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FQ1 2024 Earnings Call Transcripts

Thursday, September 07, 2023 2:00 PM GMT
S&P Global Market Intelligence Estimates

	-FQ1 2024-			-FQ2 2024-	-FY 2024-	-FY 2025-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	(0.06)	0.27	NM	0.36	2.10	2.94
Revenue (mm)	360.90	451.01	▲ 24.97	381.20	1761.20	1814.05

Currency: USD

Consensus as of Jun-17-2023 7:09 AM GMT

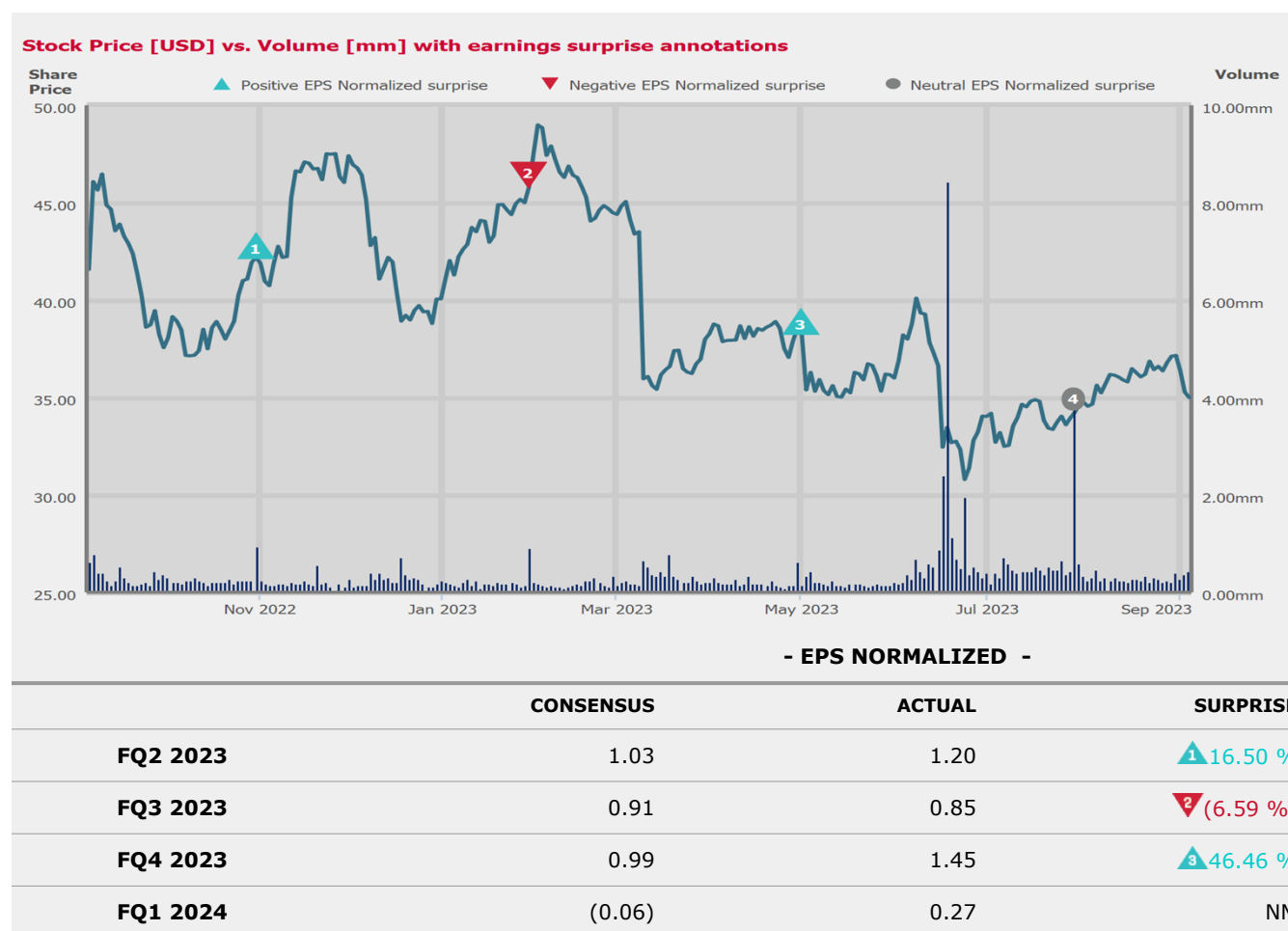


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Call Participants

EXECUTIVES

Brian Campbell

Vice President, Investor Relations

Brian A. Napack

President, CEO & Director

Christina M. Van Tassell

Executive VP & CFO

ANALYSTS

Daniel Joseph Moore

CJS Securities, Inc.

Presentation

Operator

Good morning, and welcome to Wiley's First Quarter Fiscal 2024 Earnings Call. As a reminder, this conference is being recorded.

At this time, I'd like to introduce Wiley's Vice President of Investor Relations, Brian Campbell. Please go ahead.

Brian Campbell

Vice President, Investor Relations

Thank you, and welcome, everyone. With me today are Brian Napack, President and CEO; and Christina Van Tassell, Executive Vice President and CFO.

Note that our comments and responses to your questions reflect management's views as of today and will include forward-looking statements. Actual results may differ materially from those statements. The company does not undertake any obligation to update them 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 U.S. 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 held-for-sale assets and the impact of currency.

Additional information is included in our filings with the SEC. A copy of this presentation and transcript will be available on our Investor Relations web page at investors.wiley.com.

I'll now turn the call over to Brian Napack.

Brian A. Napack

President, CEO & Director

Good morning, everyone. Thanks for joining. Last quarter, we announced some important actions that we're taking at Wiley to unlock value for our shareholders. These include divesting noncore assets to focus Wiley on its greatest strengths and its biggest opportunities so that we can deliver superior financial performance. Today's Wiley is a knowledge company, a global leader in the creation and distribution of new knowledge to solve real-world problems.

Speaking more practically, we're one of the world's leading publishers of top-quality research, academic and professional content. Complementing our role as a publisher, we're also a leading provider of digital solutions that power the knowledge ecosystem and that specifically help people to access new knowledge and use it to achieve their goals.

Research is Wiley's largest and most profitable business, and it's at the core of our knowledge company strategy. The market for new research content grows consistently and Wiley has one of the world's leading research journal portfolios in the industry's most widely-used research content delivery platform. The company is fundamentally strong, maintaining a healthy balance sheet and delivering consistent cash generation.

Today, over 80% of Wiley's revenue is digital and 50% of it is recurring. Our current dividend yield is 4%, and we have now delivered 30 consecutive years of dividend increases. There aren't too many companies that can say that. For over 2 centuries, Wiley has delivered new high-impact knowledge to the world, and this legacy matters. The Wiley brand and our reputation help us to win and retain customers in all of our

businesses. All this is to say that we are in a good position to transition to the future to win in the market and to drive increasing shareholder value.

Q1 played out largely as expected. We saw year-on-year revenue and profit declines that reflect the publishing pause at Hindawi and the lingering effect of market headwinds in Research's advertising and recruiting lines and also in Academic and Publishing. All of this offset our continuing strong growth in Open Access, assessments and in zyBooks courseware. I'm pleased to report that we're seeing good underlying demand momentum in Research, where publishing volume is improving across all regions as measured by increasing article submissions and publications.

Further, we're seeing continuing gains in our journal impact factor scores, which are key to driving publishing demand and continued strength in new partner signings. As you saw in our recent filing, we've now reorganized to reflect our new, more focused strategy. We reduced the number of business segments from 3 to 2, Research and Learning, more on this later. We will also be temporarily reporting on our held-for-sale businesses as a third segment. We're working through the sale processes for University Services, CrossKnowledge and Wiley Edge. We found a high level of buyer engagement, although the market remains challenging.

Given the ongoing processes, we're not yet able to provide timing or expected proceeds. As you know, we are eager to complete these transactions so that we can reap the full benefits of simplification, including moving even more aggressively on our cost base. As we said in June, fiscal '24 is a transition year for Wiley. We're very confident in our direction, but it will take some time to see the results. The benefits are expected to materialize in the latter part of this year with full realization in fiscal '25 and '26.

I'll now summarize our performance for the quarter. Christina will provide more detail in her remarks. I'll be excluding the held-for-sale businesses from my comments, except where specified. As we expected, adjusted revenue was down 8% due to last year's Hindawi publishing pause, which impacted Q1 revenue performance by \$19 million. Excluding this event, Research Publishing revenue in the quarter was up slightly, driven by strong double-digit growth in gold open access.

The Learning segment saw print declines in Academic, offsetting growth in digital courseware and our Professional line was flat with assessments growth of 12%, offsetting a 5% decline in Publishing, which reflected the best seller that we had in the prior year.

GAAP EPS was a loss of \$1.67, reflecting \$103 million of impairment charges related to our held-for-sale University Services and CrossKnowledge assets. We also recorded a \$12 million restructuring charge as we executed on targeted workforce reductions and real estate consolidation in advance of our divestitures.

Adjusted EBITDA declined by \$7 million or 10%. Hindawi's EBITDA impact was \$18 million, offsetting restructuring savings in Learning and in corporate shared services. Adjusted EPS was down 37% due to higher interest expense and lower EBITDA. In the quarter, held-for-sale businesses collectively generated \$84 million of revenue, down 10% and adjusted EBITDA of \$6 million, up from a \$2 million loss the year before. As indicated, we're reporting on these businesses separately, and you can find this in the tables attached to our earnings release.

Let me provide an update on Research Publishing given its importance and the unusual near-term dynamics that have affected our year-on-year performance. First, I'll emphasize that the research market remains robust with ever-increasing global R&D spend, driving higher research output as always. We are confident and encouraged by the fundamental attributes of the business, which remains strong. At this point, the short-term COVID demand spike and snapback are mostly in the rearview mirror, and we're returning to consistent demand growth. Researchers around the world continue to submit their articles in increasing volumes to Wiley's peer-reviewed journals, and they do so because publishing in our journals drives their career success.

A few things to note. First, Wiley's core publishing program is very healthy. As expected, we're seeing a rebound in Publishing volume in the core Wiley portfolio with article submissions now up 4% year-on-year, in article output, which naturally lags submissions up by 2%. All subject areas are showing improvement. We're also seeing improvement across important geographies, including the U.S., the U.K. and Germany.

As a reminder, Research, absent Hindawi, is projected to grow 3% this year. Another important piece of data is that Wiley's gold open access revenue was up 36% this quarter ex Hindawi. Gold OA is the pay-to-publish model through which research appears in OA only journals. While gold OA makes up about 10% of our Research Publishing revenue, it is our fastest-growing area, and we expect it to drive consistent growth in the years to come. We continue to benefit from the industry's mix model environment. Subscriptions and pay-to-read models remain important across the industry, and this will continue for the foreseeable future.

As a scaled player and market leader, Wiley prospers under all of these models. As you know, in fiscal '23, Hindawi generated approximately \$55 million in revenue and \$23 million in EBITDA. For this year, we project revenue to decline to \$20 million with a moderate loss in EBITDA. For fiscal '25, we expect to recover most of the revenue loss. And by fiscal '26, we expect to be ahead of where we were in fiscal '23. We continue to build on our position as a top ranked journal publisher, especially noteworthy, is that we received good news this quarter when 112 out of 200 Hindawi journals were given their first journal impact factor. Additional 35 journals saw their impact factor scores increase.

We're already seeing demand increase for these newly rated journals. We also saw exceptional scores for Wiley's key journals in China. These important developments speak to the growing quality and breadth of Wiley's publishing portfolio around the world and our long-term confidence.

As indicated, we've now reorganized Wiley into 2 operating segments, down from 3, reflecting our greater focus in a simplified structure. The 2 segments, Research and Learning complement each other because they both deliver high-value content and solutions in related markets and serve similar verticals. The close alignment of our businesses will allow us to capture both revenue and cost synergies.

The Research segment remains our primary driver of growth, profit and cash flow. In fiscal '23, Research represented 2/3 of Wiley's ongoing revenue and delivered a 35% EBITDA margin. It has a large recurring revenue base that is 95% digital. There's no change to our reporting lines in Research.

Our new Learning segment includes Academic & Professional publishing and platforms, about 1/3 of Wiley's '23 adjusted revenue was generated by our Learning lines. The 2 reporting lines under Learning are Academic, which is higher education publishing, and Professional, which includes professional publishing and assessments. Learning delivered a 29% EBITDA margin in fiscal '23, approximately 55% of its revenue is digital.

While we'll be reporting on 2 segments, Wiley's market-facing efforts will now be managed as 1 team led by Jay Flynn. You will recall that we previously had 3 separate teams competing for investment in mind share. Now as one Wiley will better leverage our collective scale and strength in Publishing and Solutions. I'm fortunate to have a very talented and seasoned leadership team overall. Jay has been leading our Research unit and has over 25 years of experience in the global research market and in digital publishing. He's been a needle-moving leader at Wiley since 2010, and has driven the transformation of our Research business into an engine of profitable growth and innovation. He's widely recognized as an industry leader.

I'll point out a second change to our team structure. For the first time, we're creating unified operations team, which you can see here is led by Matt Leavy. This team is charged with overseeing operations and driving operating excellence and efficiency across Wiley. The operations group includes functions such as content operations, supply chain, program management and customer service. Beyond the obvious efficiencies this consolidation enables, it's also driving greater speed and improved execution, one efficient infrastructure to support one market-facing team.

Matt is a uniquely effective executive with decades of experience leading digital content and platform businesses in our industry. Before this, he was running our Academic unit where he was very effective in helping Wiley to adapt to consistent market changes while driving significant efficiency and this allowed us to offset various revenue challenges.

So recapping the plan we laid out in June, we're now executing a 3-part program to unlock value for our shareholders. First, we're focusing Wiley on publishing and the delivery of knowledge solutions in Research and Learning, areas where we have competitive advantage and scale. Second, we're simplifying Wiley by

divesting 3 businesses that are not core to our new, more focused strategy. Third, we are streamlining and rightsizing Wiley to improve efficiency, speed and execution, all of which will drive material performance and margin improvement. These actions are substantial and realizing their benefits will not happen overnight. Nonetheless, we're moving swiftly and are already seeing positive early signs from our new focus in simplicity.

I'll now turn it over to Christina to discuss segment performance, our cost savings initiatives and our outlook.

Christina M. Van Tassell
Executive VP & CFO

Thank you, Brian, and hello, everyone. As discussed, we've now realigned the company to focus on our core strengths to improve performance while we drive greater operating and capital efficiency. Our leadership team is collaborating to extract the benefits of our new strategy and sharply focused organization. Specifically, Jay Flynn and I are working together to identify and invest in growth opportunities in Research and Learning while streamlining our Publishing businesses where appropriate.

Matt Leavy and I are tightly connected on driving towards a leaner organization with lighter infrastructure, simplified processes and improved analytics and insight. The execution of these programs is our top priority.

Let me start with our performance in Research. Research Publishing revenue declined 8% this quarter, mainly due to our year-over-year impact of last year's in Hindawi pause. Absent Hindawi, Research Publishing revenue was up modestly. As Brian noted, we feel good about our volume trends this quarter in our Open Access momentum, with gold OA revenue up 36% and gold OA output up to 20% ex Hindawi.

We're also pleased with our growth in China, which is the fastest-growing large market in research today. Several of our new China journals received their first impact factors, and we're proud to say that the scores were at the top of their fields. We saw strong rankings in smart manufacturing and sustainable materials as Wiley continues to build on its global leadership in material science and other areas critical to knowledge economy.

Research Solutions revenue declined 2% this quarter due to lower corporate spend on advertising and recruiting. Lower corporate revenue offset growth in our Publishing Services business, which includes services to help society partners and other publishers manage their peer review process and Open Access transactions. The underlying momentum of this business remains strong.

During the quarter, we signed 4 new solutions to customers and upsold an additional 20. We converted 5 Publishing only customers into multiservice partnerships. As a reminder, the services we provide include everything from distributing research content on our delivery platforms to providing editorial and peer-review support. Our partner pipeline is well ahead of where it was in Q4. During the quarter, we also signed up several career center partnerships in the financial services sector.

Adjusted EBITDA in Research this quarter declined 18%, weighed down by Hindawi's \$18 million EBITDA impact. Excluding this, adjusted EBITDA for Research was up 1%. Our Q1 adjusted EBITDA margin, including Hindawi was 29.8%, down from 33.8% in the prior year period. Of note, we expect Research to have another challenging quarter in Q2 due to the remaining Hindawi year-over-year impact. We expect improvement in the second half as article volumes continue to grow and comps become favorable.

Now on to our new Learning segment. Academic publishing revenue in the quarter was down 18% in a seasonally light quarter. Professional was flat. The Academic decline was driven by lower sell-through for print course materials although the rate of decline was in line with our expectations. Contributing to our Q1 performance was order timing in some of our key retail accounts. It's important to note that Q1 is our smallest quarter for Academic and [fall ordering] is typically very lumpy, all to say Q1 is not indicative of our full year expectations.

Our zyBooks STEM courseware recorded another quarter of double-digit growth, up 37% over prior year. Recently, we launched a new product called zyLabs, designed to help computer science students learn

coding skills in a cloud-based environment, which they would encounter on the job. Here, we're applying knowledge to train future real-world problem solvers.

Professional saw good growth continuing for assessments up 12% over prior year. Demand remains strong as companies continue to invest in team development. In the quarter, we signed 169 new training partners, up 22% over prior year. These partners are independent distributors to our assessment products, delivering team effectiveness training and learning experiences to employees.

In professional publishing, backlist growth was offset by a softer frontlist compared to last year's unusually strong titles. Adjusted EBITDA for Learning this quarter was up 19% with the restructuring savings as a primary driver. Our Q1 adjusted EBITDA margin was 19.4%, up from 14.9% in the prior year period.

Turning to our cash flow and balance sheet. Free cash flow for the quarter was a use of \$106 million, a modest improvement from the use of \$114 million in prior year. The increase is driven by lower incentive compensation payments due to fiscal '23 underperformance. As a reminder, our cash flow is normally used for the first half of the year due to the timing of collections for journal subscriptions, which are concentrated in the third and fourth quarters.

Also note, we did not provide an adjusted cash flow metrics, so numbers include the businesses held-for-sale or sold. CapEx of \$24 million was even with prior year, and there were no acquisitions in the quarter. Our main focus right now is executing our divestitures and our reorganization, so acquisitions will not be a priority this year.

As Brian mentioned, we raised our dividend for the 30th straight year, and our current dividend yield is now around 4%. We allocated \$10 million towards share repurchases this quarter, buying back 301,000 shares compared to 212,000 shares in Q1 of last year. We are in a good financial position as we navigate this transitional period. Net debt-to-EBITDA ratio was 1.9% at the end of July compared to 2.1% in the prior year.

Finally, although our expectations are modest in terms of our divestitures, we will be looking at using proceeds for general corporate purposes, including reducing debt, investing to scale Research, Publishing and Solutions and repurchasing shares.

On to our multiyear business optimization and cost savings program. Our recent realignment means a simpler functional organization and is an essential step towards executing our plan for a leaner and more agile workforce with improved operating efficiencies in modern infrastructure. This will allow us to realize cost synergies across our Publishing businesses.

I also see opportunity to deploy our capital more effectively, where we have a clear right to win in Research and Publishing. We expect meaningful performance and margin improvement from these initiatives, and I look forward to further outlining them at our Investor Day. While some of this work is dependent on timing of our divestitures, we've already begun executing on these initiatives.

During the quarter, we made targeted workforce reductions at the corporate level and rationalize additional office space in accordance with our plan, and most of these savings are reflected in our current outlook. Additional restructuring actions are still to come. As a reminder, from these efforts, we expect to generate run rate savings of \$100 million through fiscal '26.

These savings are bucketed in 3 areas: one, reducing our corporate overhead in line with our smaller portfolio. Our actions will reduce our revenue base by approximately 20%, so we'll be right sizing the organization to reflect this. Two, eliminating training costs related to divestitures, particularly in technology and corporate functions. And three, making operational improvements to reflect a more focused portfolio and realigned organization.

These include eliminating departmental redundancies, streamlining systems and processes, consolidating our vendors and further rationalizing our real estate footprint. Our reorg will also allow us to realize cost synergies in areas like content management, sales and go-to-market. We will be reinvesting a portion of these savings into our profitable growth initiatives and upgrading systems to improve efficiency and productivity.

Moving on to our transition year outlook. As a reminder, our guidance excludes the businesses held-for-sale. Given Q1 timing issues and leading indicators, we are reaffirming our guidance. We continue to project Research revenue to be flat, but up 3%, excluding Hindawi. We expect a better back half of the year as volumes continue to improve and comparisons become more favorable. We look forward to putting the Hindawi disruption behind us and returning Research to growth in fiscal year '25 and '26.

In Learning, Academic remains challenged by lower demand for print products, offsetting continued growth in digital content, courseware and assessments. We continue to anticipate a low single-digit decline for the segment in fiscal '24. Adjusted EBITDA, excluding divestitures, is anticipated to be in the range of \$305 million to \$330 million. This puts EBITDA margin in the range of 19% to 20%, down from 23.3% in fiscal '23.

To refresh, we expect to more than recover our fiscal '23 EBITDA margin of 23.3% as we exit fiscal '24 and expand from there. On adjusted EPS, we're anticipating a range of \$2.05 to \$2.40. We have \$0.42 of non-operational items weighing on EPS, including \$0.21 of tax impact, \$0.11 of higher pension expense and \$0.10 of higher interest expense. Again, we expect the Hindawi publishing pause to continue to weigh on our year-over-year performance in Q2 before comparisons become more favorable in Q3.

With regard to free cash flow, our visibility remains limited. We are working through our divestitures and can't adequately project at the timing and scope of our restructuring programs. As I just noted, we don't report an adjusted free cash flow metric. For these reasons, we're unable to provide a meaningful free cash flow outlook at this time. That said, we do expect it to be materially lower in this transition year, given the combination of lower projected cash earnings, significant restructuring payments and higher interest payments. These are mainly temporary issues in this year's structural change.

As we make our way into fiscal '25 and '26, we're fully confident in our margin trajectory and in the cash generation of our core business. We will be providing a fiscal '26 free cash flow target at our Investor Day.

And with that, I'll pass it back to Brian.

Brian A. Napack
President, CEO & Director

Thanks, Christina. To summarize before I open it up for questions. Q1 performance was largely what we expected, and we are encouraged by the continuing underlying strength and increasing momentum in Research following the unusual dynamics of the past year. We are actively simplifying the company structure to reflect our more focused strategy and drive efficiency.

Going forward, we will have one market-facing team, enabling greater coordination of product and go-to-market efforts. This group will be supported by one global operations group, enabling efficiency and driving operational excellence across the company. We're now in mid-process in our efforts to divest several of our non-core assets. Processes are going well with good buyer engagement, although market is challenging.

Fiscal '24 remains characterized as a transition year for Wiley as we work through these substantial actions and as our core drivers rebound. We expect to deliver performance gains and margin acceleration in fiscal '25 and '26.

As a reminder, we're hosting an Investor Day on Thursday, October 12 at our corporate headquarters in Hoboken, New Jersey. At that event, we'll share our go-forward vision for Wiley, provide detail on our Research and Learning businesses, outline our critical operational improvement initiatives and we'll introduce fiscal '26 financial targets.

After the presentations, which will run from 9 to 12 noon Eastern, we will hold a networking lunch for all attendees. As always, I want to thank our global colleagues for their tireless work and perseverance, their dedication to each other and to this very special company. I'll now open the floor to comments and questions.

Question and Answer

Operator

[Operator Instructions] And your first question comes from the line of Daniel Moore from CJS Securities.

Daniel Joseph Moore

CJS Securities, Inc.

Sorry, [I just had to] jump off mute there. Let me start with Research. I appreciate the commentary. Just kind of remind us where we are? What does gold OA, generally as a percentage of Research revenue now? And maybe just what can you say now that we're a little bit further removed from the pause in publishing you experienced in the back half of last year? Was it simply tough comps versus the pandemic-driven spike? Or there are other factors and just your confidence in that improvement as we look to H2?

Brian A. Napack

President, CEO & Director

Yes, Dan, first of all, thanks for joining the questions as always. You're starting the right place. It's really important when we look at Wiley to understand that we've just refocused our strategy and our company around the Research business and the core of that is Research Publishing business. And the core of the future and future growth and profitability will come from OA. So we're starting in the right place.

So gold OA now is around 10%, with OA overall of -- 10% of our Research revenues. And overall OA is around 1/3 of our Publishing revenues and I guess, high 20s of our overall Research revenue, 27%, 28% of our overall Research revenues. So that's where we stand. Those areas are growing very nicely, very rapidly. And I think we saw a growth of 36% or something excluding Hindawi of gold OA and overall OA is growing very nicely as well.

So what we're seeing overall is a return after the COVID up and down and changes. It was a very unusual period for us. a return to the normal growth patterns, which is what we expected to see and what we are seeing across the business. So the -- we're doing very well in the high-growth markets like China and India. We're doing very well across the major Western markets, U.S., U.K., Germany, and so wherever they were during the COVID period, they're now returning to where -- to normalcy, and that means growth.

So in every area, as I said earlier in the comments -- in the prepared comments, in every region, in all of our major subject areas, we're seeing a return to volume growth and revenue growth. Obviously, there's many dynamics that go on in this market but it's exactly what we wanted to see. It's exactly what we expected to see, and it's what we've been talking about for a while. So that should give you a foundation.

Daniel Joseph Moore

CJS Securities, Inc.

Very helpful. Staying with Research, but just to switch -- shifting to Hindawi. Just to clarify, I think you said it was an \$18 million impact, is that year-over-year impact? Or was it a loss of \$18 million in this quarter?

Christina M. Van Tassell

Executive VP & CFO

It was a loss -- Dan, it's Christina. It was a loss this quarter.

Daniel Joseph Moore

CJS Securities, Inc.

Got it. That's helpful. And just...

Brian A. Napack

President, CEO & Director

And to provide a lot of context, it's important to remember that while we were experiencing significant growth coming out of Hindawi, Hindawi represents low single digits, 2%, 3% of our Research revenue. So we just need to put that in context. We certainly lament the loss of that revenue. And now we're starting to see the metrics come back to where we want them to see and -- to be and we'll see that coming back. But I just always want to put that in context of our overall Research business, we're talking about low single digits number.

Daniel Joseph Moore
CJS Securities, Inc.

Of course. And I know you gave the numbers, Christina, but just remind us, what's sort of embedded for Hindawi in terms of EBITDA loss for the full year '24 guide. So we think about that jumping off point for '25.

Christina M. Van Tassell
Executive VP & CFO

Sure. So as I talked about on the call, revenue for the full year is expected to decline about \$55 million, and \$23 million to \$20 million this year and it will be a modest EBITDA loss for the full year. And we'll see the first -- this quarter and next quarter, have some tough comps and recover in the back half of the year.

Brian A. Napack
President, CEO & Director

Yes. Decline from \$55 million, not decline by \$55 million.

Christina M. Van Tassell
Executive VP & CFO

Decline from \$55 million to \$20 million.

Brian A. Napack
President, CEO & Director

What we're expecting to see Dan, because I know it the next question is where we're going to go with it. And so Hindawi over the -- we're executing our revitalization plan, and it's coming along nicely. We expect to see most of the bad comparison to be through in the first half. And then as we go through '25 and into '26, we'll see ourselves get back to and above where we were before. So we're not going to get it all back right away because you know we're coming conservatively to do it the right way, and it takes a little while due to the lags in the business but we expect it to be to return to its contribution to Wiley's growth through '25 and be above where it was in '26 (sic) ['23] -- be above where it was in '23. I just want to be clear about my words.

Daniel Joseph Moore
CJS Securities, Inc.

Right, right, in terms of the progression. Okay. And then shifting to Learning, I think overall, you said 55% was digital. Just starting with Academic, which took obviously another leg down this quarter. What's the mix there, print versus digital? And just talk about -- I understand the 18% is driven by timing but it continues over time to kind of work its way down. So what about the secular opportunity there over the next 3 to 5 years?

Brian A. Napack
President, CEO & Director

You bet. Part of it is timing. It's not all timing, right? We're seeing continuous decline. What happened in the quarter was a combination of a very small quarter at a very unusual time of the year for those businesses and is not representative of the full year. But nonetheless, beyond timing, which is its own

issue, we continue to expect to see a slow decline. Print now represents about 40% of that business, with digital being close to 50%. And digital continues to grow for us, as you know.

So that transition continues to go on. We expect it to continue to go on. It's not -- this quarter is not reflective of that progression but we do expect to continue the migration from one to another with the digital revenue basically offsetting the print decline.

Daniel Joseph Moore
CJS Securities, Inc.

And that digital revenue that is saved for quarters like this one and the timing, what are you experiencing in terms of growth? And do you expect that to inflect higher or just kind of remain steady?

Brian A. Napack
President, CEO & Director

We expect it to remain steady. We have pockets of very strong growth where we are -- where we have fantastic products like zyBooks. I think zyBooks is up mid-30s. If I'm not -- I should say, to be imprecise, it is up mid-30s. In the balance of it, it's growing in proportion to the adoption of those products in the marketplace, which is more of a low single-digit kind of pace now. We hope to continue that and more than offset the print declines.

So we're not going to see -- I want to say something generally about that business because I think it's very important from an expectation setting perspective. We don't expect the Academic segment to be a driver of growth for Wiley in the future. It will do okay. It will keep pace with inflation with digital offsetting print. But what it really represents for us is a very solid business with good profitability characteristics and good cash generation characteristics that contributes to the overall empire.

As we see -- as we move toward a one Wiley notion, we'll start to see some real benefits from expense savings as we combine things like content platforms and sales forces and other things like that. I shouldn't say combined, aligned is a better word than combined. But what we're looking for is one strong operating infrastructure supporting the whole business, and we should expect to see some revenue synergies as well out of that as, for example, a research author who was a PhD at a university publishes with us their books, which they always do and need to do. So we expect to see some of that as well.

Again, I'm trying to provide the overall context for the role of Academic and our expectations going forward so that we know where our growth is going to come from and where our profitability is going to come from.

Daniel Joseph Moore
CJS Securities, Inc.

Absolutely. And if you wouldn't mind, kind of the same outlook for Professional?

Brian A. Napack
President, CEO & Director

Yes. Professional is a combination of our Professional Publishing, which is mostly books, in both print and digital format, and our assessments business, what we call internally our team development business. And the -- as a group, we expect that to again contribute a modest growth a little bit more than you would expect out of the Academic segment and very good profitability.

Again, it's a similar story. We have certain areas such as our team development business, where we have real strength and brand and competitive advantage and great profitability characteristics. That tends to be a smaller -- or that is a smaller part of the business, call it, 1/3 of the Professional business. The book business continues to grow as the book business grows. And we, again, like that business, but we don't expect outsized growth out of our book publishing.

Our book publishing is professional book publishing. It has consistent demand. We do very well in it. We are probably the world's leader in professional book publishing. I'd say probably one of our

competitors recently backed off, it's a commitment to the area. So now we're definitely a leader in that area. And so we -- but again, we expect it just to be a modest growth business, but with very good profit characteristics. Is that enough on that, Dan? I'm happy to go into more detail.

Daniel Joseph Moore

CJS Securities, Inc.

Yes. No, that helps. One or two more, and I'll let you off the hook here. But anything you might say just in terms of preview of what -- not numbers, but what general kind of strategy you might hope to convey at the upcoming Investor Day in October?

Brian A. Napack

President, CEO & Director

Yes, it's a great question, and I -- really I am looking forward to seeing lots of people at our Investor Day. I would say it's -- I would say what I've said before, I wouldn't expect from Wiley a big reveal of some unfamiliar or orthogonal strategy giving a brand-new growth area to us. We believe deeply in the businesses we're in, starting with our Research Publishing business, building on it with our Knowledge solution business and supported by our consistent Learning businesses, particularly the Publishing businesses.

And we believe that there is significant opportunity due to the endemic characteristics and in the case of the Research business and that the growth characteristics of those businesses. And we believe that there are additional adjacencies that we've spoken about for the most part, Dan, areas like partner solutions, areas like the way that we can expand our Publishing portfolio by building our brands and so forth.

We believe that those areas provide more than enough growth at very attractive financial characteristics, meaning profitability and cash flow characteristics to provide a significant opportunity for us and most importantly, to generate value for our shareholders. But there is an internal part of our strategy that's critical as well, which I would summarize as just saying operational excellence that can result from focus and simplicity.

And I know these are themes we've talked about before. We're well on our way. We just came through a reorganization of a company that opens up a lot of those opportunities, and we are going to execute it. We've just appointed a new head of operations as we talked about in our remarks, who's dedicated to driving that operational excellence.

So the internal part of Wiley's strategy is just as important as our external part of the strategy because that's what allows us to improve our operating leverage, which is what we all want to see.

Daniel Joseph Moore

CJS Securities, Inc.

Perfect. Last one for me, maybe, Christina, I appreciate the commentary on Hindawi. So just looking at the overall for Q2, kind of fair to assume that revenue and more importantly, EBITDA may be down a little bit year-over-year relative to the adjusted numbers that you filed in the 8-K last week within more improvement in the back half. Is that the right way to think about it? The cadence?

Christina M. Van Tassell

Executive VP & CFO

That's right. That's right. So we'll see another -- next quarter we'll see another year-on-year down, and that will stabilize in the back half of the year.

Operator

And there are no further questions at this time. I will now turn the call back over to Mr. Napack for some final closing comments.

Brian A. Napack

President, CEO & Director

All right. Well, thank you very much for joining today. We look forward to seeing you at our Investor Day, and if you're not lucky enough to attend that, we look forward to reporting our next results on 2Q at that moment. So thank you again for joining, and have a great day.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.

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