

# Wolters Kluwer

## 2020 Full-Year Results

Nancy McKinstry – CEO  
Kevin Entricken – CFO

February 24, 2021



Wolters Kluwer

# 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.*

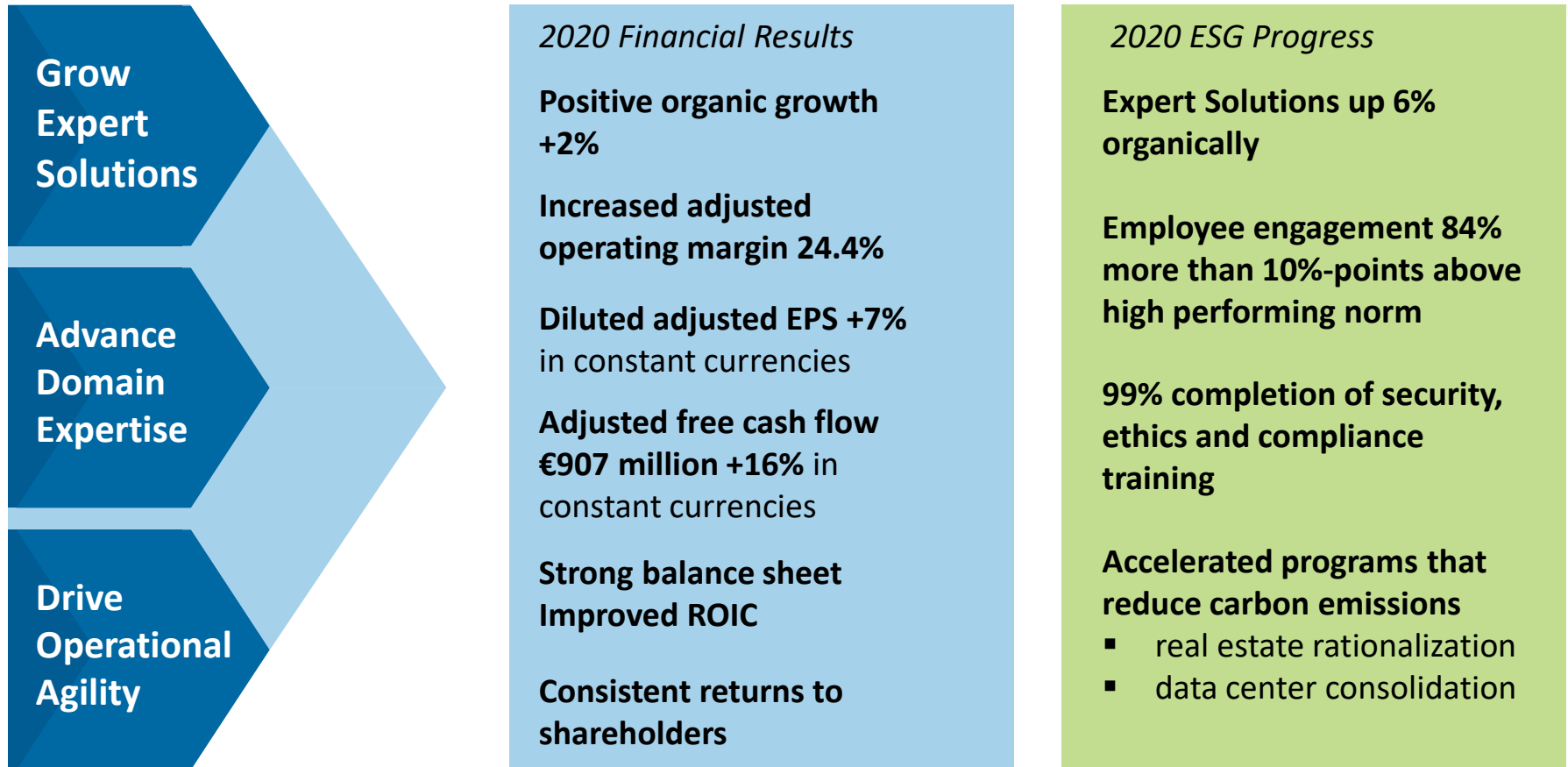
*Growth rates are cited in constant currencies unless otherwise noted.*

# Agenda

- **Introduction**
- Financial Review
- Operating and Strategic Review
- Outlook 2021
- Appendices

# Introduction

*Our global team's agile response to COVID-19 delivered strategic, financial, and ESG progress in 2020*



# Strategic priorities

*While the pandemic diverted us from our original financial plan, it has reinforced and validated our strategy*

## Strategic Priorities 2019-2021

Sustain organic product development at 8-10% of revenues (CAPEX + OPEX)

Drive cost savings to fund systems & infrastructure upgrade

Evolve technology towards fewer scalable platforms; transition to cloud

Bolt-on acquisitions that meet strategic & financial criteria; selective disposals

Allocate capital efficiently, target 2.5x leverage, deliver shareholder returns

### Grow Expert Solutions

- Drive scale by extending the offerings and broadening distribution via existing and new channels, including strategic partnerships
- Invest to build or acquire positions in adjacent markets

### Advance Domain Expertise

- Enrich our information products and services with advanced technologies to deliver actionable intelligence integrated into customer workflows
- Enhance user experience through user-centric design and differentiated interfaces

### Drive Operational Agility

- Strengthen global brand, go-to-market, and digital marketing capabilities
- Upgrade back-office systems and IT infrastructure
- Complete the modernization of HR systems to support efforts to attract and nurture talent

# Agenda

- Introduction
- **Financial Review**
- Operating and Strategic Review
- Outlook 2021
- Appendices

# Full-year 2020 results

*Despite the challenges of 2020, we delivered organic growth of +2% and improved margins, free cash flow, and return on invested capital*

| (€ million, unless otherwise stated)    | FY 2020      | FY 2019 | Δ    | Δ CC | Δ OG |
|-----------------------------------------|--------------|---------|------|------|------|
| Revenues                                | <b>4,603</b> | 4,612   | 0%   | +1%  | +2%  |
| Adjusted operating profit               | <b>1,124</b> | 1,089   | +3%  | +5%  | +5%  |
| <i>Adjusted operating profit margin</i> | <b>24.4%</b> | 23.6%   |      |      |      |
| Diluted adjusted EPS                    | <b>€3.13</b> | €2.90   | +8%  | +7%  |      |
| Adjusted free cash flow                 | <b>907</b>   | 807     | +12% | +16% |      |
| ROIC                                    | <b>12.3%</b> | 11.8%   |      |      |      |
| Net-debt-to-EBITDA ratio                | <b>1.7x</b>  | 1.6x    |      |      |      |

Δ: % Change; Δ CC: % Change in constant currencies (€/£ 1.12); Δ OG: % Organic growth.

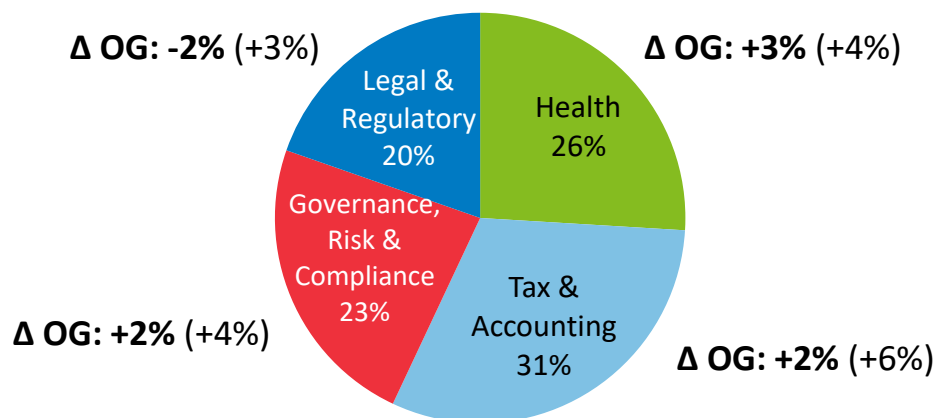
# Revenues by division

*All divisions experienced slower growth in 2020*

| (€ million)                   | FY 2020      | FY 2019      | Δ         | Δ CC       | Δ OG       |
|-------------------------------|--------------|--------------|-----------|------------|------------|
| Health                        | 1,193        | 1,186        | +1%       | +3%        | +3%        |
| Tax & Accounting              | 1,431        | 1,413        | +1%       | +3%        | +2%        |
| Governance, Risk & Compliance | 1,074        | 1,068        | +1%       | +2%        | +2%        |
| Legal & Regulatory            | 905          | 945          | -4%       | -3%        | -2%        |
| <b>Total revenues</b>         | <b>4,603</b> | <b>4,612</b> | <b>0%</b> | <b>+1%</b> | <b>+2%</b> |

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.12); Δ OG: % Organic growth.

## FY 2020 Revenues by Division



Legend:  
Δ OG: % Organic growth FY 2020 (FY 2019)

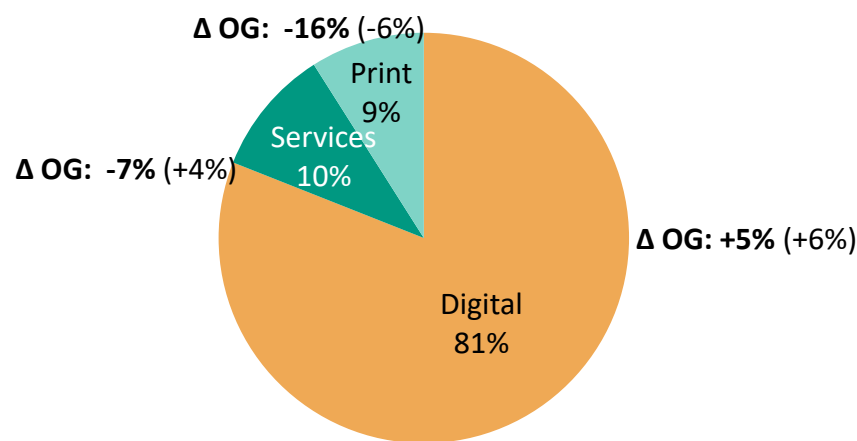
# Revenues by media format

*Digital revenues grew 5%, more than offsetting print and services declines*

| (€ million)           | FY 2020      | FY 2019      | Δ         | Δ CC       | Δ OG       |
|-----------------------|--------------|--------------|-----------|------------|------------|
| Digital               | 3,736        | 3,604        | +4%       | +5%        | +5%        |
| Services              | 454          | 513          | -11%      | -10%       | -7%        |
| Print                 | 413          | 495          | -17%      | -15%       | -16%       |
| <b>Total revenues</b> | <b>4,603</b> | <b>4,612</b> | <b>0%</b> | <b>+1%</b> | <b>+2%</b> |

Δ: % Change; Δ CC: % Change in constant currencies (€/£ 1.12); Δ OG: % Organic growth.

## FY 2020 Revenues by Media Format



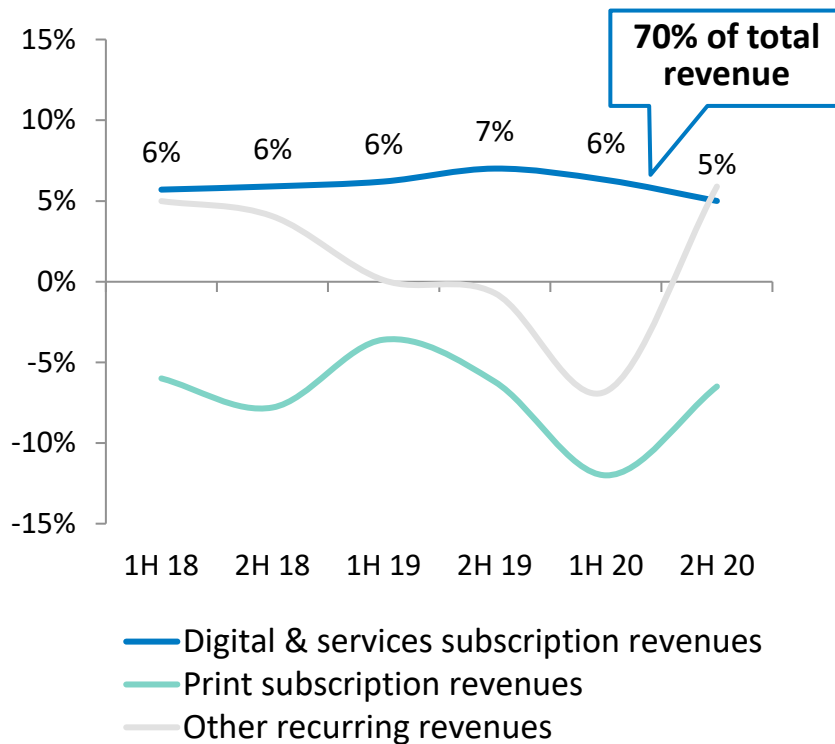
Digital & Services:  
**Δ OG: +4% (+6%)**  
 (91% of total revenues)

Legend:  
 Δ OG: % Organic growth FY 2020 (FY 2019)

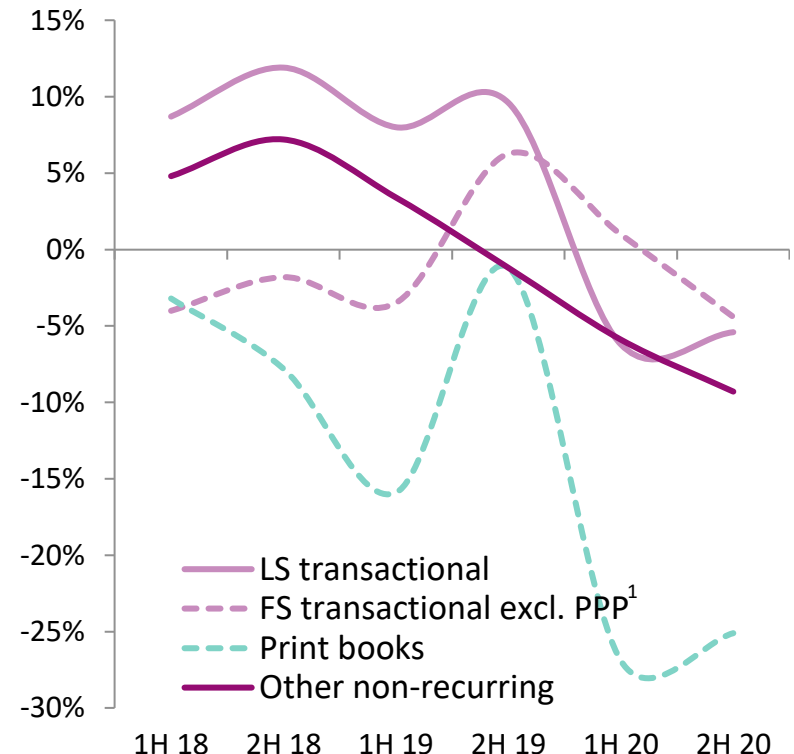
# Revenues by type

*Digital & services subscriptions (70% of total revenues) held up well. Non-recurring revenue types were most impacted by the pandemic*

**Organic Growth (%)**  
**Recurring Revenue Types (80% of total)**



**Organic Growth (%)**  
**Non-recurring Revenue Types (20% of total)**



1) PPP refers to the U.S. Small Business Association's Paycheck Protection Program.

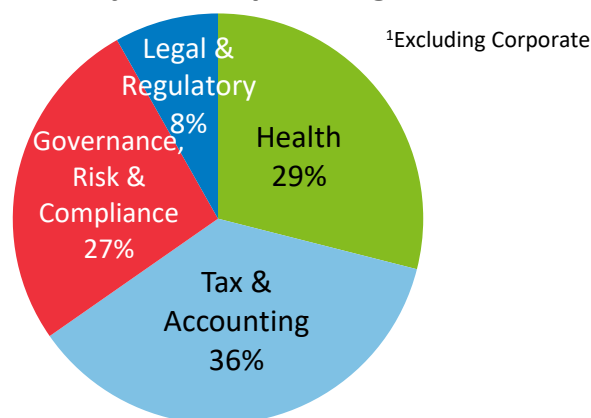
# Adjusted operating profit

*Temporary and structural cost savings and one-off benefits allowed us to sustain investments, accelerate restructuring and deliver margin improvement*

| (€ million)                      | FY 2020      | FY 2019      | Δ          | Δ CC       | Δ OG       | Margin FY 2020 | Margin FY 2019 |
|----------------------------------|--------------|--------------|------------|------------|------------|----------------|----------------|
| Health                           | 343          | 320          | +7%        | +9%        | +11%       | 28.7%          | 27.0%          |
| Tax & Accounting                 | 431          | 388          | +11%       | +12%       | +12%       | 30.1%          | 27.4%          |
| Governance, Risk & Compliance    | 313          | 341          | -8%        | -7%        | -7%        | 29.1%          | 31.9%          |
| Legal & Regulatory               | 97           | 104          | -7%        | -5%        | -6%        | 10.7%          | 11.0%          |
| Corporate                        | (60)         | (64)         | -7%        | -6%        | -6%        |                |                |
| <b>Adjusted operating profit</b> | <b>1,124</b> | <b>1,089</b> | <b>+3%</b> | <b>+5%</b> | <b>+5%</b> | <b>24.4%</b>   | <b>23.6%</b>   |

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.12); Δ OG: % Organic growth.

## FY 2020 Adjusted Operating Profit<sup>1</sup>



# Adjusted net profit and EPS

*Diluted adjusted EPS up +7% in constant currencies, reflecting margin increase, lower tax rate, and reduced share count*

| (€ million, unless otherwise stated)             | FY 2020      | FY 2019      | Δ          | Δ CC       |
|--------------------------------------------------|--------------|--------------|------------|------------|
| Revenues                                         | 4,603        | 4,612        | 0%         | +1%        |
| <b>Adjusted operating profit</b>                 | <b>1,124</b> | <b>1,089</b> | <b>+3%</b> | <b>+5%</b> |
| <i>Adjusted operating profit margin</i>          | <i>24.4%</i> | <i>23.6%</i> |            |            |
| Adjusted net financing costs                     | (46)         | (58)         |            |            |
| Equity-accounted investees, net of tax           | 6            | 3            |            |            |
| <b>Adjusted profit before tax</b>                | <b>1,084</b> | <b>1,034</b> | <b>+5%</b> | <b>+4%</b> |
| Tax on adjusted profit                           | (249)        | (244)        |            |            |
| <i>Benchmark tax rate</i>                        | <i>23.0%</i> | <i>23.6%</i> |            |            |
| Non-controlling interests                        | 0            | 0            |            |            |
| <b>Adjusted net profit</b>                       | <b>835</b>   | <b>790</b>   | <b>+6%</b> | <b>+4%</b> |
| <i>Diluted weighted average shares (million)</i> | <i>266.6</i> | <i>272.2</i> |            |            |
| <b>Diluted adjusted EPS</b>                      | <b>€3.13</b> | <b>€2.90</b> | <b>+8%</b> | <b>+7%</b> |

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.12).

# IFRS profit and diluted EPS

*Reported net profit up 8% supported by a higher operating profit*

| (€ million, unless otherwise stated)                      | FY 2020      | FY 2019      | Δ           |
|-----------------------------------------------------------|--------------|--------------|-------------|
| <b>Adjusted operating profit</b>                          | <b>1,124</b> | <b>1,089</b> | <b>+3%</b>  |
| Amortization of acquired intangibles                      | (144)        | (144)        |             |
| Impairment of acquired intangibles                        | 0            | (38)         |             |
| Results on divestments of operations                      | 1            | (5)          |             |
| Other non-benchmark items <sup>1)</sup>                   | (9)          | 6            |             |
| <b>Operating profit</b>                                   | <b>972</b>   | <b>908</b>   | <b>+7%</b>  |
| Financing results                                         | (41)         | (53)         |             |
| Share of profit of equity-accounted investees, net of tax | 6            | 3            |             |
| <b>Profit before tax</b>                                  | <b>937</b>   | <b>858</b>   | <b>+9%</b>  |
| Income tax expense                                        | (216)        | (189)        |             |
| <i>Effective tax rate</i>                                 | <i>23.1%</i> | <i>22.0%</i> |             |
| <b>Profit for the year</b>                                | <b>721</b>   | <b>669</b>   | <b>+8%</b>  |
| Non-controlling interests                                 | 0            | 0            |             |
| <b>Profit for the year to the owners of the company</b>   | <b>721</b>   | <b>669</b>   | <b>+8%</b>  |
| <b>Diluted EPS</b>                                        | <b>€2.70</b> | <b>€2.46</b> | <b>+10%</b> |

Δ: % Change. 1) Non-benchmark items include acquisition-related costs including integration provisions, changes in fair value of contingent considerations and remeasurement of loss on assets held for sale.

# Adjusted free cash flow

*Favorable working capital movements drove higher cash conversion*

| (€ million, unless otherwise stated)                   | FY 2020      | FY 2019      | Δ           | Δ CC        |
|--------------------------------------------------------|--------------|--------------|-------------|-------------|
| <b>Adjusted operating profit</b>                       | <b>1,124</b> | <b>1,089</b> | <b>+3%</b>  | <b>+5%</b>  |
| Depreciation and amortization of other intangibles     | 223          | 220          |             |             |
| Depreciation of right-of-use assets                    | 75           | 73           |             |             |
| <b>Adjusted EBITDA</b>                                 | <b>1,422</b> | <b>1,382</b> | <b>+3%</b>  | <b>+5%</b>  |
| Capital expenditure                                    | (231)        | (226)        |             |             |
| Repayment of lease liabilities and lease interest paid | (85)         | (80)         |             |             |
| Autonomous movements in working capital                | 39           | (27)         |             |             |
| <b>Adjusted operating cash flow</b>                    | <b>1,145</b> | <b>1,049</b> | <b>+9%</b>  | <b>+13%</b> |
| <i>Cash conversion ratio</i>                           | <i>102%</i>  | <i>96%</i>   |             |             |
| Paid financing costs (excl. lease interest)            | (54)         | (46)         |             |             |
| Paid corporate income tax                              | (221)        | (195)        |             |             |
| Net increase in restructuring provision <sup>1)</sup>  | 17           | (6)          |             |             |
| Tax adjustments <sup>2)</sup>                          | 1            | (2)          |             |             |
| Additional defined benefit pension contributions       | (2)          | (2)          |             |             |
| Other <sup>3)</sup>                                    | 21           | 9            |             |             |
| <b>Adjusted free cash flow</b>                         | <b>907</b>   | <b>807</b>   | <b>+12%</b> | <b>+16%</b> |

Δ: % Change; Δ CC: % Change in constant currencies (€/£ 1.12).

1) Adjusted free cash flow excludes additions to provisions for acquisition integration and restructuring of stranded cost following divestment.

2) Tax adjustments relate to the net tax effects on divested assets, consolidation of platform technology, and repatriation tax.

3) Other includes share-based payments (2020: €24 million; 2019: €25 million), curtailments and plan amendments (2020: -€2 million; 2019: -€16 million) dividends received (2020: €1 million; 2019: €0 million), and other items

# Movement in net debt

*Higher spend on acquisitions alongside increased cash returns to shareholders*

| (€ million, unless otherwise stated)                                           | FY 2020        | FY 2019        |
|--------------------------------------------------------------------------------|----------------|----------------|
| <b>Net debt at start of period</b>                                             | <b>(2,199)</b> | <b>(2,249)</b> |
| Adjusted free cash flow                                                        | 907            | 807            |
| Dividends paid                                                                 | (334)          | (280)          |
| Acquisition spending, net of cash acquired, including costs <sup>1)</sup>      | (406)          | (35)           |
| Divestiture cash proceeds, net of cash disposed, including costs <sup>2)</sup> | 48             | 39             |
| Share repurchases                                                              | (350)          | (350)          |
| Net increase in lease liabilities                                              | 20             | (113)          |
| Other <sup>3)</sup>                                                            | (69)           | (18)           |
| <b>Movement in net debt</b>                                                    | <b>(184)</b>   | <b>50</b>      |
| <b>Net debt on December 31</b>                                                 | <b>(2,383)</b> | <b>(2,199)</b> |
| <b>Net-debt-to-EBITDA ratio</b>                                                | <b>1.7x</b>    | <b>1.6x</b>    |

1) Includes acquisition spending, net of cash acquired (2020: €395 million) and acquisition related costs (2020: €11 million).

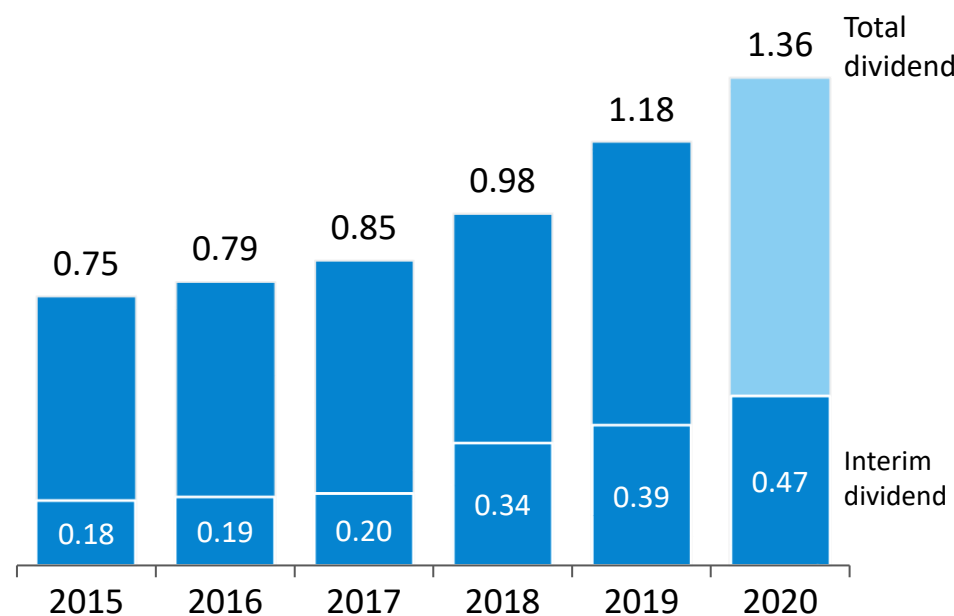
2) Includes receipts from divestments, net of cash disposed (2020: €50 million) less paid divestment expenses (2020: €2 million).

3) 'Other' includes FX differences in cash and cash equivalents (-€77 million) changes in the fair value of derivatives, and other smaller items.

# Dividends and share buybacks

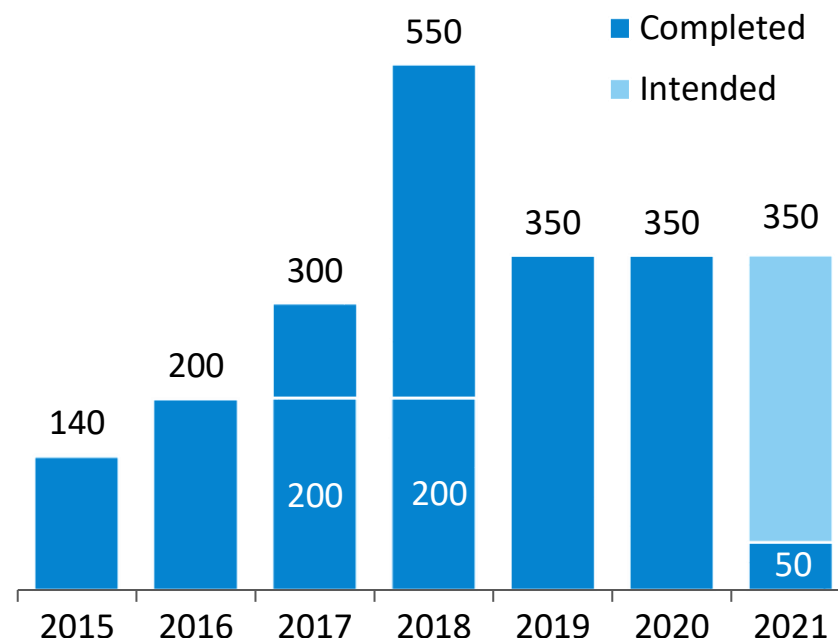
*Proposing total dividend €1.36 (+15%), planning up to €350 million buyback in 2021*

**Dividend per Share (€)**



Proposing total dividend per share of €1.36 for financial year 2020, an increase of +15%

**Share Buybacks (€ million)**



Announcing intention to repurchase up to €350 million in shares in 2021 (incl. anti-dilution)

Note: During 2016-2018, we implemented a 3-year share buyback of €200 million per year. Amounts in excess of €200 million related to disposal proceeds return to shareholders.

# Results summary

*Strong performance in challenging times*

**Positive organic growth, despite COVID-19**  
**+2%**

**Increased adjusted operating margin**  
**24.4%**

**Increased diluted adjusted EPS**  
**+7%**  
in constant currencies

**Adjusted FCF**  
**€907 million, +16%**  
in constant currencies  
**Cash conversion**  
**102%**

**Strong balance sheet**  
Net-debt-to-EBITDA 1.7x  
**ROIC improved to**  
**12.3%**

**Substantial returns to shareholders**

# Agenda

- Introduction
- Financial Review
- **Operating and Strategic Review**
- Outlook 2021
- Appendices

# Health

*Organic growth +3%; margin increase reflects cost savings, lower restructuring, and the ongoing mix shift towards Clinical Solutions*

| € million                 | 2020  | 2019  | Δ   | Δ CC | Δ OG |
|---------------------------|-------|-------|-----|------|------|
| Revenues                  | 1,193 | 1,186 | +1% | +3%  | +3%  |
| Adjusted operating profit | 343   | 320   | +7% | +9%  | +11% |
| Margin                    | 28.7% | 27.0% |     |      |      |

Δ: % Change; Δ CC: % Change in constant currencies (€/£ 1.12); Δ OG: % Organic growth.

## Clinical Solutions

- Revenues up +6% organically, led by UpToDate
- UpToDate Advanced now over 1,150 hospitals
- Drug databases saw good organic growth, supported by cross-selling

## Health Learning, Research & Practice

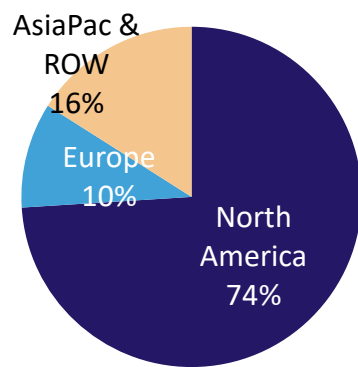
- Revenues broadly flat on an organic basis, despite accelerated print decline of -21%
- Digital solutions for nursing saw double-digit growth

### Revenues by:

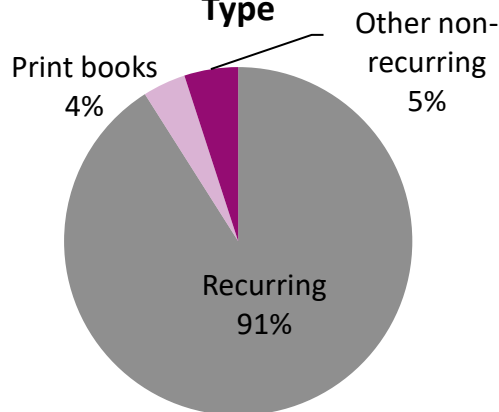
#### Segment



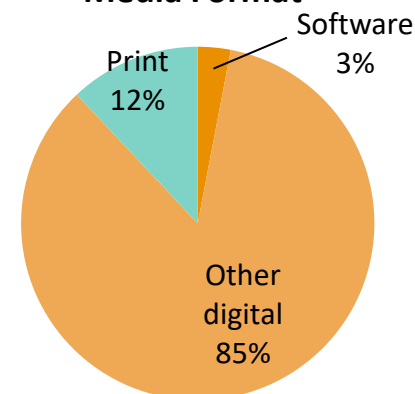
#### Geographic Market



#### Type



#### Media Format



# Tax & Accounting

*Organic growth +2% driven by cloud software; margin reflects cost savings, operational gearing and one-offs*

| € million                 | 2020  | 2019  | Δ    | Δ CC | Δ OG |
|---------------------------|-------|-------|------|------|------|
| Revenues                  | 1,431 | 1,413 | +1%  | +3%  | +2%  |
| Adjusted operating profit | 431   | 388   | +11% | +12% | +12% |
| Margin                    | 30.1% | 27.4% |      |      |      |

Δ: % Change; Δ CC: % Change in constant currencies (€/£ 1.12); Δ OG: % Organic growth.

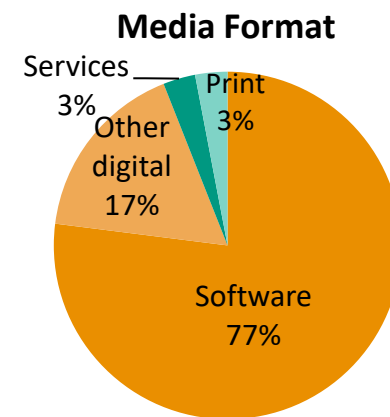
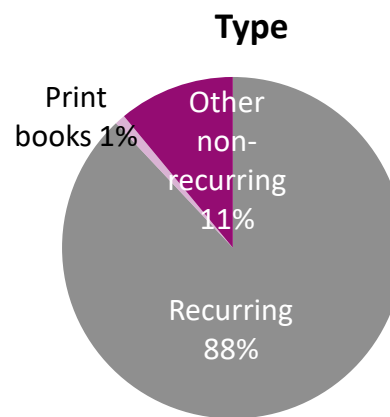
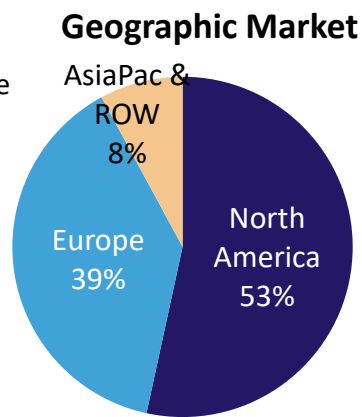
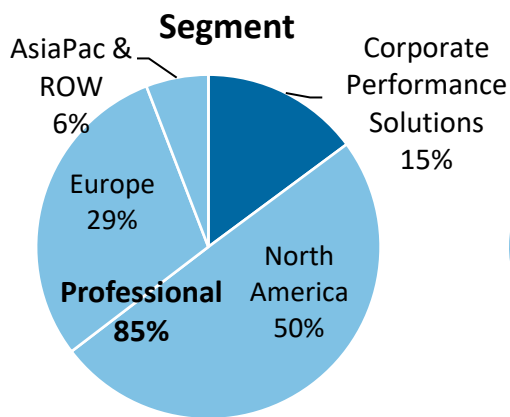
## Corporate Performance Solutions

- Revenues up +8% organically (2019: +17%)
- CCH Tagetik and TeamMate cloud software revenues continued to advance at a double-digit rate

## Professional Tax & Accounting

- Revenues up +1% organically, led by cloud software
- Professional segment challenged by subdued new sales, tough comparables, print and services decline

### Revenues by:



# Governance, Risk & Compliance

*Organic growth +2% including PPP; margin decline mainly reflects increased restructuring and investment*

| € million                 | 2020  | 2019  | Δ   | Δ CC | Δ OG |
|---------------------------|-------|-------|-----|------|------|
| Revenues                  | 1,074 | 1,068 | +1% | +2%  | +2%  |
| Adjusted operating profit | 313   | 341   | -8% | -7%  | -7%  |
| Margin                    | 29.1% | 31.9% |     |      |      |

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.12); Δ OG: % Organic growth.

## Legal Services

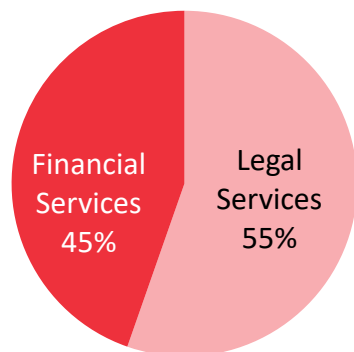
- Revenues down -2% organically, reflecting a 10% decline in CT transactional volumes
- ELM revenues stable on an organic basis

## Financial Services

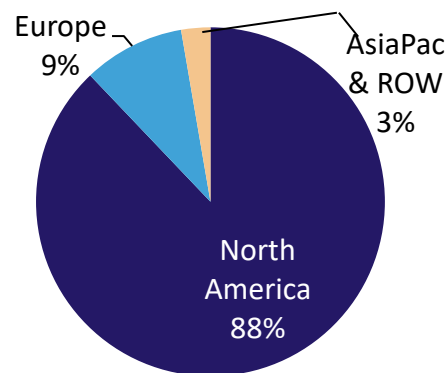
- Revenues up +7% organically (+1% excluding PPP), led by TSoftPlus in Compliance Solutions
- Finance, Risk & Reporting saw mid-single-digit organic growth, despite lower license sales; Lien down -2% due to transaction volume decline

## Revenues by:

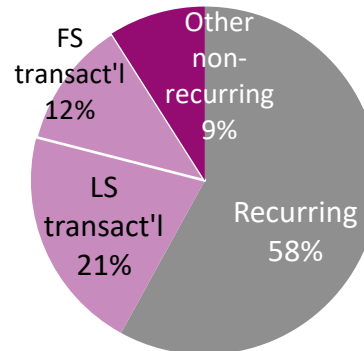
### Segment



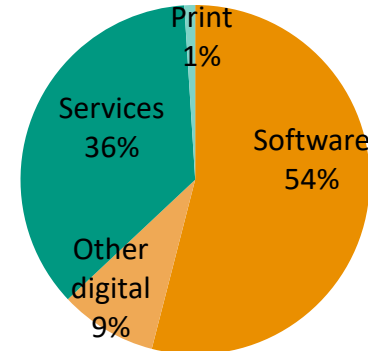
### Geographic Market



### Type



### Media Format



# Legal & Regulatory

*Organic revenue decline; margin decline as increased investment and restructuring more than offset effect of cost savings*

| € million                 | 2020  | 2019  | Δ   | Δ CC | Δ OG |
|---------------------------|-------|-------|-----|------|------|
| Revenues                  | 905   | 945   | -4% | -3%  | -2%  |
| Adjusted operating profit | 97    | 104   | -7% | -5%  | -6%  |
| Margin                    | 10.7% | 11.0% |     |      |      |

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.12); Δ OG: % Organic growth.

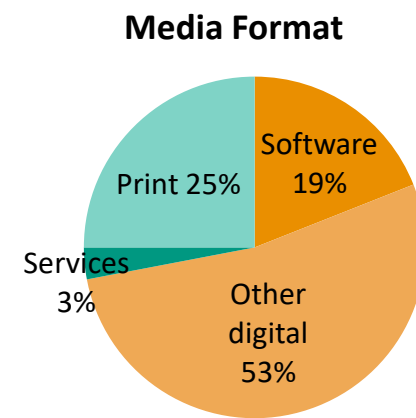
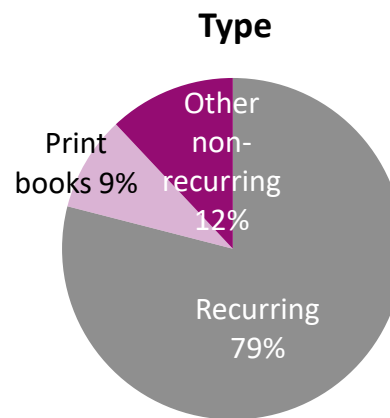
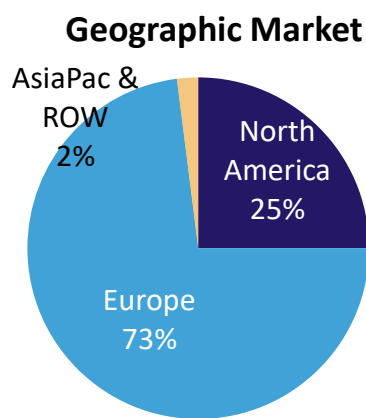
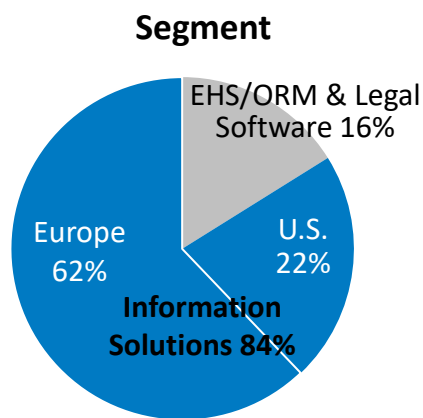
## EHS/ORM<sup>1</sup> & Legal Software

- Organic growth +5%, driven by double-digit growth in cloud-based software
- Enablon, eVision and CGE integrated

## Legal & Regulatory Information Solutions

- Revenues down -5% in constant currencies, reflecting 2019 and 2020 disposals
- Organic decline -3%, as print decline more than offsets digital revenue growth of +6%

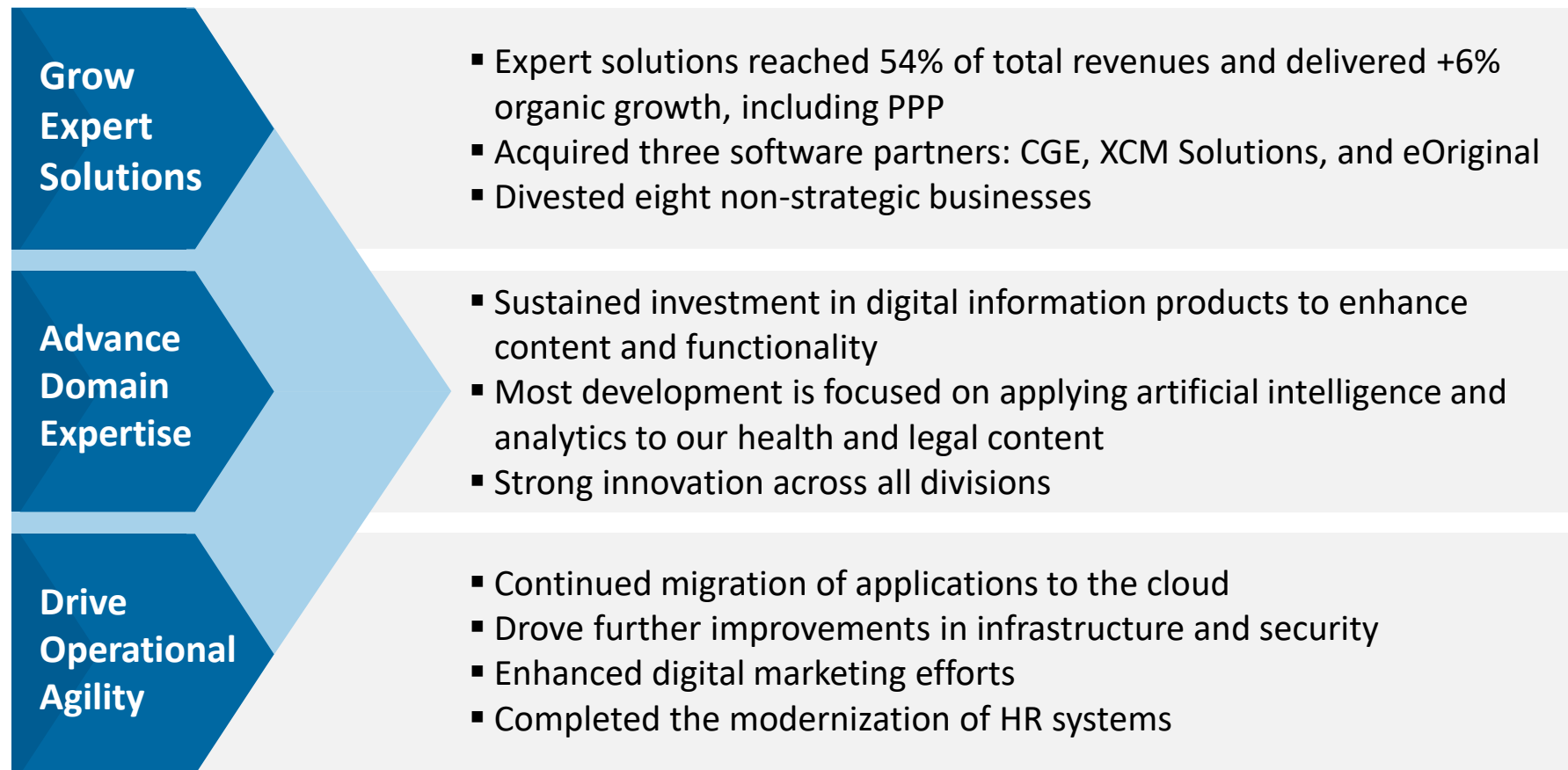
### Revenues by:



1) Environmental, Health and Safety (EHS) and Operational Risk Management (ORM)

# Strategic progress

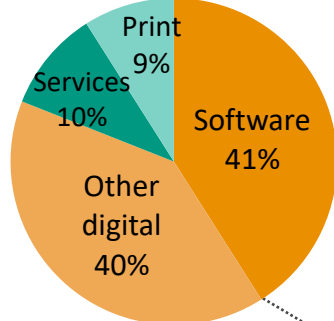
*In 2020, we made progress on growing expert solutions and driving agility*



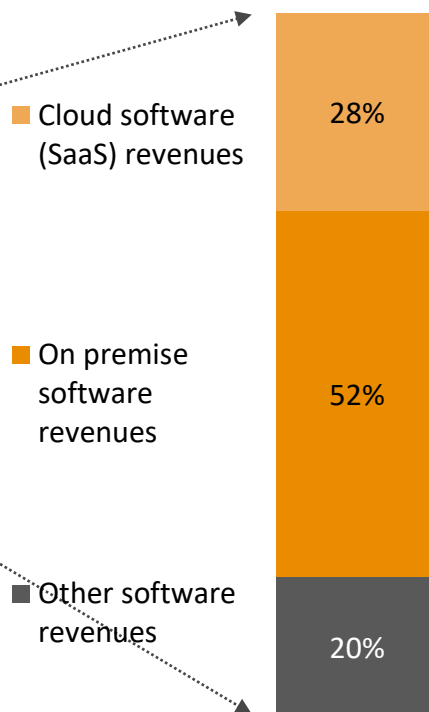
# Cloud-based expert solutions

*Cloud software solutions drove double-digit organic growth*

**FY 2020 Revenues by Media Format**



**FY 2020 Software Revenues €1.9 billion**



Organic growth  
FY 2020:  
Software: +6%  
Cloud software: +19%

**Top Software Suites**

**Cloud software**

- CCH Axcess
- CCH Tagetik
- TeamMate+
- Passport
- Tymetrix
- Enablon
- Kleos
- Legisway

**On premise software**

- CCH ProSystem fx
- CCH Tagetik
- TeamMate
- Passport
- OneSumX
- Expere
- Enablon

2020

Note: other software revenues includes ancillary revenues sold with software, such as implementation services, returns filing fees, invoice volume fees, mortgage filing fees.

# CCH Tagetik

*Corporate performance management platform to streamline finance workflows from consolidation and close to budgeting, planning, reporting and analytics*

## Tax & Accounting

### CCH Tagetik for *The Office of the CFO*



## CCH Tagetik 2020 Performance

- Strong organic growth driven by double-digit growth in cloud-based version
- Rapidly expanding network of implementation partners
- Broadening across sectors: banking, insurance, automotive, telecoms, and manufacturing

## CCH Tagetik 2020 Innovation

- *Smart NOW* planning module for rapid scenario analysis during COVID-19
- *Account Reconciliation* to automate back-office and accelerate the close
- *Smart Insight* for real-time reporting and analytics
- *Predictive Intelligence* to speed up and improve decision-making with artificial intelligence and machine learning

# 2020 acquisitions

*Acquisitions of two cloud software partners extend our leading positions into adjacent market segments*

## **Tax & Accounting XCM Solutions**

- Resource scheduling and planning software for professional tax and accounting firms
- Price: €137 million in cash
- 2019 revenues: €19 million (un-audited)
- Approx. 65% of revenues recurring, cloud-based
- Based in Quincy, Massachusetts, with approx. 440 employees, located in U.S. and India
- Already integrates with CCH Axcess, Wolters Kluwer's cloud-based tax compliance software suite
- Completed September 16, 2020

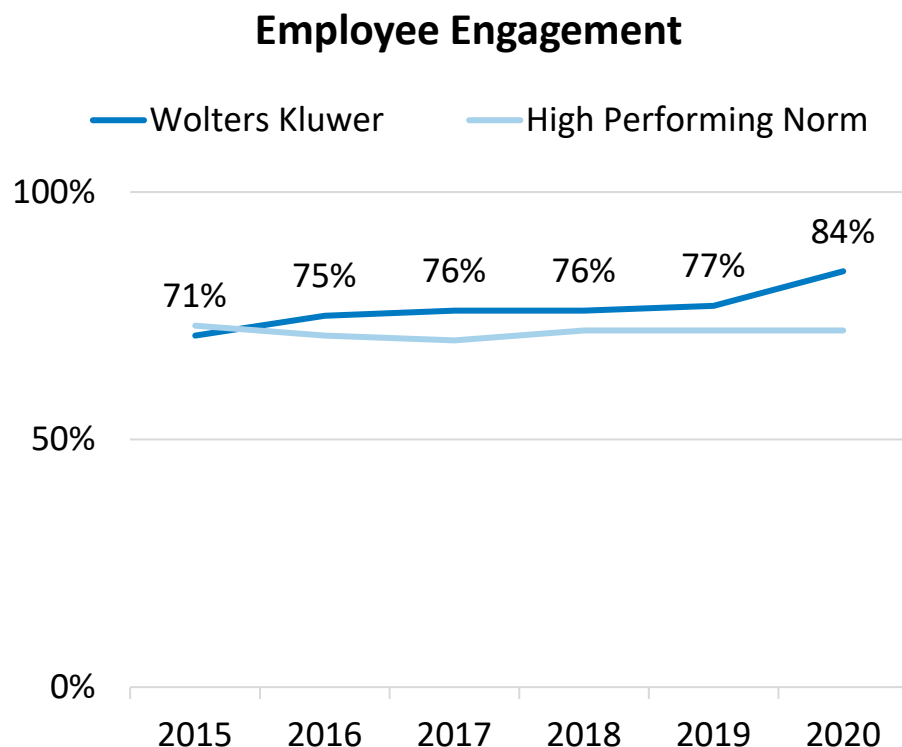
## **Governance, Risk & Compliance eOriginal**

- Digital lending software enabling banks to perform electronic closing and vaulting
- Price: €244 million in cash
- 2020 revenues: €31 million (un-audited)
- Approx. 95% of revenues recurring, cloud-based
- Based in Baltimore, Maryland, with approx. 100 employees, located in U.S.
- Already integrates with Expere, Wolters Kluwer Compliance Solutions' loan origination solution
- Completed December 16, 2020

- Return on invested capital to exceed Wolters Kluwer weighted average cost of capital (8%) within 3 to 5 years
- Near term impact on earnings immaterial

# Employee engagement

*Leadership focus on health, safety and connectivity drove record employee engagement in times of COVID-19*



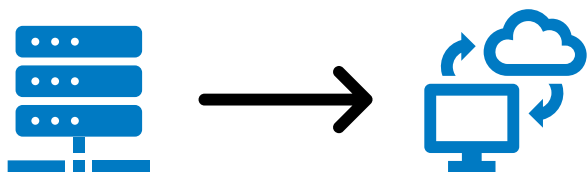
- In 2020, employee engagement score increased to 84%
- Score was more than 10%-points above the benchmark for high-performing companies
- Success attributed to leadership focus on health & safety, communication and connectivity
- New HR system in place, providing a global view on workforce and real-time insights in talent management and acquisition
- Continued focus on developing employee skills and careers

*Source: Engagement score is based on 'pulse' surveys in 2015, 2017 and 2019 and on all-employee surveys in 2016, 2018 and 2020.*

# Reducing carbon emissions

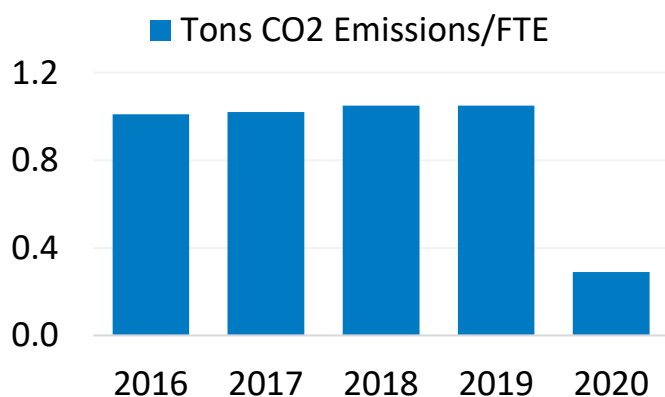
*Migration to cloud platforms and increased virtual collaboration are helping to reduce our carbon emissions*

## Migration to Cloud



- **Data center consolidation program**
  - Migrating applications to energy-efficient cloud platforms
  - In 2020, 11 data centers were consolidated
- **Virtual collaboration and events**
  - 2020 travel freeze reduced our travel-related emissions per FTE by 72%
  - Increased use of virtual collaboration tools and shift to virtual events will enable us to minimize travel even after pandemic
- **Real estate rationalization program**
  - In 2020, our office footprint was reduced by 7% organically

## Travel-Related Emissions



# Agenda

- Introduction
- Financial Review
- Operating and Strategic Review
- **Outlook 2021**
- Appendices

# Guidance 2021

| Performance indicators           | 2021 Guidance           | 2020         |
|----------------------------------|-------------------------|--------------|
| Adjusted operating profit margin | 24.5%-25.0%             | 24.4%        |
| Adjusted free cash flow          | €875-€925 million       | €907 million |
| Return on invested capital       | Around 12%              | 12.3%        |
| Diluted adjusted EPS             | Mid-single-digit growth | €3.13        |

Note: Guidance for adjusted operating profit margin and ROIC are in reported currencies and assume a 2021 average U.S. dollar rate of approximately €/ \$ 1.21. Guidance for adjusted free cash flow and earnings per share are in constant currencies (€/ \$ 1.14). Guidance for adjusted EPS includes the estimated the estimated effect of the announced share repurchases for up to €350 million in 2021.

## *Additional guidance:*

Expect adjusted net financing costs of approximately €65 million in constant currencies, including approximately €10 million in IFRS 16 lease interest charges.

Expect restructuring costs in the range of €10-€15 million.

Expect the benchmark effective tax rate to be in the range of 23.0%-24.0%.

Expect cash conversion to be in the range of 95%-100%.

Expect capital expenditure to stay within our normal 5%-6% range of total revenue.

Cash payments relating to lease contracts to be in line with depreciation or right-of-use assets.

# Divisional outlook 2021

## Health

- Organic growth to improve over 2020 levels
  - Adjusted operating profit margin margin to be stable year-on-year as temporary cost savings fade
- 

## Tax & Accounting

- Organic growth to improve moderately from 2020 levels
  - Adjusted operating profit margin expected to decline due to the absence of one-time benefits and the fading of temporary cost savings.
- 

## Governance, Risk & Compliance

- Organic growth to be slightly below 2020 levels, as 2021 PPP revenues likely lower than in 2020
  - Adjusted operating profit margin expected to improve on the back of lower restructuring and provisions
- 

## Legal & Regulatory

- Returning to positive organic growth driven by digital information and software revenues
- Adjusted operating profit margin to improve as a result of lower restructuring

# Appendix: 2020 Supplement

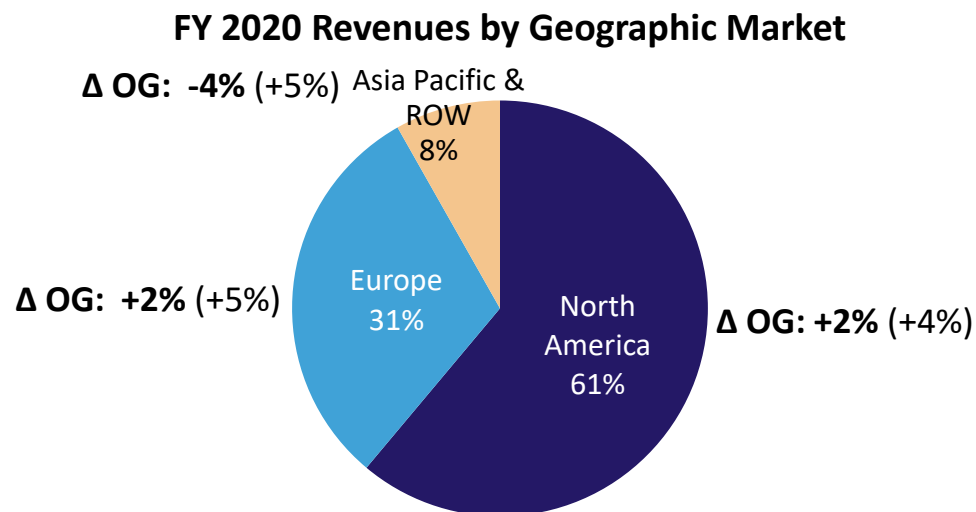


Wolters Kluwer

# Revenues by region

| (€ million)           | FY 2020      | FY 2019      | Δ         | Δ CC       | Δ OG       |
|-----------------------|--------------|--------------|-----------|------------|------------|
| North America         | 2,818        | 2,814        | 0%        | +2%        | +2%        |
| Europe                | 1,431        | 1,420        | +1%       | +1%        | +2%        |
| Asia Pacific & ROW    | 354          | 378          | -7%       | -4%        | -4%        |
| <b>Total revenues</b> | <b>4,603</b> | <b>4,612</b> | <b>0%</b> | <b>+1%</b> | <b>+2%</b> |

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.12); Δ OG: % Organic growth.



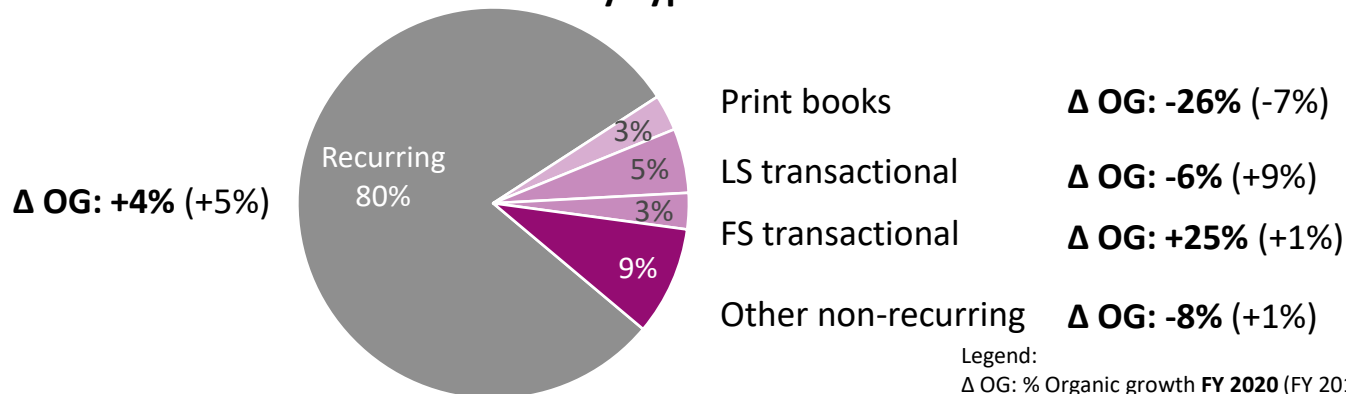
Legend:  
Δ OG: % Organic growth FY 2020 (FY 2019)

# Revenues by type

| (€ million)                        | FY 2020      | FY 2019      | Δ           | Δ CC       | Δ OG       |
|------------------------------------|--------------|--------------|-------------|------------|------------|
| Digital and services subscriptions | 3,218        | 3,087        | +4%         | +6%        | +6%        |
| Print subscriptions                | 182          | 202          | -10%        | -10%       | -9%        |
| Other recurring                    | 280          | 292          | -4%         | -2%        | -1%        |
| <b>Recurring revenues</b>          | <b>3,680</b> | <b>3,581</b> | <b>+3%</b>  | <b>+4%</b> | <b>+4%</b> |
| Print books                        | 150          | 212          | -29%        | -27%       | -26%       |
| LS transactional                   | 228          | 246          | -7%         | -6%        | -6%        |
| FS transactional                   | 129          | 105          | +23%        | +24%       | +25%       |
| Other non-recurring                | 416          | 468          | -11%        | -10%       | -8%        |
| <b>Non-recurring revenues</b>      | <b>923</b>   | <b>1,031</b> | <b>-10%</b> | <b>-9%</b> | <b>-8%</b> |
| <b>Total revenues</b>              | <b>4,603</b> | <b>4,612</b> | <b>0%</b>   | <b>+1%</b> | <b>+2%</b> |

Δ: % Change; Δ CC: % Change in constant currencies (€/ \$ 1.12); Δ OG: % Organic growth.

**FY 2020 Revenues by Type**



LS: Legal Services  
FS: Financial Services

# Reconciliation: adjusted net financing costs to financing results

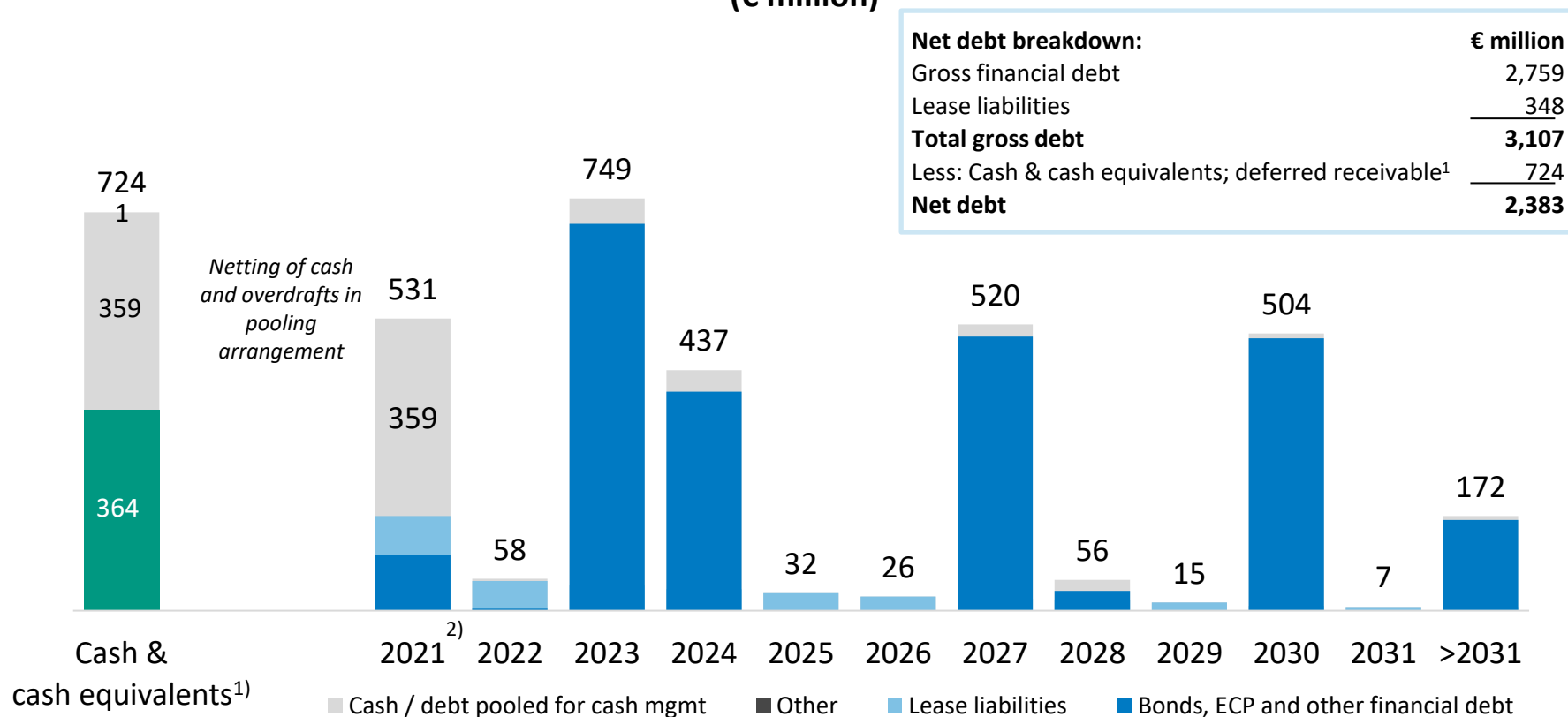
| (€ million)                                              | FY 2020     | FY 2019     |
|----------------------------------------------------------|-------------|-------------|
| <b>Adjusted net financing costs</b>                      | <b>(46)</b> | <b>(58)</b> |
| Employee benefits financing component                    | (2)         | (4)         |
| Change in fair value of financial assets                 | -           | -           |
| Result on divestment of financial assets                 | -           | 2           |
| Divestment related results on equity-accounted investees | 7           | 7           |
| <b>Financing results</b>                                 | <b>(41)</b> | <b>(53)</b> |

# Balance sheet

| (€ million)                                         | Dec. 31, 2020 | Dec. 31, 2019 |
|-----------------------------------------------------|---------------|---------------|
| Goodwill and intangible assets                      | 5,638         | 5,694         |
| Property, plant and equipment                       | 84            | 95            |
| Right-of-use assets                                 | 319           | 341           |
| Deferred tax and other non-current assets           | 159           | 169           |
| <b>Total non-current assets</b>                     | <b>6,200</b>  | <b>6,299</b>  |
| Cash and cash equivalents                           | 723           | 899           |
| Trade and other receivables; other current assets   | 1,460         | 1,577         |
| <b>Total current assets</b>                         | <b>2,183</b>  | <b>2,476</b>  |
| <b>Total assets</b>                                 | <b>8,383</b>  | <b>8,775</b>  |
| <b>Total equity</b>                                 | <b>2,087</b>  | <b>2,380</b>  |
| Bonds and other long-term debt                      | 2,300         | 1,818         |
| Long-term lease liabilities                         | 276           | 293           |
| Deferred tax and other non-current liabilities      | 569           | 604           |
| <b>Total non-current liabilities</b>                | <b>3,145</b>  | <b>2,715</b>  |
| Deferred income                                     | 1,518         | 1,550         |
| Borrowings and bank overdrafts                      | 459           | 670           |
| Short term private placements                       | 0             | 250           |
| Short term lease liabilities                        | 72            | 75            |
| Trade and other payables; other current liabilities | 1,102         | 1,135         |
| <b>Total current liabilities</b>                    | <b>3,151</b>  | <b>3,680</b>  |
| <b>Total equity and liabilities</b>                 | <b>8,383</b>  | <b>8,775</b>  |

# Debt maturity profile

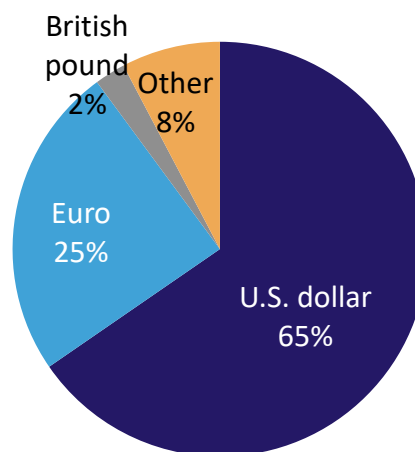
## Debt Maturity Profile – December 31, 2020 (€ million)



- 1) Total of €724 million includes cash & cash equivalents of €723 million and a deferred divestment receivable of €1 million. Cash includes €359 million used for cash management purposes.  
 2) Total of €531 million includes short term overdrafts of €359 million (mainly used for cash management purposes), Euro Commercial Paper of €100 million, and short-term lease liabilities of €72 million.

# Currency impact

**FY 2020 Revenues by Currency**

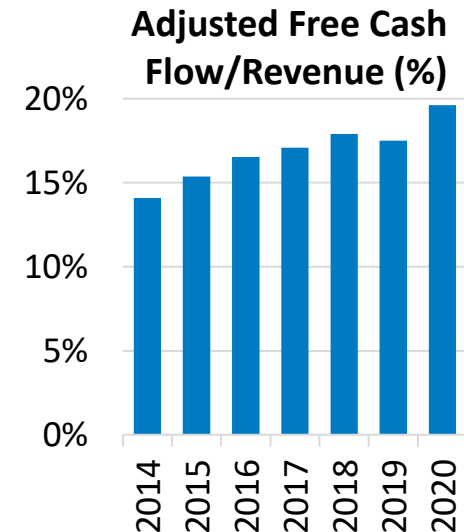
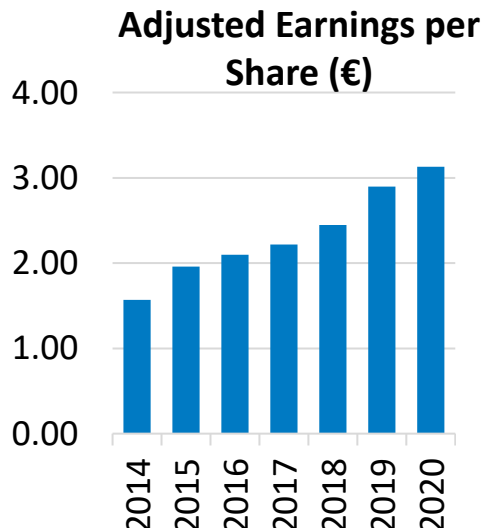
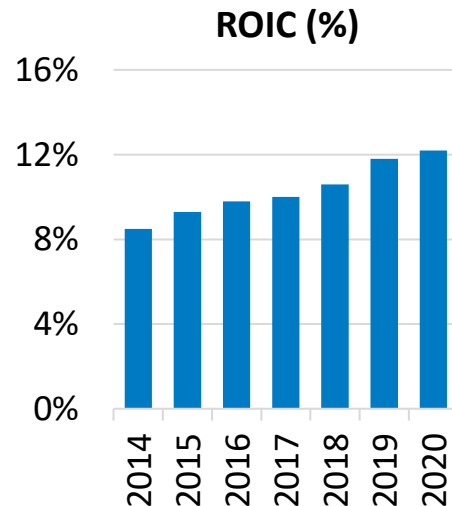
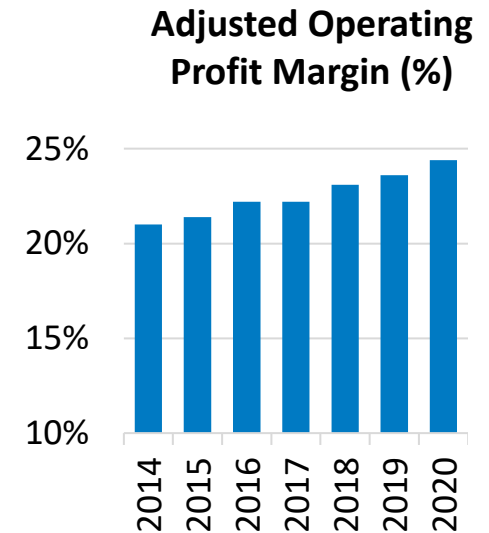
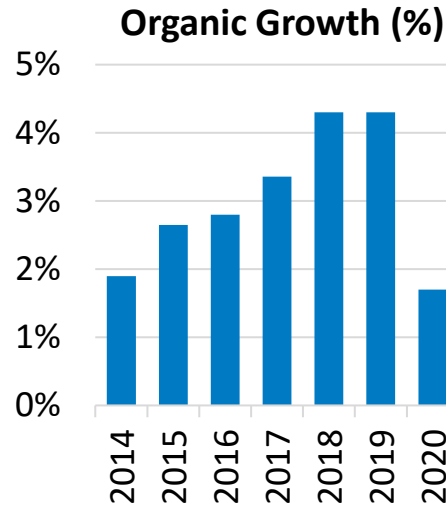
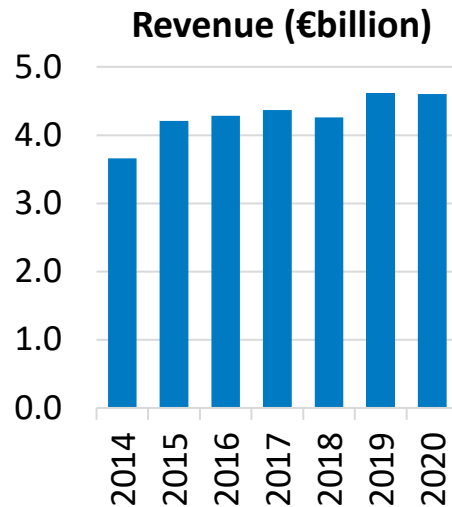


| 1 Euro                                | Average rates |         | Impact in € million on |                                         |
|---------------------------------------|---------------|---------|------------------------|-----------------------------------------|
|                                       | FY 2020       | FY 2019 | Revenues<br>FY 2020    | Adjusted<br>operating profit<br>FY 2020 |
| U.S. dollar                           | 1.14          | 1.12    | (54)                   | (16)                                    |
| British pound                         | 0.89          | 0.88    | (2)                    | 0                                       |
| Canadian dollar                       | 1.53          | 1.49    | (2)                    | (1)                                     |
| Australian dollar                     | 1.65          | 1.61    | (1)                    | 0                                       |
| Polish zloty, Chinese yuan, and other |               |         | (9)                    | (2)                                     |
| <b>Total currency impact</b>          |               |         | <b>(68)</b>            | <b>(19)</b>                             |

# Growth rates

|                                        |              |              | $\Delta$   |                   | $\Delta$ CC                     |                                       | $\Delta$ OG      |
|----------------------------------------|--------------|--------------|------------|-------------------|---------------------------------|---------------------------------------|------------------|
|                                        | 2020         | 2019         | % Change   | % Currency Impact | % Change in Constant Currencies | % Net Effect Acquisitions & Disposals | % Organic Growth |
| <b>Revenues</b>                        |              |              |            |                   |                                 |                                       |                  |
| Health                                 | 1,193        | 1,186        | +1%        | -2%               | +3%                             | 0%                                    | +3%              |
| Tax & Accounting                       | 1,431        | 1,413        | +1%        | -2%               | +3%                             | +1%                                   | +2%              |
| Governance, Risk & Compliance          | 1,074        | 1,068        | +1%        | -1%               | +2%                             | 0%                                    | +2%              |
| Legal & Regulatory                     | 905          | 945          | -4%        | -1%               | -3%                             | -1%                                   | -2%              |
| <b>Total revenues</b>                  | <b>4,603</b> | <b>4,612</b> | <b>0%</b>  | <b>-1%</b>        | <b>+1%</b>                      | <b>-1%</b>                            | <b>+2%</b>       |
| <b>Adjusted operating profit</b>       |              |              |            |                   |                                 |                                       |                  |
| Health                                 | 343          | 320          | +7%        | -2%               | +9%                             | -2%                                   | +11%             |
| Tax & Accounting                       | 431          | 388          | +11%       | -1%               | +12%                            | 0%                                    | +12%             |
| Governance, Risk & Compliance          | 313          | 341          | -8%        | -1%               | -7%                             | 0%                                    | -7%              |
| Legal & Regulatory                     | 97           | 104          | -7%        | -2%               | -5%                             | +1%                                   | -6%              |
| Corporate                              | (60)         | (64)         | -7%        | -1%               | -6%                             | 0%                                    | -6%              |
| <b>Total adjusted operating profit</b> | <b>1,124</b> | <b>1,089</b> | <b>+3%</b> | <b>0%</b>         | <b>+5%</b>                      | <b>0%</b>                             | <b>+5%</b>       |

# Financial KPIs



# Appendix: ESG Metrics



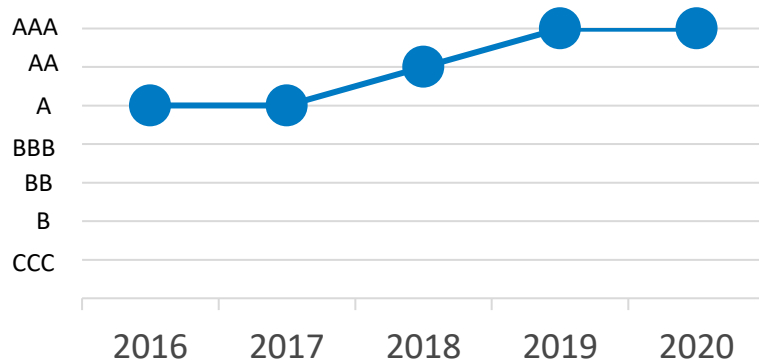
Wolters Kluwer

# ESG Metrics

- ESG Ratings
- Social: employee culture
- Social: gender diversity
- Governance: stewardship
- Governance: board skills
- Governance: management remuneration
- Governance: remuneration peers

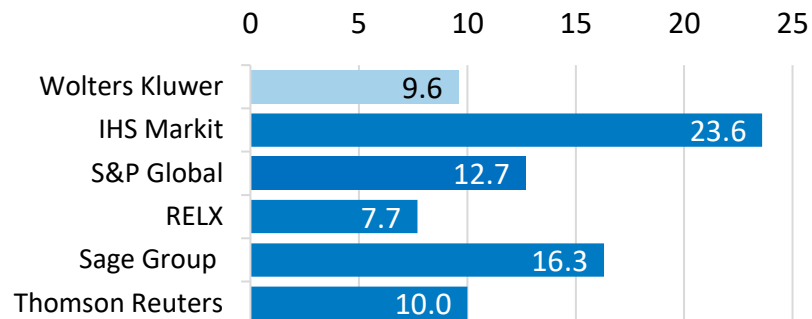
# ESG Ratings

## MSCI ESG Rating



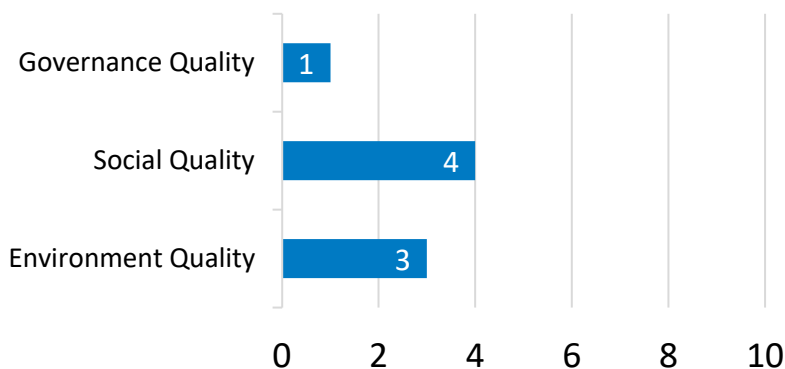
MSCI: AAA is the highest quality score

## Sustainalytics ESG Risk Rating



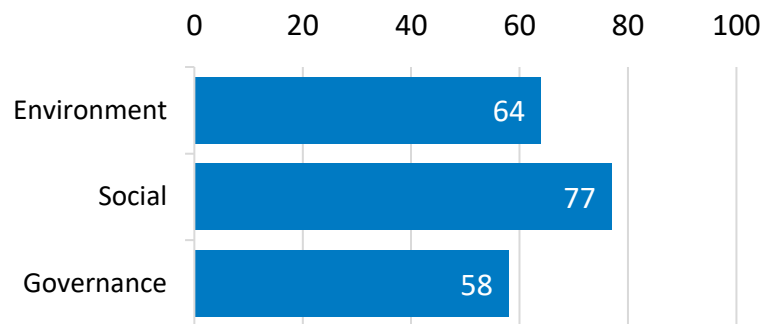
Sustainalytics: A score of 0 denotes the least risk

## ISS Quality Scores



ISS: A lower score denotes higher quality and lower risk

## Refinitive ESG Score

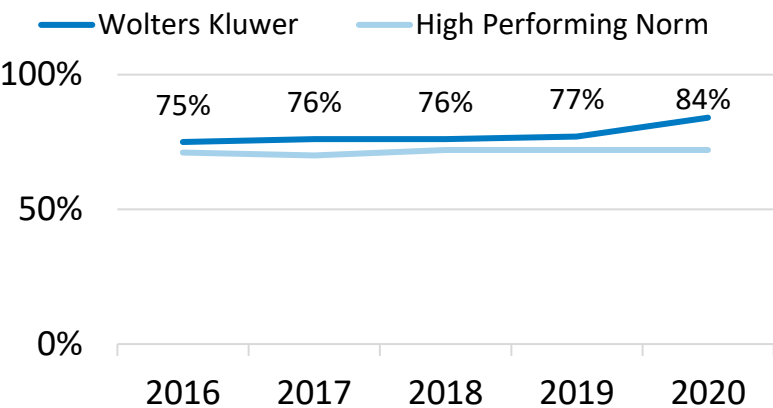


Refinitive score: lower score denotes lower risk. 0-25 1<sup>st</sup> quartile; >25-50 2<sup>nd</sup> quartile; >50 -75 3<sup>rd</sup> quartile; >75-100 4<sup>th</sup> quartile

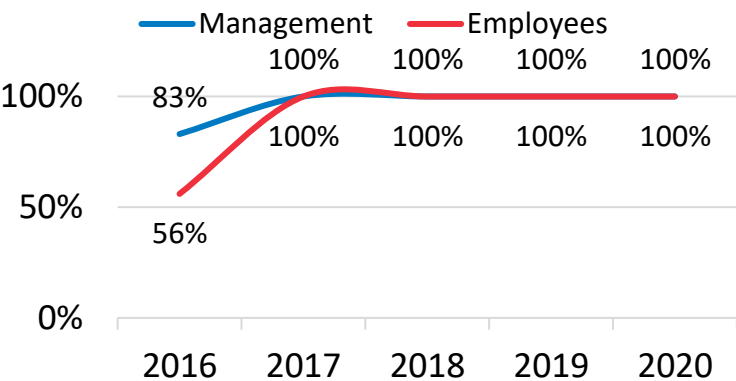
Sources: MSCI, ISS, Sustainalytics and Bloomberg. As of June 2020, Wolters Kluwer received a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment. As of June 2020, Wolters Kluwer received an ESG Risk Ratings of 9.4 from Sustainalytics and was assessed to be at negligible risk of experiencing material financial impacts from ESG factors.

# Social: employee culture

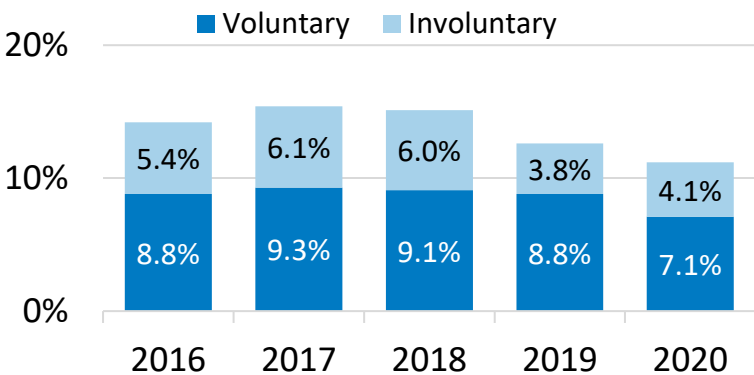
Employee Engagement Score



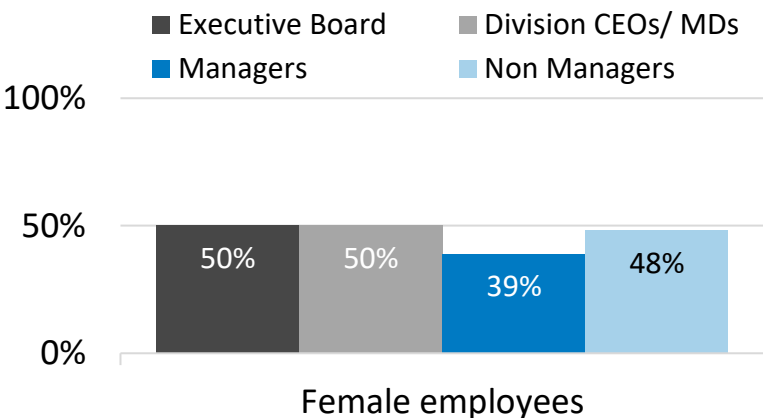
Access to Learning



Employee Turnover



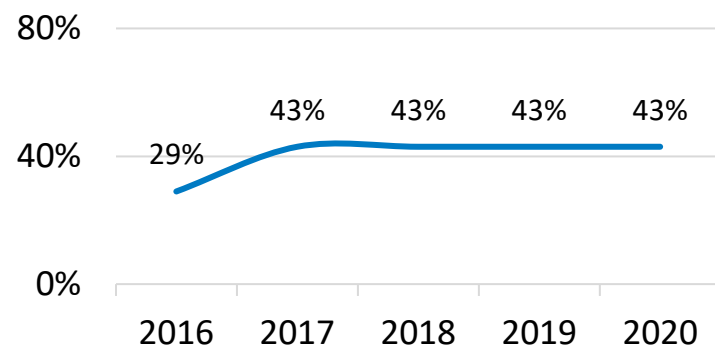
Female Inclusion (2020)



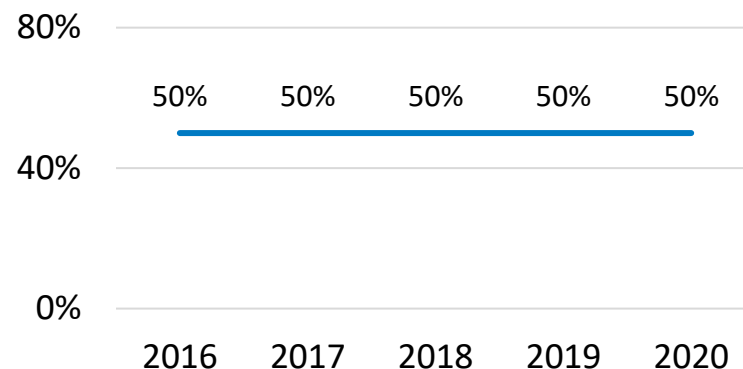
Note: ESG data is not assured. \*EMEA = Europe, Middle East & Africa.

# Social: gender diversity

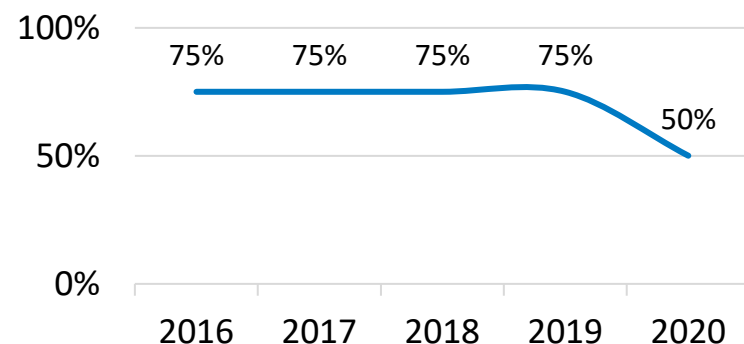
**Supervisory Board Members: % Female**



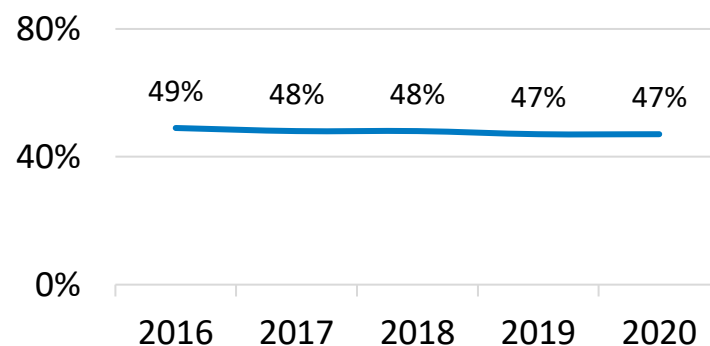
**Executive Board Members: % Female**



**Operating Division CEOs/MDs: % Female**



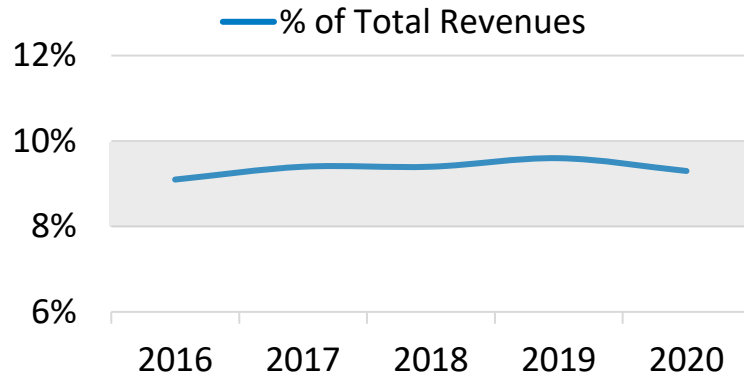
**Total Workforce: % Female**



Note: ESG data is not assured. Operating division refers to the four reporting segments as reported in the annual report.

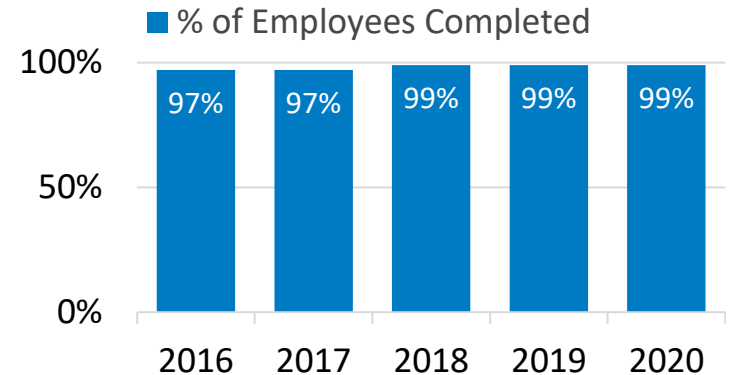
# Governance: stewardship

## Innovation & Product Development Spend

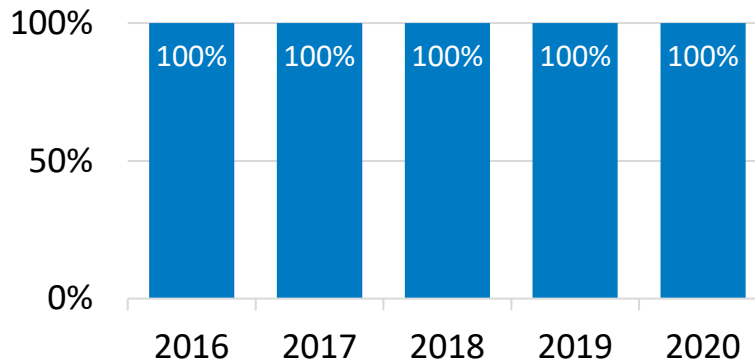


## Annual Compliance Training

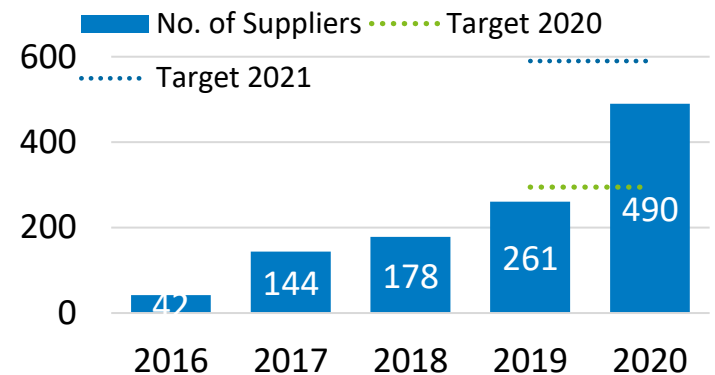
(includes ethics, data privacy, IT and cybersecurity)



## % Independent Board Members



## Suppliers Committed to Code of Conduct



Note: Data not assured.

# Governance: board skills

## Supervisory Board Skills

| Member                           | Independent    | Outside Boards | Tenure        | Age        | Gender        | Experience & Competencies |                            |       |                                        |                        |                                   |             | Committees |
|----------------------------------|----------------|----------------|---------------|------------|---------------|---------------------------|----------------------------|-------|----------------------------------------|------------------------|-----------------------------------|-------------|------------|
|                                  |                |                |               |            |               | General Management        | Audit, Accounting, Finance | Legal | Information Technology & Cybersecurity | Marketing & Commercial | Social Policy, Organization, Mgmt | Development |            |
| Frans Cremers<br><i>Chair</i>    | ✓              | -              | 3             | 68         | M             | ✓                         | ✓                          | ✓     |                                        | ✓                      | ✓                                 |             | SC Chair   |
| Ann Ziegler<br><i>Vice Chair</i> | ✓              | 3              | 3             | 61         | F             | ✓                         | ✓                          | ✓     | ✓                                      |                        | ✓                                 |             | RC and SC  |
| Bertrand Bodson                  | ✓              | 1              | 1             | 44         | M             | ✓                         |                            |       | ✓                                      | ✓                      | ✓                                 |             | -          |
| Jeanette Horan                   | ✓              | 1              | 4             | 64         | F             | ✓                         |                            |       | ✓                                      | ✓                      | ✓                                 |             | RC Chair   |
| Chris Vogelzang                  | ✓              | EO*            | 1             | 57         | M             | ✓                         | ✓                          |       |                                        | ✓                      | ✓                                 |             | AC         |
| Jack de Kreij                    | ✓              | 3              | <1            | 61         | M             | ✓                         | ✓                          | ✓     | ✓                                      | ✓                      | ✓                                 |             | AC Chair   |
| Sophie Vandebroek                | ✓              | 1              | <1            | 58         | F             | ✓                         | ✓                          |       | ✓                                      |                        | ✓                                 |             | AC         |
|                                  | 100%<br>Indep. |                | Avg.<br>3 Yrs | Avg.<br>59 | 43%<br>Female |                           |                            |       |                                        |                        |                                   |             |            |

\*EO= Executive Officer. The independence of Supervisory Board members is based on the criteria set out in the Netherlands Corporate Governance Code and Clause 1.5 of the Supervisory Board By-Laws. The number of board memberships is in compliance with maximum number of board seats allowed under Dutch law. It is the aim of the company to have a representation of at least 30% male and at least 30% female on the Supervisory Board.

# Governance: management remuneration

*We are proposing an updated remuneration policy to our 2021 AGM. After adoption, the following changes will be made to management remuneration*

|                                           |                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Remuneration Peer Group and Quantum       | <ul style="list-style-type: none"><li>▪ Weighting of European companies in the remuneration peer group to increase from 50% to approx. 60%</li></ul>                                                                                                                                                                                  |
| STIP performance measures - financial     | <ul style="list-style-type: none"><li>▪ A pre-defined list of financial measures will replace current flexible range</li><li>▪ Financial measures will have a minimum weighting of 80%, with 90% weighting in 2021</li></ul>                                                                                                          |
| STIP performance measures - non-financial | <ul style="list-style-type: none"><li>▪ Non-financial (ESG, strategic, operational) measures will increase weighting from 5% to a maximum of 20% in 2021, and starting with 10% in 2021</li><li>▪ Six strategically important ESG measures to be used in 2021</li></ul>                                                               |
| LTIP performance measures                 | <ul style="list-style-type: none"><li>▪ <b>TSR</b> remains at a 50% weighting</li><li>▪ <b>Diluted adjusted EPS</b> to replace diluted EPS and is weighted at 30%</li><li>▪ <b>Return on invested capital (ROIC)</b> is introduced with a weighting of 20%</li></ul>                                                                  |
| CEO remuneration                          | <ul style="list-style-type: none"><li>▪ CEO LTIP target remuneration is reduced by approximately 10% over two years by reducing from 285% to 260% in 2021 and 240% in 2022</li><li>▪ No base salary increase for CEO in 2021*</li></ul>                                                                                               |
| Share ownership and holding period        | <ul style="list-style-type: none"><li>▪ Introduce minimum share ownership requirements (3x base salary for CEO, 2x for CFO)</li><li>▪ Introduce a 2-year post-vesting holding period</li></ul>                                                                                                                                        |
| Disclosure                                | <ul style="list-style-type: none"><li>▪ <b>Retrospective STIP targets</b> will be disclosed in 2020 Annual Report</li><li>▪ Committed to <b>prospective LTIP target disclosure</b> in 2021 Annual Report if policy is adopted</li><li>▪ Remuneration Report to improve transparency around targets, thresholds and maximums</li></ul> |

\*Not part of remuneration policy

# Governance: remuneration peers

*In 2021, five industry peers will be added to the pay peer group, shifting the weight of European companies to 60%*

| European peers added in 2021            |                             |                               |                                           |
|-----------------------------------------|-----------------------------|-------------------------------|-------------------------------------------|
| Category                                | 2021 Pay Peer Group         | 2021-2023 LTIP TSR Peer Group | GICS Sub-Industry                         |
| <b>Wolters Kluwer Competitors</b>       | -                           | John Wiley & Sons             | <i>Publishing</i>                         |
|                                         | IHS Markit Ltd.             | IHS Markit Ltd.               | <i>Research &amp; Consulting Services</i> |
|                                         | Informa Plc                 | Informa Plc                   | <i>Advertising</i>                        |
|                                         | Intuit Inc.                 | -                             | <i>Application Software</i>               |
|                                         | Pearson Plc                 | Pearson Plc                   | <i>Publishing</i>                         |
|                                         | RELX Plc                    | RELX Plc                      | <i>Research &amp; Consulting Services</i> |
|                                         | Temenos AG                  | -                             | <i>Application Software</i>               |
|                                         | The Sage Group Plc          | The Sage Group Plc            | <i>Application Software</i>               |
| <b>Wolters Kluwer GICS Sub-Industry</b> | Thomson Reuters Corporation | Thomson Reuters Corporation   | <i>Research &amp; Consulting Services</i> |
|                                         | Bureau Veritas SA           | Bureau Veritas SA             | <i>Research &amp; Consulting Services</i> |
|                                         | Equifax Inc.                | Equifax Inc.                  | <i>Research &amp; Consulting Services</i> |
|                                         | Experian Plc                | Experian Plc                  | <i>Research &amp; Consulting Services</i> |
|                                         | Intertek Group Plc          | Intertek Group Plc            | <i>Research &amp; Consulting Services</i> |
|                                         | Nielsen Holdings Plc        | -                             | <i>Research &amp; Consulting Services</i> |
|                                         | SGS SA                      | SGS SA                        | <i>Research &amp; Consulting Services</i> |
|                                         | Teleperformance SA          | -                             | <i>Research &amp; Consulting Services</i> |
| <b>Other GICS Sub-Industries</b>        | Verisk Analytics Inc        | Verisk Analytics Inc          | <i>Research &amp; Consulting Services</i> |
|                                         | Atos SE                     | -                             | <i>IT Consulting &amp; Other Services</i> |
|                                         | Capgemini SE                | -                             | <i>IT Consulting &amp; Other Services</i> |
|                                         | Dassault Systemes SA        | -                             | <i>Application Software</i>               |
|                                         | MSCI Inc.                   | -                             | <i>Financial Exchanges &amp; Data</i>     |
|                                         | News Corporation            | News Corporation Class A      | <i>Publishing</i>                         |
|                                         | NortonLifeLock Inc.         | -                             | <i>Systems Software</i>                   |
|                                         | S&P Global, Inc.            | S&P Global, Inc.              | <i>Financial Exchanges &amp; Data</i>     |

Notes: The Supervisory Board selects pay peers from companies of comparable size, complexity, financial health, industry, business profile, and international scope. In case of delisting or merger of a peer, the Supervisory Board will select a replacement that meets strict pre-determined criteria. TSR peers are also screened for correlation and volatility and historical TSR performance.