a continued acceleration, but double-digit, it's still double-digit growth. I'm not sure I have much more of an answer for you from that.

Maurits Heldring - *Kepler Equities - Analyst*

[Inaudible question - microphone inaccessible].

Nancy McKinstry - *Wolters Kluwer NV - CEO*

But you're growing on a bigger base, I mean, you do realize that, as you go from '04 to '05. And so to still maintain a healthy growth rate of 25%, it's on a stronger base year on year. So it still is on an absolute basis, we're driving more revenues from

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

online in '05 than we had in '04. That's shown by the fact we now have 39% of our revenues coming from electronic products compared to 35% in '04.

Yes, Sami?

Sami Kassab - *Exane BNP Paribas - Analyst*

Good afternoon, it's Sami Kassab at Exane BNP Paribas. I've two questions as well. The first one, yet another one on online revenue growth, but taking it from the other angle. Does the acceleration of online revenue growth suggest that the rest of the business, the print business, is declining? Or you expect a faster decline of some of the product base that historically has been under pressure? And if you don't want to quantify, maybe can you discuss about loose-leaf or paper forms, CDs, products which in industry are typically under decline? Do you see that accelerating in '06 and maybe going forward, or maybe stabilizing?

And secondly, the other question is on the health business and on the competitive landscape in health. We hear most other publishers also saying that they're investing in allied health, in nursing, in pharmaceutical information. Now could you comment on the changes you may see happening in the competitive environment, and whether this may be a reason why, in contrast to CFS and to tax, accounting and legal, the health business is not exceeding your original guidance?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Okay let me start with the question about the product mix. Clearly loose-leaves have been in decline for really almost a decade at this point, and they do continue to decline but frankly at a lower rate, because what you're seeing is that the base of customers now are becoming more stable, where there are certainly still customers within many of our markets that want loose-leaf products. They may also be using online products, but they want loose-leaf products. So loose-leaves are still in decline, but at a lower rate now than say five years ago.

We do still see some very small growth within CDs. CDs for us are largely around delivering our software-type product customers, because these products have a significant amount of data that is put into the software to run them, they also want that locally. What you do see is that CD-ROMs that were associated with research products have clearly migrated over to online, but we do still see a growing base, but at a much lower rate, obviously, than online for CDs.

Sami Kassab - *Exane BNP Paribas - Analyst*

Is that due to the exposure to the geographic mix, i.e. mainly European information professionals adopting online at a lower pace? So if you go more online you have more CD decline? Or do you think that the types of products that you're selling is of a nature of continuous growth despite the uptake in online?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Yes, what you see is that, customers -- let's separate research from software. Software, what you see right now is most of it's distributed in a CD-ROM format, and now the market is beginning to move to ASP models, and we do have those products available, but that will be a slow evolution as customers proceed that way. Within research products, clearly the online formats will continue to decline, it's a lower rate of decline, but that will continue to migrate over to online. And In Europe, in some European countries you do still see the use of CD-ROMs, but we believe that will eventually migrate over to online as bandwidth and infrastructure in those countries improves. So the future is clearly online, for research products, and long-term ASP models for software. But it's a question again of how quickly that evolves, and the evolution of that varies very much whether you're talking about the health business, or the tax business, and certainly varies between the US and Europe.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

On your question around the competitive landscape for health, in the traditional businesses like our P&E business, which is around producing content for nursing markets and allied health, there the competitive landscape has really not changed a great deal. It's been the same couple of competitors that we see. Within the Point of Care markets, and some of the newer emerging markets, it's still very much a free for all in the sense that nobody is a dominant player yet, and everybody is ferreting out a specific strategic path. And we have placed our bet around working closely with the EMR vendors and providing order sets, and providing products, like you saw ProVation, to EMR vendors, as we also sell directly into the clinician markets. Some of the competitors have taken a different path within that market. But the market is a very large market, and it's still, in my view, evolving, and so there is not one path that you could say is going to be the path for success there. So it's critical for us to place our bets in a way where, what we're doing is closely connected to the core business that we have, because we know that's a business that has been successful, and we know how to run that business. So we've tried to stay reasonably close to our [inaudible] as we place bets in the Point of Care world.

Sami Kassab - Exane BNP Paribas - Analyst

And is EMR close or far away from the core business?

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, we won't become an EMR vendor, these are people like GE and Siemens that produce these big ERP systems. Our role is to provide components and information into those systems. So the goal for us over the last couple of years has been to establish these relationships, and by way of an example, Jeff McCaulley and his team were out at the HIMMS meeting a couple of weeks ago, which is a big industry meeting among players in the EMR and IT part of healthcare. And the reaction to ProVation was very positive, because as you might imagine, they need to find additional ways to make these systems valuable to the hospitals and to the clinicians, and providing a tool like ProVation is one way to do that. So our goal is to be a component in those systems.

Sami Kassab - Exane BNP Paribas - Analyst

Thank you, Nancy.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes?

Bart Gianotten - Chevreux - Analyst

Good afternoon, Bart Gianotten from Chevreux. I have two questions. Could you elaborate a bit on the phasing effects that you expect for Q1? I mean, is it all sales that have been pushed out to later on, or is there any sales that shifted to Q4 '05?

And then I had a question on your growth expectations for CFS. Do you now also expect an acceleration in the financial side of the business, or is it still much based on the corporate side?

Nancy McKinstry - Wolters Kluwer NV - CEO

Why don't, Boudewijn, you take the question on [inaudible] and I'll take the second one?

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

I think overall there are no material phasing effects from Q4 '05 into Q1. I think that you see that the seasonality of our business sometimes changes slightly due to the composition of our acquisitions and underlying businesses, and the adoptions we make. So the fact that we gave an indication for a more or less flat first quarter is just something that is happening with the business by itself. I think given the full year guidance we gave to you, you can expect that the second, third and fourth quarters will actually make that up.

Nancy McKinstry - *Wolters Kluwer NV - CEO*

[Inaudible] still expect the lion's share of the growth to come from the CLS business, and that is again being driven by both the transactional part of that business, as well as the fact that we've placed some good bets on these adjacent markets of e-billing and litigation support.

Within FS, we do expect to continue to build out Expere and see some higher growth coming from the newer products that we've built in, but the print part of what goes on in financial services is a part that still is in decline. So as you folks may remember, about two thirds of the business -- of the FS piece of CFS, is transactional, where we produce these privacy statements and other kinds of documents for banks. And so that's a business that year or year you have to go out and capture. That part of the business continues to decline as it has over the last couple of years, and the growth area of FS is really around e-forms, and Expere, and some of the software products. And so we do anticipate some stronger growth there in '06 than we had in '05. But net net, still around the same level that we experienced this past year.

Yes?

Unidentified Audience Member

[Inaudible]. Perhaps a follow-up question to Boudewijn. I didn't quite catch your explanation for the phasing effect in the first quarter. What we see in the course of 2005 is momentum quite nicely building. If I look at the growth rates you achieved in the fourth quarter they were pretty strong. Is there a weird comparison base first quarter '06, first quarter '05 in that case?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

No. I think the question contained actually two parts. One was, is there any phasing, or shifting, from Q4 which was strong into Q1. The answer is no, not to any material extent.

Secondly, then, why is it actually compared to last year versus this year it remains more or less flattish, and why don't you see actually a growth continue? Well, you know that our business is pretty seasonal. Every individual division has their own seasonality, where education is more in the third quarter, and you see that the bulk of our business is shifting more and more into the fourth quarter for Wolters Kluwer. So the fact that you see an acceleration in growth in the fourth quarter is not so surprising. For example, wholesalers in health, they order substantial quantities mainly by the end of the year, and you see actually then by the first quarter, it's a little more quiet. And then the tax season starts to kick in again, so you see by the end of the first quarter, beginning of the second quarter, a further ramp-up of bulk there. So it is actually a natural add-up of our businesses and the business mix of what we have in our portfolio.

Nancy McKinstry - *Wolters Kluwer NV - CEO*

No questions? Yes, Maria?

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Mariska Zonneveld - Fortis Bank - Analyst

Mariska from Fortis Bank. I have a question concerning your CapEx level. Do you expect it to go down as a percentage of sales due to increased outsourcing? What's the rate going forward?

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, we still expect 2% to 3% of our spending on CapEx as a percentage of revenue, to continue.

Yes, go ahead.

Mariska Zonneveld - Fortis Bank - Analyst

A question concerning your debt and hedging contracts. Could your level -- what percentage of debt is US dollar related, is it still 38%? And what the average interest rate is on that? And also, as far as the hedging contracts are concerned, if my calculation is well, there's about 130 million left on the balance sheet. How are the cash flows over the coming years from those hedging contracts?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

I think we -- at the year end, we had about 20% of our US dollar assets hedged, so that is actually a slight decline of the 30% that we were at throughout most of the year. And then some of the contracts actually expired by the end of the year. We haven't done anything in that situation to up it again. As you know, we have a policy of between 20 and 30% of our US dollars to be hedged, as long as there's no natural hedge in our financing structure available.

The 130 million, I think it was more or less correct, and that is actually -- out of the 130 million, the current market value is about 105 million of our portfolio -- of our hedging portfolio outstanding by the end of last year. Out of the 105, you will see that about 58 million has already been realized, and will be actually paid out in 2006, and contribute therefore to cash flow.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, Reinier? Go ahead.

Reinier Westeneng - SNS Securities - Analyst

I have several questions left. First, with respect to your competitor Thompson, of course, they said recently that they gained market share in tax and accounting. It was at the expense of [Obscure], or maybe other competitors which I am not aware of, but hopefully you can help me with that?

Then the second question on Expre. You announced the contract win. What are your main competitors in that market, and what is the total opportunity for that market? So I've no feeling about that.

And finally, I know you're still working on your restructuring, of course to '07, but we have to look beyond that. Could you elaborate on the growth prospects and margin prospects beyond '07?

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Okay. Let's start with the tax arena. We are gaining market share, as you look at the tax arena and combine both the software market and the research market. We're clearly gaining more share in the software part of the business, and that is largely being driven by some of our newer products like Engagement, which is a paperless audit product, as well as the Accounting Research Manager, and these products to some extent are quite unique in the marketplace. And so we clearly are gaining share there.

We're gaining far less share on the research side. As you would imagine, that is a market where there's fewer switching costs, so you clearly do have customers moving back and forth. So we gain some, Thompson gain some, we each lose some. So overall, as we measure our share performance, we are gaining in the marketplace.

And I think, we're particularly proud of some of the industry relationships that we created this year in the tax group. We had a very groundbreaking announcement with B&A, where we now integrate the B&A portfolios onto the tax research network, so that customers can move seamlessly from our content to that content. And so there's a number of things going on where we believe we can increase the switching costs a bit on the research side. And that's always been more of a challenge than obviously doing it on the software side.

So we feel very good about our position right now in the tax and accounting market. And so clearly now the opportunity is to really just continue to build out our accounting suite, build the next generation of the tax compliance group, and then look for these opportunities globally to leverage some of the successful products that we've had in the US arena.

Expere, our main competition is really the banks themselves. Most of the banks have built kind of these home grown systems. Sometimes they cobble together various smaller players and then do the systems integration themselves. And so what's happening is, as these systems age, the banks are really faced with a decision about, do they use a provider like us for Expere, or do they continue to build the next generation of the home grown system. And often their decision is being stimulated by the fact that there's still consolidation going on in the banking market, and that helps us often because the banks have to achieve certain cost saving targets themselves, and are looking for ways through system improvements to generate those cost savings.

So the opportunity is a several billion opportunity if you look across the banking market, but if you look across what's the addressable market in terms of how many banks can make this decision year on year, it's much more of a multi-million dollar opportunity for us. But still a big, big opportunity. If you look at our goals for '06 and even '07, we don't have to sign a great number of deals to make this happen. But as you also would expect, it takes a long selling cycle to make these occur. So we're quite excited about the first arrangement that we've made, because that is the key one to get on the boards to build from that base.

And then finally, as we look beyond '07, or beyond '06, we are planning a day in September to talk a bit more about the division of LTRE, as well as talk about our plans going forward. So you won't hear much until then, because if we tell you now, we won't have anything to say at that point. So you will hear more from us in September.

Hans?

Hans Slob - *Rabo Securities - Analyst*

Yes, Hans Slob, Rabo Securities. Could you give us an update on all the IT projects within the Group, so the off-shoring, outsourcing, the SAP roll-out, and also the shared services project in North America?

And secondly, could you give some background with regard to the pipeline of new product development for the Netherlands, UK and Belgium, in order to steer those countries into growth next year?

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Okay. First, an update on shared services. Clearly, we've had very good success with off-shoring IT. That started in the CLS division in the US, and now we have active programs under way in TAL, and we will begin to have even more active programs under way within health. So we're clearly expanding the off-shoring work that we are doing. We have two major partners in India that we've been working with very good success.

As it relates to SAP, we have completed the three major countries of France and Belgium, which went very smoothly. The UK went less smoothly, and we still have some work to do to finalize the SAP implementation in the UK, and we expect that to occur in the half year point of '06. And then at that point, say mid-year of this year, we will have six, almost seven countries on SAP, and we will then work to consolidate the reporting that we do financially through our Hyperion system, which is the system that we use to consolidate the results. So we will have completed, more or less, what we needed to complete from an SAP perspective, because we were never planning to really convert to [Hollin], because we had just done [Hollin], as you all know, two years previously on a different system than SAP. So we had never intended really to migrate them over. And some of the smaller countries it just wouldn't pay, from a financial perspective, to migrate them over, because the revenue base is quite small. So once we complete the work in Holland -- in the UK, then we will be more or less done with the SAP implementation in Europe.

On the data center consolidation, that is underway. We have converted over the TAL group, which is our tax group and our legal group. It's a very complex project, lots of moving parts. It is costing us a bit more of investment than we had originally planned, which I think is pretty typical in these things, and it's one we're working very hard to complete. Now, it won't complete until the early part of '07, but the vast majority of the work does occur within the '06 time period.

So still a lot of work to do, but we are cautiously optimistic that we can get this thing, all of them, done in this timeframe that we have set out. It may just cost us a bit more on the data center piece than we had originally anticipated.

And what was the -- oh, pipeline, sorry, thank you.

The pipeline in the Netherlands and Belgium, we've a couple of very interesting things happening in Holland. I think we've talked about the Navigator product line, which is really the online offering that they have in Holland, and that is one where not only do we offer our own content but we also have opportunities to work very closely with some of our larger customers to embed their content in with the Navigator product content that we have, to offer these custom portals. So we have successfully done that with the tax authority here in Holland, and are also working with some big law firm accounts as well. They also have produced a product line targeted for the insurance market that reflects the new healthcare program that's going on here in Holland where people have to elect as a -- I'm sure many of you had to do personally -- elect a healthcare provider, and this product assists insurance companies in managing that progress. In addition to that, we have a number of new content offerings that we have, producing year on year, throughout the Dutch operations.

Within Belgium, our major opportunities are within the product called Jura, which is a product that is targeted at the legal market, and again it's an online offering. We also have a new product being brought out in the HR arena as well.

So a lot of what we're doing in both Belgium and Holland is the same strategy we've pursued in Italy and France and elsewhere, which is, bring out a whole suite of products, have them work together, have them be both content but also providing some tool type of applications within a broader offering.

Oya Yavuz - *Wolters Kluwer NV - IR*

Shall I ask some questions from London --

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Nancy McKinstry - *Wolters Kluwer NV - CEO*

And then we'll go back over here.

Oya Yavuz - *Wolters Kluwer NV - IR*

Because I have a whole pile here.

Paul Sullivan has three questions. One of them is, is the 26% effective tax rate sustainable beyond '06?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

I think we can state that for '06, '07 and '08, let's say in the near-term, that tax rate should be maintainable, yes.

Oya Yavuz - *Wolters Kluwer NV - IR*

Another question he has is, what will non-exceptional restructuring charges be in '07, above the line?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

I think again we have not included any non-exceptional restructuring charges in '07.

Oya Yavuz - *Wolters Kluwer NV - IR*

Okay. All financial questions. Giasone Salati of CSFB has a question asking if we can confirm that the 33 million premium on redemption of the bond convertible is baked into the free cash flow guidance?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Yes, I think that's where my comment came from, from the 20% increase in cash flow. If you look at the guidance for '06 for 350 compared to this year -- compared to last year I should say '05, then you see actually like for like that you actually should deduct a 33 million premium redemption we had to pay. And then if you don't assume also any working capital improvement for another 30 million, at like for like, you compare 290 to 350. Now bringing it back to 350 means that that's actually what we make up through increased revenues and higher margins.

Oya Yavuz - *Wolters Kluwer NV - IR*

And one last question. What was the growth of only our US tax business -- US legal and tax business?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Yes, we don't usually give that but we can say that it was higher than the overall because the weakest part of the tax business was in the Asia Pacific arena and Canada had a pretty good year. But the bulk of the sales came out of this -- the strongest performance came from the tax and accounting group within the US. Legal also though had positive growth.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Bart Gianotten - *Chevreux - Analyst*

Yes hi, a follow up. It's Bart Gianotten from Chevreux. We saw some reports in the Netherlands recently that SDU might come up for sale, what's your view on that situation? And also what are your legal obligations on your 25% stake in SDU Publishing?

And then I had a question on, now that we are progressing in your restructuring program could you give a bit of an indication on where margins should go for each of the separate divisions? Because now of course it has all been distorted by investments and product spending but as this starts to normalize after '06 what should we expect?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Boudewijn would you like to answer this question?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

I think we have no comment actually on the SDU sale process and our positioning there. I think what you should expect from us is that we take the best position for all stakeholders in Wolters Kluwer in account when dealing with the situation.

Nancy McKinstry - *Wolters Kluwer NV - CEO*

And then on the margins, as you know we don't give divisional guidance at the division level but it doesn't take a mathematician to understand that if we're going to go from 16.5 to 17 to 19 to 20 then we are expecting certain parts of the business to improve. And if I were a betting person I would say that one of those is the LTRE division which is obviously then under major restructuring and so we anticipate that showing some improvement. Yes, Oskar?

Oskar Tijss - *Kempen & Co - Analyst*

I've got two more questions. First is on tax accounting and legal. It still puzzles me what I heard from Thompson Corporation that they get 20% plus growth from their online tax offering and they don't have a print business. So you have a print business and so I'm puzzled, how can you grow as fast as that and the rest of the segment should not grow?

And then the second question on the restructuring, where do you see most additional cost savings? Your increased guidance is like 50 million a year, I believe the restructuring cost issue will be 20 million higher and last year it was 12 million higher than in the original budget. So is it right to assume that most additional cost saving comes from the US because otherwise your costs to reduce FTEs would be much higher than 32 million extra?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Okay I'll take the first question and then let Boudewijn take the second. Thompson does have a substantial still print operation, they go to market under the brand name Research Institute of America, RIA, we go under the brand name CCH. And so their business from what I understand is very similar to ours where the print basis has been in decline and the growth piece is online and the software part of the business. So it's very hard, I think all I would caution you on is, it's very hard when you pull out just one growth rate, if you say online's growing at X, to know what's really happening in the overall. Which is why what we try and focus on is give you the overall organic growth for the division and then give you some color commentary. I can say that our online part of our tax accounting business is obviously growing faster than print which continues to decline. On the loose-leaf part we do still see growth in the books part of the business.

And then Boudewijn on cost savings.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Yes I think we will of course continue to exercise all sorts of restructuring projects but also operational efficiency initiatives. You should think about Six Sigma for the procurement initiatives where we for example centralize more procurement ongoing. We look at -- of course we have some further benefits from the '06 redundancies on FTEs that will have a full year effect in '07. You could think about the same thing on real estate, we will continue to concentrate our real estate as much as possible. In all of the full year effects actually you will see we're benefiting from in '07.

So it's -- when you look actually what we announced in 2003 from restructuring programs of course we have been actually optimizing those programs time after time and making sure that the cost savings that we're anticipating will come out. So those actually will bring in the additional -- the difference between 120 in '06 to the 150 let's say in '07.

Oskar Tijs - *Kempen & Co - Analyst*

And that's more evenly spread over your segments?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

Is it more spread over the -- you mean over the -- for Wolters Kluwer, all divisions?

Oskar Tijs - *Kempen & Co - Analyst*

Yes.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

I think that -- yes you can say that the spread will be pretty much all over the place although I think if we see for example where the amount of efficiency that we already made in education, where you see the big jump in margins this year compared to last year, we probably will see slightly less benefits than what we would see in TAL, CFS, health or legal Europe.

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Okay any other questions?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

And maybe one last minor remark?

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Yes sure. Anything else from London? No, okay.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO*

And maybe one last remark. You can expect of course that the shared services initiatives where we took -- of course were also beneficial to us in the years after '06.

Mar. 01. 2006 / 7:00AM, WTKWY - Full Year 2005 Wolters Kluwer NV Analyst / Investor Presentation

Nancy McKinstry - *Wolters Kluwer NV - CEO*

Okay, well thank you very much, we appreciate your attention and we'll look forward to seeing you again.

DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2006, Thomson Financial. All Rights Reserved.