Wolters Kluwer 2019 Full-Year Report

February 26, 2020 – Wolters Kluwer, a global leader in professional information, software solutions, and services, today releases its full-year 2019 results.

Highlights

- **Revenues €4,612 million, up 5% in constant currencies and up 4% organically.**
  - Digital & services revenues up 6% organically (89% of total revenues).
  - Recurring revenues up 5% organically (78% of total revenues).
- **Adjusted operating profit €1,089 million, up 5% in constant currencies.**
  - Adjusted operating profit margin up 50 basis-points to 23.6%.
- **Diluted adjusted EPS €2.90, up 11% in constant currencies.**
- **Adjusted free cash flow €807 million, up 1% in constant currencies.**
- **Return on invested capital (ROIC) improved to 11.8%.**
- **Balance sheet remains strong: net-debt-to-EBITDA 1.6x at year-end 2019.**
- **Proposing 2019 total dividend of €1.18 per share, up 20%.**
- **Share buyback:**
  - 2019: completed buyback of €350 million.
  - 2020: announcing buyback of up to €350 million, of which €50 million already completed.
- **Outlook 2020: expect mid- to high single-digit growth in diluted adjusted EPS in constant currencies.**

Full-Year Report of the Executive Board

Nancy McKinstry, CEO and Chairman of the Executive Board, commented: *"I am pleased to report that we sustained 4% organic revenue growth in 2019. We delivered an improvement in adjusted operating margin, overcoming a challenging comparable. It was a year when we made significant progress on improving enterprise systems and infrastructure to support operational agility. At the same time, we remained focused on delivering value to our customers by scaling our expert solutions and enhancing our information products, providing a strong foundation for 2020."*

Key Figures – Year Ended December 31, 2019

€ million, unless otherwise stated	2019	2018*	Δ	Δ CC	Δ OG
Business performance – benchmark figures					
Revenues	4,612	4,259	+8%	+5%	+4%
Adjusted operating profit	1,089	986	+11%	+5%	+7%
Adjusted operating profit margin	23.6%	23.1%			
Adjusted net profit	790	682	+16%	+9%	
Diluted adjusted EPS	2.90	2.45	+19%	+11%	
Adjusted free cash flow	807	762	+6%	+1%	
Net debt	2,199	2,249	-2%		
Return on invested capital (ROIC)	11.8%	10.6%			
IFRS reported results					
Revenues	4,612	4,259	+8%		
Operating profit	908	967	-6%		
Profit for the period	669	656	+2%		
Diluted EPS (€)	2.46	2.35	+4%		
Net cash from operating activities	1,102	1,001	+10%		

Note: Δ % Change; Δ CC % Change in constant currencies (€/$ 1.18); Δ OG % Organic growth. Benchmark adjusted figures are performance measures used by management. See Note 4 for a reconciliation from IFRS to benchmark figures. *2018 figures restated for IFRS 16. See Note 3 and Appendix 4 for more information on IFRS 16.

Full-Year 2020 Outlook

Our overall guidance for full-year 2020 is provided in the table below. We expect to deliver another year of solid organic growth, supported by all four divisions. We expect to achieve an increase in the full-year adjusted operating profit margin, driven by Tax & Accounting and Legal & Regulatory.

Full-Year 2020 Outlook

Performance indicators	2020 Guidance	2019
Adjusted operating profit margin	23.5%-24.0%	23.6%
Adjusted free cash flow	€800-€825 million	€807 million
ROIC	Around 12%	11.8%
Diluted adjusted EPS	Mid- to high single-digit growth	€2.90

Note: Guidance for adjusted operating profit margin and ROIC are in reported currencies and assume a 2020 average U.S. dollar rate of approximately €/$ 1.11. Guidance for adjusted free cash flow and earnings per share are in constant currencies (€/$ 1.12). Guidance for adjusted EPS includes the estimated effect of the announced up to €350 million share buyback planned for 2020.

Our guidance is based on constant exchange rates. In 2019, Wolters Kluwer generated more than 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2019 currency profile, each 1 U.S. cent move in the average €/$ exchange rate for the year causes an opposite change of approximately 2 euro cents in diluted adjusted EPS.

Restructuring costs are included in adjusted operating profit. We expect restructuring costs to be in the range of €10-€15 million in 2020 (2019: €26 million). We expect adjusted net financing costs of approximately €60 million in constant currencies[1], including approximately €10 million in lease interest charges. We expect the benchmark tax rate on adjusted pre-tax profits to be in the range of 24.0%-25.0% for 2020.

Capital expenditure is expected to increase, but stay within our normal range of 5%-6% of total revenues (2019: 4.9%). Cash repayments of lease liabilities are expected to be in line with depreciation of right-of-use assets (2019: €80 million). We expect the cash conversion ratio to be broadly in line with prior year, around 95% (2019: 96%). See Note 4 for the calculation of our cash conversion ratio. Our guidance assumes no additional significant change to the scope of operations. We may make further acquisitions or disposals which can be dilutive to margins and earnings in the near term.

2020 Outlook by Division

Health: We expect organic growth to be broadly in line with 2019, with Clinical Solutions continuing to drive the division's growth. We expect the full-year adjusted operating profit margin to be broadly stable due to increased investment in sales & marketing and product development. Investment is expected to weigh on the first-half 2020 margin.

Tax & Accounting: We expect organic growth to moderate in 2020 due to a challenging comparable in Europe (following exceptionally strong growth in 2019) and due to some moderation in the U.S. We expect the full-year adjusted operating profit margin to see a further increase.

Governance, Risk & Compliance: We expect modest improvement in the division's organic growth notwithstanding slight moderation in transactional volumes in 2020. We expect the adjusted operating profit margin to be marginally lower than in 2019 due to increased product investment and the absence of one-time benefits.

Legal & Regulatory: We expect organic growth to moderate slightly from 2019 levels due to a challenging comparable. We expect the adjusted operating profit margin to show improvement.

[1] Guidance for net financing costs in constant currencies excludes the impact of exchange rate movements on currency hedging and intercompany balances.

Wolters Kluwer

Our Business and Strategy

Our mission is to empower our professional customers with the information, software solutions, and services they need to make critical decisions, achieve successful outcomes, and save time. We support professionals across four customer segments: health; tax & accounting; governance, risk & compliance; and legal & regulatory. All our customers face the challenge of increasing proliferation and complexity of information and the pressure to deliver better outcomes at a lower cost. Many of our customers are looking for mobility, flexibility, intuitive interfaces, and integrated open architecture technology to support their decision-making. We aim to solve their problems and add value to their workflow with our range of digital solutions and services, which we continuously evolve to meet their changing needs. Since 2003, we have been re-investing 8%-10% of our revenues in developing new and enhanced products and the supporting technology platforms.

Our fastest growing products continue to be our *expert solutions*, which combine deep domain knowledge with specialized technology and services to deliver answers, analytics, and improved productivity for our customers. Our business model is primarily based on subscriptions or other recurring revenues (78% of total revenues in 2019), augmented by implementation services revenues as well as volume-based transactional or other non-recurring revenues. Renewal rates for our digital information, software and service subscriptions are high and are one of the key indicators by which we measure our success. We have been evolving our technology towards fewer, globally scalable platforms, with reusable components. We are transitioning our solutions to the cloud and leveraging advanced technologies such as artificial intelligence, natural language processing, and predictive analytics to drive further innovation. We are standardizing tools, streamlining our technology infrastructure (including data centers) and improving our development processes using agile methods. It is our 19,000 employees who drive our achievements and we have been working to ensure we are providing engaging and rewarding careers.

Strategic Priorities 2019-2021

At the start of 2019, we launched our strategic plan for the three-year period 2019-2021. This plan aims to deliver continued good organic growth and further incremental improvements to our adjusted operating profit margin and our return on invested capital (ROIC). In this timeframe, we expect to maintain product development at between 8%-10% of total revenues. We expect to fund the modernization of back-office systems by deriving additional cost savings. The strategy is based on organic growth, although we may make further bolt-on acquisitions or non-core disposals to enhance our value and market positions. Acquisitions must fit our strategic direction, strengthen or extend our existing business, be accretive to diluted adjusted EPS in their first full year and, when integrated, deliver a return on invested capital above our weighted average cost of capital (8%) within three to five years. Our priorities are to:

- **Grow Expert Solutions:** We will focus on scaling our *expert solutions* by extending these offerings and broadening their distribution through existing and new channels, including strategic partnerships. We will invest to build or acquire positions in adjacent market segments.
- **Advance Domain Expertise:** We intend to continue transforming our information products and services by enriching their domain content with advanced technologies to deliver actionable intelligence and deeper integration into customer workflows. We will invest to enhance the user experience of these products through user-centric design and differentiated interfaces.
- **Drive Operational Agility:** We plan to strengthen our global brand, go-to-market and digital marketing capabilities to support organic growth. We will invest to upgrade our back-office systems and IT infrastructure. By 2021, we expect to complete the modernization of our Human Resources technology to support our efforts to attract and nurture talent.

In the first year of this plan, we made progress on several fronts. We sustained investment in our expert solutions, expanding the global reach of products such as UpToDate, TeamMate, CCH Tagetik, OneSumX, and Enablon, and working to strengthen key distribution partnerships. Expert solutions revenues grew 7% organically. We extended into the selected adjacencies of contract lifecycle management and barrier-based risk management with the acquisitions of CLM Matrix in May 2019 and CGE Risk Management in February 2020. We divested several small assets that no longer fit our long-term strategic direction. We stepped up investment in our digital information products, such as Ovid and our European legal research solutions, to enhance their content, functionality and user interfaces and to add capabilities that leverage artificial intelligence. We made significant progress on several key initiatives to drive operational agility: in 2019, we rolled out a new global HR technology platform, accelerated ongoing investments and programs to facilitate our cloud products, and extended the use of standardized technology platforms and components.

During 2019, our decisive response to the detection of ransomware in a portion of our IT environment led to a disruption in certain business activity for a few days, mainly in our Governance, Risk & Compliance and Tax & Accounting divisions. As reported previously, the financial impact on overall group results was not material.

Financial Policy, Leverage, and Capital Allocation

Wolters Kluwer uses its cash flow to invest in the business organically and through acquisitions, to maintain optimal leverage, and provide returns to shareholders. We regularly assess our financial position and evaluate the appropriate level of debt in view of our expectations for cash flow, investment plans, interest rates, and capital market conditions. While we may temporarily deviate from our leverage target at times, we continue to believe that, in the longer run, a net-debt-to-EBITDA ratio of around 2.5x remains appropriate for our business given the high proportion of recurring revenues and resilient cash flow.

Net debt at December 31, 2019, was €2,199 million and the year-end net-debt-to-EBITDA ratio was 1.6x.

Dividend Policy

For more than 30 years, Wolters Kluwer has increased or maintained its annual dividend per share in euros (or euro equivalent). In 2007, the company established a progressive dividend policy and, since 2011, all dividends are paid in cash. In 2015, we introduced an interim dividend payment, aligning cash distributions closer to our seasonal cash flow pattern.

Wolters Kluwer remains committed to a progressive dividend policy, under which we aim to increase the dividend per share in euros each year, independent of currency fluctuations. The pay-out ratio[2] can vary from year to year. Proposed annual increases in the dividend per share take into account our financial performance, market conditions, and our need for financial flexibility. The policy takes into consideration the characteristics of our business, our expectations for future cash flows, and our plans for organic investment in innovation and productivity, or for acquisitions. We balance these factors with the objective of maintaining a strong balance sheet.

2019 Dividend

In light of our strong financial position and in view of our expected capital needs for the duration of our current three-year strategic plan (2019-2021), we are proposing to increase the total dividend per share for financial year 2019 by 20%. We will therefore recommend a final dividend of €0.79 per share, bringing the total dividend to €1.18 per share (2018: €0.98). The 2019 final dividend is subject to approval of shareholders at the Annual General Meeting on April 23, 2020.

For 2020, we intend to maintain the interim distribution at 40% of prior year total dividend. Assuming the

[2] Pay-out ratio: dividend per share divided by adjusted earnings per share.

2019 dividend is approved, this will result in a 2020 interim dividend of €0.47 per share.

Shareholders can choose to reinvest both interim and final dividends by purchasing additional Wolters Kluwer shares through the Dividend Reinvestment Plan (DRIP) administered by ABN AMRO Bank N.V.

Share Buybacks 2019 and 2020

As a matter of policy since 2012, Wolters Kluwer will offset the dilution caused by our annual incentive share issuance with share repurchases (Anti-Dilution Policy). In addition, from time to time when appropriate, we return capital to shareholders through further share buyback programs. Shares repurchased by the company are added to and held as treasury shares and are either cancelled or held to meet future obligations arising from share-based incentive plans.

During 2019, we spent €350 million on share buybacks, comprising 5.5 million shares at an average price of €63.80. Of this, 1.0 million shares were released in respect of share-based incentive plans.

Today, we are announcing our intention to spend up to €350 million on share repurchases during 2020, including repurchases to offset incentive share issuance. Of this, €50 million has already been completed in the period January 2, 2020, up to and including February 24, 2020.

Assuming global economic conditions do not deteriorate substantially, we believe this level of cash return leaves us with ample headroom to support our dividend plans, to sustain organic investment in innovation and productivity, and to make selective acquisitions. The share repurchases may be suspended, discontinued, or modified at any time.

For the period February 28, 2020, up to and including April 30, 2020, we have engaged a third party to execute €75 million in share buybacks on our behalf, within the limits of relevant laws and regulations (in particular Regulation (EU) 596/2014) and the company's Articles of Association. The maximum number of shares which may be acquired will not exceed the authorization granted by the General Meeting of Shareholders. Repurchased shares are added to and held as treasury shares and will be used for capital reduction purposes or to meet future obligations arising from share-based incentive plans.

Developments 2020

On January 14, 2020, Wolters Kluwer Health signed an agreement to sell its remaining 45% interest in Chengdu Medicom, China. This interest has therefore been classified as an asset held for sale at December 31, 2019 in the 2019 financial statements.

On January 15, 2020, the Legal & Regulatory division completed the divestment of certain professional training assets in Belgium, with revenues of €13 million in 2019 and approximately 46 employees.

On February 10, 2020, we completed the acquisition of CGE Risk Management Solutions B.V. (CGE), a leading provider of risk management software, including the industry-standard BowTieXP solution. CGE joins the Environmental, Health & Safety and Operational Risk Management (EHS/ORM) software unit within Legal & Regulatory, which includes Enablon and eVision. CGE's 2018 revenues were €5 million (un-audited).

Full-Year 2019 Results

Benchmark Figures

Group revenues rose 8% overall to €4,612 million, benefitting from the stronger U.S. dollar. The dollar averaged $1.12 per euro in 2019 compared to $1.18 per euro in 2018. In constant currencies, revenues increased by 5%. Excluding both the impact of exchange rate movements and the effect of acquisitions and disposals, organic growth was 4% (FY 2018: 4%).

Revenues from North America, which accounted for 61% of group revenues, grew 4% organically. This was in line with the prior year (FY 2018: 4%), with moderation in Tax & Accounting offset by a marked acceleration in Legal & Regulatory in this region. Revenues from Europe, 31% of total revenues, saw accelerated organic growth of 5% (FY 2018: 4%), mainly driven by faster growth in Legal & Regulatory and in Tax & Accounting in this part of the world. Revenues from Asia Pacific and Rest of World, 8% of total revenues, grew 5% organically (FY 2018: 7%), slowing mainly due to Health.

Adjusted operating profit was €1,089 million, an increase of 5% in constant currencies. The adjusted operating profit margin increased to 23.6% (FY 2018: 23.1%), exceeding the top end of our guided range.

Adjusted operating profit included net positive one-time items of €16 million (FY 2018: €23 million), consisting of a fourth-quarter one-time credit related to the modernization of our U.S. employee benefits. Excluding one-time items in both years, the underlying adjusted operating margin increased by 70 basis points, driven by operational efficiencies, mix shift, and currency.

Adjusted operating profit included restructuring costs of €26 million (FY 2018: €30 million), which exceeded the top end of our guided range (€10-€20 million) as we brought forward a number of restructuring initiatives in the fourth quarter. Restructuring relates to ongoing and new efficiency initiatives, including organizational changes, across the group.

Adjusted net financing costs[3] declined to €58 million (FY 2018: €77 million). The decrease reflects the full twelve-month effect of lower borrowing costs after the redemption of our €750 million, 6.375% senior Eurobond in April 2018, and higher interest income on cash balances.

Adjusted profit before tax was €1,034 million (FY 2018: €911 million), up 7% in constant currencies. The benchmark tax rate on adjusted profit before tax was 23.6% (FY 2018: 25.1%) reflecting favorable tax law changes and the conclusion of tax audits.

Adjusted net profit was €790 million (FY 2018: €682 million), an increase of 9% in constant currencies.

Diluted adjusted EPS was €2.90 (FY 2018: €2.45), up 11% in constant currencies. The increase reflects the increase in adjusted net profit combined with a 2% reduction in the diluted weighted average number of shares outstanding to 272.2 million (FY 2018: 278.8 million) as a result of our share buyback program.

IFRS Reported Figures

Reported operating profit declined 6% to €908 million (FY 2018: €967 million) primarily because the prior year included disposal gains of €159 million relating to divestments in Health, Governance Risk & Compliance, and Legal & Regulatory. Amortization and impairment of acquired identifiable intangible assets increased to €182 million (FY 2018: €175 million) due to impairments of €38 million (FY 2018: €9 million), including €36 million related to Emmi, the patient engagement solution we acquired in 2016. Partly offsetting this was the release of a €9 million provision relating to an earnout.

Reported financing results amounted to a total net cost of €53 million, including a €9 million net gain on

[3] Adjusted net financing costs are defined as total financing results, excluding the financing component of employee benefits, fair value changes in certain financial assets, and net book gains or losses on any divestments of non-controlled equity-interests.

disposals, mainly related to the sale of a 40% interest in an Austrian information services specialist. Our share of profits from associates and joint ventures, net of tax, increased to €3 million (FY 2018: €2 million)

The reported effective tax rate decreased to 22.0% (FY 2018: 26.3%); the prior year was impacted by taxable gains on the disposals of Corsearch and ProVation Medical.

Total reported profit for the period increased 2% to €669 million (FY 2018: €656 million) and diluted earnings per share increased 4% to €2.46 (FY 2018: €2.35).

Cash Flow

Adjusted operating cash flow was €1,049 million (FY 2018: €1,026 million[4]), up 2% overall due to the stronger U.S. dollar and down 2% in constant currencies. The cash conversion ratio declined, as guided, to 96% (FY 2018: 104%) due mainly to working capital movements related to the timing of payments. Net capital expenditure was €226 million or 4.9% of total revenues (FY 2018: €214 million; 5.0% of revenues). In 2018, capital expenditure included a €9 million positive impact related to the sale of office real estate. Most of our capital expenditure relates to the development of new and enhanced products and technology platforms. Cash repayment of lease liabilities, including lease interest paid, increased to €80 million (FY 2018: €74 million) reflecting a new office facility in New York, NY. Excluding amounts in relation to right-of-use assets, depreciation, amortization and impairments of internally developed software and other products was €220 million (FY 2018: €220 million).

Paid financing costs, excluding lease interest paid, declined substantially to €46 million (FY 2018: €96 million). The prior year included the final coupon payment on the 6.375% senior Eurobond redeemed in April 2018.

Corporate income tax paid reduced to €195 million (FY 2018: €206 million), reflecting favorable timing of tax payments and refunds while 2018 included tax paid on disposal gains. Net cash use of restructuring provisions amounted to €6 million (FY 2018: €5 million cash outflow), relating to restructuring additions of €13 million and appropriations of €19 million during the year.

Adjusted free cash flow was €807 million (FY 2018: €762 million), up 1% in constant currencies and within our guidance range. Lower cash conversion was compensated for by lower interest and tax paid.

Dividends paid to shareholders during 2019 amounted to €280 million (FY 2018: €277 million), including the 2018 final dividend and the 2019 interim dividend.

Total acquisition spending, net of cash acquired and including transaction costs, was €35 million (FY 2018: €170 million) and primarily relates to the acquisition of CLM Matrix for €31 million by Governance, Risk & Compliance. Deferred payments on prior year deals, including earnouts, amounted to €1 million (FY 2018: €12 million). Divestment proceeds, net of cash disposed and transaction costs, were €39 million (FY 2018: €304 million) and relate to the deferred divestment consideration of certain Swedish assets, the divestments of our 40% stake in an Austrian information business, certain Allied Health titles, and other small assets.

During the year, we deployed €350 million (FY 2018: €550 million) of free cash flow towards repurchasing shares.

Net Debt and Leverage

Net debt at December 31, 2019, was €2,199 million, compared to €2,249 million at December 31, 2018.

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[4] Certain legal provisions were re-classified in 2019 from trade payables to short and long term liabilities, restatement of 2018 balance sheet.

The reduction in net debt is attributable to strong free cash flow combined with lower spend on acquisitions and share buybacks.

Under IFRS 16, net debt now includes short-term and long-term lease liabilities. Total lease liabilities increased to €368 million (€255 million as of December 31, 2018), largely attributable to our new office facility in New York, NY.

The rolling twelve-month net-debt-to-EBITDA ratio was 1.6x (1.8x at year-end 2018).

Sustainability[5]

During 2019, we made progress on several environmental, social and governance (ESG) ambitions. Employee engagement rose to 77% in 2019, marking the fourth year that it has been above the standard for high-performing companies. In 2019, nearly 100% of employees completed annual compliance training, which includes IT and data security. Progress was made in reducing ESG risk in our supply chain with 260 suppliers screened and committed to the Wolters Kluwer Supplier Code of Conduct (or equivalent) by year-end 2019.

[5] Environmental, social and governance data is not assured.

Divisional & Operating Review

Organic growth was sustained at 4% as a marked improvement in Legal & Regulatory compensated for more moderate organic growth in Health and Tax & Accounting. The increase in our adjusted operating profit margin was driven by Tax & Accounting and Governance, Risk & Compliance, as expected. Operational efficiencies, mix shift, and currency compensated for a lower level of net one-time benefits and for increased product investment.

Divisional Summary – Year Ended December 31, 2019

€ million (unless otherwise stated)	**2019**	**2018***	**Δ**	**Δ CC**	**Δ OG**
Revenues					
Health	1,186	1,109	+7%	+2%	+4%
Tax & Accounting	1,413	1,295	+9%	+6%	+6%
Governance, Risk & Compliance	1,068	975	+10%	+4%	+4%
Legal & Regulatory	945	880	+7%	+6%	+3%
Total revenues	**4,612**	**4,259**	**+8%**	**+5%**	**+4%**
Adjusted operating profit					
Health	320	305	+5%	0%	+3%
Tax & Accounting	388	329	+18%	+14%	+14%
Governance, Risk & Compliance	341	291	+17%	+11%	+11%
Legal & Regulatory	104	112	-7%	-7%	-6%
Corporate	(64)	(51)	+25%	+23%	+23%
Total adjusted operating profit	**1,089**	**986**	**+11%**	**+5%**	**+7%**
Adjusted operating profit margin					
Health	27.0%	27.5%			
Tax & Accounting	27.4%	25.4%			
Governance, Risk & Compliance	31.9%	29.8%			
Legal & Regulatory	11.0%	12.7%			
Total adjusted operating profit	**23.6%**	**23.1%**			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. *2018 revenues, adjusted operating profit, and margin restated for IFRS 16.

Recurring revenues accounted for 78% of total revenues (FY 2018: 78%) and grew 5% organically (FY 2018: 5%). Recurring revenues include subscriptions and other renewing revenue streams. Total Legal Services (LS) and Financial Services (FS) transactional revenues in our Governance, Risk & Compliance division rose 6% organically (FY 2018: 6%). Other non-recurring revenues, which include software licenses, implementation fees, professional services, and other non-subscription offerings, rose 1% organically (2018: 6%). The group-wide trend in print book revenues deteriorated modestly (FY 2019: 7% decline; FY 2018: 6% decline), despite a better fourth quarter in Health due to the timing of orders from distributors.

Revenues by Type – Year Ended December 31, 2019

€ million (unless otherwise stated)	**2019**	**2018***	**Δ**	**Δ CC**	**Δ OG**
Digital and service subscription	3,087	2,793	+11%	+7%	+7%
Print subscription	202	209	-3%	-5%	-5%
Other recurring	292	288	+1%	-4%	0%
Total recurring revenues	**3,581**	**3,290**	**+9%**	**+5%**	**+5%**
Print books	212	226	-6%	-8%	-7%
LS transactional	246	214	+15%	+9%	+9%
FS transactional	105	98	+7%	+1%	+1%
Other non-recurring	468	431	+8%	+6%	+1%
Total revenues	**4,612**	**4,259**	**+8%**	**+5%**	**+4%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. Other non-recurring revenues include license & implementation fees. *2018 restated for IFRS 16. LS = Legal Services; FS = Financial Services.

Health

- Clinical Solutions revenues grew 6% organically, led by UpToDate which grew 9%.
- Health Learning, Research & Practice revenues rose 1% organically, with digital revenues up 3%.
- Margin decline reflects lower one-time net positive items, as expected.

Health – Year Ended December 31, 2019

€ million (unless otherwise stated)	**2019**	**2018***	**Δ**	**Δ CC**	**Δ OG**
Revenues	1,186	1,109	+7%	+2%	+4%
Adjusted operating profit	320	305	+5%	0%	+3%
Adjusted operating profit margin	27.0%	27.5%			
Operating profit	243	343	-29%		
Net capital expenditure	33	36			
Ultimo FTEs	2,903	2,866			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. *2018 restated for IFRS 16.

Wolters Kluwer Health revenues increased 2% in constant currencies, reflecting the disposals of ProVation Medical (March 2018) and certain Allied Health assets (September 2019) as well as the deconsolidation of Medicom (March 2018). Organic growth was 4%. The adjusted operating profit margin declined, as expected, due to lower net positive one-time items. The underlying margin improved modestly despite increased restructuring costs and investments in sales & marketing and product development. IFRS operating profit included an impairment on Emmi, our patient engagement solution, in 2019 compared to significant disposal gains in the prior year.

Clinical Solutions (51% of Health revenues) grew 6% organically (FY 2018: 9%). The comparable period included two businesses (ProVation and Medicom) that were sold or deconsolidated in the first half of 2018. Our clinical decision tool UpToDate saw 9% organic growth driven by renewals and new customers. The roll-out of UpToDate Advanced made progress, with over 850 hospitals globally now subscribing. Our drug information solutions delivered solid growth while investing in new features and closer integration with UpToDate. New sales of Emmi were soft as hospital spending on patient engagement solutions remained tight. In clinical software, performance was mixed.

Health Learning, Research & Practice (49% of divisional revenues) revenues rose 1% (FY 2018: 1%) on an organic basis, with digital growth of 3% largely offset by decline in print formats. Ovid, our online medical research platform, delivered good organic growth driven by subscription renewals and strong performance in Asia Pacific, led by India. Print journal subscriptions and advertising revenues declined, while revenues related to open access research continued to grow. Print book revenues for medical and nursing education and practice declined 5%, benefitting in the fourth quarter from the timing of distributor orders. Our nursing solutions, including the recently enhanced *Lippincott CoursePoint+*, sustained double-digit organic growth while continuing medical education recorded a decline. The unit remains focused on leveraging its quality medical and nursing content and advancing its information solutions with workflow and productivity tools.

Tax & Accounting

- Corporate Performance Solutions grew 17% organically.
- Professional Tax & Accounting performed well, supported by software growth of 6%.
- Margin increase mainly reflects efficiency savings and operational gearing.

Tax & Accounting – Year Ended December 31, 2019

€ million (unless otherwise stated)	**2019**	**2018***	**Δ**	**Δ CC**	**Δ OG**
Revenues	1,413	1,295	+9%	+6%	+6%
Adjusted operating profit	388	329	+18%	+14%	+14%
Adjusted operating profit margin	27.4%	25.4%			
Operating profit	344	255	+35%		
Net capital expenditure	74	71			
Ultimo FTEs	6,697	6,649			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. *2018 restated for IFRS 16.

Wolters Kluwer Tax & Accounting revenues grew 6% in constant currencies and 6% organically (FY 2018: 7% organic growth). Adjusted operating profit rose 14% in constant currencies, mainly driven by efficiency savings, lower restructuring costs, and operational gearing. There was a modest benefit from a change in one-time items. IFRS operating profit increased 35%, due to the increase in adjusted operating profit and due to lower amortization and impairment of acquired identifiable intangible assets.

Corporate Performance Solutions (14% of divisional revenues) grew 17% organically (FY 2018: 19%) with both CCH Tagetik and TeamMate delivering double-digit growth. CCH Tagetik expanded revenues with existing customers and gained new customers for its cloud-based performance management software and services. In internal audit, TeamMate achieved strong growth in North America and Asia Pacific with both on-premise and cloud-based solutions.

North America Professional Tax & Accounting (51% of divisional revenues) saw a moderation in organic growth to 4% (FY 2018: 6%), largely as expected. Software solutions recorded 6% organic growth, led by CCH Axcess, our U.S. cloud-based professional tax software suite, and iFirm, our global practice management solution, in Canada. During the year we invested in and launched CCH Axcess Knowledge Coach to help support cloud customers with their audit engagements. As expected, our Research & Learning business experienced a decline in both digital and print revenues, as the prior year benefitted from demand for information on the U.S. Tax Cuts & Jobs Act. Bank products and training services declined, as expected.

Europe Professional Tax & Accounting (29% of divisional revenues) delivered exceptional 8% organic growth (FY 2018: 7%), with strong growth in on-premise software enhanced by double-digit growth in our European cloud and hybrid-cloud collaboration tools. All European countries where we operate saw positive growth. Italy delivered exceptionally strong performance as customers adopted its new automated invoicing tool. The European group continued to invest in rolling out cloud-based collaboration tools for tax advisors and their clients.

Asia Pacific & Rest of World Professional Tax & Accounting (6% of divisional revenues) declined on an organic basis with mixed performances. Our Tax & Accounting business in China delivered strong organic growth, but this was more than offset by softness in other parts of Asia Pacific and in Brazil.

Governance, Risk & Compliance

- Legal Services sustained 5% organic growth, driven by CT Corporation.
- Financial Services grew 3% organically, led by our Finance, Risk & Reporting software.
- The margin increased due to operating efficiencies and one-time items.

Governance, Risk & Compliance – Year Ended December 31, 2019

€ million (unless otherwise stated)	**2019**	**2018***	**Δ**	**Δ CC**	**Δ OG**
Revenues	1,068	975	+10%	+4%	+4%
Adjusted operating profit	341	291	+17%	+11%	+11%
Adjusted operating profit margin	31.9%	29.8%			
Operating profit	306	309	-1%		
Net capital expenditure	73	65			
Ultimo FTEs	4,330	4,155			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. *2018 restated for IFRS 16.

Wolters Kluwer Governance, Risk & Compliance (GRC) revenues grew 4% in constant currencies and 4% organically (FY 2018: 4%). In May 2019, GRC acquired CLM Matrix, a provider of contract lifecycle management software. The adjusted operating profit margin increased, reflecting underlying cost savings and net positive one-time items recorded in the fourth quarter. IFRS operating profit declined 1%, as 2018 included significant disposal gains.

Legal Services (57% of divisional revenues) sustained 5% organic growth (FY 2018: 5%). CT Corporation, the leading U.S. provider of registered agent and corporate legal compliance services, delivered strong organic growth driven by recurring service subscriptions and better-than-expected, high single-digit organic growth in transactional revenues. Enterprise Legal Management (ELM) Solutions, which supports corporate legal operations with legal spend and matter management software and analytics, recorded muted growth as an increase in volume-linked revenue from LegalVIEW Bill Analyzer was largely offset by lower software maintenance and professional services revenues amid longer sales cycles for large enterprise deals. ELM introduced several product innovations and made progress on integrating CLM Matrix.

Financial Services (43% of divisional revenues) delivered organic growth of 3% (FY 2018: 3%). Finance, Risk & Reporting, which supports banks with OneSumX regulatory compliance and reporting software, recorded high single-digit organic growth, reflecting new software license sales and professional services in Europe, Middle East & Africa and in Asia Pacific as well as increased recurring revenues from an expanded customer base. The unit is investing in a cloud-based version of our OneSumX regulatory reporting solution. Our Compliance Solutions unit recorded stable revenues as growth in the GainsKeeper investment compliance solution and the OneSumX Regulatory Change Management solution was offset by declines in professional services and mortgage filing fees. Wolters Kluwer Lien Solutions, which accounts for over 80% of Financial Services (FS) transactional revenues, saw organic growth moderate as U.S. commercial lending activity plateaued in the second half.

Legal & Regulatory

- EHS/ORM[6] & Legal Software grew 14% organically and now contributes 15% of division revenues.
- Legal & Regulatory Information Solutions saw organic growth improve to 1%.
- Margin reflects prior period one-time items, acquisitions, and increased product investment.

Legal & Regulatory – Year Ended December 31, 2019

€ million (unless otherwise stated)	**2019**	**2018***	**Δ**	**Δ CC**	**Δ OG**
Revenues	945	880	+7%	+6%	+3%
Adjusted operating profit	104	112	-7%	-7%	-6%
Adjusted operating profit margin	11.0%	12.7%			
Operating profit	79	111	-29%		
Net capital expenditure	45	40			
Ultimo FTEs	4,307	4,343			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. *2018 restated for IFRS 16.

Legal & Regulatory revenues increased 6% in constant currencies including the effect of net acquisitions, including eVision (October 2018) and Legisway (September 2018). Excluding currency and acquisitions, organic revenue growth improved to 3% (FY 2018: 1%), which was better than expected and followed a strong fourth quarter. Adjusted operating profit and the related margin declined, as guided, due to lower net positive one-time items, the initial dilutive effect of recent acquisitions, and increased investment in product development and digital marketing. Reported IFRS operating profit declined due to the absence of prior year disposal gains.

EHS/ORM & Legal Software (15% of divisional revenues), which includes our global environmental, health and safety (EHS) and operational risk management (ORM) software and our European legal software, delivered 14% organic growth. EHS/ORM software provider Enablon had an exceptionally strong year driven by higher on-premise license sales, double-digit growth in cloud subscriptions, and significant growth in professional services following 2018 customer wins. Enablon made progress on the integration of eVision and, in early 2020, completed the acquisition of CGE Risk Management Solutions. Our legal software solutions recorded robust organic growth, made progress on the integration of contract management software Legisway, and invested in product enhancements for Kleos.

Legal & Regulatory Information Solutions (85% of divisional revenues) saw further improvement in organic growth to 1% (FY 2018: 0%). Digital information solutions, which now make up 60% of the unit's revenues, grew 5% organically, more than offsetting continued decline in print subscriptions and books. In Europe, growth was led by strong performances in Germany and Central Europe, including some positive one-off effects. Our U.S. Legal & Regulatory information solutions again delivered positive organic growth, with digital solutions, such as Cheetah and RBSource, delivering improved, 5% organic growth. Ongoing restructuring initiatives drove savings, which helped fund wage inflation and increased investments to enhance content products with workflow tools.

[6] Environmental, health and safety (EHS) and operational risk management (ORM)

Corporate

Net corporate expenses increased 23% in constant currencies. The increase in expenses partly reflects the absence of net positive one-time items of €5 million recorded in 2018. Underlying corporate costs increased, reflecting investment in enterprise software and services to support global human resources, financial performance management, and digital marketing. In addition, central costs increased as a result of strengthening key central functions, including GDPR and privacy.

Corporate – Year Ended December 31, 2019

€ million (unless otherwise stated)	**2019**	**2018***	**Δ**	**Δ CC**	**Δ OG**
Adjusted operating profit	(64)	(51)	+25%	+23%	+23%
Operating profit	(64)	(51)	+25%		
Net capital expenditure	1	2			
Ultimo FTEs	124	121			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. *2018 restated for IFRS 16.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Financial Statements for the years ended December 31, 2019, and 2018

This report has been prepared in accordance with IFRS. The full-year figures for 2019 and 2018 in this report are derived from the 2019 consolidated financial statements, which will be published on March 11, 2020.

Condensed Consolidated Statement of Profit or Loss
Condensed Consolidated Statement of Comprehensive Income
Condensed Consolidated Statement of Cash Flows
Condensed Consolidated Statement of Financial Position
Condensed Consolidated Statement of the Changes in Total Equity
Notes to the Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Profit or Loss

(in millions of euros, unless otherwise stated)

	Note	Full year 2019	Full year 2018 restated*
Revenues	*5*	**4,612**	**4,259**
Cost of sales		1,385	1,297
Gross profit		**3,227**	**2,962**
Sales costs		808	753
General and administrative costs		1,512	1,398
Total operating expenses		2,320	2,151
Other operating income and (expense)		1	156
Operating profit		**908**	**967**
Financing results		(53)	(79)
Share of profit of equity-accounted investees, net of tax		3	2
Profit before tax		**858**	**890**
Income tax expense		(189)	(234)
Profit for the year		**669**	**656**
Attributable to:			
▪ Owners of the company		669	656
▪ Non-controlling interests		0	0
Profit for the year		**669**	**656**
Earnings per share (EPS) (€)			
Basic EPS		2.47	2.37
Diluted EPS		2.46	2.35

* 2018 has been restated for IFRS 16; see Note 3 for further details.

Condensed Consolidated Statement of Comprehensive Income

(in millions of euros)

	Full Year	
	2019	2018 restated*
Comprehensive income:		
Profit for the year	**669**	**656**
Other comprehensive income:		
Items that are or may be reclassified subsequently to the statement of profit or loss:		
Net gains/(losses) on hedges of net investments and exchange differences on translation of foreign operations	63	123
Net gains/(losses) on cash flow hedges	(9)	13
Tax on other comprehensive income	2	0
Items that will not be reclassified to the statement of profit or loss:		
Remeasurements on defined benefit plans	8	12
Tax on other comprehensive income	(2)	(4)
Other comprehensive income for the year, net of tax	**62**	**144**
Total comprehensive income for the year	**731**	**800**
Attributable to:		
▪ Owners of the company	730	800
▪ Non-controlling interests	1	0
Total	**731**	**800**

* 2018 has been restated for IFRS 16; see Note 3 for further details.

Condensed Consolidated Statement of Cash Flows

(in millions of euros)

	Full Year	
	2019	2018 restated*
Cash flows from operating activities		
Profit for the year	669	656
Adjustments for:		
Financing results	53	79
Share of profit of equity-accounted investees, net of tax	(3)	(2)
Income tax expense	189	234
Amortization, impairments, and depreciation	475	463
Additions to and releases of provisions	16	8
Fair value changes to contingent considerations	(9)	(1)
Book (profit)/loss on divestments of operations	4	(163)
Curtailment (gain)/loss on employee benefits	(16)	2
Remeasurement loss on assets classified as held for sale	2	-
Share-based payments	25	22
Autonomous movements in working capital	(27)	40
Paid financing costs (including the interest portion of lease payments)	(57)	(103)
Paid income tax	(195)	(206)
Appropriation of provisions for restructuring	(20)	(22)
Additional defined benefit plan contributions	(2)	(5)
Other	(2)	(1)
Net cash from operating activities	**1,102**	**1,001**
Cash flows from investing activities		
Capital expenditure	(226)	(214)
Acquisition spending, net of cash acquired	(34)	(166)
Receipts from divestments, net of cash disposed	40	307
Dividends received	0	1
Cash from settlement of derivatives	(11)	(11)
Net cash used in investing activities	**(231)**	**(83)**
Cash flows from financing activities		
Repayment of loans	(145)	(752)
Proceeds from new loans	211	147
Repayment of principal portion of lease liabilities	(69)	(67)
Collateral received/(paid)	2	-
Repurchased shares	(350)	(550)
Dividends paid	(280)	(277)
Net cash used in financing activities	**(631)**	**(1,499)**
Net cash flow	**240**	**(581)**
Cash and cash equivalents less bank overdrafts at January 1	179	751
Exchange differences on cash and cash equivalents and bank overdrafts	15	9
	194	760
Cash and cash equivalents less bank overdrafts at December 31	**434**	**179**
Add: Bank overdrafts at December 31	468	604
Less: Cash and cash equivalents in Assets held for sale at December 31	(3)	-
Cash and cash equivalents in the statement of financial position at December 31	**899**	**783**

* 2018 has been restated for IFRS 16 and certain reclassifications; see Note 2 and 3 for further details.

Wolters Kluwer

Condensed Consolidated Statement of Financial Position
(in millions of euros)

	Note	December 31, 2019		December 31, 2018 restated*		January 1, 2018 restated*	
Non-current assets							
Goodwill and intangible assets		5,694		5,785		5,581	
Property, plant, and equipment		95		89		96	
Right-of-use assets	*9*	341		231		220	
Investments in equity-accounted investees		8		15		11	
Financial assets		39		42		21	
Contract assets		20		19		17	
Deferred tax assets		102		107		94	
Total non-current assets			6,299		6,288		6,040
Current assets							
Inventories		73		71		94	
Contract assets		137		113		113	
Trade and other receivables		1,320		1,265		1,155	
Current income tax assets		22		24		9	
Cash and cash equivalents		899		783		1,020	
Assets held for sale	*8*	25		-		247	
Total current assets			2,476		2,256		2,638
Total assets			**8,775**		**8,544**		**8,678**
Non-current liabilities							
Long-term debt	*10*	1,818		2,061		2,040	
Lease liabilities	*9*	293		188		169	
Deferred tax liabilities		348		356		301	
Employee benefits		122		143		150	
Provisions		5		11		3	
Total non-current liabilities			2,586		2,759		2,663
Current liabilities							
Deferred income		1,679		1,592		1,486	
Other contract liabilities		39		45		43	
Trade and other payables		901		893		866	
Current income tax liabilities		163		165		127	
Short-term provisions		24		21		41	
Borrowings and bank overdrafts	*10*	670		748		288	
Short-term bonds and private placements	*10*	250		-		750	
Short-term lease liabilities	*9*	75		67		73	
Liabilities held for sale	*8*	8		-		80	
Total current liabilities			3,809		3,531		3,754
Total liabilities			**6,395**		**6,290**		**6,417**
Equity							
Issued share capital		33		34		35	
Share premium reserve		87		87		87	
Other reserves		2,260		2,133		2,135	
Equity attributable to owners of the company			2,380		2,254		2,257
Non-controlling interests			0		0		4
Total equity			**2,380**		**2,254**		**2,261**
Total equity and liabilities			**8,775**		**8,544**		**8,678**

* 2018 has been restated for IFRS 16, IFRIC 23, and certain reclassifications; see Note 2 and 3 for further details.

Condensed Consolidated Statement of Changes in Total Equity
(in millions of euros)

	Note	2019		
		Equity attributable to the owners of the company	Non-controlling interests	Total equity
Balance at December 31, 2018 as originally reported		**2,267**	**0**	**2,267**
Change in accounting policy (IFRS 16)	*3*	(13)	-	(13)
Restated balance at December 31, 2018		**2,254**	**0**	**2,254**
Total comprehensive income for the period		730	1	731
Share-based payments		25	-	25
Final cash dividend 2018		(174)	(1)	(175)
Interim cash dividend 2019		(105)	-	(105)
Repurchased shares		(350)	-	(350)
Other movements		0	-	0
Balance at December 31		**2,380**	**0**	**2,380**

	Note	2018*		
		Equity attributable to the owners of the company	Non-controlling interests	Total equity restated
Balance at January 1, as originally reported		**2,269**	**4**	**2,273**
Change in accounting policy (IFRS 16)	*3*	(12)	-	(12)
Restated balance at January 1		**2,257**	**4**	**2,261**
Total comprehensive income for the period		800	0	800
Share-based payments		22	-	22
Final cash dividend 2017		(181)	(2)	(183)
Interim cash dividend 2018		(94)	-	(94)
Repurchased shares		(550)	-	(550)
Other movements		0	(2)	(2)
Restated balance at December 31		**2,254**	**0**	**2,254**

* 2018 has been restated for IFRS 16 and certain reclassifications; see Note 2 and 3 for further details.

Notes to the Condensed Consolidated Financial Statements

Note 1 Reporting entity

Wolters Kluwer N.V. ('the company') with its subsidiaries (together referred to as 'the group', and individually as group entities) is a global leader in professional information, software solutions, and services for the health; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

These condensed consolidated financial statements for the year ended December 31, 2019, comprise the group and the group's interests in associates.

Note 2 Basis of preparation

Statement of compliance
The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the 2019 Annual Report which will be published on March 11, 2020. The consolidated financial statements included in the Annual Report 2019 were authorized for issue by the Executive Board and Supervisory Board on February 25, 2020. In accordance with article 393, Title 9, Book 2 of the Dutch Civil Code, Deloitte Accountants B.V. has issued an unqualified auditor's opinion on the 2019 Annual Report. The Annual Report 2019 has not yet been published by law and still has to be adopted by the Annual General Meeting of Shareholders on April 23, 2020.

These condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. However, they do not include all the information required for a complete set of IFRS financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2018.

Effect of forthcoming accounting standards
A number of new standards and amendments are not yet effective for the year ended December 31, 2019, and have not been early adopted in these condensed consolidated financial statements. The group expects no significant changes because of these amendments and new standards.

Judgments and estimates
The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expense.

In preparing these condensed consolidated financial statements, the judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are:

- Revenue recognition;
- Fair value of contingent consideration;
- Accounting for income taxes;
- Valuation, measurement, and impairment testing of goodwill, acquired identifiable intangible assets, and other intangible assets;
- Employee benefits; and
- Legal and judicial proceedings.

Reference is also made to Note 28 - *Financial Risk Management* of the 2018 Financial Statements, which outlines Wolters Kluwer's exposure to a variety of risks, including market risk, currency risk, interest rate risk, liquidity risk, and credit risk. These risks have not substantially changed since the issuance of our 2018 Annual Report.

The estimates and underlying assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not clear from other sources. Actual results may differ from those estimates and may result in material adjustments in the next financial year(s).

Functional and presentation currency
These condensed consolidated financial statements are presented in euro, which is the company's functional and presentation currency. Unless otherwise indicated, the financial information in these condensed consolidated financial statements is in euro and has been rounded to the nearest million.

Exchange rates to the euro	2019	2018
U.S. dollar (average year)	1.12	1.18
U.S. dollar (at December 31)	1.12	1.15

Comparatives
Prior year financial information and the notes thereto are restated due to the adoption of IFRS 16 and IFRIC 23. Refer to Note 3.

In the comparative consolidated statement of financial position, legal provisions were reclassified from trade and other payables to provisions.

In addition, certain minor reclassifications have been made to the comparative consolidated statement of cash flows and consolidated statement of financial position and the related notes to conform to the current year presentation and to improve insights. These reclassifications have had no impact on the comparative shareholders' equity and comparative profit for the year.

Note 3 Changes in accounting policies

Summarized impact of the adoption of IFRS 16 on the financial statements
IFRS 16 is the new standard on lease accounting and results in almost all operating leases being recognized in the consolidated statement of financial position, as the distinction between operating and finance leases is no longer applicable to lessees. IFRS 16 results in presentation changes in the consolidated statement of profit or loss, the statement of financial position, and the statement of cash flows.

Under the new standard, which became effective on January 1, 2019, an asset (the right to use the leased item) and a financial liability (a liability for discounted future lease installments) are recognized in the consolidated statement of financial position. In addition, the rent expense is replaced by depreciation of the right-of-use asset and interest expense on the lease liability. As a result of IFRS 16, the adjusted operating profit improved and net debt increased.

The group has decided to transition to this new standard based on the full retrospective approach. This means that a restated consolidated statement of financial position at January 1, 2018, is prepared and in the 2019 (consolidated) financial statements the comparatives are restated.

The group elected to exclude all short-term leases and all leases for which the underlying asset is of low value, and not to apply IFRS 16 to leases of intangible assets. Except for the group's real estate leases, the group elected to apply the practical expedient to not separate non-lease components from lease components, and instead to account for these components as a single lease component.

The following tables present the financial statement line items impacted by IFRS 16. The impact of the new standard on the consolidated statement of financial position is as follows:

(in millions of euros) *impacted accounts only*	Jan. 1, 2018*	IFRS 16	Jan. 1, 2018 restated	Dec. 31, 2018*	IFRS 16	Dec. 31, 2018 restated
Non-current assets						
Property, plant, and equipment	101	(5)	96	94	(5)	89
Right-of-use assets	-	220	220	-	231	231
Financial assets	19	2	21	40	2	42
Deferred tax assets	93	1	94	106	1	107
Current assets						
Other receivables	212	(6)	206	247	(4)	243
Current liabilities						
Trade and other payables	881	(15)	866	907	(14)	893
Short-term lease liabilities	-	73	73	-	67	67
Non-current liabilities						
Lease liabilities	-	169	169	-	188	188
Deferred tax liabilities	304	(3)	301	359	(3)	356
Equity						
Equity attributable to the owners of the company	2,269	(12)	2,257	2,267	(13)	2,254

* 2018 has been restated for IFRIC 23, and certain reclassifications; see Note 2 and the last paragraph of Note 3 for further details.

The impact of IFRS 16 on the consolidated statement of profit or loss 2018 is as follows:

(in millions of euros, unless otherwise stated)	2018 reported	IFRS 16	2018 restated
Revenues	4,260	(1)	4,259
Cost of revenues	1,297	-	1,297
Gross profit	2,963	(1)	2,962
Sales costs	753	-	753
General and administrative costs	1,405	(7)	1,398
Total operating expenses	2,158	(7)	2,151
Other operating income and (expense)	156	-	156
Operating profit	961	6	967
Financing results	(72)	(7)	(79)
Share of profit of equity-accounted investees, net of tax	2	-	2
Profit before tax	891	(1)	890
Income tax expense	(234)	0	(234)
Profit for the year	657	(1)	656
Attributable to:			
Owners of the company	657	(1)	656
Non-controlling interests	0	0	0
Profit for the year	657	(1)	656
Earnings per share (EPS) (€)			
Basic EPS	2.37	0.00	2.37
Diluted EPS	2.35	0.00	2.35

The impact of IFRS 16 on the consolidated statement of cash flows 2018 is as follows:

(in millions of euros) *Impacted accounts only*	2018 reported	IFRS 16	2018 restated
Net cash from operating activities	934	67	1,001
Net cash used in financing activities	(1,432)	(67)	(1,499)

Reference is made to Note 9 for further information with regards to the right-of-use assets and lease liabilities.

Summarized impact of the adoption of IFRIC 23 on the financial statements

IFRIC 23 Uncertainty over Income Tax Treatments was retrospectively adopted on January 1, 2019, whereby the comparative financial information has been restated. IFRIC 23 has had no impact on the comparative shareholders' equity and comparative profit for the year. IFRIC 23 resulted in a reclassification from deferred tax liabilities to current income tax liabilities at December 31, 2018 and January 1, 2018.

Note 4 Benchmark Figures

Wherever used in this report, the term 'adjusted' refers to figures adjusted for non-benchmark items and, where applicable, amortization and impairment of goodwill and acquired identifiable intangibles. Adjusted figures are non-IFRS compliant financial figures, but are internally regarded as key performance indicators to measure the underlying performance of the business from continuing operations. These figures are presented as additional information and do not replace the information in the condensed consolidated statement of profit or loss and in the condensed consolidated statement of cash flows. The term 'adjusted' is not a defined term under IFRS.

Reconciliation of benchmark figures

Revenue Bridge

(in millions of euros)	€	%
Revenues 2018*	4,259	
Organic change	183	4
Acquisitions	32	1
Divestments	(21)	0
Currency impact	159	3
Revenues 2019	**4,612**	**8**

U.S. dollar 2019: average €/$=1.12 versus 2018: average €/$=1.18
* Restated. See Note 3 of the condensed consolidated financial statements.

Reconciliation between operating profit and adjusted operating profit

(in millions of euros)	*Full Year* 2019	2018*
Operating profit	908	967
Amortization and impairments of acquired identifiable intangibles	182	175
Non-benchmark items in operating profit	(1)	(156)
Adjusted operating profit	**1,089**	**986**

* Restated. See Note 3 of the condensed consolidated financial statements.

Reconciliation between profit for the year and adjusted net profit

(in millions of euros)	*Full Year*	
	2019	2018*
Profit for the year attributable to the owners of the company **(A)**	669	656
Amortization and impairments of acquired identifiable intangibles	182	175
Tax on amortization and impairments of acquired identifiable intangibles and goodwill	(48)	(43)
Non-benchmark items, net of tax	(13)	(106)
Adjusted net profit (B)	**790**	**682**

* Restated. See Note 3 of the condensed consolidated financial statements.

Reconciliation between total financing results and adjusted net financing costs

(in millions of euros)	*Full Year*	
	2019	2018*
Total financing results	(53)	(79)
Non-benchmark items in total financing results	(5)	2
Adjusted net financing costs	**(58)**	**(77)**

* Restated. See Note 3 of the condensed consolidated financial statements.

Reconciliation between net cash from operating activities and adjusted free cash flow

(in millions of euros)	*Full Year*	
	2019	2018*
Net cash from operating activities	1,102	1,001
Capital expenditure	(226)	(214)
Repayment of principal portion of lease liabilities	(69)	(67)
Acquisition-related costs	1	4
Paid divestment expenses	1	3
Dividends received	0	1
Net tax effects on divested assets and consolidation of platform technology, and mandatory repatriation tax	(2)	34
Adjusted free cash flow (C)	**807**	**762**

* Restated. See Note 3 of the condensed consolidated financial statements.

Per share information

(in euros, unless otherwise stated)	*Full Year*	
	2019	2018*
Total number of shares outstanding at December 31[1]	266.7	271.2
Weighted average number of shares (D)[1]	270.3	276.7
Diluted weighted average number of shares (E)[1]	272.2	278.8
Adjusted EPS (B/D)	2.92	2.47
Diluted adjusted EPS (minimum of adjusted EPS and (B/E))	2.90	2.45
Diluted adjusted EPS in constant currencies	2.76	2.48
Adjusted free cash flow per share (C/D)	2.98	2.75
Diluted adjusted free cash flow per share (minimum of adjusted free cash flow per share and (C/E))	2.96	2.73

* Restated. See Note 3 of the condensed consolidated financial statements.

1) In millions of shares.

Summary of non-benchmark items

(in millions of euros)	*Full Year*	
	2019	2018
Divestment-related results	(5)	159
Acquisition-related costs	(1)	(4)
Fair value changes of contingent considerations	9	1
Loss on remeasurement of disposal groups	(2)	-
Other operating income and (expense)	1	156
Included in total financing results:		
Divestment-related results on equity-accounted investees	7	(1)
Gain on the sale of assets at fair value through profit or loss	2	3
Fair value changes of financial assets	0	(1)
Financing component employee benefits	(4)	(3)
Total non-benchmark income/(costs) in total financing results	5	(2)
Total non-benchmark items, before tax	**6**	**154**
Tax benefit/(expense) on non-benchmark items	6	(57)
Impact of changes in tax rates and mandatory repatriation tax	1	9
Non-benchmark items, net of tax	**13**	**106**

Benchmark tax rate

(in millions of euros, unless otherwise stated)	*Full Year*	
	2019	2018*
Income tax expense	189	234
Tax benefit on amortization and impairments of acquired identifiable intangibles	48	43
Tax benefit/(expense) on non-benchmark items	6	(57)
Impact of changes in tax rates and mandatory repatriation tax	1	9
Tax on adjusted profit before tax (F)	**244**	**229**
Adjusted net profit (B)	790	682
Adjustment for non-controlling interests	0	0
Adjusted profit before tax (G)	**1,034**	**911**
Benchmark tax rate (F/G) (%)	**23.6**	**25.1**

* Restated. See Note 3 of the condensed consolidated financial statements.

Cash conversion ratio

(in millions of euros, unless otherwise stated)	*Full Year*	
	2019	2018*
Operating profit	908	967
Amortization, depreciation, and impairments	475	463
EBITDA	**1,383**	**1,430**
Non-benchmark items in operating profit	(1)	(156)
Adjusted EBITDA	**1,382**	**1,274**
Autonomous movements in working capital	(27)	40
Capital expenditure	(226)	(214)
Repayment of principal portion of lease liabilities	(69)	(67)
Lease interest paid	(11)	(7)
Adjusted operating cash flow (I)	**1,049**	**1,026**
Adjusted operating profit (H)	**1,089**	**986**
Cash conversion ratio (I/H) (%)	**96**	**104**

* Restated. See Note 2 and 3 of the condensed consolidated financial statements.

Return on invested capital (ROIC) calculation

(in millions of euros, unless otherwise stated)	*Full Year*	
	2019	2018*
Adjusted operating profit (**H**)	1,089	986
Allocated tax	(257)	(247)
Net operating profit after allocated tax (NOPAT) (J)	**832**	**739**
Average invested capital (**K**)	7,065	6,932
ROIC-ratio (J/K) (%)	**11.8**	**10.6**

* Restated. See Note 3 of the condensed consolidated financial statements.

Note 5 Segment Reporting

Divisional revenues and operating profit

(in millions of euros)	*Full Year* 2019	2018*
Revenues		
Health	1,186	1,109
Tax & Accounting	1,413	1,295
Governance, Risk & Compliance	1,068	975
Legal & Regulatory	945	880
Total revenues	**4,612**	**4,259**
Operating profit/(loss)		
Health	243	343
Tax & Accounting	344	255
Governance, Risk & Compliance	306	309
Legal & Regulatory	79	111
Corporate	(64)	(51)
Total operating profit	**908**	**967**

* Restated. See Note 3 of the condensed consolidated financial statements.

Disaggregation of revenues

The group disaggregates revenues by media format and by revenue type as part of the management information discussed by the Executive Board. Reference is made to Appendix 1, 2 and 3 of this report.

Note 6 Earnings per share

Earnings per share (EPS)

(in millions of euros, unless otherwise stated)	*Full Year* 2019	2018*
Profit for the year attributable to the owners of the company (A)	**669**	**656**
Weighted average number of shares *in millions of shares*		
Outstanding ordinary shares at January 1	279.7	290.3
Effect of cancellation of shares	(2.1)	(2.4)
Effect of repurchased shares	(7.3)	(11.2)
Weighted average number of ordinary shares (D) for the year	**270.3**	**276.7**
Basic EPS (€) [A/D]	2.47	2.37
Diluted weighted average number of shares *in millions of shares*		
Weighted average number of ordinary shares (D)	270.3	276.7
Long-Term Incentive Plan	1.9	2.1
Diluted weighted average number of ordinary shares (E) for the year	**272.2**	**278.8**
Diluted EPS (€) (minimum of basic EPS and [A/E])	2.46	2.35

* Restated. See Note 3 of the condensed consolidated financial statements.

Note 7 Acquisitions and Divestments

Acquisitions

Total acquisition spending, net of cash acquired, in 2019 was €34 million (2018: €166 million) including deferred and contingent consideration payments of €1 million (2018: €12 million). In 2019, the group acquired CLM Matrix, a fast-growing provider of contract lifecycle management software, which became part of GRC's ELM Solutions unit. In addition, a few smaller acquisitions were completed, with a combined acquisition spending of €1 million, net of cash acquired.

Acquisition-related costs amounted to €1 million in 2019 (2018: €4 million).

The goodwill relating to the 2019 acquisitions represents future economic benefits specific to the group arising from assets that do not qualify for separate recognition as intangible assets. This includes expected new customers who generate revenue streams in the future and revenues generated because of new capabilities of the acquired product platforms.

Of the goodwill recognized in 2019, €23 million was deductible for income tax purposes (2018: nil).

The following tables provide information in aggregate for all business combinations in 2019:

(in millions of euros)	*Full Year*	
	2019	2018*
Consideration payable in cash	33	157
Deferred and contingent considerations	6	13
Total consideration	**39**	**170**
Non-current assets	16	115
Current assets	1	13
Current liabilities	(1)	(16)
Non-current liabilities	0	(7)
Deferred tax liabilities	0	(19)
Fair value of net identifiable assets/(liabilities)	**16**	**86**
Goodwill on acquisitions	**23**	**84**
Cash effect of acquisitions:		
Consideration payable in cash	33	157
Cash acquired	0	(3)
Deferred and contingent considerations paid	1	12
Acquisition spending, net of cash acquired	**34**	**166**

* Restated. See Note 3 of the condensed consolidated financial statements.

The fair value of the identifiable assets and liabilities will be revised if new information, obtained within one year from the acquisition date, about facts and circumstances that existed at the acquisition date, causes adjustments to the above amounts, or for any additional provisions that existed at the acquisition date. Subsequent changes in purchase price accounting for 2018 acquisitions resulted in additional acquired indentifiable intangible assets of €7 million.

Contingent consideration

The acquisitions completed in 2019 resulted in a maximum achievable undiscounted deferred and contingent consideration of €6 million. The fair value of this deferred and contingent consideration amounts to €6 million at acquisition date and at December 31, 2019.

Divestments
On May 2, 2019, Wolters Kluwer completed the divestment of its 40% interest in Austrian information solutions provider MANZ'sche Verlags- und Universitätsbuchhandlung GmbH for €17 million in cash; this asset was classified as an investment in equity-accounted investees at year-end 2018. The transaction had an immaterial impact on adjusted earnings and resulted in a non-taxable net book profit of €7 million. Proceeds were used for general corporate purposes.

On September 4, 2019, Wolters Kluwer Health has completed the sale of certain allied health titles to Ascend Learning, LLC for $8 million in cash. The titles were part of the Health Learning, Research & Practice (HLRP) business and include print and digital books in specialties, such as dental hygiene and massage therapy. The divestment will better align the HLRP content portfolio for growth in the core medicine and nursing segments. The assets generated revenues of approximately $5 million in 2019 (8 months). No employees were transferred to the new owner.

Net divestment proceeds in the statement of cash flows amounted to €40 million in 2019 and included €13 million of deferred proceeds related to the sale of certain Swedish publishing assets in January 2018.

In 2018, the group completed three significant divestments (ProVation Medical, Corsearch, and certain Swedish publishing assets) and reduced its equity shareholding from 55% to 45% in Chengdu Medicom, China.

For divestments announced in 2019 and not completed before year-end, refer to Note 8 – Assets/Liabilities Classified as Held for Sale.

Divestment-related results on operations, equity-accounted investees, and financial assets

(in millions of euros)	*Full Year* 2019	2018
Divestments of operations:		
Consideration receivable in cash	8	315
Equity-accounted investee	-	2
Deferred divestment consideration receivable (current)	-	13
Consideration receivable	**8**	**330**
Non-current assets	11	0
Current assets (incl. assets held for sale)	1	234
Current liabilities (incl. liabilities held for sale)	0	(65)
Non-controlling interest	-	(2)
Deferred tax liabilities	0	0
Net identifiable assets and liabilities	**12**	**167**
Reclassification of foreign exchange gain/(loss) on loss of control, recognized in other comprehensive income	0	-
Book profit/(loss) on divestments of operations	**(4)**	**163**
Divestment expenses	(1)	(3)
Restructuring of stranded costs following divestments	0	(1)
Divestment-related results, included in other operating income and (expense)	**(5)**	**159**
Divestments of equity-accounted investees and financial assets:		
Consideration receivable in cash	19	6
Goodwill allocated	(5)	(1)
Carrying value of financial assets	0	(2)
Carrying value of equity-accounted investees	(5)	(1)
Divestment-related results included in financing results	**9**	**2**
Cash effect of divestments:		
Consideration receivable in cash	27	321
Cash included in divested operations	0	(14)
Deferred divestment consideration receivable	13	-
Receipts from divestments, net of cash disposed	**40**	**307**

Note 8 Assets/Liabilities Classified as Held for Sale

On December 19, 2019, Wolters Kluwer Legal & Regulatory announced that it had reached a binding agreement to sell its Belgian training business to NCOI Group. In Belgium, Wolters Kluwer intends to build on its position in professional information solutions, software, and services for the Legal & Regulatory, Tax & Accounting, and Health & Safety (HSE) segments, continuing to serve customers with solutions in these areas.

In addition, Wolters Kluwer Legal & Regulatory is committed to a plan to sell some small businesses and assets in Germany. The businesses and assets are actively marketed for sale at reasonable sales prices.

On January 15, 2020, Wolters Kluwer Health signed an agreement to sell its 45% equity shareholding in Chengdu Medicom, China, and therefore reclassified the equity shareholding from investments in equity-accounted investees to assets classified as held for sale.

Net assets classified as held for sale

(in millions of euros)	December 31, 2019	December 31, 2018
Assets of disposal groups classified as held for sale	20	-
Liabilities of disposal groups classified as held for sale	8	-
Net assets of disposal groups classified as held for sale	**12**	**-**
Investments in equity-accounted investees	5	-
Net assets classified as held for sale	**17**	**-**

Disposal groups

(in millions of euros)	December 31, 2019	December 31, 2018
Legal & Regulatory – Belgian training business	6	-
Legal & Regulatory – Certain German businesses and assets	6	-
Net assets of disposal groups classified as held for sale	**12**	**-**

Result of disposal groups
The loss on remeasurement of disposal groups, as included in the divestment-related results on operations, amount to €2 million (2018: nil).

The revenues, adjusted operating profit, and operating profit of the disposal groups, excluding the loss on remeasurement, can be specified as follows:

(in millions of euros)	2019	2018
Revenues	38	37
Adjusted operating profit	9	8
Operating profit	9	8

Note 9 Leasing

The group leases primarily real estate and, to a lesser extent, IT equipment and cars. The fixed rental periods mostly vary from one year to 15 years but may have renewal and/or termination options. For real estate and IT equipment, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The group is to a very limited extent a lessor.

The following table provides the movement schedule of the right-of-use assets and presents the net lease position at year-end:

(in millions of euros)	Real Estate	Other Leases	2019	2018
Book value right-of-use assets at January 1	198	33	231	220
Movements:				
Additions from new leases	103	25	128	32
Acquired through business combinations	-	-	-	6
Contract modifications and reassessments of options	52	0	52	37
Depreciation	(53)	(19)	(72)	(68)
Impairment	(1)	0	(1)	-
Foreign exchange differences and other movements	3	0	3	4
Total movements	104	6	110	11
Book value right-of-use assets at December 31	302	39	341	231
Total lease liabilities at December 31	331	37	368	255
Net lease assets/(liabilities) at December 31	(29)	2	(27)	(24)

In 2019, a new real estate lease in New York, U.S., resulted in an addition of €86 million to the right-of-use assets and lease liabilities.

The cash outflow for leases is as follows:

(in millions of euros)	2019	2018
Interest portion of lease payments	11	7
Repayment of principal portion of lease liabilities	69	67
Total	**80**	**74**

Note 10 Net Debt

Reconciliation gross debt to net debt

(in millions of euros, unless otherwise stated)	December 31, 2019	December 31, 2018*
Gross debt		
Bonds	1,629	1,628
Private placements	163	407
Lease liabilities	293	188
Other long-term loans	25	14
Deferred and contingent acquisition payments	1	12
Derivative financial instruments	0	0
Total long-term debt	2,111	2,249
Borrowings and bank overdrafts	670	748
Short-term private placements	250	-
Short-term lease liabilities	75	67
Deferred and contingent acquisition payments	10	2
Derivative financial instruments	-	0
Total short-term debt	1,005	817
Total gross debt	**3,116**	**3,066**
Minus:		
Cash and cash equivalents	(899)	(783)
Deferred divestment-related receivable	-	(13)
Derivative financial instruments:		
Non-current receivable	(16)	(21)
Current receivable	(2)	0
Net debt	**2,199**	**2,249**
Net-debt-to-EBITDA ratio	1.6	1.8

* Restated. See Note 3 of the condensed consolidated financial statements.

Note 11 Equity, Dividends, and LTIP

In 2019, the company completed share buybacks of €350 million, consisting of 5.5 million ordinary shares at an average share price of €63.80 (2018: €550 million, or 11.5 million shares at an average share price of €47.81).

Repurchased shares are added to and held as treasury shares. Part of the shares held in treasury are retained and used to meet future obligations under share-based incentive plans. In 2019, the company used 1.0 million shares held in treasury for the vesting of the LTIP grant 2016-18.

On September 27, 2019, the company cancelled 6.7 million treasury shares as approved by shareholders at the Annual General Meeting in April 2019 (2018: 10.6 million shares). Following the share cancellation, the number of issued ordinary shares is 273.0 million, of which currently 6.4 million are held in treasury.

The 2018 dividend of €0.98 per share amounting to €268 million (2017 dividend: €238 million) was fully distributed in cash. This 2018 dividend was paid in two parts, an interim dividend of €94 million in the second half of 2018 and a final dividend of €174 million in the first half of 2019.

As announced on February 20, 2019, the Supervisory Board and Executive Board of Wolters Kluwer resolved to distribute an interim dividend for the year 2019 at 40% of the prior year's total dividend, or €0.39 per ordinary share. This interim dividend of €105 million was distributed on September 19, 2019.

The LTIP 2016-18 vested on December 31, 2018. Total Shareholder Return (TSR) ranked third relative to the peer group of 15 companies, resulting in a payout of 125% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 150%. A total number of 977,590 shares were released on February 21, 2019. At that date, the volume-weighted average price of Wolters Kluwer N.V. was €57.40.

The LTIP 2017-19 vested on December 31, 2019. On Total Shareholder Return (TSR), Wolters Kluwer ranked third relative to its peer group of 15 companies, resulting in a payout of 125% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 150%. The shares will be released on February 27, 2020. The volume weighted average price for the shares released will be based on the average exchange price of shares traded on Euronext Amsterdam on February 27, 2020, the first day following the company's publication of its annual results.

Under the 2018-20 LTIP grant, 611,122 shares were conditionally awarded to the Executive Board and other senior managers in the year 2018. In 2018 and 2019, a total of 32,251 shares were forfeited or vested.

Under the 2019-21 LTIP grant, 563,283 shares were conditionally awarded to the Executive Board and other senior managers in the year 2019. In 2019, a total of 2,094 shares were forfeited.

At December 31, 2019, the Executive Board jointly held 498,767 shares (2018: 391,274 shares), of which 462,131 shares (2018: 354,638 shares) were held by Ms. McKinstry and 36,636 shares (2018: 36,636) by Mr. Entricken. At December 31, 2019, none of the members of the Supervisory Board owned shares (2018: Mr. Noteboom, retired member of the Supervisory Board, owned 4,865 shares).

Note 12 Events after Balance Sheet date

The subsequent events below were evaluated up to February 25, 2020, which is the date the consolidated financial statements were authorized for issue by the Executive Board and Supervisory Board:

On January 15, 2020, Wolters Kluwer Legal & Regulatory announced the completion of the divestment of its Belgian training business.

On January 16, 2020, Wolters Kluwer Legal & Regulatory announced that it has signed an agreement to acquire 100% of the shares of CGE Risk Management Solutions B.V. (CGE), a leading provider of risk management software, including the industry-standard BowTieXP solution. The acquisition will extend Wolters Kluwer's presence in the growing operational risk management software market. CGE will become part of Wolters Kluwer's Environmental, Health & Safety and Operational Risk Management (EHS/ORM) software group, which also includes Enablon and eVision. The combined offerings will enable customers to improve their EHS, ORM, and risk performance and to conduct more responsible, productive, and safe operations.

CGE recorded revenues of €5 million in 2018, mainly from software and services. Wolters Kluwer expects the acquisition to achieve a return on invested capital (ROIC) above the group's after tax weighted average cost of capital (8%) within three to five years of completion. The transaction is expected to have a positive but immaterial impact on adjusted earnings in its first full year. CGE has approximately 30 employees, with headquarters in the Netherlands. CGE has a global customer base with the majority of customers in Europe, North America, and Australia. The transaction was completed on February 10, 2020.

Appendix 1 Divisional Supplemental Information – Year Ended December 31, 2019

(€ million, unless otherwise stated)	2019	2018*	Change: Organic	Change: Acquisition/ Divestment	Change: Currency
Health					
Revenues	1,186	1,109	39	(19)	57
Adjusted operating profit	320	305	8	(9)	16
Adjusted operating profit margin	27.0%	27.5%			
Tax & Accounting					
Revenues	1,413	1,295	80	-	38
Adjusted operating profit	388	329	44	-	15
Adjusted operating profit margin	27.4%	25.4%			
Governance, Risk & Compliance					
Revenues	1,068	975	41	1	51
Adjusted operating profit	341	291	32	(1)	19
Adjusted operating profit margin	31.9%	29.8%			
Legal & Regulatory					
Revenues	945	880	23	29	13
Adjusted operating profit	104	112	(7)	(1)	0
Adjusted operating profit margin	11.0%	12.7%			
Corporate					
Adjusted operating profit	(64)	(51)	(12)	-	(1)
Wolters Kluwer					
Revenues	4,612	4,259	183	11	159
Adjusted operating profit	1,089	986	65	(11)	49
Adjusted operating profit margin	23.6%	23.1%			

Note: (1) Acquisition/divestment column includes the contribution from 2019 and 2018 acquisitions before these became organic (12 months from their acquisition date), the impact of 2019 and 2018 divestments, and the effect of asset transfers between divisions, if any. *2018 is restated for IFRS 16.

Appendix 2 Revenues by Media Format – Year Ended December 31, 2019

(€ million, unless otherwise stated)	**2019**	**2018***	**Δ**	**Δ CC**	**Δ OG**
Digital	3,604	3,274	+10%	+6%	+6%
Services	513	470	+9%	+4%	+4%
Print	495	515	-4%	-6%	-6%
Total revenues	**4,612**	**4,259**	**+8%**	**+5%**	**+4%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. Services includes legal representation, consulting, training, events, and other services. *2018 restated for IFRS 16

Wolters Kluwer

Appendix 3 Divisional Revenues by Type – Year Ended December 31, 2019

(€ million, unless otherwise stated)	2019	2018*	Δ	Δ CC	Δ OG
Health					
Digital and service subscription	881	798	+11%	+5%	+6%
Print subscription	51	50	0%	-5%	-5%
Other recurring	107	103	+3%	-2%	+1%
Total recurring revenues	**1,039**	**951**	**+9%**	**+4%**	**+5%**
Print books	84	89	-5%	-8%	-5%
Other non-recurring	63	69	-9%	-13%	-4%
Total Health	**1,186**	**1,109**	**+7%**	**+2%**	**+4%**
Tax & Accounting					
Digital and service subscription	1,043	939	+11%	+8%	+8%
Print subscription	25	27	-6%	-7%	-7%
Other recurring	149	141	+5%	-1%	-1%
Total recurring revenues	**1,217**	**1,107**	**+10%**	**+7%**	**+7%**
Print books	31	35	-9%	-12%	-12%
Other non-recurring	165	153	+8%	+6%	+6%
Total Tax & Accounting	**1,413**	**1,295**	**+9%**	**+6%**	**+6%**
Governance, Risk & Compliance					
Digital and service subscription	618	562	+10%	+5%	+4%
Print subscription	0	1	-21%	-23%	-23%
Total recurring revenues	**618**	**563**	**+10%**	**+5%**	**+4%**
LS transactional	246	214	+15%	+9%	+9%
FS transactional	105	98	+7%	+1%	+1%
Other non-recurring	99	100	-1%	-4%	-3%
Total Governance, Risk & Compliance	**1,068**	**975**	**+10%**	**+4%**	**+4%**
Legal & Regulatory					
Digital and service subscription	545	494	+10%	+9%	+7%
Print subscription	126	131	-4%	-4%	-4%
Other recurring	36	44	-17%	-18%	-2%
Total recurring revenues	**707**	**669**	**+6%**	**+5%**	**+4%**
Print books	97	102	-6%	-7%	-6%
Other non-recurring	141	109	+29%	+26%	+1%
Total Legal & Regulatory	**945**	**880**	**+7%**	**+6%**	**+3%**
Total Wolters Kluwer					
Digital and service subscription	3,087	2,793	+11%	+7%	+7%
Print subscription	202	209	-3%	-5%	-5%
Other recurring	292	288	+1%	-4%	0%
Total recurring revenues	**3,581**	**3,290**	**+9%**	**+5%**	**+5%**
Print books	212	226	-6%	-8%	-7%
LS transactional	246	214	+15%	+9%	+9%
FS transactional	105	98	+7%	+1%	+1%
Other non-recurring	468	431	+8%	+6%	+1%
Total revenues	**4,612**	**4,259**	**+8%**	**+5%**	**+4%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. Note: Other non-recurring revenues include license & implementation fees. *2018 is restated for IFRS 16.

Appendix 4 Additional IFRS 16 Disclosure – Benchmark figures

In 2019, Wolters Kluwer adopted IFRS 16 applying the full retrospective approach. The tables below show the restatement effect on 2018 benchmark figures.

Adjusted net profit

(in millions of euros, unless otherwise stated)	**FY 2018 Reported**	IFRS 16 Restatement	**FY 2018 Restated**
Revenues	**4,260**	**(1)**	**4,259**
Adjusted operating expenses	(3,280)	7	(3,273)
Adjusted operating profit	**980**	**6**	**986**
Adjusted operating profit margin	*23.0%*	*0.1%*	*23.1%*
Adjusted net financing costs	(70)	(7)	(77)
Equity-accounted investees, net of tax	2	-	2
Adjusted profit before tax	**912**	**(1)**	**911**
Tax on adjusted profit	(229)	0	(229)
Effective benchmark tax rate	*25.1%*	*0.0%*	*25.1%*
Non-controlling interests	0	-	0
Adjusted net profit	**683**	**(1)**	**682**
Diluted weighted average shares (million)	*278.8*	-	*278.8*
Diluted adjusted EPS (€)	**2.45**	**0.00**	**2.45**

Divisional revenues and adjusted operating profit

(in millions of euros, unless otherwise stated)	**FY 2018 Reported**	IFRS 16 Restatement	**FY 2018 Restated**
Health	1,110	(1)	1,109
Tax & Accounting	1,295	-	1,295
Governance Risk & Compliance	975	-	975
Legal & Regulatory	880	0	880
Total Revenues	**4,260**	**(1)**	**4,259**
Health	302	3	305
Tax & Accounting	328	1	329
Governance Risk & Compliance	290	1	291
Legal & Regulatory	111	1	112
Corporate	(51)	0	(51)
Adjusted operating profit	**980**	**6**	**986**
Health	27.3%	0.2%	27.5%
Tax & Accounting	25.3%	0.1%	25.4%
Governance Risk & Compliance	29.7%	0.1%	29.8%
Legal & Regulatory	12.5%	0.2%	12.7%
Adjusted operating profit margin	**23.0%**	**0.1%**	**23.1%**

Appendix 4 Additional IFRS 16 Disclosure – Benchmark Figures (Continued)

Adjusted free cash flow

(in millions of euros, unless otherwise stated)	**FY 2018 ***	IFRS 16 Restatement	**FY 2018 Restated**
Adjusted operating profit	**980**	**6**	**986**
Depreciation, amortization and impairment of internally developed software and other intangibles	220	-	220
Depreciation of right-of-use assets	-	68	68
Adjusted EBITDA	**1,200**	**74**	**1,274**
Capital expenditure	(214)	-	(214)
Repayments of lease liabilities (including lease interest)	-	(74)	(74)
Autonomous movements in working capital	41	(1)	40
Adjusted operating cash flow	**1,027**	**(1)**	**1,026**
Cash conversion ratio	*105%*	*-1%*	*104%*
Paid financing costs (excluding lease interest paid)	(96)	-	(96)
Paid income tax	(206)	-	(206)
Net change in restructuring provision	(5)	-	(5)
Tax adjustment	34	-	34
Other	8	1	9
Adjusted free cash flow	**762**	**0**	**762**

* Note: Autonomous movements in working capital were restated due to certain reclassifications. See Note 2 of the condensed consolidated financial statements.

Balance sheet

(in millions of euros, unless otherwise stated)	**FY 2018 ***	IFRS 16 Restatement	**FY 2018 Restated**
Total non-current assets	**6,059**	**229**	**6,288**
Cash	783	-	783
Other current assets	1,477	(4)	1,473
Deferred income	(1,592)	-	(1,592)
Short-term debt	(748)	(67)	(815)
Other short-term liabilities	(1,138)	14	(1,124)
Working capital	**(1,218)**	**(57)**	**(1,275)**
Capital employed	**4,841**	**172**	**5,013**
Total equity	2,267	(13)	2,254
Long-term debt	2,061	-	2,061
Non-current lease liabilities	-	188	188
Other non-current liabilities, incl. deferred tax liabilities	513	(3)	510
Total financing	**4,841**	**172**	**5,013**
Net debt	**1,994**	**255**	**2,249**

* Note: Balance sheet 2018 was restated due to IFRIC 23 and certain reclasssifications. See Note 2 of the condensed consolidated financial statements.

About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

Wolters Kluwer reported 2019 annual revenues of €4.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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

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

Financial Calendar

March 11, 2020	Publication of 2019 Annual Report
April 23, 2020	Annual General Meeting of Shareholders
April 27, 2020	Ex-dividend date: 2019 final dividend
April 28, 2020	Record date: 2019 final dividend
May 6, 2020	First-Quarter 2020 Trading Update
May 20, 2020	Payment date: 2019 final dividend ordinary shares
May 27, 2020	Payment date: 2019 final dividend ADRs
August 5, 2020	Half-Year 2020 Results
September 1, 2020	Ex-dividend date: 2020 interim dividend
September 2, 2020	Record date: 2020 interim dividend
September 24, 2020	Payment date: 2020 interim dividend
October 1, 2020	Payment date: 2020 interim dividend ADRs
October 30, 2020	Nine-Month 2020 Trading Update

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Forward-looking Statements and Other Important Legal Information

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

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

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