

Fourth Quarter and Full Year 2018 Earnings Report

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Speakers

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WILEY



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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.

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 includes 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.

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 Income, 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 2019 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

- General Discussion
- Results
- Business Optimization
- Financial Position
- Outlook
- Q&A

A Research and Education Company



- Substantial progress made in positioning ourselves for success in Research and Education markets
- Highly attractive markets in the midst of change that is creating opportunities
 - Positive trends: Article output and business model transformation in Research; new opportunities across researcher value chain; investment and transformation across the educational ecosystem in better outcomes
- Well positioned to be a leader on our transforming markets
 - Strong assets: Brands, content, platforms, market positions, market relationships, and resources
- Continuing gains in efficiency and effectiveness from operational excellence initiatives
- Investing to serve emerging market needs and enhance growth profile

Full Year Takeaways



- Exceeded guidance for revenue, adjusted operating income, adjusted EPS, and Cash Provided by Operating Activities
- Good momentum to build on
 - Research – investing in growing content output, building open access position, optimizing existing portfolio, realizing significant technology and product development benefit from Atypon
 - Education – enhancing content and course workflow platforms, transforming business models, improving learner outcomes in institutional, corporate, and non-traditional settings
 - Education Services – enhancing new partner and program pipeline, extending the business model with partners
- Significant operating and business optimization milestones achieved
 - Wiley Online Library relaunched on Literatum
 - WileyPLUS Next Generation
 - ERP order-to-cash for Journals
 - Efficiency gains and cost savings
- 73% of total company revenue from digital products

Full Year Performance

GAAP	FY 2018	FY 2017	Change	Change CC
Revenue	\$1,796.1	\$1,718.5	5%	1%
Operating Income	\$239.5	\$206.2	16%	
Operating Margin	13.3%	12.0%		
Diluted EPS	\$3.32	\$1.95	70%	
Non-GAAP	FY 2018	FY 2017	Change	Change CC
Adjusted Operating Income	\$271.7	\$228.4		7%
Adjusted Operating Margin	15.1%	13.3%		
Adjusted EPS	\$3.43	\$3.01		3%

Fourth Quarter Performance

GAAP	Q4 2018	Q4 2017	Change	Change CC
Revenue	\$477.3	\$452.2	6%	1%
Operating Income	\$74.8	\$63.4	18%	
Operating Margin	15.7%	14.0%		
Diluted EPS	\$0.93	\$0.81	16%	

Non-GAAP	Q4 2018	Q4 2017		Change CC
Adjusted Operating Income	\$76.9	\$61.7		15%
Adjusted Operating Margin	16.1%	13.7%		
Adjusted EPS	\$0.94	\$0.82		6%

Research

<i>(millions)</i>	FY 2018	FY 2017	Change	Change CC
Journal Subscriptions	\$677.7	\$639.7	6%	0%
Open Access	\$42.0	\$30.6	37%	34%
Licensing, Reprints, Backfiles, Other	\$181.8	\$164.1	11%	8%
Total Journal Revenue	\$901.5	\$834.4	8%	3%
Publishing Technology Services (Atypon)	\$32.9	\$19.1	73%	73%
TOTAL REVENUE	\$934.4	\$853.5	9%	4%
CONTRIBUTION TO PROFIT (CTP)	\$275.5	\$252.2	9%	
Restructuring charges	\$5.3	\$1.9		
ADJUSTED CTP	\$280.7	\$254.2		0%

- Wiley Online Library migration to Literatum platform completed in March; very favorable response from users and partners
- Licensed society publishing net wins in CY18 of +\$11 million; retention of society partners at 97%
- Q4 Research Revenue +10% reported, +5% constant currency, driven by steady growth in Journals and continued strong growth in Open Access
- Q4 CTP +6% reported, -2% adjusted at constant currency mainly due to higher society publishing royalties

Publishing

<i>(millions)</i>	FY 2018	FY 2017	Change	Change CC
STM and Professional Publishing	\$287.3	\$291.3	(1%)	(3%)
Education Publishing	\$187.2	\$196.3	(5%)	(6%)
Course Workflow (WileyPLUS)	\$59.5	\$62.3	(5%)	(5%)
Test Preparation and Certification	\$35.5	\$35.6	0%	0%
Licensing, Distribution, Advertising, Other	\$48.1	\$47.9	1%	(2%)
TOTAL REVENUE	\$617.6	\$633.4	(2%)	(4%)
CONTRIBUTION TO PROFIT (CTP)	\$123.9	\$125.7	(1%)	
Restructuring and impairment charges	\$10.0	\$1.6		
ADJUSTED CTP	\$134.0	\$127.3		2%

- WileyPLUS Next Gen platform initial launch scheduled for Fall semester; favorable feedback from field trials
- Test Preparation to shift focus to higher-growth institutional market
- Q4 Publishing Revenue -2% reported, -5% constant currency with growth in Course Workflow offset by declines in STM and Professional and Test Prep
- Q4 CTP -10% reported, -19% adjusted constant currency

Solutions

<i>(millions)</i>	FY 2018	FY 2017	Change	Change CC
Education Services (Online Program Mgmt)	\$119.1	\$111.6	7%	7%
Professional Assessment	\$61.1	\$59.9	2%	2%
Corporate Learning	\$63.8	\$60.1	6%	(1%)
TOTAL REVENUE	\$244.1	\$231.6	5%	3%
CONTRIBUTION TO PROFIT (CTP)	\$22.1	\$14.8	49%	
Restructuring charges	\$3.7	\$1.8		
ADJUSTED CTP	\$25.8	\$16.6		56%

- Strong growth for fee-for-service in Education Services and good FY19 university partner pipeline in view
- Q4 Solutions Revenue +6% reported, +2% constant currency – growth in all businesses
- Q4 CTP +81% reported, +80% adjusted at constant currency mainly due to continued efficiency gains

Business Optimization Efforts



Fiscal 2018 Achievements

- Wiley Online Library migration to Literatum platform
- Significant progress in ERP implementation
- Lower Technology and Operations costs
- Office transformation

Opportunities Ahead

- New Technology leader announced; set to build a high-performing technology organization
- Efficiency gains in editorial and content management processes

Balance Sheet and Cash Flow

Balance Sheet (millions)	As of 4/30/18	As of 4/30/17
Long Term Debt	\$360.0	\$365.0
Net Debt	\$190.2	\$306.5
Net-Debt-to-EBITDA*	0.5	1.0
Cash Flow Measures (millions)	FY 2018	FY 2017
Cash Provided by Operating Activities (GAAP)	\$373.8	\$314.9
Additions to Technology, Property, and Equipment	(\$114.2)	(\$105.1)
Product Development Spending	(\$35.6)	(\$43.6)
Free Cash Flow less Product Development Spending (Non-GAAP)	\$223.9	\$166.2
Cash dividends	\$73.5	\$71.5
Repurchases	\$39.7	\$50.3

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

Moving Forward: Fiscal 2019 Focus Areas



Research

- Publish more, launch new journals, build open access position,
- Support and extend our society relationships
- Expand editorial and sales footprints in China and India
- Develop new products and services leveraging existing platforms and content

Education

- Invest in content, courseware and services that drive outcomes
- Improve price-value proposition, introduce new formats and business models
- Launch WileyPLUS Next-Gen platform
- Invest more in Education Services; announce new partners and programs; accelerate fee for service growth

Moving Forward: Fiscal 2019 Outlook

Metric (\$M, except EPS)	FY18 Actual	FY19 Expectation (% at constant currency)
Revenue	\$1,796.1	Even with prior year
Adj. EPS	\$3.43	Mid-single digit decline
Cash Provided by Operating Activities	\$373.8	High-single digit decline
Capital Expenditures*	\$149.9	Modestly lower

Revenue expectation reflects low-single digit growth in Research and Solutions offset by a low-single digit decline in Publishing

Adjusted EPS expectation from increased investment in revenue growth and business optimization initiatives

Cash Provided by Operations reflects impact of investments and lower gains in working capital

Capital Expenditures modestly down due to the completion of our headquarters transformation; increased investment expected in product development and business optimization

Key Takeaways



- Good performance in fiscal 2018
- Fiscal 2019 outlook impacted by investment in growth and in business optimization to generate savings and improve effectiveness
- Highly attractive markets in the midst of change with many opportunities
- Wiley well positioned to be partner of choice to researchers, libraries, funders, educational institutions, societies, professors, platform providers and publishers
- Investing to enhance growth profile while continuing to realize significant gains in efficiency and effectiveness

Appendix



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Adjusted EPS reconciliation to GAAP

JOHN WILEY & SONS, INC.
 SUPPLEMENTARY INFORMATION
 RECONCILIATION OF GAAP EPS to NON-GAAP ADJUSTED EPS - DILUTED
 (unaudited)

	Three Months Ended April 30,		Year Ended April 30,	
	2018	2017	2018	2017
GAAP Earnings Per Share - Diluted	\$ 0.93	\$ 0.81	\$ 3.32	\$ 1.95
Adjustments:				
Restructuring and related charges (credits)	0.02	(0.02)	0.39	0.15
Foreign exchange (gains) losses on intercompany transactions	(0.01)	-	0.15	0.01
Estimated impact of Tax Cuts and Jobs Act	-	-	(0.43)	-
Pension settlement	-	-	-	0.09
Unfavorable tax settlement	-	0.03	-	0.85
Deferred income tax benefit on UK tax rate change	-	-	-	(0.04)
Non-GAAP Adjusted Earnings Per Share - Diluted	\$ 0.94	\$ 0.82	\$ 3.43	\$ 3.01

Additional financial tables and further explanations and reconciliation of GAAP financial results to non-GAAP financial measures can be found under our June 12 earnings release at <https://www.wiley.com/en-us/investors>