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WILEY

First Quarter 2017 Earnings Report

September 7, 2016



About Wiley

Wiley is a global provider of knowledge and knowledge-enabled services that improve outcomes in areas of research, professional practice and education. Through its Research segment, the Company provides digital and print scientific, technical, medical, and scholarly journals, reference works, books, database services, and advertising. The Professional Development segment provides digital and print books, online assessment and training services, and test prep and certification to professionals in business and finance, leadership, technology, architecture, psychology, education and other areas. In Education, Wiley provides education solutions including online program management services for higher education institutions and course management tools and content for instructors and students.

Safe Harbor Statement

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.



First Quarter Summary

- **Revenue decline of 2% at constant currency (-4% GAAP)**, with growth in Journals (+4%) and continued double-digit growth from Solutions offset by weakness in Books businesses (-16%), particularly Education
- **Adjusted EPS decline (-9% excluding currency, -4% GAAP)** due to revenue decline and higher technology costs, including investment in Wiley's ERP deployment and related systems, partially offset by favorable one-time items related to certain employee benefit plans
- **Wiley to acquire market-leading research publishing software and service provider, Atypon, for \$120M in cash**
- **Calendar year 2016 journal subscriptions up 1% with 98% of business closed**

First Quarter Performance

<i>(millions)</i>	Q1 2017	Q1 2016	Change	Change (ex-FX)
Revenue	\$404.3	\$423.0	(4%)	(2%)
Adjusted Operating Income*	\$42.9	\$48.3	(11%)	(9%)
Adjusted Operating Margin	10.6%	11.4%		
Adjusted EPS*	\$0.52	\$0.58	(10%)	(9%)

- Revenue growth in Journals and Solutions businesses offset by declines in books, particularly in Education
- Adjusted EPS down 9% mostly due to book revenue decline
- Above includes transitional impact of shift to time-based subscriptions in calendar 2016, which was favorable to revenue by \$4M, operating income by \$3.6M, and adjusted EPS by \$0.05. No cash impact

* Adjusted to exclude restructuring charges and credits in Q1 2017 and Q1 2016

Research

<i>(millions)</i>	Q1 2017	Q1 2016	% of Revenue	Change (ex-FX)
Journal Subscriptions	\$160.1	\$159.1	68%	3%
Author-Funded Access	\$7.5	\$5.7	3%	39%
Licensing, Reprints, Backfiles, and Other	\$37.4	\$37.6	16%	3%
Total Journal Revenue	\$205.0	\$202.4	87%	4%
Print Books	\$18.6	\$23.4	8%	(17%)
Digital Books	\$8.4	\$8.8	4%	0%
Licensing and Other	\$2.5	\$2.8	1%	(4%)
Total Books and References	\$29.5	\$35.0	13%	(12%)
TOTAL REVENUE	\$234.4	\$237.4	100%	2%
ADJUSTED CONTRIBUTION TO PROFIT (CTP)*	\$63.2	\$65.4		0%

Includes transitional impact from time-based shift: \$4M in journal subscription revenue and \$3.6M of adjusted CTP

- Journal revenue growth from Journal Subscriptions (+3%) and Author-Funded Access (+39%)
- CY16 journal subscription billings up 1% with 98% of expected business closed
- Society licensing net gain of \$1.6M in quarter
- Books and References down 12% due to weak demand for print
- Adjusted CTP flat due to increased technology and other costs to support society business
- Journal influence: Wiley had 1,204 journals indexed (73% of Wiley portfolio) in the 2015 Thomson Reuter's Journal Citation Reports. In addition, 26 Wiley journals achieved a top-category rank

* Adjusted to exclude restructuring charges and credits in Q1 2017 and Q1 2016



Wiley to Acquire Atypon

Company	Leading research publishing software and service provider founded in 1996; over 260 employees; based in Santa Clara, CA
Solutions	Literatum: best-in-class, SAAS-based, publishing platform focused on academic research market, enabling content hosting, presentation, management and analytical reporting. Hosts 1/3 of the world's journals (9,000), 13M articles, and 1,800 websites. Other: Content eCommerce, Licensing, and Website Management
Customers	Over 200 of the world's leading scholarly/professional societies and publishers. Customers include American Chemical Society, IEEE, New England Journal of Medicine, American Association of Neurological Surgeons, and some Wiley research publishing competitors
Market	Society publishing market at \$5B (over 4,000 societies). Publishing platform competitors include HighWire, Silverchair, and Publishing Technology
Business Model	3-5 year software licensing contracts
Financials	Purchase price of \$120M in cash (structured as asset purchase); 2015 revenue of \$31M; double-digit revenue growth historically; strong profitability

Key Reasons for Acquisition

Atypon



Drive revenue growth in Research

- Atypon growing annually at double-digit rates historically
- Enhanced services for potential society partners
- Ability to offer new technology-enabled services and features for Wiley and all Atypon clients

Accelerate technology roadmap

- Wiley expects significant cost synergies and improved features/functionality in moving Wiley Online Library to Atypon's best-in-class Literatum platform
- Reduces cost, execution risk, and time-to-market; increases delivery, discovery and service levels
- Adds significant technology leadership and talent to strengthen Wiley's existing capabilities

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Professional Development

<i>(millions)</i>	Q1 2017	Q1 2016	% of Revenue	Change (ex-FX)
Print Books	\$41.5	\$48.7	43%	(13%)
Digital Books	\$11.2	\$10.6	12%	7%
Online Test Preparation and Certification	\$9.7	\$7.9	10%	23%
Other Knowledge Service Revenue	\$4.7	\$5.4	5%	(11%)
Total Knowledge Services	\$67.1	\$72.6	70%	(6%)
Assessment	\$13.5	\$13.3	14%	2%
Corporate Learning (CrossKnowledge)	\$15.4	\$12.7	16%	20%
Total Talent Solutions	\$28.9	\$26.0	30%	11%
TOTAL REVENUE	\$96.1	\$98.7	100%	(2%)
ADJUSTED CONTRIBUTION TO PROFIT (CTP)*	\$20.0	\$19.0		7%

- Corporate Learning up 20% on strong growth in multiple markets, notably France and US
- Online Test Preparation and Certification up 23% on strength of ACT, CFA and CMA products
- Books declined 10% with weakness across multiple categories, notably Technology, which benefited in the year ago period from the introduction of Windows 10
- Adjusted CTP up 7% due to continued efficiency gains and restructuring savings
- Partnership with Amazon Web Services (AWS) to introduce an official study guide and learning tools for the AWS Certification Program , targeted at IT professionals engineering and delivering AWS Cloud solutions

* Adjusted to exclude restructuring charges and credits in Q1 2017 and Q1 2016

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Education

<i>(millions)</i>	Q1 2017	Q1 2016	% of Revenue	Change (ex-FX)
Print Textbooks	\$23.5	\$34.5	32%	(31%)
Digital Books	\$4.8	\$5.8	7%	(14%)
Total Books	\$28.3	\$40.3	38%	(28%)
Custom Material	\$19.4	\$22.7	26%	(15%)
Course Workflow (WileyPLUS)	\$0.87	\$1.0	1%	(15%)
Online Program Management (Deltak)	\$23.2	\$20.5	31%	13%
Other Education Revenue	\$2.0	\$2.4	3%	(10%)
TOTAL REVENUE	\$73.8	\$86.9	100%	(14%)
ADJUSTED CONTRIBUTION TO PROFIT (CTP)*	(\$2.0)	\$5.0		(138%)

- Books (-28%) and Custom Material (-15%) decline due to broadly weak market conditions, particularly in June and July
 - Rental expected to continue gaining share
 - Retailers fine-tuning inventory practices following high 2015-2016 returns
 - Timing and visibility impacted by continued shift to digital from print
- Online Program Management (OPM) growth (+13%) due to ramping of newer programs
- Online Program Management ended the quarter with 232 programs under contract compared to 210 programs at the end of Q1 2016. One partnership and four programs expired in the quarter; 10 new programs were contracted with existing partners. Total partner count at 37.
- Adjusted CTP decline primarily reflects revenue performance

* Adjusted to exclude restructuring charges and credits in Q1 2017 and Q1 2016

Adjusted Shared Services Costs

<i>(millions spent)</i>	Q1 2017*	Q1 2016*	Change (ex-FX)
Distribution and Operation Services	\$19.5	\$19.9	2%
Technology and Content Management	\$70.1	\$60.8	17%
Finance	\$11.6	\$13.4	(12%)
Other Administration	\$20.2	\$29.1	(29%)
Total	\$121.4	\$123.2	0%

- Technology spend (excluding Content Management) increased by \$10M (+20%) in the quarter due in part to incremental ERP and related systems investment. Full year Technology spend (excluding Content Management) expected to increase 5% over FY16
- Other Administration costs down by \$8M mainly due to favorable one-time items related to certain employee benefit plan changes

* Adjusted to exclude restructuring charges and credits in Q1 2017 and Q1 2016

Balance Sheet

Balance Sheet (millions)	As of 7/31/16	As of 7/31/15
Cash and Cash Equivalents	\$185.9	\$369.4
Short Term Debt	\$0	\$100.0
Long Term Debt	\$653.0	\$750.5
Net Debt	\$467.1	\$481.1
Net Debt to adjusted EBITDA (ttm)	1:4	1:2

- Strong balance sheet continues to provide flexibility for investment and return of capital
- Pursuit of M&A opportunities for strategic revenue growth continues
 - Atypon to be acquired for \$120M in cash, funded by revolver
- Non-cash settlement charge expected in Q2 related to a limited time, voluntary lump sum pension distribution program for terminated vested employees (US pension plan frozen in 2013; Canada and UK plans frozen in 2015). Buyouts funded by pension plan assets.

Cash Flow

Cash Flow (millions)	Q1 2017	Q1 2016
Net Income	\$31.0	\$32.5
Cash From Operations	(\$136.7)	(\$124.1)
Composition Spend	(\$8.0)	(\$8.3)
Tech, Prop, Equip	(\$20.8)	(\$22.3)
Free Cash Flow (FCF)	(\$165.5)	(\$154.6)
Selected Uses of Cash:		
Acquisitions	(\$8.6)	(\$2.2)
Dividends	(\$17.9)	(\$17.6)
Share Repurchases	(\$11.3)	(\$12.7)

- Free Cash Flow use variance due to lower cash earnings from operations and higher incentive payments
- Full year 2017 Technology, Property and Equipment spend to be \$115M; Composition spend to be \$50M
- Tax appeal decision in Germany expected in coming weeks; \$62M deposited to-date
- Repurchased 221,305 shares this quarter at a cost of \$11.3M, an average of \$51.01 per share. Over 4.5M shares remain in authorized programs
- Dividend raised for 23rd consecutive year (+3.3%) to annualized rate of \$1.24

FY17 Outlook Reaffirmed

Metric	Expectation
Operational Revenue Performance	Flat
Operational EPS Performance	Mid-Single Digit Decline

Excludes non-operational items such as the time-based journal revenue shift, the impact of foreign exchange, and certain charges and credits. Also excludes Atypon.

Guidance excludes FX, favorable shift to time-based journal subscriptions, and Atypon impact

- Strong dollar vs. British pound in particular expected to adversely impact full-year reported results vs. FY16; unfavorable to Q1 reported results by \$9 million of revenue and \$0.01 of EPS
- Revenue and EPS impact of shift to time-based journal subscriptions expected to be favorable to revenue by \$37M and EPS by \$0.42
- Partial year impact from Atypon expected to be approximately +\$20M revenue and -\$0.15 EPS. Atypon-related dilution includes:
 - Impacts of acquisition accounting (partial write-down of deferred revenue, amortization of acquired intangibles)
 - Costs associated with initiating the migration of Wiley Online Library to Atypon's Literatum platform



Summary

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- **Adjusted EPS decline (-9% excluding currency, -4% GAAP)** due to revenue decline and higher technology costs, including investment in Wiley's ERP deployment and related systems, partially offset by favorable one-time items related to certain employee benefit plans
- **Wiley to acquire market-leading research publishing software and service provider, Atypon, for \$120M in cash**
- **Operational outlook reaffirmed**

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