Wolters Kluwer 2017 Nine-Month Trading Update

November 1, 2017 - Wolters Kluwer, a global leader in professional information services, today released its scheduled 2017 nine-month trading update.

Highlights

- Full-year 2017 guidance reaffirmed.
- Nine-month revenues up 5% in constant currencies and up 3% organically.
  - Digital & services revenues grew 5% organically (88% of total revenues).
  - Recurring revenues sustained 4% organic growth (77% of total revenues).
  - All main geographic regions delivered improved organic growth.
- Nine-month adjusted operating profit up 10% in constant currencies.
- Nine-month adjusted free cash flow increased overall and in constant currencies.
- Net-debt-to-EBITDA ratio 1.9x as of 30 September, 2017.
- Recent agreements to divest Corsearch and certain Swedish assets.
  - Proceeds to be deployed towards additional share repurchases in 2018 in order to mitigate the earnings dilution expected from these disposals.
- Share buyback program: on track to repurchase €300 million in 2017.
  - €250 million in share repurchases completed in 2017 to date.

Nancy McKinstry, CEO and Chairman of the Executive Board, commented:
“‘The year is progressing well, with recurring revenues sustaining good organic growth. Non-recurring revenue trends improved in the third quarter, but remained subdued as expected. Operational excellence programs are helping to improve our adjusted operating profit margin while also allowing us to increase organic investment. Across the group, we are investing to enhance our expert solutions to deliver more insights and productivity to our customers. We are making progress on integrating recent acquisitions and have further sharpened our strategic focus with two recent disposal agreements. I am pleased to reaffirm our outlook for the full year.’”

Nine Months to September 30, 2017

Nine-month revenues increased 5% overall and 5% in constant currencies. Organic growth was 3% (9M 2016: 2%) following improvement in the third quarter against an undemanding comparable. The effect of acquisitions, mainly from Tagetik, Enablon and Emmi, more than offset the impact of disposals on revenues for the first nine months. All geographic regions delivered improved organic growth in the first nine months. North America (62% of total revenues) saw organic growth of 4% (9M 2016: 3%), despite slower growth in Governance, Risk & Compliance in this region. Europe (30% of total revenues) posted organic growth of 2% (9M 2016: 1%), with all divisions sustaining or improving momentum in this region. Asia Pacific & Rest of World (8% of total revenues) improved organic growth to 3% (9M 2016: 2%). Total recurring revenues (77% of total revenues) sustained 4% organic growth in the first nine months (9M 2016: 4%), supported by all divisions. Printed book revenues declined, but at a more moderate rate than a year ago due to timing factors. The trend in other non-recurring revenues improved modestly, mainly driven by Tax & Accounting and Legal & Regulatory.

Nine-month adjusted operating profit increased 10% at constant currency, supporting a solid margin increase. Adjusted operating profit margins increased in Health, Governance Risk & Compliance, and Legal & Regulatory. Restructuring costs were stable year-on-year. We now expect restructuring costs to total approximately €25 million for the full year, at the top end of our previously indicated range.

Health: Nine-month organic growth was 6%, marking an improvement on the comparable period a year ago (9M 2016: 5%). Clinical Solutions performed well across the board, delivering 10% organic growth overall. Patient engagement provider Emmi is on track to deliver robust growth for the full year. Health Learning, Research & Practice grew 1% organically, in line with the comparable period, with lower subscription growth and advertising weakness offset by a more moderate decline in printed books. For the full year, we continue to expect good organic growth, comparable to 2016, and improved margins
driven by efficiency savings, lower restructuring costs, and the benefits of the ongoing mix shift towards Clinical Solutions.

Tax & Accounting: Nine-month organic growth was 4%, an improvement on the comparable period (9M 2016: 3%) due to favorable timing of non-recurring filing fees and software license and implementation fees, expected to reverse in the fourth quarter. Software solutions for professional firms, corporations and governments continued to drive the division’s organic growth. Print formats, online research and learning tools saw decline, as expected. In Corporate Performance Solutions, TeamMate delivered double-digit organic growth driven by increased software maintenance fees and strong new software sales in the third quarter. CCH Tagetik, acquired in April 2017, is performing to plan. On September 1, the division acquired Adsolut, a small provider of tax and accounting solutions for advisors in Belgium. For the full year, we expect solid organic growth, broadly in line with 2016. The full-year margin is expected to be stable, despite the inclusion of Tagetik and increased product investment.

Governance, Risk & Compliance: Nine-month organic growth was 2%, in line with the comparable period (9M 2016: 2%). Recurring revenues (58% of divisional revenues) sustained 3% organic growth across the division, while trends in transactional and other non-recurring revenues were mixed, generally as expected. Legal Services (LS) delivered 4% organic growth (9M 2016: 3%) with LS transactional revenues firmer than anticipated in the third quarter, due mainly to elevated law firm activity at CT and higher invoice volumes in Enterprise Legal Management (ELM). Financial Services (FS) recorded organic growth of 1% (9M 2016: 2%), supported by good performance in Lien Solutions and Finance, Risk & Reporting. This was dampened by a market-wide decline in mortgage-related FS transactional revenues in Compliance Solutions, against a challenging comparable. For the full year, organic growth is expected to be broadly similar to 2016, albeit to a minor extent dependent on certain larger contracts being signed before year-end. The full-year adjusted operating profit margin is expected to increase due to operating efficiencies. On October 23rd, 2017, we announced an agreement to divest Coresearch, the trademark solutions unit (2016 revenues: approximately €50 million).

Legal & Regulatory: Nine-month organic growth rounded to 0%, an improvement on the comparable period (9M 2016: decline of 2%). Our Legal & Regulatory Information Solutions unit in the U.S. achieved positive organic growth, partly due to favorable timing of distributor orders for U.S. legal textbooks, expected to reverse in the fourth quarter. Information solutions in Europe continued to see organic revenue decline, with growth in digital products still outweighed by print declines. Our Legal & Regulatory Software group delivered good organic momentum driven by practice management tools (Kleos and Effacts). Enablon achieved positive growth and its inclusion in organic growth in the third quarter benefitted the division’s performance. On September 29, 2017, we completed the sale of certain U.K. publishing assets (2016 revenues: approximately €29 million). For the full year, we continue to expect organic revenue decline, in line with 2016 trend, due to more moderate growth in digital products following a large customer migration in 2016. The full-year margin is expected to be stable, as efficiency savings are offset by increases in wages, product investment and restructuring expenses. On October 25, 2017 we announced an agreement to divest certain Swedish publishing and trade services assets (2016 revenues: approximately €22 million).

Cash Flow and Net Debt

Nine-month operating cash conversion was 96% (9M 2016: 93%), reflecting lower capital expenditures partly offset by higher working capital outflows. For the full year, we continue to expect cash conversion of around 95%. Corporate income tax paid increased substantially, as expected. Nine-month adjusted free cash flow increased overall and in constant currencies. We now expect full-year adjusted free cash flow to be near the upper end of our guidance range for 2017: €675-€725 million in constant currencies.

Total dividends paid amounted to €220 million in the first nine months (2016 final dividend and 2017 interim dividend). Acquisition spending, net of cash acquired and deal-related costs, amounted to €311 million in the first nine months, primarily in relation to the acquisition of Tagetik (April 2017). Divestiture proceeds, net of cash disposed, amounted to €85 million and relate to the disposal of Transport Services (June 2017) and certain U.K. publishing assets (September 2017). Share repurchases totalled €216 million in the first nine months of the year. The diluted weighted average share count in
the nine-month period was 288.6 million shares. Twelve months’ rolling net-debt-to-EBITDA was 1.9x as of September 30, 2017, compared to 1.8x a year ago and 1.7x at year-end 2016.

Share Buyback Program

On February 24, 2016, we announced a three-year (2016-2018) share buyback program of up to €600 million, including repurchases made to offset performance share issuance. In 2016, we completed €200 million in share buybacks under this program. On July 28, 2017, the program was expanded by €100 million in 2017 in order to mitigate the earnings dilution from the sale of Transport Services and certain U.K. publishing assets, increasing the total program to €700 million (2016-2018). In 2017 to date, Wolters Kluwer has spent €250 million in share buybacks by year-end 2017 (for which purpose a mandate has been given to a third party).

In October, we announced agreements to sell Corsearch (trademark solutions) for $140 million (approximately €119 million) and certain Swedish publishing assets for SEK 656 million (approximately €68 million), both subject to post-closing adjustments. Assuming these transactions complete, Wolters Kluwer intends to deploy the proceeds towards additional share repurchases in 2018 in order to mitigate the expected earnings dilution from these planned divestments.

Repurchased shares are added to and held as treasury shares, and will be used for capital reduction purposes or to meet obligations arising from share based incentive plans. On September 25, 2017, we completed the cancellation of 11.6 million treasury shares, as approved by shareholders.

Full-Year 2017 Outlook

Our full-year 2017 outlook is unchanged. We expect to deliver solid organic growth, to drive further margin improvement, and to grow diluted adjusted EPS at a mid-single-digit rate in constant currencies. Our guidance for full-year 2017 is provided in the table below.

<table>
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<th>Performance indicators</th>
<th>Guidance</th>
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<tr>
<td>Adjusted operating margin</td>
<td>22.5%-23.0%</td>
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<tr>
<td>Adjusted free cash flow</td>
<td>€675-€725 million</td>
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<tr>
<td>ROIC</td>
<td>9.5%-10.0%</td>
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<tr>
<td>Diluted adjusted EPS</td>
<td>Mid-single-digit growth</td>
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Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/$ 1.11). Guidance for EPS growth includes an assumption regarding share buybacks as announced for 2017. Guidance for adjusted operating profit margin and ROIC is in reported currency and assumes an average EUR/USD rate in the range of EUR/USD 1.05/1.10.

Our guidance for adjusted free cash flow and diluted adjusted EPS is based on constant exchange rates. In 2016, Wolters Kluwer generated more than 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2016 currency profile, each 1 U.S. cent move in the average €/$ exchange rate for the year causes an opposite change of approximately two euro cents in diluted adjusted EPS.

Restructuring costs are included in adjusted operating profit. We expect these costs to total approximately €25 million this year (2016: €29 million). We expect adjusted net financing costs of approximately €110 million, excluding the impact of exchange rate movements on currency hedging and intercompany balances. We expect the benchmark effective tax rate to increase to approximately 27.5%. Capital expenditure is expected to be in the range of 5%-6% of total revenues (2016: 5.2%) with the cash conversion ratio anticipated at approximately 95%.

Our guidance assumes no significant further change to the scope of operations. We may make further disposals which can be dilutive to margins and earnings in the near term.
About Wolters Kluwer

Wolters Kluwer is a global leader in information services and solutions for professionals in the areas of health, tax & accounting, finance, risk and compliance, and legal. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

Wolters Kluwer reported 2016 annual revenues of €4.3 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWW).

For more information about our products and organization, visit www.wolterskluwer.com and follow us on Twitter, Facebook, LinkedIn, and YouTube.

Financial Calendar

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<th>Date</th>
<th>Event</th>
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<td>February 21, 2018</td>
<td>Full-Year 2017 Results</td>
</tr>
<tr>
<td>March 7, 2018</td>
<td>Publication of 2017 Annual Report</td>
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<tr>
<td>April 19, 2018</td>
<td>Annual General Meeting of Shareholders</td>
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<td>April 23, 2018</td>
<td>Ex-dividend date: 2017 final dividend</td>
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<tr>
<td>April 24, 2018</td>
<td>Record date: 2017 final dividend</td>
</tr>
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<td>May 9, 2018</td>
<td>First-Quarter 2018 Trading Update</td>
</tr>
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<td>May 17, 2018</td>
<td>Payment date: 2017 final dividend ordinary shares</td>
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<tr>
<td>May 24, 2018</td>
<td>Payment date: 2017 final dividend ADRs</td>
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<tr>
<td>August 1, 2018</td>
<td>Half-Year 2018 Results</td>
</tr>
<tr>
<td>August 27, 2018</td>
<td>Ex-dividend date: 2018 interim dividend</td>
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<td>August 28, 2018</td>
<td>Record date: 2018 interim dividend</td>
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<tr>
<td>September 19, 2018</td>
<td>Payment date: 2018 interim dividend</td>
</tr>
<tr>
<td>September 26, 2018</td>
<td>Payment date: 2018 interim dividend ADRs</td>
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<td>October 31, 2018</td>
<td>Nine-Month 2018 Trading Update</td>
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Forward-looking Statements and Other Important Legal Information

This report contains forward-looking statements. These statements may be identified by words such as “expect”, “should”, “could”, “shall” and similar expressions. Wolters Kluwer cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors which could cause actual results to differ from these forward-looking statements may include, without limitation, general economic conditions; conditions in the markets in which Wolters Kluwer is engaged; behavior of customers, suppliers, and competitors; technological developments; the implementation and execution of new ICT systems or outsourcing; and legal, tax, and regulatory rules affecting Wolters Kluwer’s businesses, as well as risks related to mergers, acquisitions, and divestments. In addition, financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive. Wolters Kluwer disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Elements of this press release contain or may contain inside information about Wolters Kluwer within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).