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PRESENTATION

Meg Geldens - Wolters Kluwer NV - VP, IR

(Audio starts in progress) and welcome to Wolters Kluwer's 2013 full-year results presentation. As you know, today's presentation contains forward-looking statements and we caution that actual results may differ materially from what is contemplated in these statements due to a number of risks and uncertainties. Please read page 2 of the presentation.

Before we start I just want to make two housekeeping points for analysts and investors. As in previous years, today's presentation and our results release refer -- use the word 'ordinary'. In 2014 we are going to start using the more customary term 'adjusted', so just -- you'll see that in our half-year results.

Also in 2014 we plan to fine tune the way we split our revenue by media format and revenue type. This will have a minor change, and we can talk about that afterwards, but -- and we will of course provide you with full details on our website in a [historical] statement.

If you would like I'd now like to hand over to Nancy McKinstry, our CEO.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Thank you, Meg. Good morning, everybody. It's a pleasure to be here to share with you our results for 2013. As is customary, I will lead off with some opening summary remarks and then hand it off to Kevin Entricken, our CFO, who will give more details on the results.

Then I will come back and talk about each one of our divisions and their respective performances, and then give you an update on our progress against our strategy, and then finish up with the outlook for 2014.

So, to begin, we're pleased with the results that we delivered in 2013. Our leading high-growth businesses and our digital solutions supported overall positive growth for the Group, offsetting the still soft conditions in Europe and in the print markets generally.
We delivered results in line with the guidance that we set at the beginning of this year, with the results from our health division stronger than anticipated, which offset the challenges that we faced within our financial and compliance services group. Ordinary free cash flow increased 3% at constant currencies, better than we expected, and we improved our net debt to EBITDA ratio to 2.2 times.

Looking forward, in 2014 we will sharpen our focus on investing behind our leading growth positions. Specifically, we will continue to invest 8% to 10% of our revenues in new and enhanced products. We will also increase our restructuring efforts, particularly within Europe. And, importantly, we will continue to invest to support our global expansion.

Now I'd like to highlight our progress against our strategy. I'm pleased to say that our leading, high-growth positions, which now account for 44% of our total revenues, continue to have strong organic growth, delivering 7% organic growth in 2013.

We also expanded these businesses with two key bolt-on acquisitions, Health Language in our clinical solutions group and Prosoft in tax software in Brazil. We will continue and have continued to invest organically in digital information solutions and in 2013 we launched a number of exciting new products, which I'll talk a bit more about later.

Digital and service revenues now account for 77% of our total revenues, and they grew 4% organically in 2013. We also made good progress on our operational excellence programs. So as we start 2014 we are well positioned to continue our progress and to deliver our financial results.

So now with that I'd like to hand it over to Kevin Entricken who will talk more about the financial results.

Kevin Entricken - Wolters Kluwer NV - CFO

Thank you, Nancy. I'm very happy to be here to review our financial results for 2013. And with that let's start with highlights.

Overall our results were in line with the guidance that we provided earlier in the year. Cash flow was actually slightly better than expected. In reporting currencies revenues and ordinary EBITA were down 1%, mainly due to currency, the devaluation of the US dollar.

Excluding the impact of currency revenues increased 2%. Excluding also the effect of acquisitions and disposals revenue grew by 1% organically. Ordinary EBITA also increased 2% organic -- 2% in constant currencies and 1% organically. Our margin was stable, at 21.5%, also in line with our guidance range.

Diluted ordinary earnings per share was EUR1.56, up 3% in constant currencies, in line with guidance. Ordinary free cash flow declined 1% to EUR503m and was impacted by the weaker US dollar. In constant currencies ordinary free cash flow was up by 3%. This was slightly better than we had expected.

We reduced our net debt by approximately EUR100m and improved our net debt to EBITDA to 2.2 times. This was favorable to our target net debt to EBITDA of 2.5 times.

Let’s turn to revenue. As mentioned, overall revenue growth was 1% on an organic basis in 2013. Underlying revenues of legal and regulatory declined 1% organically. This marks an improvement over the prior-year performance, which was an organic decline of 2%. This improvement was due to the slower rate of decline in our European operations.

Tax and accounting delivered 1% organic growth, in line with the prior year and in line with our expectations. Health accelerated their organic growth in the second half of the year and finished the year with a full-year organic growth of 6%.

Financial and compliance services faced a number of challenges during the year, which we had flagged earlier on. Organic revenues declined 4% in large part due to the sharp downturn in mortgage refinance volumes in the United States. These slowdown in volumes started in the second quarter and we saw that slowdown accelerate in the second half of the year.
Geographically we continue to see positive organic growth in North America and Asia Pacific, and a decline in Europe. North America was up 2% on an organic basis and Asia Pacific was up 5% on an organic basis. Europe declined 2% organically. However, this was an improvement over the prior-year organic decline of 3%.

Now let’s turn to revenues by type. Recurring revenues make up 75% of our total revenues and digital and service subscription are the largest component. And this delivered 4% organic growth in 2003 (sic - see presentation “2013”), accelerating from 3% organic growth in 2012.

This strong performance in digital and subscription services was enough to outweigh the ongoing decline in print subscriptions, which declined 7% during the year. This rate of decline was similar to 2012.

Transactional and other cyclical products make up 25% of total revenues. Of this, book revenues, the majority of which are print, declined 5% organically during 2013, slightly worse than 2012. Book markets remained soft around the world, and while our health textbooks and tax textbooks fared relatively well, our legal books declined by 12% last year due to difficult conditions in both the United States and in Europe.

Corporate legal services transaction revenues were up 8% organically despite very challenging comparables to the prior year and volatility in commercial lending markets. Financial services transaction revenues faced very tough comparables in 2012, which saw growth of 19%. In 2013 the sharp downturn in mortgage refinancing volumes caused a 7% decline in financial services transaction revenues.

Other cyclical revenues include training, advertising, transport services and other cyclical activities, and these revenues fell 7% organically, largely in Europe.

Turning to media formats, looking at our revenue purely on a media format basis we can see that total digital revenues were EUR2.2b and grew 5% organically. Our service revenues were flat overall.

Service revenues grew in corporate legal services and in health services, and this growth was offset by services provided in tax and accounting for bank products and financial compliance services mortgage origination services. Total print, both subscriptions and books, declined 8% organically. Print today now makes up only 23% of our total revenues.

Turning to EBITA, ordinary EBITA of EUR765m was up 2% in constant currencies. The full-year ordinary EBITA margin was 21.5% following improvements in profitability in the second half of the year.

Now, as a reminder, restructuring costs are included in ordinary EBITA, and at the Group level this margin was stable as compared to 2012 as we absorbed higher restructuring costs, new product investments as well as the effect of diluted disposals.

The legal and regulatory margin declined 40 basis points, reflecting the overall revenue decline in Europe, dilutive disposals, most importantly, Best Case Solutions, as well as wage inflation, increased restructuring and investments in product and innovation.

Our tax and accounting margin expanded by 40 basis points; slightly better than we had expected. This was helped by product mix and continued cost initiatives throughout the division.

The health EBITA margin improved by 70 basis points to 22.6%. This was driven by the continued mix shift towards clinical solutions and operational excellence initiatives throughout the division.

The financial and compliance services margin declined 180 basis points. Top-line pressures, restructuring costs and investments in new products and platforms drove this result.

Turning to ordinary net income, ordinary net financing costs were EUR117m. As we have stated before, this excludes the pension financing charge. In addition, it excludes certain exceptional items that I’ll discuss on the next slide.
Our effective benchmark tax rate was largely in line with 2012, at 27.6%. Ordinary net income was EUR467m, an increase of 2% at constant currencies. A slight decrease in our weighted average shares outstanding helped benefit diluted ordinary EPS, which was up 3% in constant currencies.

Turning to IFRS figures, our operating profit increased 9% to EUR619m. The main reason for this increase was our gain on disposed assets of EUR47m. This was largely Best Case Solutions, which was disposed in May of 2013. Acquisition integration costs were EUR8m, lower than the previous year and primarily relate to Health Language and Prosoft.

Net financing results was a net expense of EUR128m. This figure includes EUR5m in a euro pension financing charge, a EUR12m net gain on disposal of a minority stake and EUR8m write-down of investments available for sale. Our reported effective tax rate increased to 28% largely driven by the disposal gain we realized in higher tax rate jurisdictions.

Profit after tax for continuing operations rose 6%. Discontinued operations recorded a loss of EUR7m. This relates to our French pharma-related publishing assets which were sold in September. And it’s worth reminding everyone that our discontinued operations have now been fully divested. Including discontinued operations net profit for the year and diluted earnings per share increased by 11%.

Turning to cash flow, ordinary operating cash flow decreased 2% in constant currencies to EUR270 -- I’m sorry, EUR727m. As we had anticipated at the start of the year, the cash conversion ratio returned to a more normalized level of 95% after the record 99% in 2012. Paid finance costs of EUR115m was approximately EUR5m lower than in the prior year.

Paid income taxes decreased to EUR103m and was slightly less than we had expected, benefiting from more favorable timing on tax payments. Cash spending against our restructuring initiatives and acquisition integration provision was in line with the prior year, at EUR19m. It’s worth noting that this excludes Springboard.

These items largely helped compensate for the lower cash conversion ratio and helped deliver an increased ordinary free cash flow to EUR503m, up 3% in constant currencies. As mentioned, this was slightly better than we had expected given the lower payments in tax.

Now moving to movements in net debt, looking at how we applied free cash flow of EUR503m. Restructuring related to the exceptional Springboard program declined to EUR10m in 2013. We expect this line item to fall to below EUR5m in 2014. We spent EUR198m on acquisitions primarily for Health Language and Prosoft. Our 2013 acquisitions are performing well and are in line with our expectations.

We raised cash proceeds net of tax and costs of EUR60m from disposals. We paid dividends of EUR204m, an increase compared to the prior year as a result of our decision to move to an all-cash dividend. We spent EUR27m on share buybacks and related costs, and discontinued operations, all of which have now been divested, absorbed EUR13m in cash. This left us EUR100m to pay down debt to just under EUR2b.

Turning to acquisitions and divestments, a key component of our strategy is to expand our leading high-growth positions through organic investment, but also through acquisitions. Over the last six years, from 2008 to 2013, over 85% of our acquisition spend has been directed to these leading high-growth positions. In fact, over 50% has been dedicated toward two areas, clinical solutions and tax software.

If we look at the acquisitions made over the four years from 2008 to 2011 the majority of our investment has achieved a return on investment of 8% or more by year three. In fact, over 50% of our investments generated a return of 8% or more by the second full year.

For our more recent acquisitions, those completed in 2012 and 2013, we’re still in the early phase, but we can say that they are performing well, being integrated into our operations and are comfortably on track to meet our financial criteria of covering our weighted average cost of capital within years three to five.

These bolt-on acquisitions have helped to strengthen our portfolio and are lifting the Group’s organic growth rate and margin. They are meeting our stated financial criteria.
Divestitures are also key to transforming our portfolio. The assets we are selling are outside of our strategic focus and often are traditional print businesses. Last year’s disposals were mainly in legal and regulatory and will be slightly dilutive to the margin in the short term as we work to eliminate stranded costs related to those businesses. We will continue to make these types of disposals going forward.

Turning to leverage, our net debt to EBITDA ratio improved to 2.2 times compared to 2.4 times a year ago. This ratio has now been below our target level of 2.5 times for two years in a row. Our 2.5 times target reflects the leverage that we are comfortable with given the high recurring nature of our revenues and predictability of our cash flows.

Turning to debt maturities and the balance sheet, this slide you can see our debt maturity profile at the end of December in 2013. As you will remember, in March we issued a EUR70m (sic - see presentation “EUR700m”) euro bond 10 years with an attractive coupon of 2.875%.

Last month we used those proceeds and other funds to redeem our maturing EUR70m euro senior bond. With that exercise complete our next major bond maturity is not until 2018. We will see the benefits of this exercise in our P&L in 2014.

As stated in our press release, we expect our ordinary net financing costs to be approximately EUR100m in 2014. However, please note that in 2014 our cash-out financing costs will increase to around EUR130m. This is because we will have two coupon payments in 2014, the first being the euro bond we redeemed in January and the second coupon new euro bond due in March.

Let’s turn to the balance sheet. Our goodwill and intangible balances increased due to acquisitions and investments, yet you will see at the year end the balance came down due to depreciation, amortization and also due to the change in US dollar. Equity-accounted associates and financial assets declined, reflecting disposals and write-downs.

Other non-current assets, which include mainly property, plant and equipment, and deferred tax assets, declined slightly largely due to currency. Our year-end cash position reflects the new euro bond I mentioned previously. In January of 2014 we used these funds to pay off the 2014 bond, which was recorded in short-term borrowings.

Deferred income liability was slightly less due to currency, as was current liabilities. The refinancing exercise of a year ago extended our debt maturity profile and leaves us in a very solid financial position.

Turning to dividends and share buybacks, we are proposing a cash dividend of EUR0.70 per share, in line with our progressive dividend policy. This is subject to approval by our shareholders at our annual general meeting in April.

This marks the eighth consecutive year that our dividend per share has increased. And it’s worth mentioning that Wolters Kluwer has now seen 25 consecutive years of stable or rising dividend per share.

We also remain committed to offsetting any dilution caused by the issuance of our performance shares. For 2014 this means we will expect to buy back shares worth up to EUR25m.

Now, in summary, we are pleased with our results for 2013. Organic revenue growth was 1% despite challenging market conditions in Europe, in print products and in financial and compliance services. We delivered a stable EBITA margin despite increased restructuring and investment. Free cash flow was in excess of EUR500m and we further improved our net debt to EBITDA ratio.

Now with that I’d like to hand it back to Nancy who will have some things to say on operations, strategy and our outlook for 2014.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Thank you, Kevin. So I will talk about each of our divisions and their performance, beginning with legal and regulatory.
Legal and regulatory experienced a 1% organic decline in revenues last year, which was an improvement over 2012, due to a lower rate of decline in Europe. The divisional EBITA margin contracted 40 basis points, as expected, due to both the revenue decline in combination with wage inflation, restructuring, dilutive disposals and increased investments in growth initiatives.

Corporate legal services grew 5% organically. CLS’s transaction revenues grew 8% for the year. The trademark business also performed well and made two small bolt-on acquisitions to extend its product line. CLS’s legal spend unit, called TyMetrix, rolled out a new user interface which is supporting retention and generating new sales.

TyMetrix was also placed in the leading position in Gartner’s Magic Quadrant for enterprise legal management, which is providing us with market recognition for our product quality and expertise.

In Europe, legal and regulatory revenues declined 3%, which is an improvement on the minus 6% decline we experienced in 2012. Digital revenues have held up well, offset by declines in print and cyclical product areas, such as training. Law and Business, our US publisher, was affected by further declines in US law school enrolments, which fell 11% last year, but its digital solutions grew well.

Tax and accounting saw 1% organic growth supported by 6% organic growth in software, which now makes up 60% of the revenues for the division. The margin rose 40 basis points as a result of the product mix and initiatives around cost control.

In North America software grew 6% organically, which was partly offset by the expected decline in bank products and publishing revenues. The growth in tax software was helped by our new cloud-based solution, called CCH Axcess, which I’ll talk a bit more about later.

Our European tax and accounting business saw modest but positive organic growth. While economic conditions remain difficult in Europe the growth in tax and accounting software more than compensated for the decline in print formats and cyclical activities in the region.

Asia Pacific and the rest of world also saw good growth in software, which was offset by declines in print formats and seminars. As Kevin mentioned, we acquired Prosoft in Brazil in May and I’m pleased to say that this acquisition is performing well and above our expectations.

Turning now to health, health achieved 6% organic growth after accelerating in the second half. The growth in revenue, ongoing mix shift towards clinical solutions and actions around operational effectiveness drove the ordinary EBITA margin up 70 basis points, to 22.6%, which is now well above the Group average.

Clinical solutions is now the largest component of our health division, accounting for 42% of its revenues. In 2013 it achieved double-digit organic growth, with nearly all of the areas within the unit achieving growth of above 10% organically. Health Language, which we acquired in the early part of 2013, also achieved double-digit revenue growth.

Medical research revenues were up modestly as growth in our medical research platform, Ovid, and in online journals was partially offset by expected weakness in print subscriptions. The unit continues to expand its exclusive medical content as well as its open access journals.

Professional and education made a good recovery in the second half and delivered slightly positive organic growth for the full year. It’s worth highlighting that health books posted flat organic growth for the full year after declining 8% in the first half. Printed books were down 4%, but e-books grew 63% albeit off a small base. Digital learning solutions, such as our PrepU product line, grew over 40%.

So now turning to financial and compliance services, this division recorded revenue and margin decline as it faced a sharp downturn in the US mortgage refinancing volumes. The margin reflects not only this revenue decline, but also higher restructuring costs and increased product investments.

At the start of last year we said that FCS would face a tough comparable in its origination business. In fact, the originations business ended up facing a sharper-than-expected market decline in mortgage refinancing volumes following the peak in 2012. As a result of this, transaction revenues fell 7% last year compared to a 19% increase in 2012.
Also at the start of last year we said we expected revenue attrition as a result of sun setting our Axentis platform in our audit unit. Audit achieved a 3% organic growth for 2013 despite this platform rationalization. Excluding Axentis our TeamMate product line grew 9% organically.

Risk, finance and compliance achieved 3% organic growth for the year, somewhat slowing in the second half due to delays in regulations, which pushed off some of the new customer wins that we expected to have in the second half of last year.

Finally, transport services, which is based in Europe, undertook some significant restructuring and strategic repositioning in the face of still difficult economic conditions in Europe, which drove down our transaction volumes.

So now I’d like to turn to our strategy and give you an update on our progress. As you may recall, we laid out a strategy that is focused on accelerating our organic growth and increasing returns. It has three key elements. The first is to expand our leading high-growth positions.

We've identified four areas, one in each of our divisions, which we have earmarked the bulk of our capital. Those include corporate legal services, tax and accounting software, clinical solutions and finance risk and compliance in audit. As I mentioned, the lion’s share of our capital is going into these areas both through organic investments and bolt-on acquisitions.

The second priority is to deliver solutions and insights particularly focused on improving our customers’ productivity and helping them improve their outcomes. We are investing in mobile applications, cloud-based services and integrated solutions. Product investments including capital expenditures are 8% to 10% of our total revenues which we reinvest back in new and enhanced products.

And, finally, the third priority is to drive efficiencies through cost reductions in such areas as sourcing, real estate and technology. In 2013 these cost savings helped us fund wage inflation, restructuring cost and support overall investments in our growth initiatives.

So now I’d like to highlight our progress against these three areas. Last year we took significant steps to expand our leading high-growth positions and I’m pleased to say that these positions continue to deliver good organic growth. The average for 2013, as you can see, was 7% organic growth. Together these positions make up 44% of our total revenues, which is an increase over 40% in 2012.

So now if we start from the bottom and work our way up, beginning with corporate legal services, this group grew 5% organically with good performance across all of its units. Organic growth was supported not only by strong growth in transaction volumes, but also by good growth in subscription, particularly in product lines such as TyMetrix.

Tax and accounting grew 6% organically. Around the world we are investing in new cloud-based solutions and we started to see the results of those investments come into our 2013 results. As Kevin mentioned, we also acquired Prosoft in Brazil, which is one of the fastest tax -- fastest-growing tax and accounting markets in the world.

Clinical solutions grew over 10% organically, with most of its product areas supporting that performance. We are investing in several areas, including a Chinese version of UpToDate, our sepsis beta trials, which we talked about at the health investor seminar, and mobility across all of the units within clinical solutions.

And, finally, our finance, risk and compliance and audit group together achieved 3% organic growth. Here we are investing to build out our content. We're investing in next-generation platforms and also continuing to invest in global expansion.

I’m also very encouraged by the new products that we’re bringing to market. Many of the new products we launched in 2013 are focused on improving our customers’ productivity, helping them deliver better results and allowing them to work anywhere by connecting into their PDAs and their smartphones. So I just wanted to highlight three of the key launches last year because I think they very much illustrate the type of innovation that's going on at Wolters Kluwer.

The first is our CCH Axcess product launched by tax and accounting last year. This is the industry’s only cloud-based solution that has been built from the ground up that handles all of the tasks associated with the tax process, from tax preparation and compliance to file storage and practice.
This is an end-to-end solution that provides our customers with a unique product that will drive greater productivity for them. Because all of the data is available in the cloud it allows our CPA and tax advisor customers to be able to work anywhere, any time, by again hooking in through their mobile devices.

So while it's early days we're very pleased with the reception that CCH Axcess is getting in the marketplace. We've won a number of industry awards. Most recently, two weeks ago we were named by Accounting Today as one of the hottest new products for 2014.

So now the second example comes from our finance -- financial and compliance services division, where this past year they introduced major enhancements to their enterprise governance, risk and compliance management platform. This enhanced solution provides banks with actionable, regulatory intelligence and the ability to perform risk assessment across many more jurisdictions than ever before.

So, in fact, one of the world's largest banks is now using this solution to conduct compliance risk assessments to help ensure that they are adhering to over 48,000 rules across 70 countries. So I know you folks live in this world, right, it's incredibly complex, and we're one of the few companies that's well positioned to serve banks across the globe. And this is just one example of -- again of the enhancements we're bringing out.

And then, finally, the last example comes from our US legal business. They launched the General Counsel NAVIGATOR product in the spring of last year. And the product is tailored to the specific needs of small- and medium-sized corporate legal departments.

And it is a solution that helps them deal with a wide range of legal topics and provides quick answers and workflow tools that again help them improve their productivity. Again, it's been well received in the market. So these are designed to illustrate again the type of products that we're building and very much the level of innovation that's going on at the Company.

So now to finish off before I go to the outlook I wanted to talk about our efforts around driving efficiencies. During 2013 we executed many initiatives across the Group. The restructuring costs that we incurred are included in our ordinary EBITA and were funded by the savings that we achieved throughout the year.

A few examples of the type of activities that we undertook include consolidation of real estate in the US and in Europe, the optimization of IT through consolidation of hosting and other services. And for those of you who attended our corporate legal services investor seminar you heard them talk about the work they're doing to redesign the service-of-process workflow.

As we look to 2014 we are taking further actions which will involve some additional restructuring costs primarily in Europe and within our tax and accounting group.

So with that I’d now like to turn to our outlook for 2014. For legal and regulatory we expect corporate legal services to see organic revenue growth. While there has been some improvement in Europe in 2013 the environment remains uncertain and we still expect revenue decline in 2014, albeit at a slower rate. Increased restructuring on top of the revenue decline in Europe will lead to margin contraction in this division.

Tax and accounting we anticipate positive organic growth, with strong performance in software offsetting structural declines in print and bank products. Margins are expected to contract due to increased restructuring in this division.

In health we expect to see good organic growth driven by clinical solutions. We also anticipate margin improvements despite the continued investments that we're making in global initiatives.

And in financial and compliance services we expect growth in finance, risk and compliance and audit units to offset continued pressure in transactional revenues that are associated with mortgage refinancing.

So how does this all translate into the financial numbers? You can see that we expect, mainly as a result of restructuring costs increasing to EUR25m to EUR30m, that ordinary EBITA margins will be between 20.5% and 21.5%.
We expect ordinary free cash flow to be at least EUR475m. We expect stable cash conversion, but slightly higher cash interest costs. Our return on invested capital will exceed our WACC and ordinary EPS growth will be in the low single digits in constant currencies. So as we look to 2014 we are well positioned to achieve these goals and Kevin and I are optimistic about our growth prospects.

So thank you very much. I'd now like to move to Q&A.

**QUESTIONS AND ANSWERS**

**Nancy McKinstry** - Wolters Kluwer NV - CEO and Chairman

Okay, Sami.

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**Sami Kassab** - Exane BNP Paribas - Analyst

Thank you, Nancy. It's Sami at Exane. Can I first ask you whether there was any exceptionals or one-off in the organic revenue growth performance of the health division, or whether we should take that maybe as the new normal or thinking that health can sustainably grow above 5% organically?

Secondly, your balance sheet is now below your target, below your historic average. What do you plan to do with your balance sheet capacity and, in particular, do you expect to use it to increase the pace and amount of annual acquisitions?

And, lastly, the bank products within tax have been a recurring challenge and issue for you. We started with a tax anticipation from loans a few years ago. There seems to have been no single such issue and so that's out of the picture. Can you still explain to me why the bank product fees are still hurting?

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**Nancy McKinstry** - Wolters Kluwer NV - CEO and Chairman

Yes, okay. So I'll take the one on health and bank products. Maybe you can comment on the balance sheet. Okay.

So on health there are no one-offs in the 2013 results. As we indicate, we continue to expect good growth from this division in 2014, again, largely driven by the strength of our market position in clinical solutions where that group has consistently been growing at double-digit levels.

We continue to invest in new products not only in clinical solutions, but also in the other areas within health, and also in global expansion. So we continue to expect this unit to perform well, as we indicated.

On bank products, just to remind everybody, bank products is a relatively small percentage of our overall revenues, 1% or less.

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**Sami Kassab** - Exane BNP Paribas - Analyst

How much?

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**Nancy McKinstry** - Wolters Kluwer NV - CEO and Chairman

1% or less at this stage.
Sami Kassab - Exane BNP Paribas - Analyst

Of Group?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Of Group revenues, yes. And what they are is they are transaction revenues that we sell as part of a package to tax preparers in addition to software. So still software is the core of what we do.

It’s been in structural decline largely because more and more individuals are either doing their tax returns by themselves or they are -- because the government is getting more efficient in their processing they are able to find other ways of getting the monies back. So we -- in -- we just will expect that to be in structural decline over the medium term and are managing the business accordingly.

Balance sheet; you want to talk a little bit about our acquisition policy?

Kevin Entricken - Wolters Kluwer NV - CFO

Yes. With regard to leverage, we were pleased that our leverage is at 2.2 times’ net debt to EBITDA at year end. Our target continues to be 2.5 times. As I mentioned, we are comfortable with that target given the recurring nature of our revenues and the predictability on our cash flows.

Just to remind everyone on our uses of cash flows, they are investments in the business, organic investments in product development as well as bolt-on acquisitions, rewarding our shareholders with a progressive dividend policy and paying down debt.

So we will continue to evaluate our uses of cash on that basis going forward. We have done share buybacks in the past and we will continue to evaluate that situation going forward.

Two things to remind you of, we will do a share buyback of approximately EUR20m in 2014 related to buying back the dilution of our performance shares. One last thing to remind you, we now pay our dividends all in cash, so we expect to have a cash outlay of just over EUR200m in the first half of the year.

Sami Kassab - Exane BNP Paribas - Analyst

Should I understand from these comments that you do not expect to increase the amount of annual acquisitions on average?

Kevin Entricken - Wolters Kluwer NV - CFO

We will continue to evaluate investments both organically and bolt-on acquisitions to support our leading growing positions going forward.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Yes. And if I could just remind you, Sami, we never set a target for acquisitions, so it’s very much driven from the strategy. And I would say our strategy hasn’t changed, which is we’re really looking for bolt-on acquisitions primarily in the four areas that we’ve targeted for our invested capital. And our financial [criterion] remains the same and all -- anything we might do has to meet that financial criterion.

Sami Kassab - Exane BNP Paribas - Analyst

Thank you very much.
Yes, please.

Second question, I'm scrolling down my list. Have you noticed any delay in the adoption of provision related to the postponement of the ICD-10 standards?

And finally, regarding the restructurings that you mention, what type of -- amount of benefit should we expect on margins on 2015 and beyond please?

Okay. So on health our renewal rates in Lippincott primarily relate to both the electronic products that we're now producing out of our professional education group. As I indicated, e-books grew at 63% again off a relatively small base. But our leading solution products, which are things like PrepU, which are these learning management solutions, they have been growing at double-digit levels since introduction, and they grew 40% last year.

So you are beginning to see that online and software solutions really starting to take hold at our professional education group. They clearly have the typical kind of high retention rate that we see in our software businesses in other groups.

And then the second area where we would see retention is obviously at things like UpToDate in clinical solutions and our medical journal business. In the medical research area our retention rates are either growing or are holding up nicely, so there's [absolutely been] no negative retention dynamics going on within health.

Within probation, they had double-digit growth last year, so they continue to find opportunities regardless of what happens in terms of the timing of regulation.

And then on restructuring we -- just to frame where we are focusing restructuring dollars -- or euros, I should say, of EUR25m to EUR30m, it's really in two areas. It's in our tax and accounting business globally, where we are focused primarily on outsourcing certain activities in the US and in AsiaPac that we typically did in-house. That is what I would call a one-off type restructuring. You will see the benefits of that clearly in the margin in 2015.

The other area of restructuring is in Europe, which we've been doing for several years now. Again, you'll see the benefits in 2015. That restructuring is very much a result of either disposing products where we have some stranded costs that we have to work our way down, or in the case of just right-sizing some country organizations.

So we have not quantified the level of savings, but you should expect that it's in line with what we typically would achieve based on all the prior programs we've had but, again, the benefits will come in in 2015.
Morning, a couple of questions. You refer to the continual offset of declining print with the growth of digital, but you never really help – sorry, I'll restate. I don't understand how the cannibalization versus evaporation of demand is implicit in all of this. Do you have an estimate in how should we think about how every euro of revenues that you lose on print is substituted in digital?

And second question. You talked about cloud solutions. Obviously, you're doing more and more software. It looks like the Company will have more and more assets both physically on the ground and more work in progress as you develop software. Do you have an estimate of how fast in the next five years your asset base will grow? And what will that do to cash flow?

Okay, good questions. So on the decline of print, in fact, I think if you -- I don't know how many of you have the slide in front of you that Kevin showed you, which has our -- it's also on page 6 of the press release, that has the various lines of business, digital, print subscriptions and books.

And I think this is a good reference for you, Claudio, which is really what we're talking about in terms of structural decline. It's really in two areas, our print subscriptions, which have been declining, and books, right?

Now in print subscriptions the vast majority of the customers that have print also have online, with maybe the exception in Europe, where we still have customers that are print only. So for the customers in Europe that have print only that -- those customers typically still will migrate to an online solution.

For those customers that already have online and they also take print these tend to be our very largest customers, large law firms, large accounting firms etc. Those print subscriptions will -- when they go away the revenue goes away, so it's not migrated revenue. That's been true for many years now and, again, we are managing that. So that is the nature of that line.

And then the other area is books. Largely the books today are still in print. We are doing two things in books. We are clearly investing to bring them out in e-solutions. That part is growing very nicely. And then we're deliberately shrinking the number of new titles that we're bringing out. So again that revenue, where we shrink it deliberately through our front list, that is not revenue that is showing up anywhere else. So hopefully that helps you a little bit to understand.
Claudio Aspesi - Bernstein Research - Analyst

Sorry, a follow-up question. Are you comfortable quantifying the evaporation, or is it too -- or you prefer not to discuss it?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Yes, it's pretty tough to do. You can see right there that print subscriptions are going down minus 7%. How many of those go into online it's very hard to quantify that across the Group, frankly, because it's down at a pretty [granular] level within the customer base.

And then on to cloud-based solutions; we expect that the migration will happen reasonably slowly in the sense -- you know our customer base, right? They're lawyers, doctors, accountants. They use our products every single day, so they tend not to switch 100% immediately to anything because they really need to make sure that they're comfortable with the new product etc.

So what we're seeing is that customers are gradually moving to some applications that are in the cloud. Some customers are now 100% in the cloud. But if you look at our product plans we still expect that we're going to have our core on-premise software around for at least 10 years to 15 years. So we don't yet have an estimate of what portion of our asset base will be in the cloud because we don't yet have a firm handle on how quickly that migration will happen.

Okay? Yes, Hans.

Hans Slob - Rabo Securities - Analyst

Yes, Hans Slob, Rabobank. A couple of questions. With regard to Europe, do you see any signs of a pickup of, let's say, new product sales [versus] subscription sales, or are you seeing continuing very weak environment with regard to new sales?

Secondly, maybe could you give an indication of the total restructuring costs that Wolters Kluwer is having? Let's say in 2013 what is the base and so -- in order to get a bit of a feeling for the underlying margin of Wolters Kluwer?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Okay. Kevin, you want to do restructuring and then I'll --?

Kevin Entricken - Wolters Kluwer NV - CFO

Sure, yes. Total restructuring costs, as we announced in 2014, will be between EUR25m and EUR30m. That is a step up from 2012. Over the last two years our restructuring efforts have been in the low teens, so EUR12m, EUR13m. So in our guidance for 2014 that step up in restructuring is considered.

Hans Slob - Rabo Securities - Analyst

Yes, that's a big step up. Okay, thanks.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

And then on new sales the trends in Europe have been -- as it relates to new sales have been pretty consistent over the last several years, where what we see is digital revenues holding up well. We see pockets of growth in the software businesses both in legal and in tax. And then we see that in the legal and regulatory business new sales remain sluggish.
I would say that in other pockets of the business, like in corporate legal services, financial services, pieces of health [were] growing in Europe, but within the core of legal and regulatory on new sales they still remain pretty sluggish.

Hans Slob  - Rabo Securities - Analyst
Yes. And let’s say the recurring part of the business is a bit in decline because you see cancellations sometimes (multiple speakers)?

Nancy McKinstry  - Wolters Kluwer NV - CEO and Chairman
Yes. Well, retention is holding up nicely, so we’re not losing customers. I would say in the south we do experience some price compression. In the north it’s a bit better. But we are cautiously optimistic by the fact that we went from minus 6% in European legal and regulatory in 2012 to minus 3% in 2013. So we are seeing a gradual decline. So -- I mean gradual improvement in the numbers.

Hans Slob  - Rabo Securities - Analyst
And is that related to southern Europe easing?

Nancy McKinstry  - Wolters Kluwer NV - CEO and Chairman
Yes, all the regions are getting better. I would say if you lined up north, central and south on just the absolute numbers the south has a larger decline on an absolute basis than central and north, but all of them showed improvement from 2012 to 2013.

Hans Slob  - Rabo Securities - Analyst
Okay, many thanks.

Nancy McKinstry  - Wolters Kluwer NV - CEO and Chairman
Yes. Other questions? Yes, Sami.

Sami Kassab  - Exane BNP Paribas - Analyst
Thank you, Nancy. If I’m not mistaken I believe the books revenues have been hit by pruning of your front list. I think we talked about that a few months ago.

Nancy McKinstry  - Wolters Kluwer NV - CEO and Chairman
Yes.

Sami Kassab  - Exane BNP Paribas - Analyst
Do you expect further pruning of your front list in your books business in 2014?
Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Less and less every year, obviously, because the biggest amount of pruning was really in the legal and regulatory business both in the US and in Europe. And so what you saw in 2013 is the health books held up pretty well, tax books also held up pretty well given the strength of some of the front list.

Where we clearly continue to see erosion is in the US legal business, which is primarily driven by law school enrollments being down, and in Europe, being driven by both some of the deliberate pruning that we're doing as well as just again not a robust economic environment. But I would say most of the pruning is pretty much over at this point.

Yes. You want to follow up and then -- yes, okay, please. Yes, go ahead.

Henk Slotboom - The Idea - Analyst

Henk Slotboom, The Idea. Perhaps I misunderstood it, but in the US there are two trends, first of all the hospital automation information technology for which there is separate legislation and, of course, there's the Obamacare on which there's a lot to do, which is creating a lot of uncertainty.

Into what extent are the flaws that currently become apparent in Obamacare? I've read somewhere that it is causing some hesitation with regard to investments especially in the healthcare information sector. Could you perhaps highlight that a little bit? Are you seeing that yourselves as well, for example?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

We are seeing no negative effects from the Affordable Care Act, which is the technical name of Obamacare. In fact, what really is driving the adoption of a number of our solutions, particularly in clinical decision group, is a couple of factors.

First is there has been over the last, say, five years a tremendous amount of investments by governments, both the US government, the Chinese government and other governments around the world, to fund the automation of healthcare IT. Because I think everybody recognizes that in order to get more efficiency on the cost side, to get better outcomes you have to have a foundation of IT. So that has clearly helped build demand for our solutions.

Second thing that's going on is that one of the premises of the Affordable Care Act is that people will start to see more efficiencies, better outcome. Well, our whole product line, particularly in clinical solutions, is all geared around better outcomes, more efficiencies. So we're well positioned over the medium term with our product line and any bumps that are going on in the Obamacare really don't affect our business.

The other thing that you're seeing that is a plus in health -- excuse me -- is that the enrollments for nursing programs and medical programs are also rising, so that again supports the growth in our P&E unit as well.

Sami, yes.

Sami Kassab - Exane BNP Paribas - Analyst

Thank you very much, Nancy. Two follow-up questions, please. The first one, you guided for a return to organic revenue growth in the FCS division. We've seen the Mortgage Banking Association of America take its forecast for mortgage issuances down for 2014.

What makes confidence that despite the headwinds on the transactional side you can still recover and return to organic revenue growth? And maybe are you confident because of your December wins, which you mentioned this morning?
And -- and then, secondly, can you discuss your disposals plan? You've stepped up a little bit the pace of disposals compared to previous years. Other publishers have been even more aggressive. What's your view on further portfolio cleaning within the Group, please?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Okay. So on the first question, on FCS, what gives us confidence is that we are, in fact, taking a very cautious view on mortgage originations, right, because they have been down. We're expecting they will be down again in 2014. Why we are confident in the organic growth for the unit is two things -- or really three things.

First is that 43% of the division is in the high-growth market of finance, risk and compliance and audit, right? That whole area is one of our high-growth areas. And as a result of some of the customer wins that we got last year at the end of the year, plus the overall pipeline, we feel confident that they will continue to grow.

Also the impact of Axentis, which will show up in the second half of the year, will come out of the numbers. So there's some -- we're sun setting at Axentis, so that means there's been revenue coming out of the audit group. The actions will be completed by June of 2014. So in the second half you will see an improved performance.

And then, finally, transport services we took a lot of actions last year so we expect a better performance form that group as well. So you should expect -- just to, again, set expectations, you should expect the growth that we anticipate for the unit will be more back-end loaded, though, in 2014.

Yes.

Sami Kassab - Exane BNP Paribas - Analyst

Given the solid outlook you have for the health division, the abatement in the rate of decline in Europe, the return to growth in FCS, would it be fair to assume that the Group organic revenue growth will indeed pick up?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Yes, we are -- as I mentioned in my final remarks, we remain positive about our growth prospects over the medium term. However, as you all know, we're largely a subscription business, so the trends move in a very incremental way year on year because of the nature of how we recognize revenue.

We also remain cautious about Europe. So while, as I said, we expect within legal and regulatory to see the rate of decline abate, it's still 40% of our revenues. So we have to -- we'd like to see that rate of improvement accelerate a little bit, but, again, we feel well positioned with overall the portfolio.

Maybe on the disposal question I'll just say -- I'll just turn it over to Kevin, but, before I do that, just remind you, Sami, that we -- over the last 10 years we've divested almost EUR800m of revenues, so we've really changed the portfolio. So we don't have a lot of additional areas that we necessarily want to dispose of. It tends to be more at the product line level.

But maybe, Kevin, if you would [have anything].
Kevin Entricken - Wolters Kluwer NV - CFO

Yes. I would say, Sami, you did see in 2013 we disposed Best Case Solutions, our share in AccessData, a couple of other smaller disposals in Europe. Now we will continue to look at the portfolio and ensure that the products and the businesses we have support our strategy to grow our leading positions. And where we don’t see that we will consider disposing additional assets going forward.

Meg Geldens - Wolters Kluwer NV - VP, IR

We've a couple of --

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

You want to take it there and we'll come back, yes?

Meg Geldens - Wolters Kluwer NV - VP, IR

-- people on the call. Okay.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Okay. Yes, go ahead, Meg, and then we'll --

Meg Geldens - Wolters Kluwer NV - VP, IR

Do you want to put through the callers, please?

Operator

Nick Dempsey, Barclays.

Nick Dempsey - Barclays Capital - Analyst

Okay. I hope you can hear me. I've got one question left. It's just about your restructuring. I understand that you've been taking restructuring charges in the previous couple of years. You've got EUR25m to EUR30m lined up for this year.

We haven't really seen the benefits of previous restructuring in your margins, so I was wondering if the savings that Nancy was talking about for 2015 from this investment could be eaten up by wage inflation, other investments, or will we see it in the margin in 2015?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Yes.

Kevin Entricken - Wolters Kluwer NV - CFO

Yes, I would say that on restructuring we do expect to see the benefits of restructuring efforts in 2014 to help 2015 and beyond. So that is actually why we are taking this initiative this year.
Yes, and I would say what’s changed, Nick, is that in tax and accounting it really is what I would call a one-off, right, where we know we will outsource certain functions and we’ll see that benefit in the tax and accounting margin.

In Europe it is a more challenging situation because Europe is still expected to -- on the legal and regulatory side expected to decline, although at a lower rate, so more of the benefits of restructuring in Europe get absorbed by the wage inflation that you indicated. But as that rate of decline abates we certainly expect by 2015 to be in a better position to see some lift from the restructuring in Europe.

Nick Dempsey - Barclays Capital - Analyst

Thank you, that’s clear.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

It’s in accounting, but a little bit, so --

Operator

Mark Braley, Deutsche Bank.

Mark Braley - Deutsche Bank - Analyst

Yes, good morning. Just two from me. To go I think back to Andrea’s question near the start, on the balance sheet, is it reasonable for us to think about 2 times as the lower end of where you want the balance sheet to be? And if you were heading lower than that could we think about putting share buybacks into -- back into our models? So that was question one.

Second question is on the restructuring again. I suppose why EUR25m to EUR30m? Why not a bigger number to drive more margin potential in the out years? It doesn’t feel as if that step up of maybe only EUR10m to EUR15m in the restructuring amount this year is really going to make much difference to margins. Is it time for another reset?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Yes, I’ll take the last one and then ask you to comment on the balance sheet.

We’ve done a lot of restructuring, so we feel very comfortable that EUR25m to EUR30m is what we need to accomplish what we’ve set out in tax and accounting and legal and regulatory. Going forward, will we continue to restructure primarily in Europe? Yes, of course we will, but it’s been something that we’ve been taking in the normal P&L.

This year we’re just stepping it up, so it’s important that we indicate that step up. But we do not need a major, major round of restructuring. We’ve -- the house is pretty clean, if I can use that metaphor -- maybe not in a room full of men, but you get the feeling, right, the house is pretty clean?

Kevin?
Kevin Entricken - Wolters Kluwer NV - CFO

Yes, I would say on the balance sheet our target remains at 2.5 times' net debt to EBITDA. That's where we're comfortable and, as I said during my remarks in the presentation, that's largely because of the recurring nature of our revenues, being -- 75% of our revenues being recurring in nature and our predictability on cash flow.

Nancy and I are consistently evaluating the uses of free cash flow. As you know, we have done restructuring programs in the past and we will consider the appropriate use of our cash flow moving forward.

Mark Braley - Deutsche Bank - Analyst

Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Do we have one here? Is that -- yes.

Andrea Beneventi - Kepler Cheuvreux - Analyst

(Inaudible) questions from my side, please. Firstly, regarding labor cost inflation that you mention, could you please quantify the rate of inflation you expect in 2014 and how it compares to 2013?

And secondly, with respect to the 8% to 10% of revenues reinvested in products, is it comparable to what software companies report as R&D spending? And would you consider putting a figure in your accounts going forward for R&D?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Yes, I'll take the last one.

Kevin Entricken - Wolters Kluwer NV - CFO

Sure.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

You can take the one on labor cost.

8% to 10% is a combination of product investment and capital expenditures. We've said that capital expenditure is roughly 4% to 5%, so the remaining is on the product side. This is a number that we've been reporting on for many years now. We don't call it R&D in maybe the same way that other companies do, but we clearly disclose what we've been spending on and [will] continue to disclose in the same way.

Kevin, on labor cost.

Kevin Entricken - Wolters Kluwer NV - CFO

Yes. And Andrea, as you know, our largest expense is personnel expense and what we've seen wage inflation average over the last couple of years is approximately 2.5% and we do anticipate that to be continuing into 2014. So that's how we've planned going forward.
Very clear, thank you.

(Inaudible) from my side, please. You’re guiding for EUR475m or more of free cash flow. Am I right to [conclude] that this amount includes the coupon on the EUR700m bond that you’ve reimbursed in January?

Yes, absolutely, Sami. In fact, that is absolutely why we’re guiding to the EUR475m, is that we will have two coupon payments in 2014. So that will put some pressure on cash flow. So that’s why you see the difference from our results in 2013 to 2014 guidance.

And the second coupon is 5% of EUR700m, right?

The second coupon, the euro bond we did in March, is at a coupon of 2.875%. 

And the first one?

The first one was at 5.25%.

Thank you.

I think we have some other callers.

Okay.
Operator
Giasone Salati, Redburn.

Giasone Salati - Redburn - Analyst
Hi, good morning. Can you hear me? Hello? Hello, can you hear me?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman
Yes.

Giasone Salati - Redburn - Analyst
Brilliant. Hi. I'm just working through the guidance, and assuming the midpoint in margin guidance and matching that with low single-digit EPS growth, I come out with something in the range of 0% to 1% for organic revenue growth. Is that just rounding, or you would feel comfortable with that number given how things are evolving in Europe?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman
Yes, we don't give guidance around organic growth so you'll have to work out your model yourself.

Giasone Salati - Redburn - Analyst
And working on the presentation, I'm looking at slide 10 and slide 28, so I'm trying to compare the digital share of revenues, about 60%, with the fast-growing share of revenues, which is about 44%.

Have you decided to present a revenues breakdown this way also as a way to indicate that part of digital is not growing as fast as it should, and it's probably growing very low single digit, and that could also be an area for disposal or further restructuring?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman
No, I think what's key there's a couple of distinctions and that's why we've added some additional information this year in terms of how we're disclosing our digital activities. So there's three dimensions, right?

We talk about digital revenues and services. And the reason we put those two things together is a lot of the services that we deliver are associated with the software, so things like installation or training around that software.

So in combination our digital products and services account for 77% of our total revenues, and that grew 4% organically. If you look at just our digital revenues, which are over EUR2b, they grew 5%, and that information is again on page 5 of the press release. And if you just look at digital that is about 61% of our total revenues, okay?

And then we have another category, just to give you even more insights and, hopefully, not to confuse you, where we talk about digital and services subscriptions, and that grew 4%. So no matter which way you slice it that digital activities are growing somewhere between 4% and 5% within all of these various divisions. So hopefully that gives you some additional insight.
Giasone Salati - Redburn - Analyst

Okay. And just last one from me, please. Since 2003, and if my model still works, I think this is the first time we report a decline in ordinary EBITA margin in 2013 and the first time we guide for a compression in the following year. Now, this includes restructuring charges, which was not the case beforehand. Is that just an accounting difference, or you -- or we should read anything more in that?

Kevin Entricken - Wolters Kluwer NV - CFO

No, Giasone, it’s not an accounting difference. What the margin guidance reflects is that step up in restructuring to the EUR25m to the EUR30m. And, as I mentioned before, over the last two years our restructurings have averaged somewhere between EUR12m and EUR13m.

Giasone Salati - Redburn - Analyst

Yes. Sorry to follow up on this; I know it’s quite a boring question. But the restructuring was below the line up until a couple of years ago; it’s now above the line. Is that the only reason why we are seeing a compression in margins 2015 and 2014, or there is any more in terms of how we have to tackle the business going forward?

Kevin Entricken - Wolters Kluwer NV - CFO

No, I would say in 2013 and 2014 going forward we will take all restructuring above the line. So it will be included in our ordinary EBITA, so it will be included in our benchmark numbers.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Yes. I would also say that clearly in the legal and regulatory group the margin contracted in 2013 as we indicated not just because of restructuring, but dilutive acquisitions and, of course, the pressure on the top line. So that’s, I think, important for you to know. Yes?

Giasone Salati - Redburn - Analyst

Yes, that’s very clear. Thank you very much.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Okay.

Meg Geldens - Wolters Kluwer NV - VP, IR

[A couple of question] to the webcast.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Okay.
Meg Geldens - Wolters Kluwer NV - VP, IR

So this is from Tom Singlehurst at Citigroup. He is wondering if there is any phasing points that we need to be aware of for 2014, because he says there was quite a bit of volatility in 2013; a weak first quarter, good second and third quarter and then weaker fourth quarter. Any comments on phasing as we go into 2014?

Kevin Entricken - Wolters Kluwer NV - CFO

Yes, two things I would bring to everyone's attention. As Nancy said, we do expect growth in the financial and compliance services business in 2014, but we do expect that to be second-half weighted.

Secondly, with regard to our restructuring program I would expect and guide everybody that a lot of that restructuring is already under way and will likely happen in the first half of the year. So those are the two elements I would bring to everyone's attention.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Anything else?

Meg Geldens - Wolters Kluwer NV - VP, IR

I have a question from Alastair Reid at UBS. He is asking several questions, but I think many have been answered. But, with regard to disposals, has the transport business seen any improvement in trading and at what point would you consider disposing of this?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

The transport services, I'll remind you, is only about 1% of overall revenues. It's a software service business in the transport area. We have been doing a couple of things last year, recognizing that it's facing a difficult set of economic conditions which is clearly pressuring transaction volumes.

So we've been in the process of migrating many of our customers from a transaction model to a subscription model and the goal behind that is to provide more stability overall in the revenues. We've also done some cost restructuring to improve the operating margin.

So as we look to 2014 we are clearly expecting a better top-line and better bottom-line performance from the unit, despite the fact that the conditions will remain challenging throughout the European enterprise. At this stage we have no change in our philosophy around transport services, which is that it will remain in the portfolio.

Meg Geldens - Wolters Kluwer NV - VP, IR

I think we have Patrick Wellington on the line. Can you put him through?

Operator

Patrick Wellington.
Patrick Wellington  - Morgan Stanley - Analyst

Yes, morning everybody. Amazingly at this stage I've got three questions. The tables on page 5 and 6, print is described as declining by 8% in organic revenue growth on page 5, and on page 6 print subscription is down 7% and books are down 5%, so there seems to be a lack of correlation there. Perhaps if you can explain that, that's question number one.

Number two, is on -- to Nancy. And, Nancy, would you ever consider a more radical reshaping? You've talked about EUR800m of disposals since 2003. That's about EUR80m a year. That's about 2% a year of your revenues. Would you ever consider doing something more substantial than that?

And in that context when you look at your Group you've got four portions of the Group, and when you look at your growth plans, for instance, you very kindly to each division pick out one business for each division that's going to be a special subject of growth. Would you ever actually bite the bullet and shrink the overall number of divisions?

And then thirdly, just on retention rates, in the old days we used to go 80% print retention rates, 90% digital retention rates. How should we think about retention rates across your product base at the moment?

Nancy McKinstry  - Wolters Kluwer NV - CEO and Chairman

Okay. I'll take the broad portfolio question and the retention rates and then turn it over to Kevin to talk about the print clarification.

So broadly we're comfortable with our portfolio and we've done a lot of -- as I've mentioned, done a lot of disposals way back when, getting rid of the science business, the education business, a number of other -- the pharma businesses, a number of exits really because we looked at those markets over the long term and said that they don't have strong growth prospects.

So if you look at where we sit today every one of the divisions is in a market that has elements of good long-term growth, maybe not across the entire product line, but certainly elements of good long-term growth. And that's why we've highlighted the four major areas, which I'll remind everybody is about 44% of our business. So we feel comfortable where we are.

We will continue to look at the portfolio every year. We do this as part of our planning process. You should expect that we will continue to dispose of product lines as we no longer see those elements reaching our growth criteria. But overall where we continue to serve lawyers, accountants, physicians and financial professionals the answer is yes.

And part of what you see is that more and more our customers want providers that are able to give them a broad range of solutions and more and more they're even looking for sole-source providers. So we know that while there are some product lines that will never maybe reach high-growth areas we need to have them in the overall product offering, in part, because we want to be able to serve our customers from a holistic perspective.

So we like what we have and frankly right now the biggest constraint, as you probably can see from the results, is really the European macroeconomic environment. So we're taking a number of steps on the portfolio side to continue to rebalance our footprint in Europe, but the expectation is that over time we'll continue to see improvements there.

Retention rates are holding up very well. The numbers you rattled off, Patrick, are pretty similar, meaning that we typically get in our software businesses retention rates of 90% or above, and in our typical information or content products, subscription products its somewhere between low 80s to mid 80s.

You want to talk about print? Yes.
Kevin Entricken - Wolters Kluwer NV - CFO

Certainly, Patrick, on slide -- or on page, for the press release, 5, yes, you do see the print organic decline there at 8%. And then when you flip to slide 6, if you take a look at that books line declining at 5%, that books line also does include electronic books. And electronic books, while small today, are growing at a very good rate, particularly in our health business.

We would also have some print businesses in our services area, such as print forms in our financial service area. So it’s difficult to do the direct correlation between the two tables, but that is certainly something that we could do and put up on our website. But the biggest differential would be those electronic books, which are included in the book line on table 6.

Patrick Wellington - Morgan Stanley - Analyst

And I’m sure if I were clever enough I could work that out, but roughly what is the size of your e-books business then in money terms?

Kevin Entricken - Wolters Kluwer NV - CFO

It’s a small base today, Patrick, but it’s certainly growing at an accelerated rate and that is probably something that we can highlight going forward.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Yes. Yes, we’ll put that up on the website I think, so we don’t confuse anybody, yes.

Patrick Wellington - Morgan Stanley - Analyst

Thank you very much.

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Okay, other questions? Meg, anything else from your end?

Meg Geldens - Wolters Kluwer NV - VP, IR

Yes, nothing from the call -- the conference call nor from the website, so anybody in the room?

Nancy McKinstry - Wolters Kluwer NV - CEO and Chairman

Okay.

Okay, well, thank you very much for your participation. Thanks to all of you on the website as well. We do have refreshments outside, so we hope that we’ll see you for a coffee. Thanks again. Bye.
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