

# Investor Presentation

Research and Learning in the Knowledge Economy

**WILEY**

July 2017

## 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.

## Forward Looking Statements

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 are detailed 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.

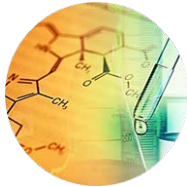


NYSE JW.A and JW.B

Fiscal Year – May 1 through April 30

## 210 Years of Impact

*We **improve** scientific, technical, and medical research for a better world. We **help** people thrive in a knowledge economy. We help authors **build** their careers, researchers improve their findings, and academic societies **connect with** their communities. We help people and organizations **develop** the professional skills they need to succeed. We help teachers **teach** and students **learn**. For over 200 years, we have **enabled** life-saving breakthroughs in science and medicine, productivity gains in business, and measurable outcomes in education. We have rewarded our shareholders in the process.*

# A Leading Research and Learning Business







Segment	Description	Revenue share	Market position	Organic growth	CTP margin*	CTP share^	Digital %
<b>Research</b> 	Scientific, Technical, Medical Information and Services for Researchers	50%	Top 3	Steady 1-2%	30%	64%	90%
<b>Publishing</b> 	Books and References, Test Preparation, Course Workflow for Professionals and Students	37%	Strong positions in STEM and Business	Growth in digital books, course workflow, and test prep; market-driven decline in print	20%	32%	30%
<b>Solutions</b> 	Learning Services for Corporations and Universities	13%	Top 3 in OPM	Double-digit	7% Investment mode	4%	100%

\*FY17 Segment Contribution to Profit (After Allocation Shared Services)/Revenue

^FY17 Segment Contribution to Profit/Total Contribution to Profit

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# A Digital Business

<p><b>PLATFORM</b> 68% of Wiley revenue is from digital sources</p>	<p><b>ONLINE RESEARCH</b></p> 	<p><b>ONLINE LEARNING</b></p> 	<p><b>ONLINE EDUCATION</b></p> 
<p><b>PRODUCTS</b></p>	<p>Journals, Online Books and Reference Material, Databases</p>	<p>Corporate Learning and Training, Professional Assessment, Test Preparation, Course Workflow</p>	<p>Online Graduate Degree Programs</p>
<p><b>PARTNERS</b></p>	<p>800+ society partners</p> 	<p>Certifying bodies, training consultants, professors, corporations</p> 	<p>39 colleges &amp; universities</p> 
<p><b>CUSTOMERS</b></p>	<p>University, corporate, and government research libraries worldwide</p>	<p>Small, medium, and large enterprises</p>	
<p><b>END USERS</b></p>	<p>Millions of researchers and professionals</p>	<p>Millions of professionals and students</p>	<p>Tens of thousands of graduate students</p>

# Fiscal Year 2017 Summary

- **Revenue decline of 1% excluding impact of foreign exchange, subscription shift, and acquisitions.** Steady Research performance and double-digit growth in Solutions offset by a 7% decline in Publishing (market weakness in print books)
- **Adjusted EPS growth of 1% excluding impact of foreign exchange, subscription shift, and acquisitions; favorable to outlook** primarily due to realized tax planning benefits and efficiency gains
- **Percentage of revenue from digital products and services increased to 68%** (up from 63% in FY16)
- **Cash from Operations lower than prior year (-\$35M)** due to unfavorable timing involving working capital and an unbudgeted \$7 million contribution to our UK pension just before year-end; **Free Cash Flow excluding composition and product development costs lower (-\$53M)** with higher capex (\$17M) mostly related to headquarters transformation
- **Key events:** Atypon acquired; CEO transition and search underway; operational excellence initiative commenced

# Research Performance

<i>(millions)</i>	FY 2017	FY 2016	% of Revenue	Change (ex-FX)
Journal Subscriptions	\$639.7	\$622.3	75%	6%
Author-Funded Access	\$30.6	\$25.7	4%	26%
Licensing, Reprints, Backfiles, Other	\$164.1	\$178.8	19%	(3%)
<b>Total Journal Revenue</b>	<b>\$834.4</b>	<b>\$826.8</b>	<b>98%</b>	<b>4%</b>
Platform Services (Atypon)	\$19.1		2%	
<b>TOTAL REVENUE</b>	<b>\$853.5</b>	<b>\$826.8</b>	<b>100%</b>	<b>7%</b>
<b>ADJ. CONTRIBUTION TO PROFIT (CTP)*</b>	<b>\$254.2</b>	<b>\$255.1</b>		<b>2%</b>

- Revenue increase from favorable impact of shifting to time-based Journal Subscriptions (+\$34M), Atypon contribution (+\$19 million), steady underlying performance in subscriptions, and strong growth in Author-Funded Access (+26%), offsetting a \$10M backfile sale in prior year. Excluding subscription shift and Atypon investment, Research revenue increased marginally
- CY17 journal subscription billings up 1% with 97% of expected business closed
- Society licensing wins even with prior year; 91 journals renewed /extended worth \$67M
- Adjusted CTP increased 2% due to favorable shift to time-based subscriptions (+\$29M in operating profit), offsetting high margin backfile sale in prior year and Atypon investment. Excluding subscription shift and Atypon investment, Research adjusted CTP down 8%
- Q4 revenue up 3% and Adjusted Contribution to Profit down 3% due to investments in Atypon

\* Adjusted to exclude restructuring charges

# Publishing Performance

<i>(millions)</i>	FY 2017	FY 2016	% Revenue	Change (ex-FX)
STM and Professional Books	\$291.3	\$331.0	46%	(9%)
Education Books	\$196.3	\$230.0	31%	(13%)
<b>Total Books and References</b>	<b>\$487.6</b>	<b>\$561.0</b>	<b>77%</b>	<b>(11%)</b>
Course Workflow (WileyPLUS)	\$62.3	\$58.5	10%	7%
Online Test Preparation and Certification	\$35.6	\$28.1	6%	27%
Licensing, Distribution, Advertising, Other	\$47.9	\$48.1	8%	3%
<b>TOTAL REVENUE</b>	<b>\$633.4</b>	<b>\$695.7</b>	<b>100%</b>	<b>(7%)</b>
<b>ADJ. CONTRIBUTION TO PROFIT (CTP)*</b>	<b>\$127.3</b>	<b>\$130.6</b>		<b>0%</b>

- Books and References decline (-11%) due to market weakness in print across most categories
- Course Workflow (WileyPLUS) growth remains consistent (+7%) on strength of quantitative disciplines
- Online Test Preparation and Certification growth (+27%) due to strong performance from CPA, CFA, and ACT programs
- Adjusted CTP flat with savings from restructuring and efficiency gains offsetting lower revenue
- Q4 Revenue and Adjusted Contribution to Profit up 7% and 117%, respectively, due to favorable timing of orders and lower returns for Books, as well as savings from restructuring

\* Adjusted to exclude restructuring charges



# Solutions Performance

<i>(millions)</i>	FY 2017	FY 2016	% of Revenue	Change (ex-FX)
Online Program Management	\$111.6	\$96.5	48%	16%
Professional Assessment	\$59.9	\$57.4	26%	5%
Corporate Learning	\$60.1	\$50.7	26%	20%
<b>TOTAL REVENUE</b>	<b>\$231.6</b>	<b>\$204.5</b>	<b>100%</b>	<b>14%</b>
<b>ADJ. CONTRIBUTION TO PROFIT (CTP)*</b>	<b>\$16.6</b>	<b>\$5.0</b>		<b>224%</b>

- Online Program Management (OPM) added four new partners in the fiscal year – George Mason (VA), St. John’s (NY), Seton Hall (NJ), and Vlerick (Belgium)
- OPM ended the year with 39 partners and 250 programs under contract compared to 38 partners and 226 programs at end of prior year (24 net new programs)
- Corporate Learning up 20% on strong growth across Europe and North America
- Adjusted CTP up 224% due to improved operating efficiencies across the business
- Q4 revenue and Adjusted Contribution up 14% and 27%, respectively

\* Adjusted to exclude restructuring charges

# Balance Sheet

<b>Balance Sheet (millions)</b>	<b>As of 4/30/17</b>	<b>As of 4/30/16</b>
Cash and Cash Equivalents	\$58.5	\$363.8
Long Term Debt	\$365.0	\$605.0
Net Debt	\$306.5	\$241.2
Net Debt to adjusted EBITDA (ttm)	0.8	0.7

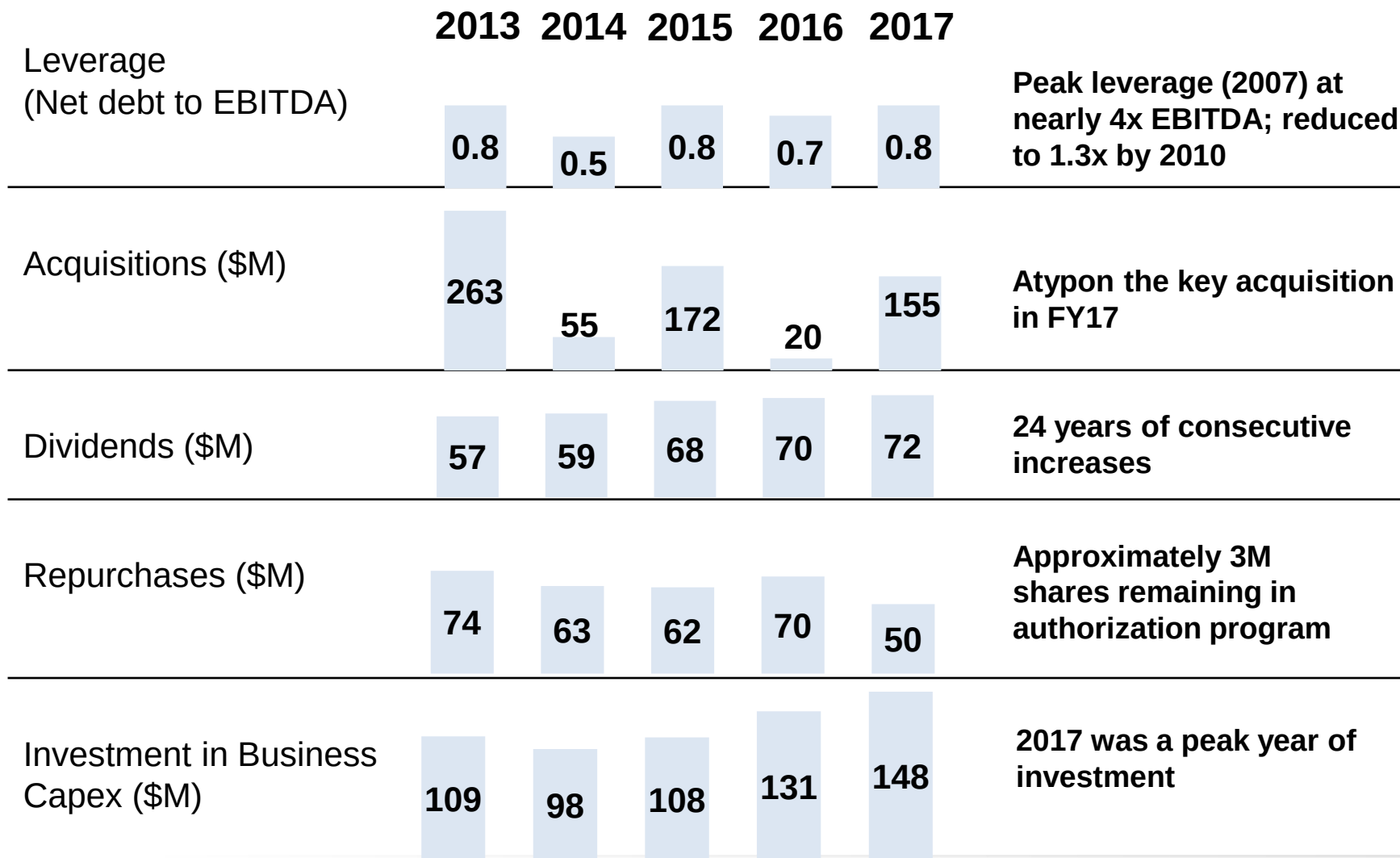
- Strong balance sheet continues to provide flexibility for investment and return of capital (over \$700 million available under the RCA)
- Lower cash position due to repayment of debt with proceeds from tax efficient repatriation of cash from foreign entities. The initiative also resulted in a \$60 million gain on a related GBP inter-company hedge, realized in the fourth quarter
- M&A interests focused on enablers for profitable growth in research and digital and online learning (Atypon acquired in Q2)

# Cash Flow

Cash Flow (millions)	FY 2017	FY 2016
Net Income	\$113.6	\$145.8
<b>Cash From Operations</b>	<b>\$314.5</b>	<b>\$350.0</b>
Tech, Prop, Equip	(\$110.7)	(\$93.7)
Composition and Product Development Spend	(\$37.6)	(\$37.3)
<b>Free Cash Flow (FCF)</b>		
Less Composition and Product Dev Spend	<b>\$166.2</b>	<b>\$219.0</b>
Selected Uses of Cash:		
Acquisitions	(\$154.8)	(\$20.4)
Dividends	(\$71.5)	(\$69.9)
Share Repurchases	(\$50.3)	(\$70.0)

- Cash from Operations down (-\$35M) primarily a result of unfavorable impact of timing around working capital (net income decline mostly non-cash - German tax settlement, etc) and an unbudgeted \$7 million contribution to our UK pension just before year-end
- Free Cash Flow (-\$53M) with higher capex (+\$17M) mostly related to headquarters transformation
- Acquisitions, including Atypon, Ranku and acquired journal publication rights, totaled \$155M
- Repurchased 953K shares for approximately \$50.3M, an average cost of \$52.80; nearly 3.8M shares remaining in the repurchase program
- 23 straight years of dividend increases; next annual review in the coming weeks

# Capital Allocation



# FY18 Outlook

Metric (\$M)	FY17 Actual	FY18 Expectation*	Potential FX Benefit (at current rates)
Revenue	\$1,718.5	Approximately even	\$25 million
Adj. Operating Income	\$228.4	Approximately even	\$20 million
Adj. EPS	\$3.00	Low-single digit % decline	\$0.25
Cash from Operations	\$314.5	\$350 million or higher	
Capex**	\$148.3	Slightly lower	

\*At constant currency. Adj. operating income and adj. EPS further exclude unusual charges, credits, and settlements in FY18 and FY17

\*\*Includes Technology, Property, and Equipment and Book Composition and Other Product Development Spending

- Revenue expected to be even with FY17 due to modest growth in Research and low-teen growth in Solutions offset by declines in Publishing
- Adjusted Operating Income expected to be even with FY17 due to flat revenue
- Adjusted EPS expected to be down low-single digits mostly due to non-recurring tax benefits in FY17
- Free Cash Flow expected to be up due to improved Cash from Operations
- If current rates hold, significant favorable FX variances will further improve revenue and profit

# Looking Beyond FY18

- Reinvestment in Research expected to accelerate revenue growth
- Solutions segment to continue to benefit from strong revenue growth and efficiency gains
- Publishing segment to improve digital capabilities for content creation and alternative delivery models
- Considerable savings from operational excellence initiatives and workforce realignment
- ERP and headquarters office transformation completed, resulting in productivity benefits, lease savings, and free cash flow improvement
- Literatum migration complete; Atypon to turn accretive and begin to yield considerable development savings
- Exceptional financial strength (BS/CF) for flexibility and expansion

**Significant improvement in operating income, EPS, and cash flow in FY19 and FY20**

## Overall Takeaways

- Building on 210 years of impact and performance
- Stable and growing markets, with must-have content and strong market share
- Reliable cash and profit generation
- Research in strong position to capitalize on technology
- Solutions growth continuing, margins improving
- Digital publishing transformation continuing, enhanced by portfolio and cost adjustments
- Foundational investments to roll off; obsessive focus on operational improvements

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