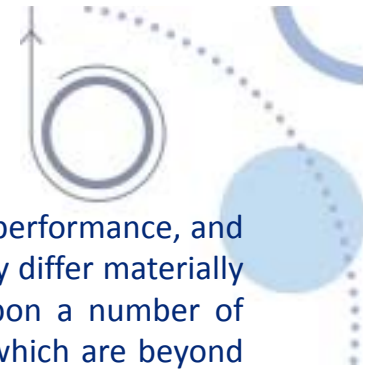


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# Third Quarter 2017 Earnings Report

*March 7, 2017*

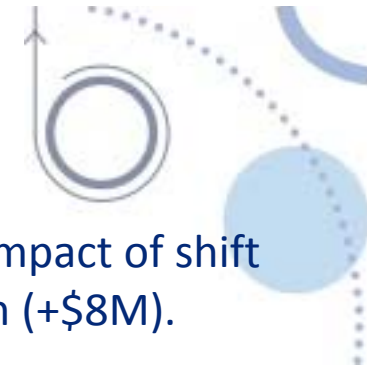


### **Safe Harbor Statement**

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.

### **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.



# Third Quarter Summary

- **Revenue growth of 3% at constant currency (0% GAAP)** due to favorable impact of shift to time-based journal subscriptions (+\$29M) and contribution from Atypon (+\$8M). Excluding those items, revenue declined 5% due to:
  - Market-driven weakness in Books (-18%) and \$10M backfile sale in prior year period, offsetting
  - Steady performance from Journal Subscriptions and continued double-digit growth from Solutions (14%)
- **Adjusted EPS growth of 37% (+34% GAAP)** due to favorable impact of shift to time-based journal subscriptions (+\$0.33) and one-time tax benefits (+\$0.12), which offset Atypon /Ranku dilution (-\$0.03) and Book performance. Excluding subscription shift and dilution from Atypon/Ranku, adjusted EPS declined 5% due to Books performance and high margin backfile sale in prior period
- **Free Cash Flow less Composition Spending YTD rose from \$19M to \$120M** due to earlier journal cash collections (timing), lower tax payments (\$9M), and lower restructuring payments (\$9M), partially offset by higher capital spending
- **Full year guidance reaffirmed for adjusted EPS (mid-single digit decline); revised for revenue due to market-driven weakness in Books (from flat to low-single digit decline)**

# Financial Performance

<i>(millions)</i>	Q3 2017	Q3 2016	Change (ex-FX)
Revenue	\$436.5	\$436.4	3%
Adjusted Operating Income	\$60.3	\$53.3	14%
Adjusted Operating Margin	13.8%	12.2%	
Adjusted EPS	\$0.92	\$0.67	37%

Note, revenue and adjusted numbers include favorable impact of shift to time-based journal subscriptions (\$29M Revenue and +\$0.33 EPS) but exclude restructuring charges in both years and deferred tax benefits in 2016

<i>(millions)</i>	YTD 2017	YTD 2016	Change (ex-FX)
Revenue	\$1,266.3	\$1,292.7	1%
Adjusted Operating Income	\$166.6	\$165.6	3%
Adjusted Operating Margin	13.2%	12.8%	
Adjusted EPS	\$2.18	\$2.04	9%

Note, revenue and adjusted numbers include favorable impact of shift to time-based journal subscriptions (\$34M and +\$0.38) but exclude tax benefits/settlements, restructuring charges, and pension settlement charges

# Research

<i>(millions)</i>	Q3 2017	Q3 2016	% of Revenue	Change (ex-FX)
Journal Subscriptions	\$149.9	\$125.7	73%	23%
Author-Funded Access	\$6.9	\$6.4	3%	15%
Licensing, Reprints, Backfiles, Other	\$41.0	\$51.5	20%	(14%)
<b>Total Journal Revenue</b>	<b>\$197.8</b>	<b>\$183.6</b>	<b>96%</b>	<b>12%</b>
Platform Services (Atypon)	\$8.0		4%	
<b>TOTAL REVENUE</b>	<b>\$205.8</b>	<b>\$183.6</b>	<b>100%</b>	<b>17%</b>
<b>ADJ. CONTRIBUTION TO PROFIT (CTP)*</b>	<b>\$53.0</b>	<b>\$46.4</b>		<b>17%</b>

- Journal revenue growth from favorable impact of shifting to time-based Journal Subscriptions (+\$29M), steady underlying performance in subscriptions, and strong growth in Author-Funded Access (+15%), offsetting a \$10M backfile sale in prior year
- CY17 journal subscription billings up 5% with 87% of expected business closed. Favorable performance due to earlier renewals from shift to “database model”; CY17 growth expected to be around 1%
- Society licensing marginally lower (-\$0.6M); 78 journals renewed /extended worth \$57M
- Adjusted CTP increased 17% due to favorable shift to time-based subscriptions (+\$25M in operating profit), offsetting high margin backfile sale in prior year and Atypon investment
- YTD revenue up 8% and Adjusted Contribution to Profit up 4% (including \$34M and \$29M shift, respectively)

\* Adjusted to exclude restructuring charges

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# Publishing

<i>(millions)</i>	Q3 2017	Q3 2016	% Revenue	Change (ex-FX)
STM and Professional Books	\$76.9	\$90.8	45%	(12%)
Education Books	\$50.3	\$69.5	29%	(27%)
<b>Total Books and References</b>	<b>\$127.2</b>	<b>\$160.3</b>	<b>74%</b>	<b>(18%)</b>
Course Workflow (WileyPLUS)	\$23.5	\$21.9	14%	7%
Online Test Preparation and Certification	\$8.5	\$6.6	5%	29%
Licensing, Distribution, Advertising, Other	\$12.2	\$11.8	7%	7%
<b>TOTAL REVENUE</b>	<b>\$171.4</b>	<b>\$200.6</b>	<b>100%</b>	<b>(13%)</b>
<b>ADJ. CONTRIBUTION TO PROFIT (CTP)*</b>	<b>\$39.8</b>	<b>\$51.3</b>		<b>(21%)</b>

- Books and References decline (-18%) due to market weakness in print across most categories
- Course Workflow (WileyPLUS) up 7% on strength of accounting, math, and physical sciences
- Online Test Preparation and Certification growth (+29%) primarily due to launch of ACT program
- Adjusted CTP (-21%) primarily due to revenue decline
- YTD Revenue and Adjusted Contribution to Profit down 11% and 15%, respectively

\* Adjusted to exclude restructuring charges

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# Solutions

<i>(millions)</i>	Q3 2017	Q3 2016	% of Revenue	Change (ex-FX)
Online Program Management	\$30.0	\$26.1	51%	15%
Professional Assessment	\$13.8	\$13.2	23%	5%
Corporate Learning	\$15.4	\$13.0	26%	20%
<b>TOTAL REVENUE</b>	<b>\$59.2</b>	<b>\$52.2</b>	<b>100%</b>	<b>14%</b>
<b>ADJ. CONTRIBUTION TO PROFIT (CTP)*</b>	<b>\$4.7</b>	<b>\$2.0</b>		<b>137%</b>

- Online Program Management (OPM) added four new university partners – George Mason (VA), St. John’s (NY), Seton Hall (NJ), and Vlerick (Belgium); 19 new programs
- OPM ended the quarter with 40 partners and 244 programs under contract compared to 37 partners and 231 programs at the end of last quarter
- Corporate Learning up 20% on strong growth across Europe and North America
- Adjusted CTP up 137% due to improved operating efficiencies across the businesses, particularly OPM
- YTD Revenue up 13%; Adjusted Contribution to Profit increased from \$500K to \$11M

\* Adjusted to exclude restructuring charges

# Adjusted Shared Services Costs

<i>(millions spent)</i>	Q3 2017*	Q3 2016*	Change (ex-FX)
Distribution and Operation Services	\$18.2	\$20.1	(5%)
Technology and Content Management	\$62.5	\$67.0	(5%)
Finance	\$11.1	\$11.5	(1%)
Other Administration	\$30.5	\$32.5	(4%)
<b>Total</b>	<b>\$122.4</b>	<b>\$131.0</b>	<b>(4%)</b>

- Distribution and Operation Services costs down 5% primarily due to outsourcing of US book distribution operation
- Technology spend (excluding Content Management) down 5% in the quarter due in part to lower ERP and related systems investment. Full year Technology spend (excluding Content Management) still expected to be up about 5% over FY16
- Continued actions to drive operational excellence and cost efficiencies
  - Third quarter restructuring charges (\$9M) includes \$5M for facilities consolidations and \$3M for workforce efficiencies

\* Adjusted to exclude restructuring charges



# Balance Sheet

<b>Balance Sheet (millions)</b>	<b>As of 1/31/17</b>	<b>As of 1/31/16</b>
Cash and Cash Equivalents	\$482.3	\$535.9
Short Term Debt	\$0	\$150.0
Long Term Debt	\$865.7	\$814.7
Net Debt	\$383.4	\$428.9
Net Debt to adjusted EBITDA (ttm)	1.1	1.1

- Strong balance sheet continues to provide flexibility for investment and return of capital
- M&A interests focused on enablers for profitable growth in digital research and learning solutions

# Cash Flow

Cash Flow (millions)	YTD 2017	YTD 2016
Net Income	\$67.0	\$111.6
<b>Cash From Operations</b>	<b>\$229.2</b>	<b>\$116.6</b>
Tech, Prop, Equip	(\$82.3)	(\$69.0)
Composition Spend	(\$27.4)	(\$28.6)
<b>Free Cash Flow (FCF) Less Composition Spend</b>	<b>\$119.5</b>	<b>\$18.9</b>
Selected Uses of Cash:		
Acquisitions	(\$152.1)	(\$18.0)
Dividends	(\$53.6)	(\$52.6)
Share Repurchases	(\$35.4)	(\$59.7)

- Free Cash Flow improvement due to accelerated journal cash collections, lower tax payments (\$9M), and lower restructuring payments (\$9M)
- 2017 Technology, Property and Equipment spend to be \$115M; Composition spend to be \$50M
- Repurchased 255K shares this quarter at a cost of \$14.1 million, an average of \$55.14 per share. Over 4 million shares remain in the current authorized repurchase programs.

# FY17 Outlook

Operational Metric	Current Expectation	YTD Results
Revenue	Low-single digit decline (previously flat)	(3%)
EPS	Mid-single digit decline (no change)	(6%)

- Adjustment to revenue outlook driven by accelerated decline in Books market
- EPS outlook unchanged, partly enabled by one-time tax benefits realized in the third quarter
- Operational outlook excludes FX, favorable shift to time-based journal subscriptions, acquisition impacts, and unusual charges and credits
  - Strong US dollar (especially vs. British pound) expected to adversely impact full-year reported results vs. FY16; *unfavorable* to YTD reported results by \$37 million of revenue and \$0.05 of EPS
  - Revenue and EPS impact of shift to time-based journal subscriptions *favorable* to revenue by \$34M and EPS by \$0.38 (slightly revised for FX impact)
  - Partial year impact from Atypon and Ranku expected to be approximately +\$20M revenue and -\$0.10 EPS. Dilution includes:
    - Impacts of acquisition accounting (amortization of acquired intangibles)
    - Costs associated with initiating the migration of Wiley Online Library to Atypon’s Literatum platform



## Nine Month Summary

- Research and Solutions performing well, as expected
  - Journal subscriptions showing consistent underlying growth
  - Atypon acquisition proceeding well; Wiley Online Library migration on track; opportunities for expanded service offerings
  - Strong revenue growth in Solutions and much improved profit performance, particularly in online program management
- Publishing segment facing sustained market pressure
  - Evaluating structural improvements and further portfolio adjustments for the Books businesses
  - Positives in online test preparation and course workflow
- FY17 update
  - Revenue outlook adjusted due to market weakness in Books
  - EPS reaffirmed

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*March 7, 2017*