

Third Quarter 2018 Earnings Report

March 6, 2018

Speakers

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WILEY

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Non-GAAP Measures

In this presentation, management provides the following non-GAAP measures:

- Adjusted Earnings Per Share (“Adjusted EPS”)
- Free Cash Flow less Product Development Spending
- Adjusted Operating Income and margin
- Adjusted Contribution to Profit (“Adjusted CTP”)
- Results on a constant currency (“CC”) basis

Management believes non-GAAP financial measures provide a consistent basis to evaluate underlying operating profitability and performance trends by excluding one-time and unusual items.

Adjusted Earnings Per Share, Adjusted Operating Profit, and Adjusted Contribution to Profit provide a more comparable basis to analyze operating results and earnings and are commonly used by shareholders to measure our performance. **Free Cash Flow less Product Development Spending** helps assess our ability over the long term to create value for our shareholders. **Results on a constant currency basis** removes distortion from the effects of foreign currency movements to provide better comparability of our business trends from period to period. We measure our performance before the impact of foreign currency (or at “constant currency”), which means that we apply the same foreign currency exchange rates for the current and equivalent prior period. We have not provided our 2018 outlook for the most directly comparable U.S. GAAP financial measures, as they are not available without unreasonable effort due to the high variability, complexity, and low visibility with respect to certain items, including restructuring charges and credits, gains and losses on foreign currency, and other gains and losses. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with U.S. GAAP.

Agenda

1. First 90 Days
2. Performance Summary
3. Financial Position
4. Outlook
5. Looking Forward
6. Q&A



Wiley Celebrates 210 Years!

Takeaways

- Fiscal year overall financial performance tracking well to guidance
- GAAP EPS results up significantly primarily due to non-cash benefit from US Tax Act and favorable foreign currency
- Operational excellence initiatives resulting in improved profitability, speed and agility

Third Quarter Performance

GAAP	Q3 2018	Q3 2017	Change	Change CC
Revenue	\$455.7	\$436.5	4%	(1%)
Operating Income	\$67.4	\$51.2	32%	
Operating Margin	14.8%	11.7%		
Diluted EPS	\$1.19	\$0.82	45%	

Non-GAAP	Q3 2018	Q3 2017		Change CC
Adjusted Operating Income	\$69.6	\$60.3		2%
Adjusted Operating Margin	15.3%	13.8%		
Adjusted EPS	\$0.87	\$0.89		(14%)

- GAAP operating income growth due to favorable foreign currency, favorable timing of restructuring charges, and savings from operational excellence initiatives and restructuring
- GAAP EPS growth primarily from operating income growth and an estimated non-cash tax benefit of \$25M, or \$0.43 per share (US Tax Act)
- Adjusted EPS performance lower due to foreign tax benefits totaling \$0.12/share in the prior year

Nine Month Performance

GAAP	YTD 2018	YTD 2017	Change	Change CC
Revenue	\$1,318.9	\$1,266.3	4%	1%
Operating Income	\$164.7	\$142.7	15%	
Operating Margin	12.5%	11.3%		
Diluted EPS	\$2.39	\$1.15	+\$1.24	

Non-GAAP	YTD 2018	YTD 2017	Change	Change CC
Adjusted Operating Income	\$194.8	\$166.6		3%
Adjusted Operating Margin	14.8%	13.2%		
Adjusted EPS	\$2.49	\$2.20		1%

- GAAP Operating income growth due to higher revenue, favorable foreign currency, and a large pension settlement in the prior year, which offset higher restructuring and other charges.
- GAAP EPS growth primarily from higher operating income, a non-cash benefit for income taxes of \$25 million, or \$0.43 per share (US Tax Act), favorable foreign currency, and an unfavorable ruling in a Germany income tax dispute in the prior year.
- Adjusted EPS performance primarily due to higher adjusted operating income, lower interest expense, and a higher effective tax rate resulting from larger tax credits in the prior year.

Research

<i>(millions)</i>	Q3 2018	Q3 2017	Change	Change CC
Journal Subscriptions	\$160.3	\$150.0	7%	(2%)
Open Access	\$9.9	\$6.9	43%	39%
Licensing, Reprints, Backfiles, Other	\$45.0	\$40.9	10%	5%
Total Journal Revenue	\$215.2	\$197.8	9%	1%
Publishing Technology Services (Atypon)	\$8.3	\$8.0	4%	4%
TOTAL REVENUE	\$223.5	\$205.8	9%	1%
CONTRIBUTION TO PROFIT (CTP)	\$59.3	\$52.5	13%	
Restructuring charges	\$0.7	\$0.5		
ADJUSTED CTP	\$60.0	\$53.0		(2%)

- Solid growth from Open Access and Licensing, Reprints, Backfiles, and Other category
- CY18 society wins total \$14M (vs. \$3M not renewed)
- Atypon showing good momentum; Wiley Online Library migration to Literatum expected to be completed in March

Publishing

<i>(millions)</i>	Q3 2018	Q3 2017	Change	Change CC
STM and Professional Publishing	\$80.8	\$76.9	5%	2%
Education Publishing	\$48.4	\$50.3	(4%)	(6%)
Course Workflow (WileyPLUS)	\$21.4	\$23.5	(9%)	(9%)
Test Preparation and Certification	\$7.8	\$8.5	(9%)	(9%)
Licensing, Distribution, Advertising, Other	\$11.9	\$12.2	(3%)	(6%)
TOTAL REVENUE	\$170.2	\$171.4	(1%)	(3%)
CONTRIBUTION TO PROFIT (CTP)	\$48.5	\$38.8	25%	
Restructuring (credits) charges	(0.4)	1.0		
ADJUSTED CTP	\$48.1	\$39.8		16%

- Book publishing performance better than expected driven primarily by print in STM and Professional and digital in Education
- Strong profit improvement from operational excellence initiatives and restructuring activities

Solutions

<i>(millions)</i>	Q3 2018	Q3 2017	Change	Change CC
Education Services (Online Program Mgmt)	\$32.2	\$30.0	7%	7%
Professional Assessment	\$13.2	\$13.8	(4%)	(5%)
Corporate Learning	\$16.5	\$15.4	7%	(4%)
TOTAL REVENUE	\$61.9	\$59.2	5%	2%
CONTRIBUTION TO PROFIT (CTP)	\$6.4	\$3.6	78%	
Restructuring charges	\$1.3	\$1.1		
ADJUSTED CTP	\$7.7	\$4.7		67%

- Three new OPM programs signed; 10 discontinued – total partner and program count of 38 and 247, respectively
- Strong growth for fee-for-service in Education Services
- Continued profitability and efficiency gains across the segment

US Tax Act Impact

- Estimated non-cash tax benefit this quarter of \$25 million, or \$0.43 per share
- Benefit on a go-forward basis expected to be relatively modest
 - Majority of pre-tax income earned outside the US
 - Approximate one percentage point drop to effective tax rate starting in FY19
 - Modest cash tax benefit beginning in FY20

Financial Position

Balance Sheet (millions)	As of 1/31/18	As of 4/30/17
Cash and Cash Equivalents	\$128.2	\$58.5
Long Term Debt	\$428.2	\$365.0
Net Debt	\$300.0	\$306.5
Net-Debt-to-EBITDA*	0.8	1.0

**Net-Debt-to-EBITDA (ttm) – as defined in our Revolving Credit Facility*

Cash Flow

Cash Flow Measures (millions)	YTD 2018	YTD 2017
Cash Provided by Operating Activities (GAAP)	\$190.1	\$229.2
Additions to Technology, Property, and Equipment	(\$79.0)	(\$77.7)
Product Development Spending	(\$30.4)	(\$31.9)
Free Cash Flow less Product Development Spending (Non-GAAP)	\$80.7	\$119.5

Primary Uses of Cash	YTD 2018	YTD 2017
Cash dividends	(\$55.1)	(\$53.6)
Share repurchases	(\$29.3)	(\$35.4)
Acquisitions, net of cash	(\$25.2)	(\$152.1)

Fiscal 2018 Outlook Reaffirmed

Metric (\$M, except EPS)	FY17 Actual	YTD Change (at constant currency)	FY18 Expectation (% at constant currency)
Revenue	\$1,718.5	+1%	Approximately even
Adj. Operating Income	\$228.4	+3%	Approximately even
Adj. EPS	\$3.01	+1%	Low-single digit % decline
Cash Provided by Operations	\$314.5	(\$39.0)	\$350 million or higher
Capital Expenditures*	\$148.3	Even	Slightly lower

- If current rates hold, Wiley expects to report favorable year-over-year FY18 FX variances of approximately \$49 million in revenue, \$27 million in operating income, and \$0.34 in EPS due to changes in exchange rates and functional currency gains

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

Looking Forward

- Strategic planning and development underway
- Migration of Wiley Online Library to Atypon platform
- Completion of HQ transformation
- Next-generation WileyPLUS release
- Operational excellence activities continuing
- Fourth quarter earnings update and full year recap scheduled for mid-June

Appendix – Adjusted EPS reconciliation to GAAP

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2018	2017	2018	2017
GAAP Earnings Per Share - Diluted	\$ 1.19	\$ 0.82	\$ 2.39	\$ 1.15
Adjustments:				
Restructuring and related charges	0.04	0.10	0.37	0.17
Foreign exchange losses (gains) on intercompany transactions	0.07	(0.03)	0.16	0.01
Estimated Non-Recurring Impact of Tax Cuts and Jobs Act	(0.43)		(0.43)	-
Pension settlement	-	-	-	0.09
Unfavorable tax settlement	-	-	-	0.82
Deferred income tax benefit on UK tax rate change	-	-	-	(0.04)
Non-GAAP Adjusted Earnings Per Share - Diluted	\$ 0.87	\$ 0.89	\$ 2.49	\$ 2.20

Additional financial tables and further explanations and reconciliation of GAAP financial results to non-GAAP financial measures can be found under our March 6 earnings release at <https://www.wiley.com/en-us/investors>