

First Quarter 2018 Earnings Report

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Speakers

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WILEY

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About Wiley

Wiley is a global research and learning company. Through the **Research** segment, the Company provides scientific, technical, medical, and scholarly journals, as well as related content and services, for academic, corporate, and government libraries, learned societies, and individual researchers and other professionals. The **Publishing** segment provides scientific (STM), professional development, and education books and related content, as well as test preparation services and course workflow tools, to libraries, corporations, students, professionals, and researchers. In **Solutions**, Wiley provides online program management services for higher education institutions, and learning, development, and assessment services for businesses and professionals.

Highlights

- Revenue increased 2% to \$411 million; +1% at constant currency
- Adjusted EPS increased 9% to \$0.59 per share; -5% at constant currency
- Operational excellence initiatives resulted in \$29 million of restructuring and related charges, expected to yield \$45 million in gross run-rate savings beginning in fiscal 2019
- Free Cash Flow improved by \$48 million
- Quarterly dividend increased for 24th consecutive year to \$0.32 per share

Financial Performance

<i>(millions)</i>	Q1 2018	Q1 2017	Change	Change ex-FX
Revenue	\$411.4	\$404.3	2%	1%
Adjusted Operating Income	\$43.8	\$42.9	2%	(13%)
Adjusted Operating Margin	10.7%	10.6%		
Adjusted EPS	\$0.59	\$0.54	9%	(5%)

Note: Adjusted operating income excludes restructuring and impairment charges and credits in both years. Adjusted EPS excludes restructuring and impairment charges, as well as foreign exchange losses related to intercompany transactions in both years.

Research – 54% of Wiley revenue

<i>(millions)</i>	Q1 2018	Q1 2017	% of Revenue	Change ex-FX
Journal Subscriptions	\$168.3	\$162.7	75%	0%
Open Access	\$8.8	\$7.5	4%	20%
Licensing, Reprints, Backfiles, Other	\$38.3	\$37.0	17%	6%
Total Journal Revenue	\$215.4	\$207.2	96%	2%
Publishing Technology Services (Atypon)	\$8.3		4%	
TOTAL REVENUE	\$223.6	\$207.2	100%	6%
ADJ. CONTRIBUTION TO PROFIT (CTP)*	\$66.3	\$60.4		0%

- **Subscription billings:** CY17 billings up 0.3% with 98% of expected business closed
- **Open Access:** strong growth expected to continue
- **Academic society partnerships:** net new wins approximately \$6 million

* Adjusted to exclude unusual charges and credits in Q118 and Q117

Publishing – 32% of Wiley revenue

<i>(millions)</i>	Q1 2018	Q1 2017	% Revenue	Change ex-FX
STM and Professional Publishing	\$63.6	\$70.7	48%	(8%)
Education Publishing	\$45.7	\$54.9	35%	(16%)
Course Workflow (WileyPLUS)	\$1.2	\$0.9	1%	40%
Test Preparation and Certification	\$11.5	\$9.6	9%	20%
Licensing, Distribution, Advertising, Other	\$9.3	\$9.0	7%	4%
TOTAL REVENUE	\$131.3	\$145.0	100%	(8%)
ADJ. CONTRIBUTION TO PROFIT (CTP)*	\$15.9	\$19.7		(18%)

- Book performance driven by continued market declines in print; strong growth in Education digital books
- Test Preparation growth (+20%) driven by growth in CPA, CFA, CMA, and GMAT programs
- Adjusted CTP performance reflects lower revenues and the timing of development and licensing costs

* Adjusted to exclude unusual charges and credits in Q118 and Q117

Solutions – 14% of Wiley revenue

<i>(millions)</i>	Q1 2018	Q1 2017	% of Revenue	Change ex-FX
Education Services (OPM)	\$26.3	\$23.2	47%	14%
Professional Assessment	\$14.9	\$13.5	26%	10%
Corporate Learning	\$15.3	\$15.4	27%	(1%)
TOTAL REVENUE	\$56.5	\$52.1	100%	9%
ADJ. CONTRIBUTION TO PROFIT (CTP)*	\$0.83	\$0.15		

- One new partner (Winthrop University) and six new programs signed; one partner and five programs retired. As of July 31, Wiley had 39 university partners and 251 programs under contract
- Corporate Learning revenue expected to grow at double-digit rate for the full year

* Adjusted to exclude unusual charges and credits in Q118 and Q117

Financial Position

Balance Sheet (millions)	As of 7/31/17	As of 7/31/16
Cash and Cash Equivalents	\$84.1	\$185.9
Long Term Debt	\$551.6	\$653.0
Net Debt	\$467.5	\$467.1
Net Debt to adjusted EBITDA (ttm)	1.4	1.4

Cash Flow

Cash Flow (millions)	YTD 2018	YTD 2017
Net Income	\$9.2	\$31.0
Cash Provided by Operating Activities	(\$81.8)	(\$136.7)
Technology, Property, and Equipment	(\$30.1)	(\$20.8)
Product Development Spending	(\$5.9)	(\$8.0)
Free Cash Flow (FCF)	(\$117.8)	(\$165.5)
Less Product Development Spending		
Selected Uses of Cash:		
Acquisitions	(\$4.4)	(\$8.6)
Dividends	(\$18.4)	(\$17.9)
Share Repurchases	(\$14.0)	(\$11.3)

- Cash flow improvement due to timing of cash collections and payments
- Quarterly dividend increased for 24th consecutive year
- 265K shares repurchased; over 3.5 million remain in authorization

Fiscal 2018 Outlook

Metric (\$M)	FY17 Actual	FY18 Expectation (at constant currency)
Revenue	\$1,718.5	Approximately even
Adj. Operating Income	\$228.4	Approximately even
Adj. EPS	\$3.01	Low-single digit % decline
Cash from Operations	\$314.5	\$350 million or higher
Capex**	\$148.3	Slightly lower

If current rates hold, Wiley expects to report a positive FY18 FX variance related to functional currency gains.

Adj. operating income and adj. EPS further exclude unusual charges and credits in FY18 and FY17

**Includes Technology, Property, and Equipment and Product Development Spending

Beyond Fiscal 2018

- Reinvestment in Research expected to accelerate revenue growth
- Publishing segment to improve digital capabilities and delivery models
- Solutions segment to turn EPS accretive
- Considerable savings from operational excellence initiatives
- Online library platform migration complete; expected to yield considerable Technology savings
- Sustained financial strength for organic investment and strategic acquisitions

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- Operational excellence initiatives resulted in \$29M of restructuring and related charges, expected to yield \$45M in gross run-rate savings beginning in fiscal 2019
- Free Cash Flow improved by \$48 million
- Quarterly dividend increased for 24th consecutive year
- Guidance reaffirmed