



# Annual General Meeting of Shareholders

April 23, 2014 | Amsterdam

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**Wolters Kluwer**

When you have to be right



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**Nancy McKinstry**

CEO and Chairman of the Executive Board



**Wolters Kluwer**

When you have to be right

# Forward-looking Statements

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

*Unless otherwise stated, this presentation is based on continuing operations. Comparative information is presented accordingly. 2012 results are restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'. Growth rates are cited in constant currencies unless otherwise noted.*

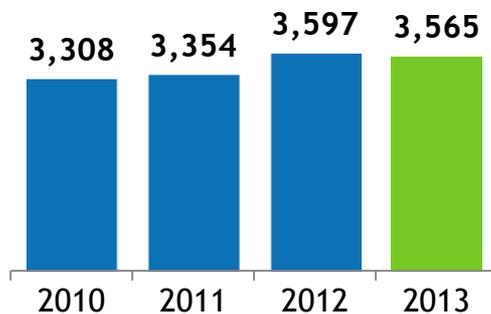
# Agenda

- Introduction
- Strategic Priorities
- Highlights of 2013 Financial Performance
- 2014 Outlook and Summary

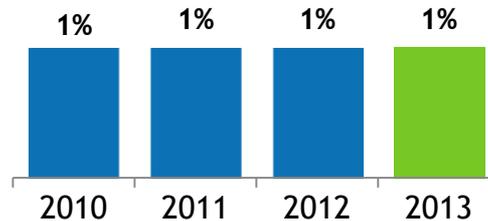
# Introduction

- Our 2013 results were in line with the guidance we set at the start of the year
  - Organic revenue growth up 1% driven by 4% organic growth in digital and services subscription revenues
  - Leading, high growth positions up 7% organically (44% of total revenues)
  - Growth in North America and Asia Pacific more than offset decline in Europe
  - Ordinary free cash flow over €500 million, better than expected
  - Net-debt-to-EBITDA ratio improved to 2.2x

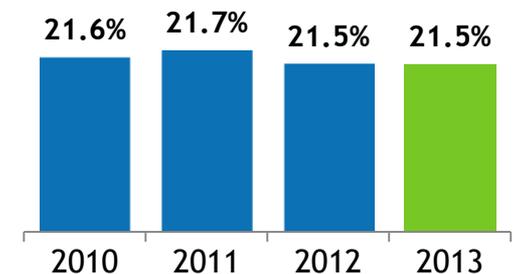
Revenues (€m)



Organic growth



Margin



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# Progress on strategy

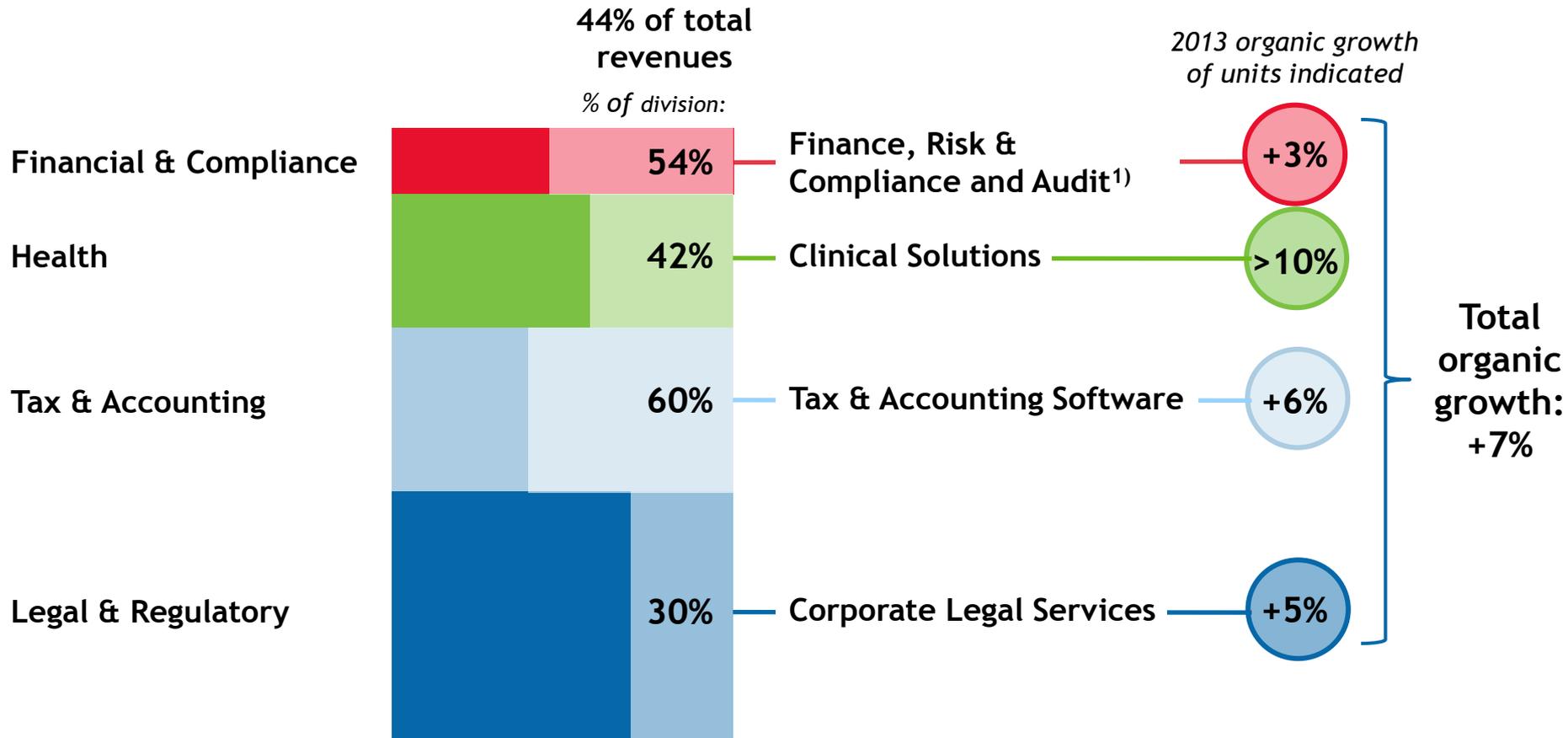
*Our strategy aims to accelerate profitable growth*



- Focus the majority of our investments on high growth segments where we have achieved market leadership
- Invest in products and services to deliver the tailored solutions and insights our professional customers need to make critical decisions and increase their productivity
- Find more ways to drive efficiencies in areas such as sourcing, technology, real estate, organizational processes, and distribution channels

# 1. Expand our leading, high growth positions

*Our leading, high growth positions in total grew 7% organically*



1) Includes the Finance, Risk & Compliance and Audit, Risk & Compliance units within the F&CS division

## 2. Deliver solutions and insights

*We launched several products that improve our customers' productivity and outcomes*

### Increasingly Mobile



CCH Axcess™

Cloud-based tax & accounting software for CPA firms

### Drives Decisions and Outcomes

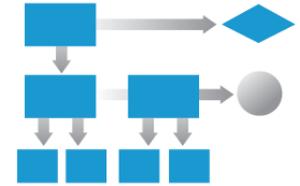
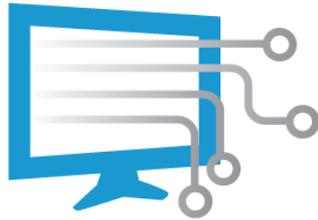


Wolters Kluwer  
Financial Services

Enhanced enterprise governance, risk and compliance solution for banks

# 3. Drive efficiencies

*We are continuing to drive savings and creating global scale economies*



## Sourcing

## Technology

## Real Estate

## Sales Channel & Go to Market

## Process & Organization

**2013**

- Renegotiated paper, printing, warehousing and shipping contracts

- Optimized hosting and infrastructure services providers

- Consolidated office space (closed 10 offices in Europe and 10 in the U.S.)

- Replaced unprofitable direct mail with digital marketing in Health and T&A

- Redesigned CLS' Service-of-Process operation

**2014**

- Print consolidation
- Automating and reducing prepress costs

- Offshoring automated content enrichment

- Renegotiating lease contracts
- Improving space utilization and rationalize offices

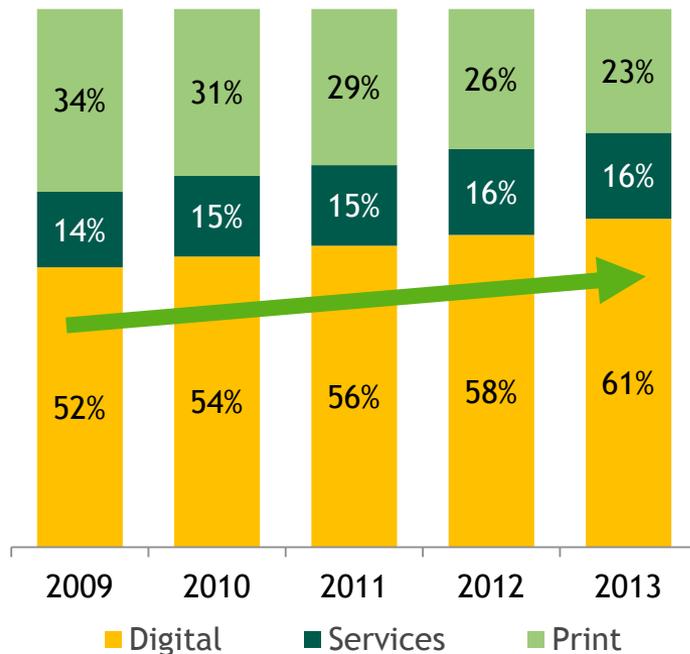
- Re-allocating sales staff towards growth areas

- Optimizing editorial and production

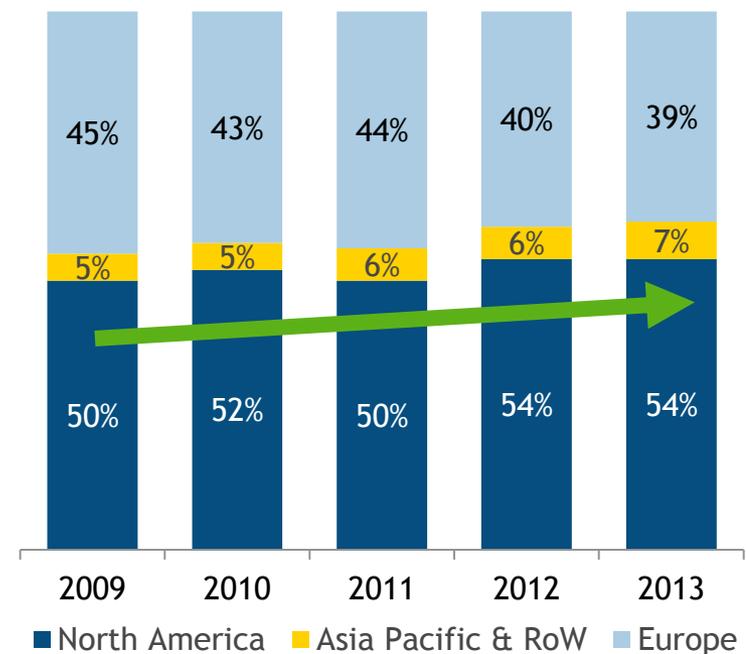
# Portfolio transformation

Today, 77% of our revenues come from digital products and services

## Revenue by Media Format



## Revenue by Geography



# Sustainability

*Maximizing our contribution to society through innovation*



- Included in the Dow Jones Sustainability Index for the seventh year in a row
- Awarded the Bronze Class Sustainability Award 2014 from RobecoSAM, as a part of *The Sustainability Yearbook 2014*
- Recognized as one of the Global 100 Most Sustainable Corporations in the World

# Sustainability in Action

## Building social cohesion through knowledge



- Partnering with leading law firms and the government of Madrid to help immigrants understand fundamentals of Spanish law
- 28,500 participants since 2009
- Over 13,000 participants in 2013 alone

## Boosting access to information in China



- Cooperation with People's Medical Publishing House to better serve China's doctors, nurses, and students during the medical reforms in China
- Co-published over 200 titles of teaching materials and reference books

## Efficient use of resources



- Secure Dox facilitates secure, auditable workflow for electronic document exchange
- Green print facility used when needed; process optimized to reduce waste and recycle
- Over 10,000,000 electronic packages were sent in 2013

# Our Brand

*Supporting the business strategy*

## Reinforces customer-focused growth ambition

- Supports the **business strategy** with a stronger, simplified company story
- Elevates **sales opportunities** and facilitates **new products and services**
- Strengthens **talent** acquisition and retention
- Improves **efficiencies**

## Significant progress towards a stronger, unified brand

- **Shared value proposition** adopted across markets and customers worldwide
- Aligning under a **single master brand** Wolters Kluwer



# Wolters Kluwer

When you have to be right

# Wolters Kluwer as Employer

*Strong Employer Value Proposition supporting business needs*

## ■ **Make it better.**

- We are fixers. When we see inefficiencies, flaws, and opportunities for improvement, it inspires us. We take something with potential—a product, a process, a business, a market—and make it better

## ■ **Embrace change.**

- The industries we serve are evolving, and so are we. No matter what changes, we will continue to evolve. Our company depends on it and our people thrive on it

## ■ **Engage the customer.**

- Everything we do revolves around our customers. We are committed to supporting them and solving the challenges they face. We bring the customer on board early in the process and involve them throughout

## ■ **Be influential.**

- Our people have an entrepreneurial streak that drives them to take ownership of their work. We empower each employee to make the decisions they need to get the results we all want. Everyone contributes, and every contribution matters

# Investing in Talent

## *Attracting and retaining skilled employees*



### ■ Leadership summit

- Building the talent pipeline
- Foster collaboration and share best practices
- Supports closer interaction between leaders

### ■ Global innovation award

- Reward employees who have developed inspiring and successful solutions
- 16 teams of finalists presented their solutions to a jury of Wolters Kluwer leaders and external experts

### ■ Diversity drives innovation

- We create an inclusive culture through a variety of channels
- The more diverse our environment, the more innovative we will become and the more energized and productive our employees will be

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# 2013 performance

*FY2013 results in line with guidance*

<b>Continuing operations</b>	<b>2013 Guidance</b>	<b>2013 Actual</b>	<b>Achieved</b>
Ordinary EBITA Margin	21.5 - 22.0%	21.5%	✓
Ordinary Free Cash Flow <sup>1)</sup>	≥ €475 million	€525 million	✓
Return on Invested Capital (after tax) <sup>1)</sup>	≥ 8%	8.7%	✓
Diluted Ordinary EPS <sup>1)</sup>	Low single digit growth	€1.61 (+3%)	✓

1) at constant currencies (EUR/USD 1.29)

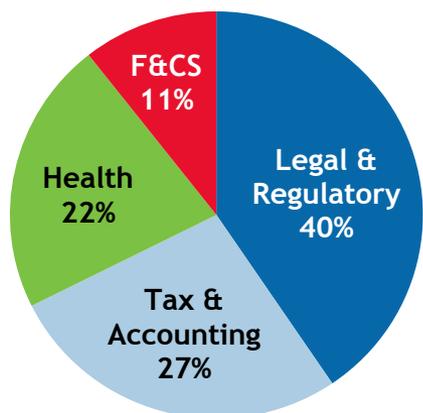
# Revenues by division

*Strong organic growth at Health; challenges faced by F&CS*

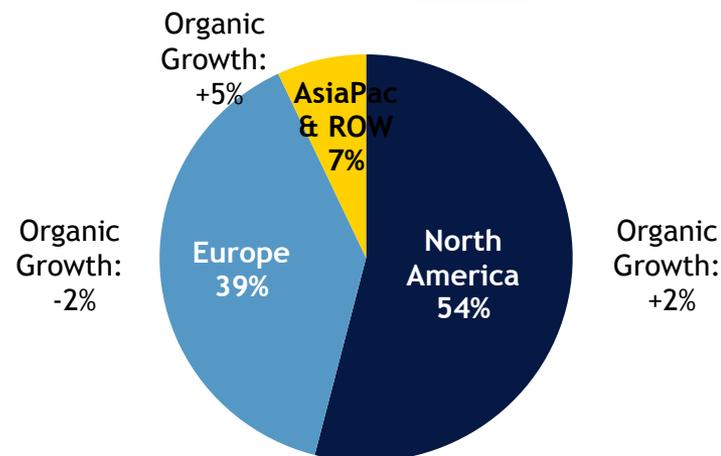
(€ million)	2013	2012	Δ	Δ CC	Δ OG
Legal & Regulatory	1,447	1,485	-3%	-1%	-1%
Tax & Accounting	965	981	-2%	+1%	+1%
Health	775	745	+4%	+8%	+6%
Financial & Compliance Services	378	386	-2%	+1%	-4%
<b>Total Revenues</b>	<b>3,565</b>	<b>3,597</b>	<b>-1%</b>	<b>+2%</b>	<b>+1%</b>

Δ-% Change; ΔCC-% Change constant currencies (EUR/USD 1.29); ΔOG-% Organic growth. 2012 restated for IAS 19R and IFRS 11

## 2013 Revenues by division



## 2013 Revenues by region



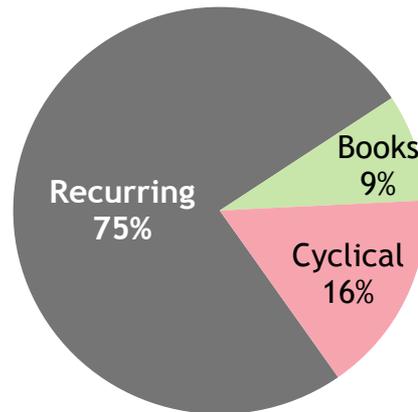
# Revenues by type

*Faster growth in recurring revenue offset by transactional trends*

(€ million)	2013	2012	Δ	Δ CC	Δ OG
Digital & service subscription	1,951	1,885	+4%	+6%	+4%
Print subscription	399	443	-10%	-8%	-7%
Other non-cyclical	338	342	-1%	+2%	+2%
<b>Recurring revenues</b>	<b>2,688</b>	<b>2,670</b>	<b>+1%</b>	<b>+3%</b>	<b>+2%</b>
Books	304	329	-8%	-5%	-5%
CLS transactional	187	180	+4%	+9%	+8%
FS transactional	67	72	-7%	-5%	-7%
Other cyclical	319	346	-8%	-8%	-7%
<b>Total revenues</b>	<b>3,565</b>	<b>3,597</b>	<b>-1%</b>	<b>+2%</b>	<b>+1%</b>

Δ-% Change; ΔCC-% Change constant currencies (EUR/USD 1.29); ΔOG-% Organic growth. 2012 restated for IAS 19R and IFRS 11

## 2013 Revenues



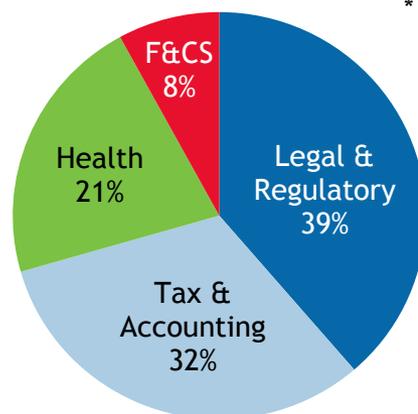
# Ordinary EBITA by division

Margin increase in Health and T&A offsets decline in L&R and F&CS

(€ million)	2013	2012	Δ	Δ CC	Δ OG	Margin 2013	Margin 2012
Legal & Regulatory	313	327	-4%	-1%	-2%	21.6%	22.0%
Tax & Accounting	259	259	0%	+3%	+4%	26.8%	26.4%
Health	175	163	+7%	+11%	+7%	22.6%	21.9%
Financial & Compliance	64	73	-11%	-9%	-12%	17.1%	18.9%
Corporate	(46)	(48)	-4%	-4%	-4%		
<b>Ordinary EBITA</b>	<b>765</b>	<b>774</b>	<b>-1%</b>	<b>+2%</b>	<b>+1%</b>	<b>21.5%</b>	<b>21.5%</b>

Δ-% Change; ΔCC-% Change constant currencies (EUR/USD 1.29); ΔOG-% Organic growth. 2012 restated for IAS 19R and IFRS 11

## 2013 Ordinary EBITA\*



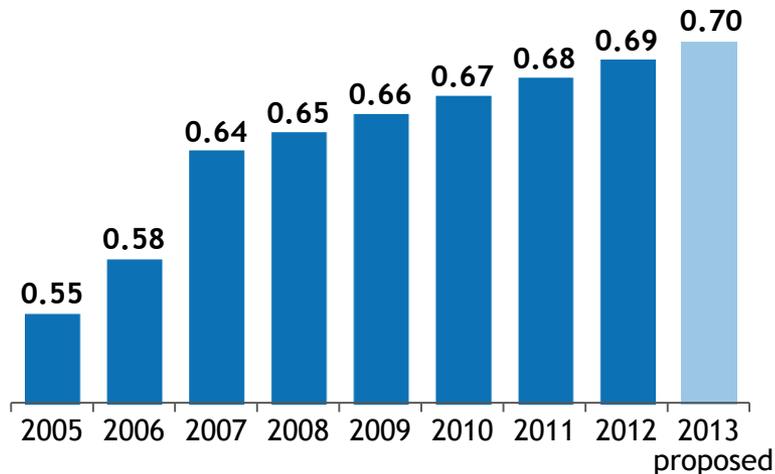
\* Excluding corporate costs of €46 million

# Returns to shareholders

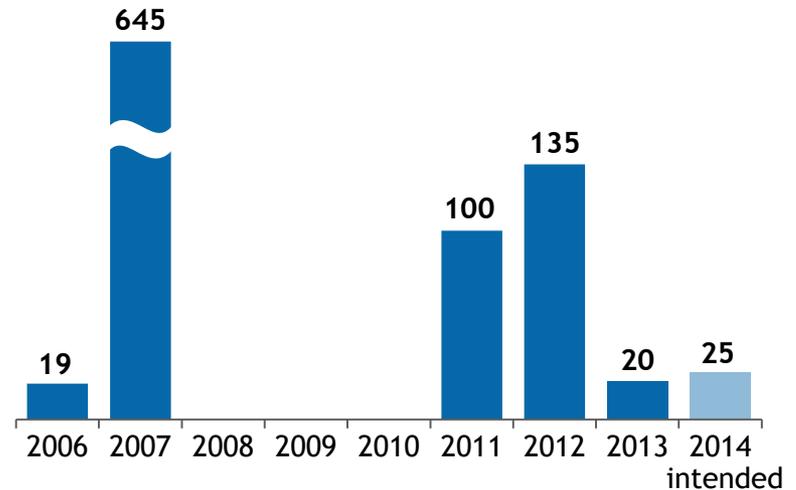
*Proposed dividend increase to €0.70 for 2013 to be paid in cash*

- Progressive dividend policy: eighth consecutive year of increase
- Anti-dilution policy: share buy-back of up to €25 million in 2014

Dividend per share (€)<sup>1)</sup>



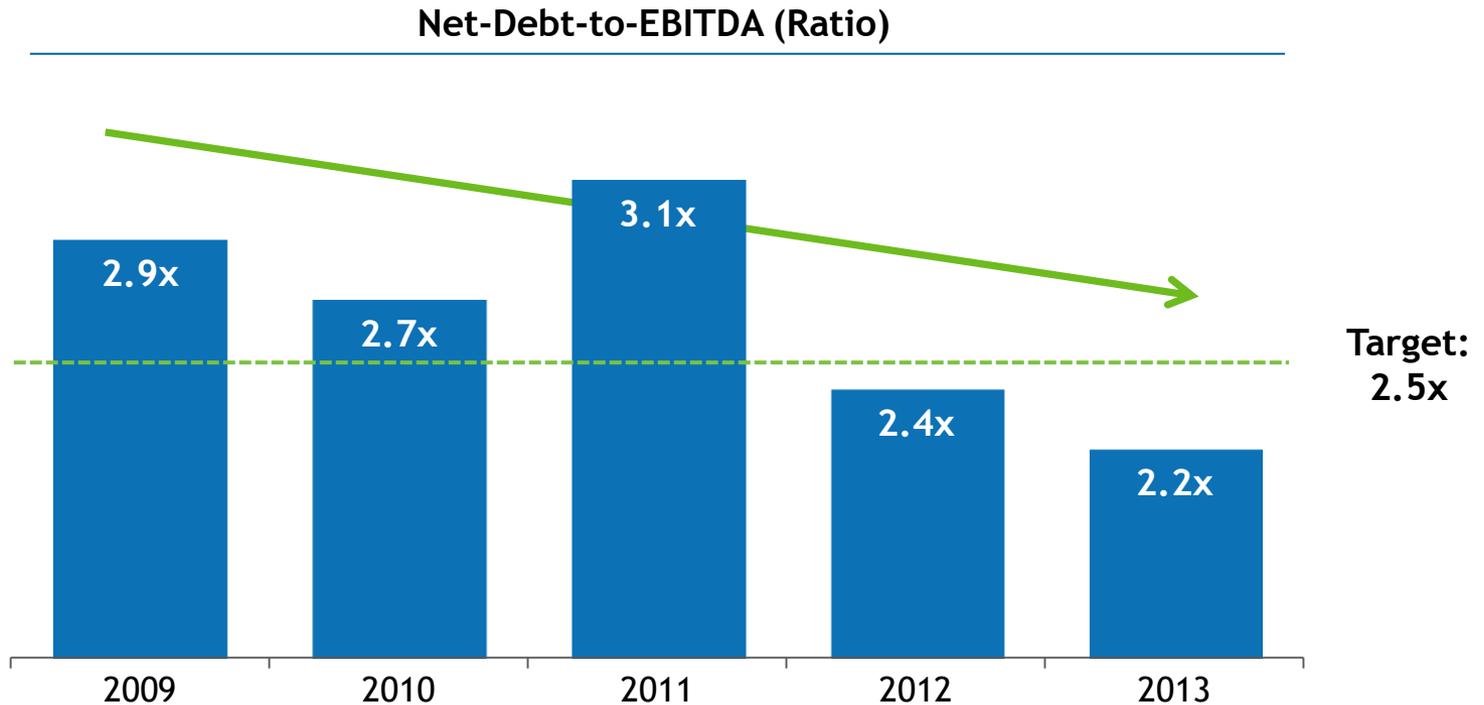
Share buy-backs (€ million)



1) Dividend declared for the year indicated

# Leverage

*Net-debt-to-EBITDA ratio improved to 2.2x*



2012 restated for IAS 19R and IFRS 11

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# Guidance 2014

## Performance indicators

## FY2014 Guidance

Ordinary EBITA Margin

20.5%-21.5%

Ordinary free cash flow

≥ €475 million

Return on invested capital

≥ 8%

Diluted ordinary EPS

Low single-digit growth

Guidance for ordinary free cash flow and diluted ordinary EPS is in constant currencies (EUR/USD 1.33)

## Additional information

Ordinary net financing costs<sup>1)</sup>

Approximately €100 million

Benchmark effective tax rate

27.5%-28.0%

Cash conversion ratio<sup>1)</sup>

Approximately 95%

1) In constant currencies (EUR/USD 1.33)

# Summary

- Progress on strategic goals:
  - We invested in our leading, high growth positions which achieved 7% organic revenue growth
  - We are continuing to drive efficiencies
- Highlights FY2013 Results:
  - Overall in line with guidance set at the start of the year
  - Health performed better than expected, offsetting challenges faced by F&CS
  - Ordinary free cash flow over €500 million, better than guided
  - Net-debt-to-EBITDA ratio improved further to 2.2x
- Our talented and dedicated employees are critical to increase profitable growth, while minimizing our environmental footprint and maximizing our contribution to society
- Well-positioned to achieve our 2014 goals and optimistic about our growth prospects

# Q&A

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**Nancy McKinstry**

CEO and Chairman of the  
Executive Board



**Wolters Kluwer**

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# Thank you

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



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