Great. Good morning everyone and thank you for joining us here in London and on the conference call and webcast. Welcome to Wolters Kluwer 2015 results presentation.

Hopefully, you’ve had a chance to look at our earnings release this morning. All materials are available for download on our website.

We will start today with a presentation of the results by Nancy McKinstry, our CEO; and Kevin Entricken, our CFO. At the end of their presentation, there will be an opportunity for you to ask questions.

As a reminder, some of the statements we make during today’s presentation may be considered forward-looking statements. We caution that actual results may differ materially from what is contemplated in these forward-looking statements due to a number of risks and uncertainties, which you can find detailed in our annual report.

Throughout the presentations, we will refer mainly to organic growth rates and growth rates in constant currencies, which exclude the effect of foreign exchange rate movements. We also refer to adjusted figures and a reconciliation to IFRS can be found in our release today.

Now, I would like to hand over to Nancy McKinstry, our Chief Executive.

Nancy McKinstry - Wolters Kluwer NV - CEO

Good morning. Thank you all for joining us here in London and on the webcast and thank you, Meg, for the introduction. We will have the following agenda today, which is I'll provide a very brief overview, highlights and then turn it over to Kevin, who will talk about our financial results in more
detail. And then I will come back up and highlight our divisional performance; then give you an overview of our evolving strategy for the next three years and then finish with the outlook for 2016.

I'm very pleased that we achieved 3% organic growth for 2015 despite a tough comparable in the fourth quarter and headwinds that we still have in some of our European markets. Importantly, digital & service revenues grew 5% organically and now account for 83% of our total revenues.

We met or exceeded our guidance for the year. The adjusted operating margin increased 40 basis points, within our guidance range; adjusted free cash flow increased 7% at constant currencies, which was better than we expected; ROIC increased to 9.3%; and adjusted earnings per share increased 5% at constant currencies, which was in line with our guidance.

With our balance sheet strengthened, we are today proposing a EUR0.04 increase in the total dividend per share to EUR0.75 and we are announcing a three-year up to EUR600 million share buyback program. In 2016, we expect to deliver a further margin increase and another year of mid single-digit EPS growth in constant currencies.

As many of you know, we operate on a three-year cycle for our strategy and 2015 was the final year in our 2013 to 2015 strategic plan. So I think it's worth a quick review of our key achievements for the year. Much of our plan focused on devoting capital into our leading high-growth businesses and I'm pleased to say that they delivered again another year of 7% organic growth in 2015 and now they make up a little bit more than half of our revenues.

We extended our portfolio with the addition of Learner's Digest International, which is a digital medical education business that will help further transform the more traditional part of our health division. We also made several bolt-on acquisitions in tax & accounting. We successfully completed several divestments of non-core assets largely within our legal & regulatory business.

Last year we also sustained investments in new and enhanced products, resulting in such product launches as UpToDate clinical consultant in China and Cheetah in law & regulatory US. In July, we announced the formation of the new governance, risk & compliance division, which brings together our corporate legal services group with our financial & compliance services team and together they will pursue even further opportunities within the GRC markets globally.

Over the past three years, we've stepped up our restructuring efforts, executing on many efficiency programs, many of them in legal & regulatory Europe. In health, we merged our medical journals and books businesses into a new unit called health learning, research & practice. And a number of these programs were accelerated in the final months of the year.

We made progress in leveraging our platforms and technologies across borders, including such products as UpToDate, iFirm, Kleos and many more. The strategy is working. We've seen accelerated organic growth, improved margin and increased return on invested capital in 2015.

Later, I'll update you on our strategic plan for the next three years and where that will take us. In the meantime, I'll turn it back over to Kevin, who will talk about our financial results in more detail.

Kevin Entricken - Wolters Kluwer NV - CFO

Thank you, Nancy, and welcome everyone. I'm happy to be here to present our 2015 financial results and I would like to start with our key figures.

We have met or exceeded our 2015 guidance that we set at the beginning of the year. Our revenues grew 15%, reflecting the stronger US dollar. In constant currencies, revenues grew by 3%. Acquisitions and divestitures broadly offset each other in terms of revenue.

On an organic basis, our revenues also grew by 3%, accelerating from 2% growth in the prior year. Adjusted operating profit reached EUR902 million, also up 3% organically. The adjusted operating profit margin improved to 21.4%, up 40 basis points. This improvement was achieved despite our decision to increase restructuring to EUR46 million.
Diluted earnings per share increased EUR1.96, an increase of 5% in constant currencies. Adjusted free cash flow exceeded our expectations and rose to EUR647 million, up 26% overall and 7% up in constant currencies. Our net debt-to-EBITDA ratio improved to 1.7 times. And finally, our return on invested capital improved to 9.3%.

Now, let’s take a look at revenues in more detail, starting with our divisional performance. On this slide, you see our new division structure announced last July. We combined our financial & compliance service division with corporate legal services forming a new division called governance, risk & compliance. We also moved our audit business from the financial & compliance service business and now include it with the tax & accounting division.

Three of our divisions delivered good organic growth in 2015. Health grew 5% organically, in line with the prior year. This reflects another double-digit performance growth in clinical solutions. Tax & accounting delivered 3% organic growth, driven by software globally.

Governance, risk & compliance achieved 5% organic growth, buoyed by corporate legal service transactions and F&CS software licensing and services. Legal & regulatory declined 2% organically, an improvement slightly from the 3% decline in 2014.

Now, I realize most of you are still keeping your models in our old division structure, so I would like to say a few words about that. When viewed this way, you see that corporate legal services delivered flat organic growth, 6% organic growth in corporate legal services and the 2% organic decline I just mentioned for legal & regulatory solutions.

Tax & accounting delivered 3% organic growth even without the high growth audit unit. There was no change in the scope of health and financial & compliance services was our fastest growing division in 2015, achieving 6% organic growth, an improvement over the prior year 4% organic growth. This was achieved by strong performance related to the new TILA-RESPA regulations.

Now, let’s take a look at revenue growth by geography. North America remains our key driver in our revenue growth. Revenues in North America increased 5%, accelerating from 3% the year before. All four of our divisions delivered improved organic growth in North America.

Revenues in Europe decreased 1% organically compared to flat performance the year before. The slight deterioration in Europe was due to challenging comparables in the financial & compliance service business. The prior year had benefited from several large bank customer wins.

Finally, Asia-Pacific and the rest of the world grew 4%, moderating somewhat from the 7% growth we saw in 2014. We saw slower momentum in China and certainly slower momentum in Brazil.

Now, let’s take a look at revenue by media types. Across all divisions and regions, digital products continued to drive the Group’s growth. Here you will see digital products now make up 70% of total revenues and delivered 6% organic growth, similar to 2014. Services revenue grew 3%. This was an improvement on the prior year primarily due to the strong performance we had in corporate legal services, which is now part of governance, risk & compliance.

Print formats declined 7% organically. This rate of decline eased some as compared to the prior year, 9% decline. The ongoing decline in printed books moderated to 5%. Part of that improvement was due to a strong front list and the timing of publishing schedules. We do not expect this trend to continue in 2016.

With that, let’s turn to profits. Our adjusted operating profit was EUR902 million, up 17% overall and 2% up in constant currencies. The adjusted operating profit margin increased 40 basis points overall. This was driven by tax & accounting and governance, risk & compliance.

The health margin was stable at 24.1%. You may recall we incurred restructuring costs in the first half of the year as we merged together our journals and book business. In the second half of the year, we increased our investment in new products and new sales, particularly in the clinical solutions business.
The tax & accounting margin increased to 27.5%, an improvement of 110 basis points. This reflects the growth in software products and significantly lower restructuring charges as compared to 2014.

Governance, risk & compliance margin improved 90 basis points to 28%. This was led by operational efficiencies in financial risk & compliance and transport services as well as synergies from integrating our dataset -- Datacert and TyMetrix businesses.

You can see here that the legal & regulatory margin declined 9.7%. This decline was largely driven by the increase in restructuring. Approximately 65% of our restructuring spend in 2015 was in the legal & regulatory division.

For the Group as a whole, the increase in restructuring charges along with other costs were more than offset by the benefit of ongoing shift in our business mix, cost savings and currency translation.

Now, again, let's take a look at this in the old division structure. The main point you'll see on this slide is that much of the improvement is in the governance, risk & compliance margin, was driven by financial & compliance services, which benefited from strong top-line growth and efficiency savings. Tax & accounting delivered a good margin even without the audit unit.

So now let's turn to the remainder of the income statement, starting with our adjusted numbers. Adjusted net financing costs rose to EUR119 million. This includes results in currency hedging, but most importantly the revaluation of intercompany balances.

Our benchmark tax rate was reduced to 25.5%. This was lower than originally anticipated and due to one-time favourable adjustments related to deferred tax assets. We expect our benchmark tax rate to return to 27% to 28% in 2016.

Adjusted net profit after tax increased to EUR583 million, an increase of 4% in constant currencies. Diluted adjusted EPS benefited by the share buyback during the year and increased to 5% in constant currencies.

And now let's take a look at IFRS figures. After amortization of acquired intangibles and non-benchmark items, reporting operating profit increased 17% to EUR667 million. Non-benchmark items included the loss on the disposal of our Russian business, partially offset by gains on other disposals.

Reported financing results includes the adjusted net financing costs of EUR119 million, but also the financing components of employee benefits and a small loss on a disposal. In 2014, you may recall IFRS financing results included a EUR76 million revaluation gain on Datacert. This non taxable gain was also the main reason that our tax rate was only 7.4% in 2014.

In 2015, non-benchmark items were less significant and the tax rate increased to 21.9%. As a result, reported profit for the period declined 11% and reported EPS declined 10%.

Now let's move to cash flow. Adjusted operating cash flow increased 4% at constant currencies to EUR903 million. We experienced stronger than expected working capital inflows in the final weeks of the year, particularly in our health division, and this helped push our cash conversion ratio to 100%.

CapEx increased 13% at constant currencies last year, reaching 4.5% of total revenues. We increased our investments in new product development, particularly in health and tax & accounting. For this year, 2016, we expect CapEx to increase further to 5% of revenues. This is the main reason why we expect our cash conversion ratio to return to around 95% this year.

Paid financing costs decreased by EUR34 million due to the absence of the extra coupon payment we had in the prior year. This reduction was offset by higher cash income taxes paid, reflecting timing of tax payments.

Net spend against restructuring provisions amounted to EUR6 million last year. As a result, adjusted free cash flow was EUR647 million, up 7% in constant currencies.
Now, let’s take a look at the use of our free cash flow. We paid dividends of EUR263 million in cash; this includes the total 2014 dividend paid in May and the interim dividend paid in October. Acquisition spending was EUR183 million; by far the majority of this relates to the Learner’s Digest International acquisition in September.

Divestiture cash proceeds were mainly associated with the divestment of our joint venture in Russia and certain non-core assets in the UK. The bulk of these disposals were made in the final months of the year and they will have a greater impact on 2016 revenue and profit.

Shares repurchased totaled EUR140 million in 2015, and as a result, our net inflows of EUR109 million reduced our net debt to EUR1.8 billion, resulting in a net debt-to-EBITDA ratio of 1.7 times.

Regarding our leverage, we continue to believe that a net debt-to-EBITDA ratio of 2.5 times is appropriate for our business given the recurring nature of our business and the predictability of our cash flows. The strengthening of our balance sheet over the past few years has allowed us to announce today a further increase in our return to shareholders. This will be through a dividend and a new share buyback program.

Let’s talk about the dividend first. Last year, we moved to paying our dividend on a semi-annual basis. We paid an interim dividend of EUR0.18 in October. As you saw in the release this morning, we are proposing a final dividend of an additional EUR0.57 per share, taking the full-year dividend to EUR0.75 per share. This is an increase of EUR0.04 per share or 6% compared to the year before.

This is of course subject to approval at the AGM in April, and if approved, this will mark the 10th consecutive year of an increase in our dividend per share.

The share buyback program we announced today is for up to an amount of EUR600 million over the three years, 2016 to 2018. This intended share buyback would include the buyback under our anti-dilution policy, which aims to offset dilution caused by our performing share issuance. For now, we would assume the EUR600 million is spread equally over the three years, approximately EUR200 million a year, although this may vary.

So let’s sum up the financial highlights. We accelerated organic growth to 3%. We increased our adjusted operating profit margin by 40 basis points despite higher than planned restructuring. Adjusted free cash flow increased 7% at constant currencies and our return on invested capital increased to 9.3%. We finished the year with a stronger balance sheet position, leading us to increase shareholder returns.

With that, I would like to turn it back to Nancy. Thank you all.

Nancy McKinstry - Wolters Kluwer NV - CEO

Thanks, Kevin. As I mentioned, I’ll now give you a brief overview of each of the divisions, then talk about the strategy for the next three years and finish up with the outlook.

So let’s start with health. Health achieved another year of 5% organic growth. The adjusted operating margin was stable as the benefits from operating leverage and mix shift were offset by increased restructuring, and, particularly in the second half of the year, increased investments.

Clinical solutions delivered 10% organic growth. UpToDate, our leading clinical decision support tool, was a key driver of that growth. In the second half, we increased investments in sales and marketing and next generation product development. The drug information businesses sustained robust organic growth.

During 2015, we brought together the UpToDate business with our drug information businesses into one new unit called Clinical Effectiveness. This was done in order to sharpen our focus on optimizing our global growth opportunities. Our medical documentation & informatics solutions business experienced a more subdued year, having grown strongly in 2014.

Following a successful pilot in a US hospital, our Sepsis surveillance platform is on track to recruit early adopters in 2016. We brought these businesses together into a unit called Clinical Software Solutions.
Health learning, research & practice delivered positive organic growth of 1%, an improvement on recent years. Digital products, which now account for 59% of the unit’s revenues, are starting to outweigh the decline in printed books and journals. We are particularly excited about our digital learning solutions for nurses, which grew 38% last year, albeit on a small base.

So now let’s move to tax & accounting. This division includes our audit solution TeamMate. The tax & accounting division achieved 3% organic growth and a 110 basis point margin increase. The margin increase reflects lower restructuring cost and efficiency savings, which were partly reinvested in new product development as the year progressed.

Software now accounts for 71% of the division’s revenues and grew 6% organically. All regions of the world contributed to this result.

In North America, CCH ProSystem fx performed well, while CCH Axcess continues to convert both new and existing users to its cloud-based platform.

Our US publishing business research & learning saw continued print declines as we expected, but we are encouraged by the improved momentum in digital sales supported by recent product introductions such as CCH CodeConnect, which is a tool that allows our users to quickly find answers and practical guidance.

In Europe, our on-premise software performed well and we continue to expand our cloud-based offerings. Asia-Pacific and rest of the world saw organic growth slow to low single-digit levels as momentum slowed in Brazil and Asia-Pacific. And last but not least, TeamMate had a very good year, delivering 10% organic growth, winning new customers around the globe.

Governance, risk & compliance; our new division delivered 5% organic growth and a 90 basis point margin improvement. Revenue growth was supported by CLS transactional revenues as well as by higher non-recurring revenues, which are mainly our software assets and our professional service fees.

Corporate legal services, which is the largest component of this division, delivered 6% organic growth. This reflected strong 8% growth in transactional revenues alongside solid growth in recurring service subscriptions.

The originations unit delivered high single-digit organic growth driven by software licenses and services related to customer implementations to comply with TILA-RESPA.

Finance, risk & compliance delivered 6% organic growth, which was a very good outcome as they faced a tough comparable having sustained double-digit growth in 2014. The growth was driven by software licenses and implementation fees related to new customer wins particularly for our OneSumX product line, which is our regulatory reporting solution. Finally, our transport services unit saw its revenue decline moderate and its margin improve.

Now, let’s take a look at legal & regulatory. Legal & regulatory saw its revenues decline 5% in constant currencies due in large part to recent disposals. Organic growth was minus 2%, which was an improvement compared to a year ago. The adjusted operating margin declined as expected as cost savings were more than offset by higher restructuring, wage inflation and other cost increases.

We accelerated a number of the restructuring programs in the final months of the year in order to drive further efficiencies in the future.

Digital products now account for almost half of the division’s revenues and delivered modest but positive organic growth in still challenging legal information markets. Print formats continued to decline. We sustained investment in digital and last year rolled out a number of new and enhanced products, among them Cheetah, which I will talk about a little bit later.

So now moving on to talk about our strategy. I wanted to give you a brief recap of where we’ve come from, 2012 to 2015. As you’ll see, our sustained investment in digital businesses have helped drive the growth there. They represented 61% of our revenues back in 2012 and now represent 70% of our revenues in 2015.
Digital revenues are nearly EUR3 billion in total and grew 6% organically last year. Print products, which we started where they were a little bit more than a quarter of our revenues, are now only 17%.

We've also increased the proportion of our recurring revenues, now 76% of our total revenues, despite the fact that print subscriptions continue to decline. Digital and services subscriptions are by far the largest component of our recurring revenue today. And our strategy has helped expand our geographic footprint in North America and importantly in Asia-Pacific and rest of the world.

I think for those of you who have followed Wolters Kluwer for a number of years, you know that a big part of our last three-year plan was to allocate the majority of our capital into our leading high growth businesses, which you see here on this slide. And I'm pleased to say that once again these businesses delivered 7% organic growth and in combination they make up 51% of our total revenues compared with 40% of our revenues back in 2012.

Each of the businesses had very good performance last year. Finance risk & compliance and audit collectively delivered 7% organic growth, clinical solutions 10%, tax & accounting software 5% and corporate legal services 6%.

So going forward, we are obviously going to continue to invest in these businesses. But as I'll discuss in a moment, we are going to increasingly also invest in digital businesses outside of these four areas across the portfolio.

The allocation of our capital into the leading high growth businesses has been a big driver of the results that you see here. On the left, you can see that our organic growth is improving to 3% in 2015, driven very much by the 6% organic growth that we saw in digital revenues and services.

Our margin did dip in 2014 as we stepped up restructuring, but this past year the margin increased 40 basis points despite the fact that we also invested further in restructuring, largely again in our legal & regulatory Europe business.

So now let's move forward and talk about our next three-year plan. We ground our plans very much in market trends and in talking with our customers. So when we go out and speak with our customers, they highlight four or five things to us consistently.

The first thing that they highlight is whether you're a doctor, a lawyer, a nurse, an accountant or a financial service compliance professional, the first thing they tell us is that they need tools that help them deliver effective results and increase their productivity. They also are facing just an enormous increase in the amount of information, government regulation and compliance requirements.

And that is in the context of very much a global world now. Many of our customers have responsibility outside as just one jurisdiction and of course the world gets increasingly complex.

The third trend is we continue to see very high growth in the number of professionals in China, India and other developing economies. Very importantly, the millennials are now becoming a bigger chunk of our customer base and they work differently than many of our core customers and they expect very much a rich digital experience in terms of buying and using our solutions.

And then finally, of course technology change is very much present in all of our markets whether that's around mobility, cloud computing or artificial intelligence. So collectively, these trends offer us many opportunities and they really underpin our next three-year plan.

So let's talk about that. Our 2016 to 2018 strategic plan builds on the strong foundation that we have, but we intend to sharpen our focus on these three strategic priorities. The first is expanding our market coverage. We will of course continue to allocate the bulk of our capital both towards our leading growth businesses and towards digital products across the portfolio.

We will look to extend into new customer segments within our core markets, leveraging digital marketing in order to effectively reach these segments. We will also expand our operations in certain countries like Mexico where we see additional growth opportunities.
Our plans in this area call for us to increase investments in sales and marketing in certain global markets to drive organic growth. In 2015, we already began to increase our investments, for example, in our UpToDate sales coverage model across the world.

While our focus will remain squarely on organic growth, we will continue to look for value enhancing acquisitions and at the same time continue to review our portfolio for potential disposals of non-core assets.

The second priority is to deliver expert solutions. That is where we are investing again the bulk of our capital. These are workflow tools that combine our deep domain knowledge with specialized technology and services to deliver insights, analytics and productivity benefits to our customers.

You will also see us increase and accelerate our ongoing shift towards global platforms and cloud computing integrated solutions. We still expect that we will keep up our historical investment level of 8% to 10% of our revenues being reinvested back in new and enhanced products.

Our third pillar is to drive efficiencies and engagements. We plan to continue driving scale economies while at the same time improving the quality of our offerings and the agility of our organization. These operating efficiencies will help fund investments and support wage inflation as well as support a rising operating margin over time. Our strategy also includes initiatives designed to foster employee engagement across our enterprise.

I wanted to take a moment to highlight how we think about innovation and I think these two examples are very illustrative of what we mean by expert solutions. The first comes from UpToDate. We often talk about UpToDate -- why is that is that we see them as a serial and successful innovator within Wolters Kluwer.

In 2015, they launched the 23rd specialty area in sports medicine. When we acquired the business in 2008, they covered 13 medical specialties. So they have gone from 13 to 23 over that period. Today UpToDate reaches 1.1 million users in 180 countries.

In 2015, UpToDate launched a Mandarin language version in China with close to 5,000 topics and expanding everyday and we are beginning to sign our first new customers. In 2015, we also increased our investment in building the next generation of clinical decision tools.

So we think UpToDate is a great example of what we mean by expert solutions because it combines very deep domain knowledge around health and medicine with technology in order to offer a tool that assists healthcare professionals in diagnosing and treating patients, and while they are doing that, improves their productivity substantially.

Second example comes from our law & business US group. It’s a product we launched recently called Cheetah. Cheetah is a new legal research platform that’s been built by our global platform organization and by our divisional management, and it was developed in very close cooperation with our customers over the last few years.

It offers fast and more accurate research in a flexible interface. We’ve been rolling it out by practice area and we are seeing a good response not only from our existing users, but very importantly we are attracting new customers. So about 20% of all the subscribers to Cheetah are brand new customers to Wolters Kluwer.

So again just two examples of how we are driving innovation and two very good examples of what we mean by expert solutions.

So now with that, I’d like to talk about the outlook for 2016. In health, we foresee another year of good organic revenue growth. Margins are expected to improve slightly for the full year.

For tax & accounting, we expect revenue growth to improve slightly in 2016, driven by continued mix shift towards software solutions. We expect margins to be maintained for the full year.

We expect governance, risk & compliance to deliver positive but slower organic growth in 2016, facing challenging comparables from the prior year. We expect in GRC the margins to improve slightly.
In legal & regulatory, we expect to see continued organic revenue decline similar to 2015. Margins, however, are expected to improve due to lower restructuring costs.

And finally, talking about our financial guidance for 2016, we expect our adjusted operating profit margin to improve, to be between 21.5% and 22%. This includes a more normal level of restructuring cost of approximately EUR15 million to EUR25 million.

We expect that free cash flow between EUR600 million and EUR625 million in constant currencies, ROIC above 9% and EPS growth in mid single-digits in constant currencies. So all-in-all, we are well-positioned to achieve our 2016 goals and remain confident in our growth prospects.

So thank you very much and we will now open to Q&A.

**QUESTIONS AND ANSWERS**

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

Yes, Sami. If you could state your name and your organization, that would be great.

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

Thank you, Nancy. I'm Sami Kassab from Exane BNP Paribas and I have two questions to start with please. 3% is the best organic revenue growth the Company has reported since at least 2007 and you've presented a new strategic direction for the next three years. Is 3% the best that Wolters Kluwer can grow at and would you like to share with us a targeted range of organic revenue growth that you think the new strategy can deliver in 2018, for instance?

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

Yes. Okay, you want to do your second question?

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

Yes, yes --

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

Okay.

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

-- it's probably linked. And secondly, you talk about expanding your market coverage. You talk about investing outside of the four divisions in digital solutions. Should we understand from that a departure from your previous acquisition policy? Are you targeting or are you considering if the opportunities avail themselves to make bigger acquisitions than the typical acquisitions you've made in recent past?
Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, great. So we don’t give growth guidance, but what I can tell you is that if you look at the underlying business, there’s really two things that are supporting the acceleration of our growth. First, it’s that digital products and services are now the lion share of our revenue and they are growing more quickly at 5% than the core. And then second, the leading growth businesses where we are putting a lot of capital are also getting to be a higher percentage of our overall business.

So that is fundamentally what’s going on. What I would say is some of our growth performance in 2015 was very much helped by transactional revenues and we are not expecting that good performance of 2015 translates fully into 2016. So while we like the underlying trends, I just want to let you know that there’s obviously a transactional element that helped us in 2015.

Sami Kassab - Exane BNP Paribas - Analyst

And that transactional element is in CLS and in the book schedule?

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, it’s in the books business. That was driven largely by a strong front list. And as you know, you don’t repeat that year on year and some timing differences and both the CLS transactions and some of the large software implementation fees that again are not always repeatable year on year.

Sami Kassab - Exane BNP Paribas - Analyst

And 2018, you think we can do 4%, 5%?

Nancy McKinstry - Wolters Kluwer NV - CEO

Again, we don’t give long-term -- any revenues guidance and certainly not long-term revenue guidance. But I can say that the underlying business is very healthy now and really beginning to show the fruits of all the efforts that we’ve had over the last few years. So we’re encouraged by what we see, despite again feeling that there are continued challenges within the European portfolio.

On the second question about acquisitions, you should not expect us to deviate from our focus on organic growth, which is number one; and second, to continue to really focus on bolt-on acquisitions. We are not looking to do anything transformational. We are looking to do bolt-ons within our core businesses.

Now, that might mean moving into a slight adjacency from the exact product line that we offer today, but nothing that would be dramatically different in terms of the basic four divisions that we operate in.

Sami Kassab - Exane BNP Paribas - Analyst

Thank you, Nancy.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, please. Sorry. Yes, I guess you were second. Go ahead, please.
Katherine Tait - Goldman Sachs - Analyst

Katherine Tait from Goldman Sachs. Just on your tax & accounting division, you talked a lot about the new cloud-based products, which are driving a large portion of the growth in that division. I wonder if you could talk a little bit about how we should think about the margins in those kind of products compared to the more traditional products and also what the competitive landscape is like within that arena? Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. The margins are very similar to the core foundation product, which is what we call our on-premise product. Of course you get those margins -- those margins improve as you build more scale. So in the early years when we first introduced CCH Axcess, the margins would have been lower than the foundational product, but now we have good scale in that business.

So the way our customers continue to buy these products is still on a subscription, a software license that is, in many cases a multiyear software license. So it has very much the same recurring revenue characteristics that we have in the core product.

If you look competitively, we’ve been the only provider that's been out with a cloud solution targeted very much at sort of the higher end of the accounting firm market for a number of years. Thomson just released a component of a cloud product at the end of last year, but again it's not the full suite. We have a full suite of tax practice management, document, et cetera. So we are a little bit ahead of the pack, but we always know that our competitors will eventually catch up.

I think what we get really excited about with Axcess is it allows us to cross-sell more products and services once customers have moved into the cloud and it’s been allowing us to pick up more share within some of the top, say, 10 accounting firms in North America.

Yes, sorry, in the back.

Pavel Govciyan - Natixis - Analyst

Pavel Govciyan from Natixis. Two questions if I may, the first one on the emerging markets. So we are all a bit concerned by emerging, as you know, especially Russia and Latin America. So can you update us on Prosoft firstly and your software businesses in Brazil and then your Russian JV. Do you fear further profit decline? That’s my first question.

And then the second question, can you remind us what do you consider for the transport businesses? Do you still review if you should own or not this business? Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. Why don’t you talk about the Russian JV and then I’ll pick up on Prosoft?

Kevin Entricken - Wolters Kluwer NV - CFO

Certainly. In 2015, we actually exited our Russian JV. Due to legislative changes in Russia, a foreign company can no longer own more than 20%, so we made the decision to exit that business and that was completed in the second half of 2015.

I can tell you in Brazil, like many other people, we are starting to see growth moderate. But we are still committed to that business. We think that is an important part. We are very attracted to the complexity of the tax code in Brazil and Prosoft helps customers deal with that complexity. So certainly very committed to that group.
Nancy McKinstry - Wolters Kluwer NV - CEO

And then on transport, as you know, we were looking for strategic alternatives for that business and then based on that process decided to hold the business. And now it's improving and so we are working everyday with management to continue to improve the business and are -- we definitely see that we've kind of come out of the trough in terms of the performance there, so we are encouraged by the 2015 results.

Yes, maybe right here in front and then we'll go to -- oh, sorry, you have the mic. We'll go to you first and then down front. Sorry.

Nick Dempsey - Barclays - Analyst

Yes, it's Nick Dempsey from Barclays. I've got three questions, please. So first of all, Informa moved their P&L tax rate lower because they were starting to include the benefit of the deductibility of amortization of goodwill in the US in there. Is the reason why your cash tax is quite a lot lower than your P&L tax because you do not yet include that benefit in your P&L tax?

Second question, when you talk about non-recurring revenues across the new government (sic -- "governance"), risk & compliance business, when you are expecting lower growth this year, is it because you can't specifically see those coming? But it looks to me like in the last two years you got better at selling those. Or, are there very specific reasons why you expect non-recurring to be less in 2016?

And the third question, just talking about margin improvement beyond this year, I can see why you've got less restructuring and that clearly feeds into margin improvement this year. As you have a normal level of restructuring in 2016, beyond that should we expect less margin improvement?

Meg Geldens - Wolters Kluwer NV - VP, IR

Okay. You want to go forth?

Kevin Entricken - Wolters Kluwer NV - CFO

Sure. I'll --

Nancy McKinstry - Wolters Kluwer NV - CEO

I'll add on the margin at the end.

Kevin Entricken - Wolters Kluwer NV - CFO

Okay.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, so the tax.

Kevin Entricken - Wolters Kluwer NV - CFO

Certainly, on our tax rate, we did see our tax rate or effective tax rate come down to 25.5% last year. That was largely due to a one-time benefit that we saw on a deferred tax asset. So that's what that rode that. It was not necessarily amortization or changes in the way we calculate that margin. We've been consistent in the way we've calculated that margin.
I will say that in 2016, I do expect that our effective tax rate is going to return to between 27%, 28% and I would say that that is, from what I can see right now, what is the appropriate level that you should be modeling in.

Nancy McKinstry - Wolters Kluwer NV - CEO
Yes.

Nick Dempsey - Barclays - Analyst
Sorry, may I have just a follow-up on that. I was trying to understand whether you do include in your adjusted P&L tax the benefits of the deductibility of amortization or goodwill in the US?

Kevin Entricken - Wolters Kluwer NV - CFO
In our adjusted tax rate we do not include the amortization from acquired intangibles.

Nick Dempsey - Barclays - Analyst
So that makes you different to Informa, Reed, UBM, et cetera?

Nancy McKinstry - Wolters Kluwer NV - CEO
I think when we look at it, everybody is doing it differently. So we've been consistent for 10 years and it's very simple, any non-benchmark and amortization we remove the tax effect.

Kevin Entricken - Wolters Kluwer NV - CFO
And, Nick --

Nancy McKinstry - Wolters Kluwer NV - CEO
So it could be that they are a bit of mix. I think what they --

Kevin Entricken - Wolters Kluwer NV - CFO
Nick, what we try to also do as far as transparency, if you go to footnote four in the press release will give you a reconciliation of how we get to that benchmark tax rate.

Nick Dempsey - Barclays - Analyst
And sorry to go on about it, but therefore your cash tax rate should be lower forever than your adjusted P&L tax rate?
Kevin Entricken - Wolters Kluwer NV - CFO

Our cash tax rate is also going to be impacted by changes in prepayments and changes in when we become profitable in areas where we will start paying taxes. So it's not necessarily a one-for-one relationship.

Nick Dempsey - Barclays - Analyst

Okay. That's all.

Nancy McKinstry - Wolters Kluwer NV - CEO

As all things, tax is never a straight answer, right, Nick? So, okay, nonrecurring; that is very much -- what you see in the financial & compliance service business now a part of GRC, right, is that we sell -- there's two kinds of non-recurring activities there. One is transactional revenues that are associated with mortgage transactions. Second is implementation fees that are associated with installing our software products, particularly in regulatory reporting and risk management.

So some of those non-recurring activities we continue to fire I think on all cylinders from a sales perspective, but some of those implementation fees may be bigger or smaller depending on the complexity of the client. So we don't expect that those are necessarily completely recurring again in 2016.

And then, Kevin, do you want to talk about longer term margin improvement?

Kevin Entricken - Wolters Kluwer NV - CFO

Yes, I think longer term margin improvement, we do expect restructuring to go back down to more normalized levels in 2016. Largely that restructuring will continue to be in our legal & regulatory group. But as we return to those more normalized margin levels, I do think that there is opportunity for margin expansion as we become more and more of a digital and service company.

I think the retention rates on those types of products typically are higher than our traditional print products. So you do see some margin improvement ability there. I also see the decline in print will continue as we go forward, so that will become a smaller part of the portfolio. So I do think that there is opportunities.

We will continue to invest in new products. As Nancy has said, we will continue to invest in software as a service and sales and marketing efforts. But overall, I do think that there is opportunities.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, please.

Matthew Walker - Nomura - Analyst

It’s Matthew Walker from Nomura. Three questions also please. The first is, can you just explain a little bit more about the new Cheetah product? Is that Europe, is it US or both? Is it a direct competitor to Westlaw and Lexis in the US? That’s the first question.

The second question is on return on capital. It looks like the return went up by 17% and the invested capital went up by 10%. Currency was about a 15% difference in operating profit. Can you just explain why the invested capital only rose 10%? Is a lot of the invested capital in Europe? Maybe you could just explain that.
And the third question is on -- legal & regulatory is now quite a small part of the operating profit, is that separate new division. Why not just dispose of that business because it would improve your organic growth rate for the Group a fair amount and obviously you could offset the dilution with another buyback or whatever? So can you just explain the logic of sort of keeping that division, keeping on restructuring it, when it might return to growth, what's the sort of logic for holding on to it? Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, I'll do Cheetah and legal & regulatory and you can do ROE. So when Cheetah, what -- Cheetah is the next generation of our online platform in law & business US. So we have always operated in the same space as Lexis and West. We actually license our content in some cases to both those parties. Our sort of space is that we are a very specialized provider of information and tools, so very much focused on tax, on securities, on intellectual property. And Cheetah is really the -- so we've always had an online platform in the market and Cheetah is the next generation of that.

What makes Cheetah different is that it's very much focused on what customers want, which is give me quick answers, give me sort of tools that help me find the specific data that I need to fill in the forms, that sort of thing.

So we've been working very closely with the customers on how to design the product and it's also -- we've also worked a lot on our content that underlies or feeds the Cheetah platform in a way that again it provides benefits for customers.

So we've now rolled out securities tax and we will continue to roll the rest of our content. So as we roll out the rest of the content, the historical platform will eventually get grandfathered. So that's what this is about.

On legal & regulatory, if you look at that division, we are very committed to the legal market. If you look at the legal market in comparison to health, tax & accounting and GRC, what you see is that the legal market in general is a healthy market. It's improving its own characteristics over kind of post the financial crisis and so we remain committed there.

Lawyers are moving in the same direction where they need quick answers, they need productivity tools, so it fits very much strategically. I think what hasn't yet happened but it is moving in that direction is still within legal & regulatory we still have 41% print. So while overall we only have 17% as a Company, within that portfolio we still have a fair amount of print. And so while digital is growing, it's not growing fast enough to fully compensate.

So we fully expect that as digital continues to grow and print structurally declines and we get from 41% down to some smaller number that you'll start to see the top line accelerate. So we are investing in legal & regulatory. We talk a lot about the investments we make in restructuring, but we are also investing quite a bit in driving digital growth, both from software tools as well as online. So it's going to remain a part of the portfolio for those reasons.

And then, Kevin, you want to talk about ROIC?

Kevin Entricken - Wolters Kluwer NV - CFO

With regard to return on invested capital, certainly the improvement to 9.3% is driven by a number of different components, improved profitability obviously. The dollar strengthening did in fact help us on that as well as the improvement on the effective tax rate. So those are the biggest drivers in the improvement on return on invested capital.

As far as the underlying capital, I would say North America is probably where we have the greater balance of that because we have done many of our acquisitions in North America over the last several years.
Nancy McKinstry - Wolters Kluwer NV - CEO

Other questions? Yes, okay, Patrick. Since Patrick hasn’t had a chance to ask anything.

Patrick Wellington - Morgan Stanley - Analyst

A couple of questions. Your free cash flow is EUR600 million, EUR625 million. The dividend is a couple of hundred million. The buybacks are a couple of hundred million. You’ve been acquiring a couple of hundred million. That EUR600 million roughly balanced, so that’s not going to get your leverage to come down. So how are we going to get the leverage back to 2.5 times? That’s the first question.

Nancy, I’m going to go back to organic growth targets. We all know that in 2007 Wolters Kluwer did 4% organic growth and it has always been the Company’s ambition to get back to that level. Last year you did 1.6%. This year you have done 2.6%. Looking like your dividend, it could be 3.6% next year. I mean so, 4% has got to be within that range of targets. So we are looking for a visceral reaction from you there.

And then thirdly, more mundanely, CLS transaction revenue, I think you thought that the transaction was tough, it would slowdown in the fourth quarter and it didn’t. So what’s going on underlying there?

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. So why not I start on organic growth, CLS and then you can take the free cash flow. In fact the -- we did expect CLS revenues to slowdown in the fourth quarter and they did, but they delivered 2% organic growth. They had very strong comparables from the prior year. So of course if you compare the 2% in the fourth quarter, that was substantially lower than the first quarter.

So we -- as you might expect, right, it’s quite difficult to firmly predict what is going to happen with the IPO market, the M&A market, the business formation market. So given the strong performance in 2015, we are guiding that we expect slower growth in the GRC space largely because we expect that there will continue to be some declines on the transactional side.

Overall, in growth, yes, we also remember the 4% growth in 2007. We certainly feel very positive about the portfolio, so we feel positive about the assets that we own and about the underlying drivers around digital and the software businesses. But I would come back and just remind you, we got some help in 2015 from the strong transactional performance. So we are continuing to work towards improving the long-term growth of the business. But when it all comes up to the numbers that you’ve talked about, that’s something that we just aren’t guiding at this point.

Yes, Chris, because Chris.

Kevin Entricken - Wolters Kluwer NV - CFO

Leverage? You want to talk about --

Nancy McKinstry - Wolters Kluwer NV - CEO

Oh, leverage. We forgot free cash flow. Sorry, Patrick. Yes, go ahead.

Kevin Entricken - Wolters Kluwer NV - CFO

Patrick, we certainly have said 2.5 times is our target. However, Nancy and I as we think about our uses of cash are constantly thinking about the right balance, investments in the business both organic and smaller bolt-on acquisitions, improving leverage and rewarding our shareholders. So with the announcement of our dividend increase and the share buyback program, we are trying to strike that right balance.
I will remind you that the 2.5 is a target. There have been years in the past when we've been above it. Last couple of years we've been below it. It's not necessarily a number that we say we need to come back to immediately. It is more that balance.

Patrick Wellington - Morgan Stanley - Analyst
But just as the share buyback is concerned, I mean it might be one strategy to do more than EUR200 million in the first year and push that process along if you are going to be running at these low levels of leverage.

Kevin Entricken - Wolters Kluwer NV - CFO
Well, we did say -- I expect to do evenly over the next three years, but that could change, absolutely.

Nancy McKinstry - Wolters Kluwer NV - CEO
Yes, Chris, I think your neighbour and then we will go to the back of the room. Yes.

Chris Collett - Deutsche Bank - Analyst
It's Chris Collett from Deutsche Bank. So just two questions. One was on retention rates. I wonder if you could just give us some color perhaps by division about where your retention rates are, how they trended over the last year? And I'm guessing that retention rates are lowest in the legal & regulatory business, so just wondering what you can do to try to improve those?

Second was then actually about just the level of price increases. I was wondering what sort of price increases you have put through, that you are planning to put through in 2016?

And then third question was, just we saw recently IBM Watson buying Truven in the health space. So I wonder if you just talk a little bit more about some of the new forms of competition perhaps which you are seeing either from IBM Watson or you sort of referenced about sort of big data and artificial intelligence and so forth, so whether you are seeing new competitors coming into some of your segments?

Nancy McKinstry - Wolters Kluwer NV - CEO
Okay, great. Kevin, you want to talk --

Kevin Entricken - Wolters Kluwer NV - CFO
Should I take retention?

Nancy McKinstry - Wolters Kluwer NV - CEO
Yes. Why don't you --

Kevin Entricken - Wolters Kluwer NV - CFO
Retention rates really will follow the product types. Where we will see better retention rates are in software type businesses. And as we sell a customer two, three, four different types of software modules, those retention rates can go up into the high 90%.
By division, if you take a look at our tax & accounting business where we have the most software revenue, about 70% of our business there is software, there you will see higher retention rates. So that's actually reflected in the margins of that business. They have the -- probably the strongest margins across the Company.

Areas maybe the other side of the equation, print. Print we will have lower retention rates. Good print products can have retention rates in the mid 80s or so. In our legal & regulatory business, you'll find that today we still have the largest component of print in that division, so about 41% of that group is still print and they will have lower retention rates and you do see lower margins in that business as well.

So as we migrate more and more to software services, digital, that's where you see retention rates improving.

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

And then on price increases, it has been very much a similar kind of environment over the last five years, where we really aim to get sort of at inflation level of pricing. And given inflation is very low, that means it's a pretty modest sort of 2% to 3% level.

However, I will say that we are very surgical about that. So we do a lot of work around where we have the opportunity to extract more value, but then other places where we don't. And I think the average of 2% to 3% is still the right benchmark for us.

And then on IBM's acquisition of Truven, Truven is really -- just to frame what the business, it's really composed of three components. A part of it provides data to payers. Another part provides information and data to hospitals, more on the administrative side than the clinical side. And then a drug database business called Micromedex.

We only compete against that drug database business. This is our LexiComp and our Facts & Comparisons business that's part of the Clinical Effectiveness group. So from that vantage point, we don't anticipate major changes in the competitive landscape in terms of where we operate.

I will say that what you see overall in health is it's a very fragmented market. There's many, many people trying to solve two problems, right; better quality of care at lower cost, right? That's sort of the Holy Grail in health care. And so there's a lot of experimentation right now going in on the analytic side. We keep very much abreast of that and we are embedding analytics in some of our products.

Where we really operate and still have a tremendous position is really on the clinical side. So we really serve physicians and nurses with high quality clinical information and software tools that help them in the diagnosis and treatment of patients. That's really kind of our stock-in-trade.

So we don't see that these moves are going to dramatically change the level of competition in the short term. Longer term, if somebody really does begin to deploy analytics on the side that actually solves some of the problems, then it could change things more dramatically.

Yes. If we could go back just because our colleague back there has his hand up for a while.

**Thomas Singlehurst - Citigroup - Analyst**

It's Tom here from Citigroup. I had two questions if possible; the first one on the outlook by division. You talk about tax & accounting having slightly more muted growth in the first half, but legal & regulatory potentially saw a better growth. But given the weighting of the two businesses, should we just broadly expect whatever the full-year number is, the 1H will be a lower run rate of growth and then the second half is where we see an acceleration? That's the first question.

The second question is, coming back to Patrick's point, I know it's not a fixed target, the 2.5 times net debt-to-EBITDA, but there is on that basis a relatively significant static re-leverage opportunities on EUR800 million. So it's a big gap. Can you just talk about how things like currency fluctuations impact your view on the leverage side? I mean obviously you've got sort of gearing to changes in currency in terms of the amount of cash flow the business throws off, but also how it impacts leverage in particular?
Nancy McKinstry - Wolters Kluwer NV - CEO
You want to take both of these?

Kevin Entricken - Wolters Kluwer NV - CFO
Okay, sure, absolutely.

Nancy McKinstry - Wolters Kluwer NV - CEO
Yes, go ahead.

Kevin Entricken - Wolters Kluwer NV - CFO
As far as the outlook for tax & accounting and legal & regulatory next year, the tax & accounting business, as you probably remember, Tom, our selling season is really the second half of the year. Tax accountants right now are working feverishly to complete tax returns, so we don’t really have an opportunity for our sales teams to talk to them.

So most of our innovation, our new products or enhancements are sold in the second end of the year. So that’s why you will see a more muted growth in the first half gets compared to the second half.

With regard to legal & regulatory, timing of certain products, timing of publishing schedules, that’s going to impact what we see this year for our outlook on legal & regulatory.

With regard to the leverage, certainly currency is going to pay a component of that as we derive a great deal of our profitability in the US. As that US dollar improves as it did this year, certainly that’s going to have an impact on our leverage.

Nancy McKinstry - Wolters Kluwer NV - CEO
Okay. I think back to this side of the room. Yes?

Giasone Salati - Macquarie - Analyst
It’s Giasone Salati from Macquarie. A couple of questions on legal & regulatory. Can you put down most of the weakness actually to the fact that the business is heavily skewed to Europe or you think -- I’m thinking in relative terms with the rest of the Group -- or, it’s actually the legal profession which is somewhat lagging in print to digital switch or else -- and -- well, if I can have this one first.

Nancy McKinstry - Wolters Kluwer NV - CEO
Yes, yes. Okay, sure. I would say it’s a combination of two things, right. One is that it’s still -- we keep coming back to the same themes. I apologize for that. But still that it has a higher component of print and print is in structural decline and that is what is driving a big chunk of why the business doesn’t have a positive organic growth. But that is obviously moving in the right direction.

And then I would say in the market there are some structural factors that are clearly pressuring the legal profession relative to say health professionals or tax and accounting, where there is clearly a move towards more alternative fee arrangements. There’s clearly a move towards more in-house work going into corporations.
So I would say that relative to the other professions while the legal business is getting better from sort of the early crisis days, it’s still probably not as robust as say the health business or the tax and accounting business, but again improving. And long term, we see it as a positive market.

And then I think in terms of the adoption of some of the newer tools, again I would say that in our world the early adopters are really the accountants and the financial service professionals and then probably followed by health professionals and lawyers being the later adopters in part because still a lot of what the lawyers do, they see very much as a bespoke kind of activity, but again very much continuing to change.

So it’s changing; it’s just changing at a slower pace than what you would see in some of the other segments.

Giasone Salati - Macquarie - Analyst
Okay. I’m flattered you put finance as early adopters. It doesn’t really feel like that day to day. The second question, still on the same division, can you give us a little bit more granularity on pricing and volumes for print and digital? If prices in print are going down or it’s simply just volumes or if digital needs to be discounted or actually you have more pricing power there?

Nancy McKinstry - Wolters Kluwer NV - CEO
Yes. Basically, we’ve been harvesting our print products for several years. So if you look at the average price increase on print, it’s substantially higher than digital. Now, often customers buy a bundle and we have larger contracts and so of course that’s all negotiated. But in general the price increases on print across the portfolio would be higher than digital at this stage of where we are in the lifecycle.

Giasone Salati - Macquarie - Analyst
Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO
Yes, Sami, and then we will go back.

Sami Kassab - Exane BNP Paribas - Analyst
It’s Sami again at Exane. Two questions on health, please. Clinical solutions has a good track record of double digit organic revenue growth. We got to 10% last year. Can we think that with Sepsis, with UpToDate China, you can maintain the double digit record in 2016 in clinical solutions?

And secondly, you talk about improving trend within the health learning, research & practice despite its strong print revenue component. Why would trends there improve in 2016?

Nancy McKinstry - Wolters Kluwer NV - CEO
Okay. I’ll start with the clinical solutions and then maybe Kevin can chime in on LRP. Clinical solutions, again, we remain, as you know, excited about this part of the portfolio. We continue to invest to drive growth. So as we guided in the press release, we expect another good year from health overall and another good year from clinical solutions.

What I would say, though, is the law of large numbers is going to start to come into play. It’s almost -- clinical solutions is roughly about $0.5 billion business now, so that will start to come into play. And I would also caution you that Sepsis and UpToDate China its early days, right.
So these are throughout all of the portfolio, it takes time to build market penetration. So we just launched those products in 2015. We are signing new customers. But they are not -- neither product will have a material effect in 2016. It will take some years to build them, those two businesses up.

And then on HLR (sic -- "LRP")?

**Kevin Entricken - Wolters Kluwer NV - CFO**

Yes, on the LRP trends, we have seen a modest improvement in that trend this year. We had flat growth in 2014, 1% organic growth in 2015. I think there's a couple of things going on there. Ovid continues to grow well for us, but we do still have that decline in print revenue that I would expect to continue.

The Group is investing in digital products, digital learning management. So products like PrepU among others do show signs of growth in that area and I would expect that to be something we will continue to invest in.

We also, as you know, just recently acquired Learner's Digest International, which is a good growth business and we will merge that in with that group and find some synergies as far as performance goes with our other learning management systems. So those are the trends that we see in that --

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

Yes. And the last thing is we won a couple of new journals, which also helps, right, in the core business. So I would say that, again, it reinforces what we've been talking about this morning, which is now digital is 59% of that unit's revenues, right. So you can see as more and more gets digital, the inherent underlying growth can get better.

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

Thank you.

**Meg Geldens - Wolters Kluwer NV - VP, IR**

Your neighbor right behind you. Yes.

**Konrad Zomer - ABN AMRO - Analyst**

It's Konrad Zomer, ABN AMRO. I have two questions. The first one on organic growth and the potential trade-off with margins. Now, you've successfully increased your organic growth 2%, 3%. The level of expectations from investors, from us I guess is also going up. Does that potentially make it more difficult for you to keep improving your adjusted operating margin or do you think that by having a high organic growth the operating leverage allows you to improve your margins a bit easier than you were able to do in the, let's say, 2012, 2014 years?

And my second question, if you look at the four divisions as you've defined them now, what's the division with the highest operating leverage? Where do you think with an organic growth as it was in 2015 or maybe slightly higher, could we expect the highest potential operating leverage in terms of margin improvement? Is that the legal & regulatory division or is there another division?
Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. So just in general, I think if you go back in time when we’ve all been together, we’ve shared with you that we needed to get organic growth above 2% to be able to really cover wage inflation without having to fund that through a lot of operating efficiencies. And so we’ve achieved that in 2015.

So we believe that now going forward, we will be able to strike the right balance between continuing to improve our operating margin -- you see that in the guidance that we’ve given this year -- and at the same time continue to invest in the business. So we are continuing to invest in sales and marketing in new products and we will continue that level of investment.

So we are going to be again balancing that as we look to 2016 and 2017, between improving the operating margin, but also making sure -- particularly more on the sales and marketing and digital marketing, we are going to maintain the 8% to 10% on product. That’s been a good healthy level of investment for us, but we want to do a bit more on sales and marketing. And this whole millennial generation that needs to buy things in a very different way than our historical customers, so we need to make sure we are ready for that.

And then on the operating leverage, I would say that very much again the rule of thumb is the more software you have in your portfolio, the higher the margin assuming the software products are at scale. And so therefore I would say probably the division with the highest operating leverage, just if you look at how much of a new dollar or new euro of revenue comes to the bottom line, would very much be tax & accounting. And then within the GRC space, CLS is also a high leverage business. And these are the two that -- again, it’s the nature of the portfolio we have.

Konrad Zomer - ABN AMRO - Analyst

Okay, thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Other questions in the room? Okay, I think we --

Meg Geldens - Wolters Kluwer NV - VP, IR

And none from the --

Nancy McKinstry - Wolters Kluwer NV - CEO

Oh, from the listeners. Okay, great. Well, thank you very much. It’s a pleasure to be here with all of you. And of course we have some refreshments outside, so help yourself. And thank you.