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John Wiley & Sons, Inc. (JW.A)

Q2 2022 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to Wiley's Second Quarter 2022 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. [Operator Instructions]

I would now like to turn the conference over to your speaker today, Wiley's Vice President of Investor Relations, Brian Campbell. Please go ahead.

Brian Campbell
Vice President-Investor Relations, John Wiley & Sons, Inc.

Hello, everyone, and thank you for joining us. A few reminders to start. The call is being recorded and may include forward-looking statements. You shouldn't rely on these statements as actual results may differ materially and are subject to factors discussed in our SEC filings. The company does not undertake any obligations to update or revise forward-looking statements to reflect subsequent events or circumstances.

Also, Wiley provides non-GAAP measures as a supplement to evaluate underlying operating profitability and performance trends. These measures do not have standardized meanings prescribed by US GAAP, and therefore, may not be comparable to similar measures used by other companies nor should they be viewed as alternatives to measures under GAAP. Unless otherwise noted, we will refer to non-GAAP metrics on the call, and variances are on a year-over-year basis and will exclude the impact of currency. After the call, a copy of this presentation and playback of the webcast will be available on our Investor Relations web page.

I will now turn the call over to the Wiley's President and CEO, Brian Napack.

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

Good morning, all. Welcome to our Q2 earnings call. The Wiley team has delivered another quarter of solid performance, underscoring Wiley's leading position in the knowledge business and a strong performance in serving the ever increasing demand for scientific research and for career-connected education. As you know, Wiley drives impact in three areas. We enable scientific discovery, we power career connected education, and we shape workforces. In a world hungry for innovation and opportunity, it's not surprising that we're finding strong growth in our research and education businesses.

Wiley reported good revenue growth of 9% this quarter, 5% of which was organic, driving a 7% increase in adjusted EBITDA and a 6% increase in adjusted EPS. Revenue was up 9% in Research, 3% in APL, and 15% in Ed Services. As a reminder, all variances exclude currency impact. John will touch on our first half results, but I will say upfront that we are very pleased with how the year is progressing and we continue to track well to our full year guidance for revenue, earnings and cash flow.

Our growth strategies are largely on target, and you can see that they are paying off. They remain well aligned with favorable and enduring market trends, such as the shift toward open research, the focus on career connected education, and the drive of corporations to fill the widening talent gap. These trends are creating significant demand for our transformational open access research models for our career-focused learning programs and for the Talent Development services that we provide to corporations.

In the quarter, we continue to see a strong post-lockdown recovery in Professional Learning, which more than offset a decline in Education Publishing, which was driven by softness in US fall enrollment and the easing of last year's COVID-related tailwinds, along with the disposition of our world languages content portfolio. Meanwhile, accelerated growth in Talent Development more than offset the easing of last year's COVID-related tailwinds in online education, where enrollment growth slowed to 3%.

As announced in October, John Kritzmacher will be retiring at the end of December. For eight critical years, John has been an exceptional leader for Wiley, helping to drive our strategic direction, expand our growth profile, and strengthen our financial position. He built an outstanding finance organization and leaves us well-positioned for a bright future.

On behalf of the board of directors and all the colleagues worldwide, I want to thank John for his strong, principled leadership. John, we all wish you the very best in all there is to come.

John A. Kritzmacher

Former Chief Financial Officer & Executive Vice President, John Wiley & Sons, Inc.

Thank you, Brian.

Brian A. Napack

President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

Also on the call today with us is Christina Van Tassell, our new Chief Financial Officer. Christina joins us from Dow Jones, where she served as CFO and helped to grow leading digital information businesses, like The Wall Street Journal, Barron's, MarketWatch, and Factiva. Before that, she was CFO of Xaxis, a WPP Company. She brings to Wiley over 30 years of broad financial leadership, strategic insight and a proven ability to drive operational excellence. I'm looking forward to partnering with her on our next phase of growth. Welcome, Christina.

Christina M. Van Tassell

Executive Vice President & Chief Financial Officer, John Wiley & Sons, Inc.

Thank you, Brian, and hello, everyone. It's great to be here. I have long admired Wiley for its remarkable legacy, its financial strength, and meaningful contributions to society. I believe our deep network of partnerships with the world's leading universities and corporations and our unique position as an advocate for researchers and learners will allow us to win in this dynamic global market, which continues to rapidly evolve.

I also want to take the opportunity to thank John for his example and for building a terrific finance organization. I look forward to working with the Wiley team to further accelerate growth, to drive innovation, and to consistently deliver strong results and shareholder value. I also look forward to meeting all of you. Thanks.

Brian A. Napack

President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

Well, it's just great to have you on the team, Christina. So, I want to start today by talking briefly about the large corporate opportunity that we are now tapping into across Wiley. As you know, at its core, Wiley is a knowledge and learning company. And in a world where new information, new discoveries, and new capabilities are the engines that power innovation and growth, Wiley is very well-positioned, which you can see in our year-over-year growth of 17% for research corporate solutions, 15% for professional learning, and 67% for corporate talent development.

Corporations need our research content, our platforms, and our databases to achieve their commercial objectives. Wiley provides the cutting-edge knowledge that companies need to develop new products, and our platforms and services help those companies to achieve their marketing goals. For example, we just kicked off an ambitious project with pharmaceutical giant Eli Lilly to build four educational resource hubs in critical disease areas. This helps them to educate and activate their healthcare community and increase their brand engagement.

Through the Wiley Online Library, our proprietary research content platform, we can provide direct access to over 15 million scientific, medical, and technical researchers. This results in 179 million extremely valuable impressions per month. So, targeted media and advertising will be an increasingly attractive business for us as the Wiley network of partners grows.

Wiley's expanding portfolio of Partner Solutions also includes digital career centers that help employers to fill their critical jobs with qualified candidates. For example, we just renewed an important partnership with our partner Pfizer to manage its career center. Of course, any CEO will tell you that building a winning workforce with the right skills and capabilities is now both their biggest pain point and their biggest opportunity. For this reason, Wiley is increasingly on the frontlines with our corporate clients in the escalating war for talent.

We've always played an important role in helping universities to supply career ready talent to the labor market, and we continue to do so effectively in Education Publishing and in University Services. But today, the world's leading companies are increasingly turning to Wiley to directly address their most urgent talent needs. You can see this in the success that we're having with our Professional Learning and Talent Development solutions. Here, Wiley is playing an essential role in helping companies to attract, train, retain, upskill and reskill their talent and teams.

We're rapidly signing up new clients to create hard to find tech and digital business talent. We secured six more major global corporations in this quarter and are seeing unprecedented growth in employee placement. Moreover, the opportunity to expand client relationships with additional skills-based training continues to expand. During the quarter, we expanded our relationship with one of our largest Fortune 100 clients, and we will now be reskilling their existing employees with critical digital skills. This will help them retain valued, experienced colleagues and prepare them to contribute anew.

The return on investment of these reskilling activities is very high for our partners and of course for Wiley. Every day, we are talking to our multinational clients about similar value-added services. In another example of how the corporate opportunity is influencing all of Wiley's activities, we are now delivering a customized, self-serve platform to our clients that strategically connects their employees with career enhancing degree and certification programs, while also managing the burdensome administration of tuition reimbursement.

With that, let's move on to our segment performance. Research, again, delivered strong revenue and profit growth with revenue up 9% or 4% on an organic basis, and adjusted EBITDA up 10% for Q2 EBITDA margin of 37%. Our performance was driven by double-digit growth in open research publishing, Corporate Solutions and research platforms. Research article output rose 8% year-over-year, driven by the Hindawi acquisition. Organically, article output was actually lower by comparison to last year's COVID driven surge, when lockdowns caused an unprecedented 22% increase in output as millions of researchers exited the lab and focused on documenting their research. That said, the organic trend line continues to be very positive, with a two-year average output growth of around 9% per year, very strong indeed.

Demand to publish remains robust due first to the ever increasing global investment in science, and second due to the enduring draw of our Wiley journal brands. In the quarter, we announced a multi-year transformational agreement with the Council of Australian University Librarians. This is the largest read-and-publish agreement to date in that region. The agreement provides subscription access to all of Wiley's journals, and it grants researchers at 52 participating institutions the ability to publish accepted articles by open access in Wiley's journals.

In early November, we announced the multi-year transformational agreement with the Virginia Library Consortium involving over 70 libraries. It was our 15th transformational agreement globally and 7th announced in 2021. We see a very strong pipeline ahead.

As a reminder, these strategic agreements are great for our large customers and great for us. They drive significant incremental publishing volume and move us closer to a P times Q ecosystem where revenue is a direct function of the quantity of our articles published in the price we charge. And on the quantity side, the outlook looks very good for publishing output in the years to come. And on the pricing side, Wiley continues to enjoy very solid pricing power due to the draw of our high quality journal portfolio. The result of this is a very healthy dynamic and continued revenue gains.

As you know, Wiley partners with over 900 of the world's leading academic societies and research publishers, helping them all to succeed in an increasingly complex information ecosystem. Specifically, our partners need support in crossing the chasm to an open access future and Wiley helps them adapt to the complexity while generating new revenue streams for them by leveraging our industry leading platforms and services. This area is what we referred to as Partner Solutions.

We've recently made two exciting new acquisitions to broaden our offering in this key growth area. The first, J&J Editorial provides world class, highly efficient production, copy editing system support and consulting support to 120 demanding societies and publishers. The second, Knowledge Unlatched helps our clients and partners address a critical pain point, the processing at scale of per article open access transactions. This is one of the most complex challenges in the open transition. Knowledge Unlatched has solved this problem for its rapidly growing client base through innovative per article payment services, workflow tools and data analytics. Without these key links in the commercial value chain, many of the world's societies and publishers would simply not be able to participate in the open future.

In summary, we have strong momentum in research and this is reflected in our current operating performance and the success of our strategic initiatives, which will deliver even greater opportunity for growth in the future.

Academic & Professional Learning rose 3% this quarter, driven by 15% growth in Professional Learning. Adjusted EBITDA rose 18% for a Q2 EBITDA margin of 33%. This is up from a 29% margin in the prior year period. As noted, after last year's COVID-related setback, we are seeing continued strong recovery in Professional Learning as corporations and professionals focus intensely on building the capabilities that they need to succeed in the post-pandemic environment. This is evident in our strong year-over-year growth in professional publishing and in corporate training.

Professional publishing continues to benefit from timely publication of titles in areas like investing, DE&I and leadership. Corporate training continued to deliver strong performance through virtual and in-person delivery, with revenue growth of 24%. Education Publishing revenue was down 5% this quarter, the result of softer US enrollment, the easing of pandemic-related tailwinds for content and courseware, and the sale of our world languages portfolio. US fall undergraduate enrollment, an important driver for us, was down 3% as universities continued to manage through the challenging enrollment environment.

Printed course materials was down 15%, offsetting modest growth in digital content. In the second quarter, printed course material represented only 7.5% of Wiley's revenue, down from nearly 9% in the year-ago period. We continue to see positive trends ahead for digital content and courseware in this market. We'll see continued declines in print, resulting in a full-year revenue outlook for Education Publishing that is roughly in line with prior year.

In summary, the strong recovery in Professional Learning this quarter from robust demand for professional content and skill-based training more than offset a year-over-year decline in Education Publishing.

Our Education Services segment reported 15% growth for the quarter, with University Services up 3% and mthree Talent Development up 67%. Adjusted EBITDA for the segment was approximately $10 million, down 35% due to higher student acquisition costs in University Services and investment in Talent Development to accelerate the expansion of client relationships. Our adjusted EBITDA margin for the segment was 12%.

University Services growth was also impacted by softer fall enrollment in the US, with graduate enrollment up 2% compared to 6% last year and undergraduate enrollment down 3%. Enrollment in our online programs was up 3% compared to 14% enrollment growth in fiscal 2021 when COVID shut down campuses and forced the sudden shift of enrollment online. If you normalize it out over a two-year period, enrollment in our online programs was up 8% on average, so a very solid trend line overall for online education for us.

We recently added New York-based Adelphi University, a top 200 school, as a new full-service partner, and we signed an important renewal with Georgetown University along with adding 14 new degree programs with existing partners. We're seeing good momentum in markets like Australia and with innovative short course programs in subject areas like cybersecurity, artificial intelligence, bioinformatics, and crypto finance.

In Talent Development, as I talked about earlier, we're rapidly signing new corporate clients, upselling existing clients, and expanding into new verticals. In today's economy, all industries are in dire need of tech and digital skills, and this is reflected in the multinational clients we signed this quarter, which come from multiple sectors, including financial services, food services, and facilities management. We also grew talent placements with our existing Fortune 100 customers by nearly 130%. As noted, we're also making very good progress in upselling additional reskilling services to our existing clients. Momentum is clearly accelerating.

In summary, we continue to see strong growth in Ed Services as we expand our partnerships with leading universities and corporations to attract, to educate, to place, to retain, to upskill, and to reskill talent needed to succeed in the global digital economy.

With that, I'll pass the call over to John to take you through our outlook and our financial position.

John A. Kritzmacher

Former Chief Financial Officer & Executive Vice President, John Wiley & Sons, Inc.

Thank you, Brian. And good morning, everyone. As Brian noted, the Wiley team continues to execute on our growth strategies and drive operational improvements throughout the business. I'd like to briefly recap our first half performance, which clearly demonstrates that we are tracking well to our full-year outlook.

Revenue was up 9% to $1.02 billion or 6% organically, with Research up 10%, APL up 5%, and Ed Services up 14%. Adjusted EBITDA was up 9% to $222 million, driven by first half profit contributions from Research and APL, offsetting investment in Ed Services growth initiatives. Our six-month adjusted EBITDA margin was 22%, right in line with prior year, and adjusted EPS rose 10% to $2.14. As a reminder, our adjusted EPS metric now excludes the non-cash amortization of intangible assets recorded in connection with our acquisitions.

I would also again note that all variances on this slide are shown at constant currency. Foreign exchange movement favorably contributed to our first half results by $19 million in revenue, $2 million in adjusted EBITDA, and $0.03 in adjusted EPS.

Given our first half performance and leading indicators, we are reaffirming our fiscal 2022 guidance, which includes revenue growth of mid-to-high single digits to a range of $2.07 billion to $2.1 billion. Adjusted EBITDA is expected to range between $415 million and $435 million, with profit gains on higher revenue tempered by investments to accelerate growth. Adjusted EPS is anticipated to range between $4 and $4.25, and free cash flow is expected to range between $200 million and $220 million.

As a reminder, while cash earnings are again expected to be strong in fiscal 2022, we see certain headwinds compared to fiscal 2021, including higher CapEx, higher net cash taxes due to the CARES Act related tax refund received in fiscal 2021, and higher annual incentive compensation payments related to fiscal 2021 outperformance, which were issued in Q1 of this year. One further note on these projections, I should point out that our year-to-date and projected FX rates are in line with the rates prevailing when we issued our guidance in June.

Turning now to our balance sheet and cash flow, our net debt to EBITDA ratio was 2.1 at the end of October compared to 1.9 at the same time last year. At quarter end, we had $101 million of cash on hand and an undrawn revolving credit capacity of more than $435 million. Free cash flow in the first half was in line with prior year, driven by higher cash earnings offset by higher annual incentive compensations for our fiscal year 2021 performance. CapEx was $51 million, up $3 million over prior year, and we invested $14 million in acquisitions. We will continue to be active on the M&A front as we seek to add capabilities to our core strategic areas of focus in research and career connected education.

Finally, $56 million was allocated to dividends and share repurchases, up from $38 million in the prior-year period due to our COVID-related pause and share repurchases last year. As a reminder, we raised our dividend payout in June for the 28th consecutive year and our current yield is roughly 2.5%. So far this year, we've repurchased 313,000 shares at an average cost per share of $55.51 for a total spend of $17.4 million. We have $200 million remaining in the current share repurchase authorization.

Before I pass the call back to Brian, I just want to thank all our Wiley stakeholders, including our investors, colleagues and coverage analysts, for your engagement and support over the years. I wish you and your families well. Wiley is a great company with very capable leadership and a bright future ahead.

Brian A. Napack

President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

Thanks very much, John. At our core, in everything we do, Wiley is driving positive impact, whether it's delivering more cutting edge knowledge to the world faster and more openly or unlocking career potential for millions of learners and workers. As I've said before, the more researchers and learners that we help, the greater the positive societal impact. And with Wiley, as is evident in our recent performance, positive impact is very good for business.

Our colleagues are highly motivated by our ability to drive impact both within our walls and out in the world through our products and services. Wiley recognized for our impact and have been deemed a very low risk company from an ESG perspective. In fact, we are rated in the fourth percentile globally for ESG risk by Sustainalytics, a Morningstar company. We're very proud of this rating, but we also know that there is always more room for improvement.

Improving the price value equation in education is one of our long standing objectives, and as an education service provider, transparency about education outcomes is critical. To this end, we recently published a transparency report that highlights the affordability, accessibility and outcomes of our partner degree programs. The data is clear, and it shows the graduation and retention rate at our partner institutions are materially higher than a comparable not-for-profit online schools.

The data also shows that the cost to earn a degree at our partner programs is lower. For instance, on average, an online MBA costs $25,000 in one of our programs, which is $6,000 less than the market average. Our nurse practitioner, MS is $4,000 less than average. Across Wiley, we're always looking for ways to lower the cost of education while improving career outcomes.

Today, Wiley is a digital company with 83% of our revenue generated by digital and tech enabled products and services. That said, we still have many opportunities to reduce our environmental footprint, including the impact of our printed products, which represents 17% of our revenue. And we're working hard on this. This year alone we actively reduced our printed journals by 1.1 million units through our Go Green program, saving 8,000 trees, reducing shipping poly bags by another 1.1 million units, and eliminating the significant footprint of shipping. Going forward, we'll plant a tree for every print copy Wiley actively [ph] stops (00:26:00) printing as a symbol of our commitment to reducing our carbon footprint. In everything we do, the colleagues of Wiley are working to drive positive impact.

Let me quickly summarize the key takeaways before I open it up for questions. Wiley has delivered strong first half performance with revenue and earnings growth driven by solid performance across segments. The long-term favorable trends that have been defining our markets continue to roll forward, including the shift to open research, the increasing focus on digital career connected education, and the ever growing need of corporations to fill the widening talent gap. Wiley's business today and its growth strategies are tightly aligned with these trends, and you can see this in our current performance and full year outlook.

We continue to drive real world impact and advance our ESG and sustainability initiatives inside Wiley and out in the world to our research and education products and services. Given our solid first half performance and positive indicators, we're reaffirming our full year outlook and we're well on our way to surpassing $2 billion in revenue for the first time in our long and illustrious history.

On behalf of all Wiley colleagues worldwide, I want to again thank John for his partnership and his remarkable contribution to Wiley over the years. One more note, since I know that the great resignation is on the top of everyone's mind. There is no doubt that the last two years have caused many to reevaluate their career pathways. But I will say that I feel very good about Wiley's terrific team. Our engagement levels are very high by any standards and our colleague retention is well-above mentioned benchmarks.

We're clearly able to attract amazing talent to join our journey. One reason for all of this is our attention to ensuring a people-centered culture, which includes a real commitment to personal growth and career development and at a deeper level, is also due to the passion that all of us at Wiley have for our mission and the real benefit and the real belief in the impact that each of us can have on the world every day. My personal goal is to make sure Wiley remains the place to be in research and education.

Specially at this time of year, I'm grateful for our wonderful Wiley colleagues and their enduring dedication to each other. If the last two years have proven anything, it is that our commitment to take care of each other and the global community is more important now than ever, and that research and education are at the very foundation of a long, peaceful and prosperous future. As 2021 comes to a close, I want to wish everybody in the Wiley community and all of you a very joyful holiday season and a happy and healthy 2022.

I'll now open the floor to any comments and questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question is from the line of Daniel Moore with CJS Securities.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

Thank you. Good morning, and thanks for taking the questions.

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

A

Hey, Dan.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

Maybe I'll start – start quickly, John. Just first off, thank you for your candor and transparency over the last eight years. It's been great working with you and certainly look forward to working with Christina. I want to start with Research. Obviously, article submissions benefited to a significant degree from the pandemic and we're seeing that tough comp now. When do you expect to sort of get through those comps and maybe get back to a more normalized mid-single-digit growth trajectory in terms of Research article output?

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

A

Yeah. It's obviously very important question, Dan. We feel very good about the long-term trends in the business. We've always felt good about them. They are working their way in all of our businesses, and I think all CEOs are seeing this this year. Last year was a particularly unusual year. This year is equally unusual, if often in the reverse direction.

It's difficult to sort through all tea leaves, but we are seeing trends in all of our data that tell us that we're reverting back to norms. We feel very good about a 9% two-year average as we highlighted, and that underscores what we've been saying for a long time about the long-term investment in Research leading to long-term output.

Also, it's important to note that our OA businesses are growing very significantly, more than 80% year-on-year, and that's critical for the financial dynamic as we go forward. So, you're going to see this stuff sort itself out over the balance of this year if not – in the long run, we're reverting to the norm, if not more than the norm, as increased investment occurs and as we take an increasing share, which we have been doing for the last four, five years.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

Very helpful. Shift gears to Academic & Professional, start with Ed Publishing. Do you expect that we are back on a sort of moderate decline trajectory in terms of overall revenue? Or is it more of a one, two, three-quarter phenomenon, given just enrollment rates and what we saw across the board in those universities this fall?

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

A

Yeah. Look, again, it's the same comment I could make for any of our businesses, which again any CEO is going to make these days. Last year was very unusual, this year was unusual. In Academic & Professional, particularly in Ed Pub, which is what I think you are focusing on, what we're seeing is that, yes, the long-term trends from printed digital continue, the business is now 60% digital, so we feel really good about that, we feel really good about the trajectory.

We feel really good about the fact that universities continue after all of the transition to use gold standard publish product like ours in their classrooms and in their online settings. So, we feel very good about all that. And so, in the long run, I don't see any reversion. I see a continuation of that and continuation of these things washing out over a set of quarters, not a set of years.

Again, I feel very good about the business and continues to be an extremely good and profitable business for us, and we'll see how we do going forward. But I think it's – the story hasn't changed, and I think that's underlying your question. Has the story changed? No. Story is the same.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

Perfect. And Professional Learning, obviously, really nice bounce back here and that business, frankly, held up better than maybe some would have thought to the pandemic. But where are we relative to pre-pandemic levels for those underlying businesses in Professional Learning? And are the variants risk to the recovery or do you think we've sort learned to work hybrid or remote enough that we just kind of continue to charge along and continue to recover from here?

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

A

Yeah. Look, we're still below the levels that we were before the pandemic, because in-person training certainly hasn't returned at the levels, because we're not back in the office and people are behaving differently. So, we are currently trending at around 10% or 15% below where we were pre-COVID, but there are some really good developments in that business. And the developments are, as we talked about in prior quarters, during this pandemic we actually turned the business that was primarily about in-person training into one that is now primarily about – or ,I should say, balanced between online and in-person training.

So, that allows us to have digital relationships not just with our companies and our managers but with the people that go through the training, allowing us to, A, do a better job, because training isn't just episodic; but, B, have a long meaning. I do training and then maybe two years from now I do another training. But we get to have that relationship on an ongoing basis, and we get to, thus because of longer-term relationship, have a longer lifetime value.

So, yeah, we're still below but we're trending back very nicely. We expect we'll fully recover by the end of this fiscal year and that full recovery would be – would be at a – with a business that in our opinion is way healthier with a lot more growth potential than we had going into the pandemic. Look, in short, Dan, what happened is COVID forced the digital transition where there should have been one but people – before because it's better just as we say across many of our businesses. But – so it forced that transition and now when we catch up to the demand as we get back to a more normalized situation, we will have both a healthy in-person and a healthy online business. So, we feel – again, we feel good about it.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

Very helpful. Maybe shift gears while I'm on a roll here, but Ed Services, can you maybe give a little more delineation in terms of profitability between OPM and Talent Development? Just trying to understand where we are in the trajectory for each given the upfront investments. I think you mentioned was more on the OPM side.

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

A

Yeah.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

I don't know if you want to give specific numbers, but any color there would be helpful.

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

A

Well, we're – sure. Well, we're not breaking out the individual margins of those divisions. But as we have said in the past, we are – these are growth businesses and we're investing in them. We're running mthree at around the breakeven, trying to get it to grow and take advantage that huge opportunity that I obviously spoke a lot about today as we are cross many of our businesses that corporate opportunity.

And in the Ed Services side, we are certainly investing. We're investing in marketing to help our partners grow, we're investing in new partners. And we do expect in the mid – in the long-term, as we've said many times, that 15% margin completely achievable and we continue to run that business very profitably which you know is a big accomplishment in the segment. So, no change there, running both of the businesses as growth businesses and we're investing significantly in both of them and in the segment overall.

So, yeah, I think we're – John, you would add anything to my comments there?

John A. Kritzmacher
Former Chief Financial Officer & Executive Vice President, John Wiley & Sons, Inc.

A

No. Brian, I think you described it well. We're roughly – you mentioned profit margin. So just to be clear, we're talking about adjusted EBITDA margin on this business. Again, we're running the Talent Development business for growth and not trying to dive improvements and profitability there. It's close to neutral on an adjusted EBITDA basis, so we're running for growth there and you can see that in this quarter's results with 67% revenue growth. And again on the University Services side, that business is geared up for long-term adjusted EBITDA margin of 15% or higher, and we're going to keep it there over time. That's the plan.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

Got it. Just in terms of the performance year-to-date, both top and bottom-line, it's been ahead of our projections. Just curious if you see the higher end of the guidance has been maybe being more likely or is it – would you describe it as basically in line with your internal forecast today?

John A. Kritzmacher
Former Chief Financial Officer & Executive Vice President, John Wiley & Sons, Inc.

A

Yeah, and I would describe the results year-to-date as roughly in line with our expectations year-to-date. Clearly, we are trending a bit ahead or you would think that we're trending towards the higher end of the range, hence your question. But I would say that we do expect to see a bit of the investment that we called out when we issued our guidance to be in the back half of the year versus the front as we ramp up on some of our initiatives.

So, I wouldn't start to get precise about where we land in those guidance ranges. I would point out that we got some investment on the back end and we feel very confident about where we're trending at this point in the year.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

Excellent. Last one, the – you bought back 10 million of shares in the quarter. It's clearly continued to ramp-up cash return to shareholders, is that a reasonable run rate going forward? Obviously, you got a super strong balance sheet and cash generation. Is there anything precluding you for maybe being even more aggressive here? Thanks for the color on everything.

John A. Kritzmacher
Former Chief Financial Officer & Executive Vice President, John Wiley & Sons, Inc.

A

Dan, I would say the issue expect us to roughly stay the course now. We don't have any particular changes that are planned. We continue to drive a balance between investing in the business both organically and with acquisitions and returning cash to shareholders in the form of dividends. And so, we're going to likely stay the course in the near term, continuing to maintain that balance as we seek longer term capital allocation investing for growth.

Daniel Moore
Analyst, CJS Securities, Inc.

Q

Very good. Thank you both. Thank you for all the color.

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

A

Thank you very much, Dan.

John A. Kritzmacher
Former Chief Financial Officer & Executive Vice President, John Wiley & Sons, Inc.

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Thank you, Dan.

Operator: [Operator Instructions] There are no further questions I will now turn the call back over to Mr. Napack for closing remarks.

Brian A. Napack
President, Chief Executive Officer & Director, John Wiley & Sons, Inc.

All right I want to thank everyone for joining the call today and again wish everybody a very, very happy holiday, a healthy new year and I look forward to sharing our third quarter results with you in March.

Operator: Ladies and gentlemen, this concludes today's conference call. You may now disconnect.