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WILEY

**Fourth Quarter and Fiscal 2016
Earnings Report**

June 14, 2016



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This presentation contains certain forward-looking statements concerning the Company's operations, performance, and financial condition. Reliance should not be placed on forward-looking statements, as actual results may differ materially from those in any forward-looking statements. Any such forward-looking statements are based upon a number of assumptions and estimates that are inherently subject to uncertainties and contingencies, many of which are beyond the control of the Company, and are subject to change based on many important factors. Such factors include, but are not limited to (i) the level of investment in new technologies and products; (ii) subscriber renewal rates for the Company's journals; (iii) the financial stability and liquidity of journal subscription agents; (iv) the consolidation of book wholesalers and retail accounts; (v) the market position and financial stability of key online retailers; (vi) the seasonal nature of the Company's educational business and the impact of the used book market; (vii) worldwide economic and political conditions; (viii) the Company's ability to protect its copyrights and other intellectual property worldwide (ix) the ability of the Company to successfully integrate acquired operations and realize expected opportunities and (x) other factors detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any such forward-looking statements to reflect subsequent events or circumstances.

Adjusted Results

The Company provides financial measures referred to as “adjusted” revenue, contribution to profit, and EPS, which exclude restructuring and impairment charges and deferred tax benefits related to a UK corporate income tax rate reduction. Variances to adjusted revenue, contribution to profit, and EPS are on a constant currency basis unless otherwise noted. Management believes the exclusion of such items provides additional information to facilitate the analysis of results. These non-GAAP measures are not intended to replace the financial results reported in accordance with GAAP.

Fiscal Year Summary



- **Steady revenue and earnings performance** at constant currency and excluding transitional (non-cash) impact of shift to time-based journal subscriptions. Continued investments to achieve greater scale in our Solutions businesses and improve operational efficiency across the business
- **Journal business up slightly** excluding adverse impacts of time-based shift and currency, but including impact of Swets bankruptcy; CY16 subscription billings up 1% with 95% of business closed; CY16 society business with a net gain of \$1 million
- **Percentage of revenue from digital products and services at 63%, up from 60% in FY15**
- **Cash from operations in line with expectations**, essentially flat with prior year; free cash flow down due to capital investment in digital products and ERP implementation

Fiscal Year Performance Summary

<i>(millions)</i>	FY 2016	FY 2015	Change	Change (ex-FX)
Revenue	\$1,727.0	\$1,822.4	(5%)	(2%)
Adjusted Operating Income*	\$216.7	\$266.5	(19%)	(15%)
Adjusted Operating Margin	12.5%	14.6%		
Adjusted EPS*	\$2.70	\$3.26	(17%)	(13%)

- Above includes transitional impact of shift to time-based subscriptions, which was adverse to revenue by \$37M (-2%), operating income by \$32M (-12%), and adjusted EPS by \$0.42 (-13%) in constant currency terms. No cash impact.
- Revenue and earnings operationally flat (in line with expectations)
- Marginal operational growth in journals
- Strong growth in digital products and services
- Weakness in Education print book publishing; slower declines in Research and Professional books
- *Adjusted EPS*: gross profit improvement and cost savings from restructuring offset by investment in Solutions businesses and expense related to ERP and related systems development

Fourth Quarter Performance Summary

<i>(millions)</i>	FY 2016	FY 2015	Change	Change (ex-FX)
Revenue	\$434.3	\$441.6	(2%)	(1%)
Adjusted Operating Income*	\$51.1	\$63.0	(19%)	(20%)
Adjusted Operating Margin	11.8%	14.3%		
Adjusted EPS*	\$0.67	\$0.81	(17%)	(19%)

- Above includes transitional impact of shift to time-based subscriptions, which was adverse to revenue by \$8M, operating income by \$8M, and adjusted EPS by \$0.10. No cash impact.
- Modest revenue growth in journals; double-digit growth in Solutions businesses; declines in books, notably Education
- Adjusted EPS down \$0.04 excluding impact of time-based shift due to investment to build share in Solutions businesses, and higher technology expense

Research

<i>(millions)</i>	FY 2016	FY 2015	% of Revenue	Change (ex-FX)
Journal Subscriptions	\$611.4	\$672.2	63%	(6%)
Author-Funded Access	\$25.7	\$22.4	3%	21%
Licensing, Reprints, Backfiles, and Other	\$178.5	\$188.3	18%	0%
Total Journal Revenue	\$815.6	\$882.9	84%	(4%)
Print Books	\$90.6	\$99.7	9%	(6%)
Digital Books	\$44.8	\$42.5	5%	9%
Licensing and Other	\$14.3	\$15.6	1%	0%
Total Books and References	\$149.6	\$157.9	16%	(1%)
TOTAL REVENUE	\$965.3	\$1,040.8	100%	(3%)
ADJUSTED CONTRIBUTION TO PROFIT (CTP)*	\$278.0	\$320.3		(10%)

Includes transitional impact from time-based shift: \$37M in journal subscription revenue and \$32M of adjusted CTP

- Journal Subscriptions revenue steady excluding FX and impact of shift to time-based subscriptions
- CY16 journal subscription billings up 1% with 95% of expected business closed
- Society licensing net gain of \$1M in CY16 vs. loss of \$4M in CY15
- Continued strong growth in Author-Funded Access (+21%)
- Books and References down 1% with Print Books decline offsetting Digital Books
 - Digital Books and Licensing now 40% of Research Books business
- Adjusted CTP up 2% on an operational basis due to restructuring savings and product mix
- For the quarter, revenue and adjusted CTP were flat on an operational basis

Professional Development

<i>(millions)</i>	FY 2016	FY 2015	% of Revenue	Change (ex-FX)
Print Books	\$192.1	\$206.1	48%	(4%)
Digital Books	\$47.1	\$49.7	12%	(3%)
Online Test Preparation and Certification	\$28.2	\$22.1	7%	27%
Other Knowledge Service Revenue	\$28.8	\$30.1	7%	(2%)
Total Knowledge Services	\$296.2	\$308.0	73%	(2%)
Assessment	\$57.4	\$57.0	14%	1%
Corporate Learning (CrossKnowledge)	\$50.7	\$42.0	13%	31%
Total Talent Solutions	\$108.1	\$99.1	27%	14%
TOTAL REVENUE	\$404.3	\$407.0	100%	2%
ADJUSTED CONTRIBUTION TO PROFIT (CTP)*	\$76.8	\$42.5		84%

- Corporate Learning up 31% on strong growth in multiple markets, notably France and US
- Online Test Preparation and Certification up 27% on strength of CPA, CFA, CMA, and GMAT products
- Books declined 4% in FY16 compared to a 8% decline in FY15; Technology category performed well
- Adjusted CTP up 84% due to continued efficiency gains and restructuring savings, offsetting investment for growth in Corporate Learning
- For the quarter, revenue and adjusted CTP were up 3% and 71%, respectively (ex-FX)

Education

<i>(millions)</i>	FY 2016	FY 2015	% of Revenue	Change (ex-FX)
Print Textbooks	\$107.6	\$144.5	30%	(20%)
Digital Books	\$34.5	\$34.1	9%	5%
Total Books	\$142.1	\$178.6	40%	(15%)
Custom Material	\$51.8	\$50.7	15%	2%
Course Workflow (WileyPLUS)	\$58.6	\$54.2	16%	10%
Online Program Management (Deltak)	\$96.5	\$81.6	27%	18%
Other Education Revenue	\$8.5	\$9.6	2%	(11%)
TOTAL REVENUE	\$357.5	\$374.6	100%	(2%)
ADJUSTED CONTRIBUTION TO PROFIT (CTP)*	\$37.1	\$48.2		(17%)

- Print Textbook decline (-20%) due to lower enrollments and impact of rental
- Online Program Management (+18%) growth due to ramping of newer partners
- Online Program Management finished the year with 226 programs under contract compared to 222 programs at the end of last quarter and 200 programs at the end of FY15; strong pipeline
- Adjusted CTP decline reflects continued investment in building out programs in Online Program Management (dilutive to full year EPS by 16-cents) and lower Print Textbook revenue
- For the quarter, revenue was up 1% and adjusted CTP improved 6% (both ex-FX)

Adjusted Shared Services Costs

<i>(millions spent)</i>	FY 2016*	FY 2015*	Change (ex-FX)
Distribution and Operation Services	\$83.1	\$89.0	(3%)
Technology and Content Management	\$257.8	\$244.9	8%
Finance	\$49.8	\$52.8	(2%)
Other Administration	\$126.8	\$115.5	13%
Total	\$517.5	\$502.1	6%

- Technology spending (excluding Content Management) increased 13% mainly due to \$13M incremental investment in ERP and related systems and additional investment in IT infrastructure
- Higher Other Administration costs mainly due to higher employment costs and higher legal provisions (recorded in Q3)
- Outsourcing of US book distribution operation to Cengage Learning completed in Q4

Balance Sheet

Balance Sheet (millions)	As of 4/30/16	As of 4/30/15
Cash and Cash Equivalents	\$363.8	\$457.4
Short Term Debt	\$0	\$100.0
Long Term Debt	\$605.0	\$650.1
Net Debt	\$241.2	\$292.6
Net Debt to adjusted EBITDA (ttm)	0:7	0:8

- Existing revolving credit agreement amended; capacity increased to \$1.1 billion and term extended by five years to March 2021
- Facility to be used for general corporate purposes, including seasonal operating cash requirements and strategic acquisitions

Cash Flow

Cash Flow (millions)	FY 2016	FY 2015
Net Income	\$145.8	\$176.9
Cash From Operations	\$350.0	\$355.1
Composition Spending	(\$37.3)	(\$39.4)
Capex	(\$93.7)	(\$69.1)
Free Cash Flow	\$219.0	\$246.6
Selected Uses of Cash:		
Acquisitions	(\$20.4)	(\$172.2)
Dividends	(\$69.9)	(\$68.5)
Share Repurchases	(\$70.0)	(\$62.0)

- Cash from Operations flat, as expected
- Free Cash Flow impacted by investment in ERP and related systems development; FY16 capex +\$25M vs. FY15
- Repurchased 1.4M shares this year for \$70M, an average of \$48.86 per share. Approximately 747K shares remain in the current authorization
- Dividend raised for 22nd consecutive year

Outlook: Going Forward

- **Our Journals business** (~50% of revenue) continues to provide a strong foundation for our long-term success
 - Benefitting from a top market position, continued expansion in global R&D spend, and growth in global content usage and authorship
 - Rate of growth still limited by sustained weakness in library budgets
 - Investing in the platform and capabilities to make our content even more valuable
 - Publishing more and supporting authorship globally, particularly in developing countries
 - Launching new services that integrate our databases with analytics software
- **We aim to increase scale as a learning business to take advantage of the fast-growing worldwide demand for high-level professional skills**
 - Benefitting from strong brand equity, opportunities from the transition to online, and a developing fragmented market
 - Continuing to invest in our current solutions businesses to exploit market opportunities, but also dependent upon further acquisition
 - Near-term leverage from revenue growth muted by investment to achieve greater scale for increased profitability (although dilution from Solutions will improve substantially in FY17)

Outlook: Going Forward

- **Our Books business will be smaller but improved as we continue to focus our portfolio on high-value digital learning and reference content**
 - Sustained market declines are now evident and our Books businesses are not immune
 - Managing our portfolio and making the structural improvements necessary to achieve revenue and profitability goals
 - Continuing to move to a more variable cost structure
- **We will continue to focus on improving our cost structure, with opex savings in shared services ramping in FY17 and FY18**
 - On schedule to realize over \$25M in run rate savings in FY18; cost improvements from competitive benchmarking, enabled by our ERP investment
 - Additional long term savings to come from reduced footprint and floor consolidation (enabled by HQ transformation)

Outlook: FY17 Operational Performance

Revenue	FY17 Expectation	Notes
Journals*	Marginally higher	Subscriptions up; smaller backfile sales
Publishing	Down mid single-digits	All three Books businesses down; Online Test Preparation and WileyPLUS up
Solutions	Up mid-to-high teens	Strong growth in Online Program Management and Corporate Learning; slight growth in Assessment
Revenue growth*	Flat	*Excludes \$37M favorable impact of time-based shift in journals

EPS	FY17 Expectation	Notes
Operating Income	Marginally lower	Continued decline in books and investment in Solutions for market position
Interest and Tax Expense	Adverse by \$0.12/share	Higher effective tax rate; anticipated interest rate hikes
Adjusted EPS growth*	Down mid-single digits	*Excludes \$0.42 favorable impact of time-based shift in journals

Summary

- **Steady revenue and earnings performance** at constant currency and excluding transitional (non-cash) impact of shift to time-based journal subscriptions. Continued investments to achieve greater scale in our Solutions businesses, and in our operational efficiency initiatives
- **FY17 operational outlook is for flat revenue performance and adjusted EPS down by mid single-digits (*excluding favorable \$37M revenue impact and \$0.42 EPS impact from time-based shift*)**. Revenue projection anticipates further Books declines to offset marginal growth in Journals and double-digit growth in Solutions. Adjusted EPS projection reflects marginally lower operating income due to continued book decline and investment in Solutions growth, as well as higher taxes and an anticipated rate hike impact on interest expense
- **FY18 earnings and cash flow expected to improve substantially** as ERP investment rolls off in FY18 and cost savings targets are realized. Working towards smaller but improved Books business accompanied by profitable growth in our Journals and Solutions businesses

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