

Wolters Kluwer 2015 Third-Quarter Trading Update

November 4, 2015 - Wolters Kluwer, a global leader in professional information services, today released its scheduled 2015 third-quarter trading update.

Highlights

- Full-year 2015 guidance reiterated.
- Nine-month revenues up 3% in constant currencies and up 3% organically.
 - Leading, growing positions (52% of total revenues) grew 7% organically.
 - Digital products (71% of total) up 6% organically, more than offsetting decline in print.
 - North America (60% of total) and Asia Pacific & Rest of World (8% of total) driving growth.
- Nine-month adjusted operating profit increased in constant currencies and the adjusted operating profit margin improved, as expected.
- Nine-month adjusted free cash flow also increased in constant currencies.
- Net-debt-to-EBITDA was 2.0x as of September 30, 2015.

Nancy McKinstry, CEO and Chairman of the Executive Board, commented:

“Our strategy of focusing our investment on our leading, high growth positions is delivering improved year-on-year organic growth. Margins are on track to rise this year, despite increased investment in product innovation, sales and marketing, and continued restructuring. We face tougher comparables for non-recurring revenues in the fourth quarter, but we are confident we will deliver on our guidance for the full year.”

Nine Months to September 30, 2015

Nine-month revenues increased 17% overall due to the effect of exchange rate movements, in particular the depreciation of the euro against the U.S. dollar. In constant currencies, revenues grew 3%, including organic growth of 3%. The net effect of acquisitions and disposals in the first nine months was small, but nonetheless additive to both revenues and adjusted operating profits.

By geographic region, North America and Asia Pacific & Rest of World maintained organic growth of respectively 5% and 6% through September. Revenues generated in Europe declined 1% in the nine-month period. Total recurring revenues (77% of total revenues), which includes subscriptions and other recurring revenues, grew 3% organically in the first nine months. The rate of growth in Corporate Legal Services (CLS) transactional revenues and other non-recurring revenues slowed moderately in the third quarter, however the rate of decline in print books abated somewhat.

The nine-month adjusted operating profit margin increased, despite increased investment in new products, sales and marketing, and restructuring in this period. Over 70% of restructuring costs relate to initiatives in Legal & Regulatory Solutions.

Legal & Regulatory: Corporate Legal Services (CLS) delivered 7% organic growth in the first nine months, slowing in the third quarter. Service and software subscription revenues saw sustained organic growth, while CLS transactional revenue growth slowed to 6% in the third quarter. For the full year, we expect Corporate Legal Services to achieve organic revenue growth, albeit at a more moderate pace due to a challenging comparable in the fourth quarter. CLS margins are expected to be broadly stable for the full year.

Legal & Regulatory Solutions saw organic revenue decline of 3% in the first nine months, a slight improvement on the trend seen in the first half of this year. Digital products achieved modest but positive organic growth, while print and services revenues continued to decline, as expected, particularly in Europe. The adjusted operating margin in Legal & Regulatory Solutions moved to the low teens, as a result of revenue trends, underlying cost inflation, and higher restructuring charges.

For the full year, we continue to expect Legal & Regulatory Solutions organic revenue and margins to decline, with conditions in our legal markets remaining challenging. On September 16, we completed the disposal of a 55% interest in Wolters Kluwer Russia Publishing Holding.

Tax & Accounting: Nine-month organic growth was 3%, in line with our first half performance. Tax and accounting software solutions again delivered good organic revenue momentum in all regions of the world. *Twinfield* in Europe maintained double-digit growth; *ProSoft* in Brazil saw organic growth moderate. Overall organic growth for the division continues to be tempered by weakness in print formats, training, and bank products. For the full year, we continue to expect organic growth to be similar to 2014, with growth in software solutions more than offsetting ongoing decline in print, services and bank products. We expect full year margins to improve. Lower restructuring costs are expected to be partly offset by increased investment in new products and sales and marketing.

Health: Nine-month organic growth was 6%, improving modestly from the first half. Clinical Solutions delivered double-digit organic growth in the first nine months, led by *UpToDate*. Health Learning, Research & Practice remained stable as the ongoing decline in print journals and books was offset by organic growth in digital products including *Ovid* online journals and digital learning solutions. For the full year, the Health division is on track to maintain good organic growth, driven by robust growth in Clinical Solutions. Margins are expected to rise despite increased product, sales and marketing investment, and first-half weighted restructuring. On August 31, we completed the acquisition of Learner's Digest International, a provider of mobile-delivered continuing medical education to physicians.

Financial & Compliance Services: Organic growth for the first nine months was 6%, improving on the first half trend, mainly due to a strong third quarter for our Audit unit. Finance, Risk & Compliance maintained positive momentum, despite double-digit growth in the comparable period. Audit improved its organic growth for the first nine months, driven by stronger third quarter customer implementations. Originations sustained its recovery, driven by software upgrades and professional services to support customers around the new U.S. lending regulation, TILA RESPA, which became effective in October; Financial Services (FS) transactional revenues declined modestly in the first nine months. Transport Services in Europe saw its rate of revenue decline improve. For the full year, we expect positive organic growth driven by our Finance, Risk & Compliance, Audit and Originations units, with comparables becoming more challenging in the fourth quarter, especially for Audit and Originations. Margins are expected to improve.

Cash Flow, Acquisitions, Divestitures, and Net Debt

Nine-month operating cash conversion was 90%, ahead of 88% in the comparable period. For the full year, we continue to expect cash conversion to return to our historic average of around 95% (FY 2014: 100%). Nine-month adjusted free cash flow increased in constant currencies, as improved cash conversion and lower paid financing more than offset higher corporate taxes paid and net use of restructuring provisions. Our guidance for full-year 2015 adjusted free cash flow remains unchanged at $\geq$ €500-€525 million in constant currencies.

In the nine months to September 30, 2015, net acquisition spending, including earnouts, amounted to €182 million, including €134 million for Learners Digest International in the third quarter. Twelve month rolling net-debt-to-EBITDA was 2.0x as of September 30, 2015, compared to 2.5x a year ago.

Subsequent to the third quarter, we paid an interim dividend of €0.18 per ordinary share (€53 million in total). A final dividend remains planned for May 2016 and is subject to approval at the Annual General Meeting of Shareholders in April 2016.

Full-Year 2015 Outlook

Our guidance for the full year is unchanged. We note that comparables become more challenging in

the fourth quarter, particularly for Corporate Legal Services and Financial & Compliance Services, and, as indicated in July, investments this year are second-half-weighted. Nonetheless, we expect the adjusted operating profit margin to increase in 2015. This includes restructuring costs which are expected to be approximately €35 million for the full year (2014: €36 million) and to occur mainly in Legal & Regulatory Solutions. The table below provides our guidance for the full-year.

2015 Outlook

Performance indicators	2015 guidance
Adjusted operating profit margin	21.0%-21.5%
Adjusted free cash flow	€500-€525 million
Return on invested capital	≥ 8%
Diluted adjusted EPS	Mid-single-digit growth

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (EUR/USD 1.33). Guidance for EPS growth reflects announced share repurchases. Adjusted operating profit margin and ROIC are in reporting currencies.

Our guidance is based on constant exchange rates. Wolters Kluwer generates more than half of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2014 currency profile, a 1 U.S. dollar cent move in the average EUR/USD exchange rate for the year causes an opposite 1 euro-cent change in diluted adjusted EPS. Currency is expected to have a more significant influence on results in 2015 than in recent years.

For the full-year, we expect adjusted net financing costs of approximately €100 million excluding the impact of exchange rate movements on currency hedging and intercompany balances. Including the effect of currency and assuming current exchange rates (including a EUR/USD rate of around 1.10) prevail until year-end, we estimate adjusted net financing costs of around €125 million. We expect the benchmark effective tax rate to be between 27% and 28% in 2015.

We expect our cash conversion ratio to return towards historic average of 95%, and capital expenditure to be between 4% and 5% of total revenue. Our guidance assumes no significant change in the scope of operations. We may make further disposals which could be dilutive to margins and earnings in the near term.

IFRS reported profits for 2015 will include a one-time loss of approximately €18 million (the majority of which is foreign exchange related) following the completion of the disposal of our 55% interest in Wolters Kluwer Russia Publishing Holding on 16 September, 2015.

On July 29, 2015, we announced the combination of our Corporate Legal Services and Finance, Risk & Compliance units into a new division serving Governance, Risk & Compliance markets globally. On February 24, 2016, we will report our full-year 2015 results under both the current and the new divisional organization.

About Wolters Kluwer

Wolters Kluwer is a global leader in professional information services. Professionals in the areas of legal, business, tax, accounting, finance, audit, risk, compliance and healthcare rely on Wolters Kluwer's market leading information-enabled tools and software solutions to manage their business efficiently, deliver results to their clients, and succeed in an ever more dynamic world.

Wolters Kluwer reported 2014 annual revenues of €3.7 billion. The group serves customers in over 170 countries, and employs over 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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

For more information about our products and organization, visit www.wolterskluwer.com, follow @Wolters_Kluwer on Twitter, or search for Wolters Kluwer videos on YouTube.

Financial Calendar

February 24, 2016	Full-Year 2015 Results
March 9, 2016	Publication of 2015 Annual Report
April 21, 2016	2016 Annual General Meeting of Shareholders
April 25, 2016	Ex-dividend date: 2015 final dividend
April 26, 2016	Record date: 2015 final dividend
May 11, 2016	First-Quarter 2016 Trading Update
May 12, 2016	Payment date: 2015 final dividend ordinary shares
May 19, 2016	Payment date: 2015 final dividend ADRs
July 29, 2016	Half-Year 2016 Results
November 2, 2016	Nine-Month 2016 Trading Update

Media

Annemarije Pikaar
Corporate Communications
t + 31 (0)172 641 470
annemarije.pikaar@wolterskluwer.com

Investors/Analysts

Meg Geldens
Investor Relations
t + 31 (0)172 641 407
ir@wolterskluwer.com

Forward-looking Statements

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