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Presentation

Operator

Good morning, and welcome to Wiley's Fourth Quarter and Fiscal 2026 Earnings Call. As a reminder, this conference is being recorded. [Operator Instructions] At this time, I'd like to introduce Wiley's Vice President of Investor Relations, Brian Campbell. Please go ahead.

Brian Campbell

Vice President of Investor Relations

Good morning, everyone. With me today are Matt Kissner, President and CEO; and Craig Albright, Executive Vice President and CFO. Our comments and responses reflect management 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.

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.

We will refer to non-GAAP metrics on the call, and variances are on a year-over-year basis and will exclude divested 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 at investors.wiley.com. I'll now turn the call over to Matt Kissner.

Matthew S. Kissner

President, CEO & Employee Director

Thank you, Brian. Hello, everyone, and welcome to Wiley's Fourth Quarter and Full Year Earnings Update. Fiscal '26 was our breakout year. We delivered record margins and exceptional cash flow growth, accelerated our leadership position in the AI economy and cap the year with transformational moves for market-defining AI partnerships to the appointment of visionary leaders in research and AI to our largest acquisition since 2007. .

Wiley's trusted content and intelligence is the foundation for the rapid advancement of science and innovation, and it's never been more in demand. As I've said before, AI is only as good as the content and data that fuels it. And Wiley has one of the most comprehensive entrusted portfolios in the world. Gold in, gold out to quote our friends at open evidence. Wiley is that gold.

I'll walk through the year and all the great work we're doing to accelerate our high-margin growth engines, and Craig will take you through our financials, operational excellence and outlook. Before I get to results, I want to step back and frame how we think about the business because it's the key to everything that follows.

We have 2 reinforcing growth engines. Research is our foundation, leveraging our wide moat, scale and relationships to cultivate proprietary content and data and drive market share and high-demand academic disciplines. It's durable and growing at mid-single digits. AI and data analytics is our emerging growth engine by layering research intelligence services over that same proprietary content and data.

We are evolving from a pure content provider into a higher-value partner that helps corporate R&D and academic labs make better informed decisions. reinforcement is simple. Research publishing feeds the trusted content and data that accelerates AI and analytics growth and AI in turn, powers the intelligence and productivity that accelerates research publishing growth.

This is the Wiley flywheel, and you could see it turning in our recent results and gaining speed. This was a defining year for tomorrow's Wiley. A few highlights. We delivered mid-single-digit growth in research with

record volume and strong recurring revenue. After the quarter closed, we acquired Emerald Publishing to extend our scale and research and our proprietary content advantage in AI.

We grew AI revenue from \$40 million to \$49 million with a rapidly expanding recurring base. We executed strategic partnerships with IQVIA and Open Evidence, and we launched our Nexus content licensing service for other publishers. We continue to deliver on our key growth initiatives, including the expansion of our advanced journal portfolio and build-out of our clinical outcome assessments business.

We executed a landmark partnership with Virtusa to transform product innovation and reduce costs. And we recently onboarded world-class executives in research and AI and Data analytics. Just look at the caliber of companies and organizations, Wiley has partnered with this year, we're embedded with today's AI leaders and across the broader scientific ecosystem.

That momentum carries into fiscal '27 with greater scale opportunity and ambition. Turning now to our full year results. fiscal '26 saw us execute well even with revenue challenges and learning. We delivered another year of exceptional margin expansion and cash flow growth alongside record return to shareholders.

Adjusted revenue was flat to prior year or up 1%, including the impact of currency. This is compared to our outlook of low single-digit growth with learning headwinds being the primary difference. Strong demand in research continued with 11% output growth and 4% revenue growth.

Adjusted EBITDA margin rose 220 basis points to 26.2% and adjusted operating margin rose 260 basis points to 17.7%. Both are all-time highs in our reporting history. This was driven by material progress in reducing corporate expenses and expanding research margins. We grew adjusted EPS by 15%.

Free cash flow was up 55% to \$195 million on improved operating performance and lower CapEx moderated by late renewal signings that shifted cash collection from Q4 to Q1. And we returned \$174 million to shareholders, up from \$137 million in fiscal '25, including record share repurchases of \$100 million. This underscores our disciplined commitment to rewarding shareholders even as we fund our high-return growth engines.

Let's turn to our performance over time. When I first spoke to all of you in late 2023, I said that we were going to be relentless in our execution and move with certainty on our value plans operational improvements, reorganization and culture. This slide tells that story. Year after year, we've expanded margins, strengthened cash generation and sharpened our financial profile and fiscal '26 extended that track record on every measure.

Our disciplined cost work has been central to it. We have taken hard structural costs out of the business while reinvesting in our highest return growth engines. This has enabled us to grow our adjusted EBITDA margin and adjusted operating margin by 340 and 560 basis points, respectively, in just 2 years.

Free cash flow conversion has reached 44% and we more than doubled our share repurchases and raised our dividend for the 32nd consecutive year. Return on invested capital is substantially higher and our net debt ratio was down to 1.4. Even after the Emerald acquisition, our pro forma leverage of 2.1 is well within our long-term target range of 1.5 to 2.5.

This work has made us a much stronger company than we were even a year ago, leaner, faster and built on disciplined investments that position us for accelerated profitable growth in the years ahead. The AI economy plays directly to our strengths. We see and the market is starting to see that AI is a major tailwind for high-value publishers like Wiley.

Here's why.

We curate and provide access to a large share of the world's proprietary scientific, technical and medical content. Through both our own portfolio and that of our publishing partners. And science never stands still, more than 14,000 new peer-reviewed articles are published every day.

We also hold an industry-leading position in the fast-growing knowledge domains most relevant to AI, critical areas of medicine, chemistry, material science technology and engineering, food and agriculture

science and now economics and finance. In these fields, the world's top research runs through Wiley. In a world of wash with misinformation and content scraped from the Internet. Our reputation for quality and trust is a distinct advantage.

We are home to 2 centuries of breakthrough research, hundreds of Nobel Prize winners and the world's leading societies, all to say in the world of science, the Wiley brand is synonymous for integrity and quality. And we don't have to defend legacy platform businesses.

We've embraced an AI-first approach and enjoy a first-mover advantage with model developers and corporations building out AI models and applications, so much so that other publishers want to be part of our network. We've built and continued to build an unparalleled partner ecosystem.

As I've said before, not many companies in our industry can point to an extensive network spanning the world most prestigious universities and academic societies, the largest LLM providers and AI innovators, multinational corporations and global publishers, this ecosystem approach enables us to punch above our weight.

We are partnering, not competing. We're integrating that building. Finally, our capital-light model, our content advantage and partnership strategy allows us to leverage external infrastructure at interoperability while enabling broad collaboration across the ecosystem, reducing capital requirements and creating network effects that benefit all participants -- and because our approach is open, we don't have to bet on any single technology.

It works across all platforms. The long-term outlook for our research growth engine remains favorable. We expect AI to be a powerful accelerator of researcher productivity and output, and publishing remains the unquestioned currency of academic advancement, driving employment promotion, prestige and grant funding.

This is what makes the business so durable and it's growth so resilient through continuous technological and societal change. To capture this volume growth, we are scaling our general portfolio and modernizing our publishing platform and workflows, large-scale, high-quality publishers like Wiley have a scale advantage and are taking share, and we expect that to continue.

A few points are worth reemphasizing. Peer-reviewed research is the global standard and measure for scientific excellence. It's must-have content for institutions and corporations and the trusted foundation for high-value scientific workflows demand to publish is growing with ever-increasing global R&D spend and now accelerating with AI.

Research Publishing has navigated every technology shift because it's core value scientific trust, R&D fuel, orphan protection indoors. Our momentum in this business is accelerating. Research grew 3% in fiscal '25 and 4% in fiscal '26 with our trajectory now pointing to mid-single-digit growth. Multiple drivers are behind that.

First, we're driving market share gains with submissions up 25% and output up 11%, well ahead of industry output growth of 6% to 8%. Second, our advanced portfolio is accelerating as a global top-tier brand across disciplines with total revenue of \$70 million, growing at double digits as one prominent industry newsletter put it with advanced Wiley has been quietly building an enviable portfolio.

Third, our society partner ecosystem is delivering gains in publishing and AI, including our landmark signing of the American Society of Mechanical Engineers, or ASME the ASME had self-published for nearly 150 years. And when they decided to partner, they chose Wiley.

Our global scale, reputation and platform matter. But what really sets us apart is that we are exceptionally good at partnering. We operate as an extension of each society executing complex transitions and growing their publishing footprint.

Of the 600-plus society partners that call Wiley home, many go back decades. This quarter, we renewed our publishing partnership with the American Cancer Society now in its 30th year and a clear example of what partner of choice really means.

Fourth, our research exchange platform recently landed its first external publisher client in Liverpool University Press. The agreement will allow Liverpool to manage and modernize its academic publishing workflows and scale its journals more efficiently. And we believe Liverpool is just the beginning.

Many smaller publishers face the same pressures so we see a meaningful market for migrating additional customers onto our platform. And fifth, the just announced addition of Emerald makes Wiley a powerhouse in the social sciences, notably economics, business, finance and related fields. Let me spend a few minutes on Emerald. The rationale is straightforward.

The acquisition deepens our scale and content advantage in both research and AI, and it does so in terms that create real value for shareholders. We acquired Emerald roughly \$450 million or 7x adjusted EBITDA on a synergized basis. Its financial profile is compelling. Emerald delivers a high-margin, highly recurring revenue stream with strong cash characteristics.

And we see clear value creation ahead between the \$30 million of expected cost synergies and multiple revenue growth synergies from geographic expansion, cross-selling and licensing. The returns are attractive and near term. We expect Emerald to be modestly accretive to adjusted EPS in year one and accretive to free cash flow in year 2 with ROIC exceeding our weighted average cost of capital by year 2.

As noted, we expect to realize the full cost synergies by year 3 with material savings in year 2. Emerald is squarely in our wheelhouse, it's operating model, journal publishing, content licensing and recurring institutional revenue closely mirrors our own and we have a long track record of integrating general acquisitions and partnerships.

More on Emerald and why it's such a strong fit with nearly 6 decades of publishing heritage, Emerald brings a rich and growing portfolio, nearly 500 journals, thousands of data-rich book titles and case studies and 0.5 million backfile assets. They are a destination of choice for researchers worldwide with submissions up 28% and revenue growing at mid-single digits.

Over 90% of its \$85 million in revenue is recurring with customer retention above 99%. Emerald only generates 15% of its revenue from North America, and yet that region represents 40% of global spend on social sciences research. Wiley, of course, has a strong position in the U.S. So this is a clear growth opportunity for us.

Emerald is a clear cultural fit, U.K.-based, they share our mission-driven mindset with a reputation built on integrity and quality and the heritage of championing fresh thinking. Like us, they act with purpose and build trust through respect and humility and they are heavily performance-driven with incentives well aligned to the value we intend to create together.

In summary, Emerald accelerates every one of our 4 value drivers. On accelerate research core growth, it strategically expands our portfolio to roughly 2,500 journals with leading positions across all key publishing areas further strengthening our scale and moat. On scale AI and data analytics. It expands our content and data advantage, notably economics business, finance and engineering, high-value domains with certain AI models increasingly need authoritative structured content to reason about markets, decisions in the economy.

Prospective customers include financial services firms, consultancies and business schools. On drive multiyear margin expansion, Emerald is substantially accretive to Wiley's overall margin, especially after synergies, and it adds a durable subscription-based revenue stream.

On disciplined portfolio and capital allocation, Emerald is a focused on strategy deployment of capital, deepening our position in high-margin research publishing and adding a recurring subscription cash flow stream that strengthens the durability of our financial profile. We expect this to be a seamless integration with predictable synergy capture as we're drawing on a proven Wiley playbook for integrating general assets and businesses.

Capabilities we have refined across prior acquisitions. And our advanced research exchange platform is purpose-built to onboard journal assets quickly and at scale. This gives us real confidence in the time lines we've laid out, \$30 million of cost synergies by year 3 with meaningful savings expected in year 2.

We have a new leader in research. But first, I want to thank [Jay Flin] for his many contributors to Wiley over the years and for the strong foundation he leaves behind. We wish him all the best which brings me to [Jessica Kowalski.] Jessica brings us more than 2 decades of experience leading both research publishing and AI-enabled businesses at a global scale.

She joins us from Microsoft, where she held full P&L accountability for a large-scale global AI data and cloud services business. And before that, led data and analytics partnerships at Amazon Web Services. Our research publishing roots run deep, she spent 11 years at Relic in senior roles, where she was central in elevating it from a publisher into an information analytics company.

This is exactly the journey Wiley is on, and Jessica is exactly the leader to drive it. Now let me turn to our AI and data analytics growth engine, the second turn of the flywheel. Wiley sits on an exceptionally deep and untapped mine of proprietary data. Beyond our published articles and journals, we have structured metadata and linked domains that surface cross-disciplinary linkages invisible to generic aggregators.

We have validated research protocols and methods, how studies were designed not just what they found. We have peer review signals and editorial judgment, decades of credibility signals baked into the Corpus. We have citation networks and reference graphs that are the connective tissue between ideas across disciplines.

And we have author and institutional relationships, who is working on what, with whom and where. On top of that proprietary data, we hold leading content and data positions across the disciplines that matter most in the AI economy.

In 150-plus disease areas in life sciences and health care, from Alzheimer's and oncology to clinical outcome assessments and medical synthesis. In over 100 chemistry areas, and we have one of the most comprehensive spectral database collections in the world which allow end users to identify molecules based on the unique chemical signature.

We recently released a new addition of our registry of mass spectral data expanding compounding coverage to nearly 1 million reference spectra, strengthening a foundational layer of scientific data and research intelligence portfolio. In over 50 areas in engineering and 50-plus areas in material science, the latter through our flagship journal Advanced Materials.

In 48 agriculture and food science topics, along with the world's leading crops disease database. And now with Emerald, we're a top 1 or 2 leader across key areas of economics, business and finance. AI cannot substitute for real scientific evidence. If you're building an oncology drug development platform, you're not pulling from social media or scraping the Internet.

For corporate models and applications to be viable, they require a constant stream of the most trusted content and intelligence at depth, our advantage isn't only volume, its depth in exactly the areas where corporate R&D demands precision, hence, the demand was seen.

Let's talk about our AI growth trajectory. Total AI revenue grew from \$23 million in fiscal '24 to \$49 million this year, on track for over \$50 million in fiscal '27. The recurring piece is rapidly scaling from roughly \$1 million last year to \$8 million in fiscal '26 with a path to 2x to 3x that next year. We expect a strong growth trajectory from there as we uncover more data set opportunities in our portfolio, roll out intelligence products and unlock value from our highly specialized and engaged audience.

We now count 19 corporate customers for AI subscription knowledge feeds, up from 10 last quarter. These are typically 6-figure annual contracts for a single vertical content collection in a single department pioneering AI-powered discovery. The expansion path is clear through more knowledge feed collections, more departments and more use cases.

We're also starting to make meaningful inroads across industry verticals which shows how broad our content advantages of these 19 customers, 12 are in life sciences, 4 in engineering, materials or chemistry 2 in financial services and 1 in Ag and food science.

This includes 7 of the top 10 global pharmaceutical companies. Our use case runway is substantial. We also serve 4 LLM developers for training. Most of them repeat customers, and we anticipate material training revenue to continue in fiscal '27. Our Nexus AI licensing service now consists of 41 publisher partners from top-tier societies to multidisciplinary publishers.

These partners collectively represent nearly 100,000 book titles across scientific and technical disciplines as well as journal and video content. During the year, we generated \$19 million of licensing revenue from this Nexus partner network. Finally, we have 38,000 researchers trialing our gateway platform, which connects our trusted database directly to AI daily workflows.

All this is evidence that the engine is accelerating. Building on our leadership position in AI, we see 3 organic growth vectors, each leveraging existing assets and each with its own growth path. We'll lay more of this out at a fiscal '27 Investor Day, but I want to give you an early readout.

First, database solutions and demand proprietary data sets in our existing portfolio. Think of our rapidly growing clinical outcome assessments business as one of the many examples. Second, employed research intelligence, a synthesis first intelligence platform, embedding Wiley's content in corporate R&D workflows, moving us up the value chain from content access to actionable intelligence.

And third, audience monetization, scaling our unique data assets and reach into an analytics and ad tech platform. This compounding logic here, our structured content and data is not only a major growth opportunity in its own right which we've begun to monetize, but the very foundation for our differentiated intelligence platform.

We're energized by how the corporate R&D and academic markets are evolving toward our research intelligence and by the unique position we hold. Nowhere is our momentum clearer than in health care AI. The year speaks for itself at the start of fiscal '26, we signed the AWS Life Sciences partnership.

In July, we became the first publisher to partner with Anthropic on Claude for Life Sciences. In November, we signed our clinical outcome assessment partnership with IQVIA a deeply strategic relationship that is already producing results. We recently call hosted a 2-day AI summit with IQVIA and included senior leaders from Novo Nordisk Microsoft, Amazon, Salesforce, the American Heart Association and John Hopkins University, among other societies and universities.

This event brought together participants to explore how AI can transform the science to patient value chain through the right data, AI agents, intelligence layers grounded in the scholarly record and continuous learning loops. Clinical outcome assessments, or COAs, is an increasingly important area for us Wiley has one of the world's largest collections of COAs, these are patient-reported outcomes from clinical trials.

Demand is ever increasing as clinical trials undergo fundamental transformation requiring these assessments to meet new regulatory standards and improve trial efficacy. COA revenue rose from \$700,000 in fiscal '21 to \$6.5 million in fiscal '25 and then jumped 68% this year to \$11 million and we expect strong growth to continue. [COA's] are precisely what we mean by hidden gems in our portfolio, specialized content and data sets, 1 hidden inside our portfolio, but now in demand for high-stakes use cases.

COA's are just the beginning. We're uncovering more of these hidden gems across the portfolio. In March, we signed a 5-year agreement with open evidence for research at the point of care. We also took a small equity position underscoring our mutual commitment to building the future of clinical AI together. We've since added 10 society partners to the collaboration.

Also in March, we partnered with Microsoft to integrate trusted medical research directly into Microsoft Dragon Copilot, the AI-powered clinical assistant. Stepping back, the picture is clear. More key partnerships across the AI and life sciences ecosystem, 3 distinct growth factors built on our unique assets, and AI revenues scaling fast.

Demand for training continues and recurring revenue is meaningfully accelerating. Wiley is becoming an essential source of trusted content in intelligence and a leader in how that knowledge is put to work.

With that, I'll hand it over to Craig to take you through the financials.

Craig Albright

Executive VP & CFO

Thank you, Matt, and hello, everyone. The financial through line for Wiley this year has been prioritization of capital and resources towards our highest return opportunities and research publishing and AI while taking important stabilizing actions on learning headwinds.

Our content, trust and partnership advantages enable us to pursue an AI-first capital-light model rather than build and defend costly platforms keeping capital requirements low, compounding network effects and converting proprietary content and intelligence into recurring high-margin, high ROIC revenue.

That's the model and the results show it's working. Starting with the quarter. Q4 revenue was flat on a constant currency basis with good momentum in research offset by market-related challenges and a prior AI licensing comparison and learning. Adjusted EBITDA grew 17%, and we delivered 480 basis points of margin improvement to 33.2%.

This was driven by our material progress in reducing corporate expenses down 22% and driving profitability and research. Adjusted EPS was up 22% and adjusted operating income, 26% with adjusted operating margin up 520 basis points to 25.3%. And importantly, we returned \$48 million to shareholders in the quarter, including record quarterly repurchases of \$30 million.

We closed the year with clear underlying momentum, and Q4 is the proof point. Turning to research. Research Publishing was up 5% in the quarter, driven by growth in recurring revenue models, Gold Open Access and AI licensing. -- the underlying KPIs remain robust. Article submissions grew 25% and output 11%, both well above industry averages. Our journal and brand expansion strategy is paying off. and we continue to see strong recurring revenue and customer retention.

Let me take a moment on Research Solutions. Down 4% on a constant currency basis, impacted by declines in recruitment and marketing services and a soft corporate spending environment. We're moving decisively from a legacy advertising business to an audience analytics platform built on modern ad tech, AI-driven product innovation and verified audiences.

In a large and growing health care advertising market, we bring a unique advantage in combining our content, societies and audiences is a substantial opportunity and one we're well positioned to capture. Adjusted EBITDA for the quarter rose 13% with 300 basis points of margin improvement from restructuring savings and efficiency gains from the deployment of our end-to-end platform.

Full year research revenue was up 4%, with publishing up 3% and solutions up 6%, adjusted EBITDA up 8% and margin at 33.2%, up 110 basis points. Now to learning. Q4 academic revenue was down 5% on a constant currency basis, impacted by a prior year AI licensing comparison and softer print revenue, partially offset by growth in digital content and courseware.

Q4 professional revenue was down 10%, reflecting market-related challenges around consumer and corporate spending and the same prior year comparison. Adjusted EBITDA for the quarter was down 1% on a constant currency basis, with our margin up 310 basis points to 46.1%, reflecting disciplined cost management. For the full year, academic was down 5% and professional down 10%, driven by the same macro and channel headwinds.

We've responded decisively, taking out costs, refocusing editorial toward higher-value authors and titles and accelerating our shift to digital products and inclusive access. Our scientific and technical book programs, in particular, are rich and structured data dense content, exactly what AI increasingly depends on.

We see a meaningful monetization opportunity there, and we're actively pursuing it. We expect learning trends to improve in fiscal '27 with digital growth in academic and frontless momentum in Professional. Underpinning all of this is a relentless focus on cost and operational efficiency. We are driving down corporate expenses, down 15% for the full year and 22% in Q4. Three work streams are behind us.

First, tech transformation, our largest multiyear savings driver, which I'll cover on the next slide. Second, corporate cost structure, streamlining shared services across finance, operations, HR and marketing, simplifying our organization to move faster and standardizing processes.

Full year and Q4 corporate unallocated expenses were down \$23 million and \$9 million, respectively. And third, AI productivity, initiatives already underway in legal, marketing and content operations to transform process and workflow with additional initiatives targeting material productivity gains and run rate savings.

AI is not just a revenue opportunity for us is becoming a meaningful internal efficiency driver as well. Let me spend a moment on tech transformation, shifting us from maintaining the past to building the future, more product, faster and better economics. Three priorities in motion. First, structural cost savings, consolidating facilities, retiring technical debt and building our strategic partnership with Virtusa.

You can see it in our margin expansion this year, and there's more to come. but tech transformation is not only a cost story. It's a growth enabler. Second, shifting spend from legacy systems toward product development, from roughly 1/3 of our tech budget today to 50% to 60% over the next few years. modern integrated platforms replacing fragmented systems, new content and intelligence products launching faster and modular architecture that evolves as customer needs shift.

And third, AI-native innovation. AI woven into core processes rather than bolted on as experiments, software delivery faster and higher quality every quarter and customer-facing processes reimaged. Virtusa is our strategic partner across all 3 delivering operational efficiencies, modernizing enterprise technology and freeing up our teams and capital to focus on high-return product innovation.

Stepping back to the financials. Free cash flow for the year rose 55% from \$126 million to \$195 million, with conversion stepping up from 32% to 44%. The marked improvement was driven by robust earnings growth and lower CapEx, down from \$77 million in fiscal '25 to \$65 million. Worth noting that free cash flow was moderated by late journal renewal signings pushing related cash collection into Q1.

On the balance sheet, leverage moved from 1.8x to 1.4x at year-end. Following the Emerald acquisition, pro forma leverage is now approximately 2.1x, including expected synergies, well within our 1.5 to 2.5 high comfort range.

Our debt profile improved this year, driven by earnings growth and approximately \$120 million of divestiture proceeds. After the quarter closed, we expanded our credit facility by \$300 million, bringing total capacity to \$1.6 billion.

Let me walk through how we're deploying capital across 4 priorities. First, organic investment, our top priority, we're scaling our journal portfolio led by our flagship advanced collection, now 25-plus journals generating \$70 million in revenue and growing at strong double digits. Our research exchange platform is expected to open new revenue as we saw this quarter with Liverpool University Press and reduced our cost to publish, and we're expanding AI and data analytics capabilities.

New leadership, new skill sets, rapidly scaling our clinical outcome assessments business and building out our research intelligence and audience monetization platforms. Second, M&A. We acquired Emerald for \$452 million, an all-cash transaction at roughly 7x adjusted EBITDA, including \$30 million of targeted cost synergies.

Financially, Emerald is exactly the kind of high-margin recurring business we want to own and the strategic and cultural fit are equally compelling. Third, portfolio optimization, we continue to evaluate the portfolio for potential divestitures that no longer fit our growth or margin profile; and fourth, return to shareholders. Record share buybacks of \$100 million in fiscal '26, up 67% and with \$174 million in total return, up from \$137 million. Our average repurchase price was \$35 per share, a high return use of capital.

Across all 4, disciplined capital allocation remains our commitment. Balancing growth investment, balance sheet strength and shareholder returns. Let me set the stage for fiscal '27 before walking through our outlook. Momentum across 5 priorities. First, research driving mid-single-digit growth with researcher productivity accelerating, continued market share gains and new society wins.

Learning is expected to improve with digital growth in academic and frontlist momentum in Professional. Second, AI momentum accelerating. Recurring revenue is expected to scale rapidly from our multiyear partnerships and increasing corporate momentum, new leadership, accelerating growth vectors and continued demand for training.

We're also monitoring IP copyright court decisions expected in the coming months, which we believe will further validate the value of our content. Third, operational excellence accelerating, a full launch of the research exchange platform, our Virtusa partnership delivering efficiency and product innovation gains and our AI Center of Excellence, transforming workflow productivity.

Fourth, margin expansion and cash flow growth continuing tech transformation, corporate cost reduction and AI productivity gains, freeing up capacity to invest in our highest return opportunities. And fifth, disciplined capital allocation driving higher ROIC and recurring revenue growth while maintaining our commitment to returning excess cash to shareholders.

Let me close with our fiscal '27 outlook. Organic revenue is expected to grow low to mid-single digits, with research at mid-single digits. This excludes approximately \$78 million of anticipated Emerald revenue contribution, which is included in all other metrics. Adjusted EBITDA margin of 26.5% to 27.5%, up from 26.2%. Multiyear margin expansion remains a core financial commitment.

Adjusted EPS of \$4.60 to \$5.05, up from \$4.19, including an approximate \$0.10 contribution from Emerald and free cash flow of \$205 million, up from \$195 million driven by expected cash earnings growth and moderated by \$15 million of year 1 Emerald dilution and in of higher CapEx largely from new product development, restructuring costs, we expect to moderate over time and higher cash taxes.

Emerald turns free cash flow accretive in fiscal '28 becomes a significant contributor in the years ahead. One comment on quarterly phasing. In Q1, as you may recall, we'll have an unfavorable year-over-year comparison of roughly \$25 million tied to prior year AI projects. At the same time, Emerald will contribute 2 months of revenue or approximately \$14 million. As always, it's much more relevant to look at us on a full year basis. In summary, research accelerating, AI compounding, margins expanding and capital deployed with discipline, Wiley is well positioned for fiscal '27 and the coming years.

With that, I'll pass the call back to Matt.

Matthew S. Kissner

President, CEO & Employee Director

Thank you, Craig. Before we close, I want to say a few words about our leadership team. This is a forward-leading and galvanized group moving decisively to drive innovation and value across Wiley. The leaders who joined us in fiscal '26 have brought a fresh perspective to our content advantage and foundational strengths, how we innovate, grow and win. Craig, of course, our CFO, and on my hand, [Rafal,] our Chief AI and Data Analytics Officer; and Jessica Kowalski, our General Manager of Research. Each has stepped into exactly the right role at exactly the right moment in an already exceptional team. The results speak for themselves, and we're only getting started.

To summarize, we are accelerating progress in all major areas of value creation, driving strong growth in research and AI and data analytics, materially expanding margins and cash flow and deploying capital strategically while continuously improving ROIC.

Our 2 reinforcement growth engines have been and will continue to be major beneficiaries in the AI economy. Research fuels, the trusted content and intelligence for AI and data analytics, AI accelerates the pace of research. The AI engine is expected to compound as we uncover more hidden gems in our portfolio. and our disciplined capital allocation and portfolio evaluation will continue to drive shareholder value, organic investment in research and AI and data analytics to drive high-margin recurring revenue growth.

The Emerald acquisition is expected to be significantly accretive to earnings near term with leverage still in a high comfort level ongoing portfolio evaluation for fit to growth and margin profile and continuation of rewarding our long-term shareholders.

Before I open it up to questions, I want to thank our global colleagues. This was a breakout year because of you. It is your work that makes Wiley not only an exceptional public company, but a genuine force for good, recently named one of the world's most impactful companies by Time Magazine recognized for both economic significance and net positive impact to humanity.

While it will be a key sponsor at the UN's AI for good Summit with the global standards for responsible AI are being written. Wiley is part of those conversations. Finally, I want to extend a warm welcome to our new colleagues from Emerald. Together, we look ahead to 2027, Wiley's 220th year of continuous change in innovation. Let's open the line for questions

Question and Answer

Operator

[Operator Instructions] Your first question comes from Daniel Moore with CJS Securities.

Daniel Joseph Moore

CJS Securities, Inc.

Craig, a lot of detail, a lot of ground to cover, so I'll get started. In terms of AI-related revenue, maybe just crystallize your outlook as we think about 27% across all 3 buckets, starting with further monetization of proprietary content feeding LLM second, the opportunity to partner and deliver data and content as a third party.

And then third, the recurring revenue bucket, which sounds like talk -- I think, if I heard correctly, up 2 to 3x from the \$8 million that we saw this past year. So just want to crystallize those and when you say above \$50 million, is that sort of the baseline? Is there upside to that if we get more discrete opportunities? Any color there would be great.

Craig Albright

Executive VP & CFO

Dan, thanks for the question. We're very excited about this area of the business. As you've seen from our material here, we do expect another big year in -- as you know, we're kind of undergoing a shift here from what we've seen in the past of the training model, nonrecurring revenue to more of the recurring revenues.

So we're confident in saying we think that we'll have above \$50 million as we head into the new year, and we'll be shifting materially from the nonrecurring into more recurring revenue, about 2x to 3x what we did this year.

Speaking to some of the vectors, we're very excited about each of them around the database solutions around audience solutions and around our applied research intelligence, all of those give us a lot of promise and opportunity for significant material contributions in the future.

In fiscal '27, there are some areas of those which are going to be picking up in some areas which are going to be areas of investment for us. And we'll be laying out more of that when we get to our Investor Day in fiscal '27. But what I can say is we're confident in the \$50 million plus. There's a little bit of uncertainty when you're dealing with the nonrecurring revenue, but we're really pleased with the momentum we see in the areas we're investing in the areas of the recurring revenue that are ramping up right now.

Matthew S. Kissner

President, CEO & Employee Director

Yes. Dan, this is Matt. I want to add to that. What we're also doing is signaling kind of the strategic evolution of where we're headed with that business. And so those 3 vectors are really. It's kind of the future growth engines as -- and we talked about how this market is still developing. And we see those as going to be beyond '27. Those will be the future growth engines for this business. And each of them are fairly -- have fairly significant big addressable markets. So more to come on that when we get to the Investor Day we talked about.

But what we're trying to do is introduce some of that transparency right now to give you on our other investors' sense of how the business -- how we see the business evolving.

Daniel Joseph Moore

CJS Securities, Inc.

Really helpful. Appreciate that. The Emerald acquisition, I think you said mid-single-digit organic growth. Is that what the profile has looked like recently? And then just talk about the mix between traditional subscriptions versus mixed model open access and then most importantly, how their economic business finance data and content fit into your broader licensing and monetization strategy as it relates to AI. .

Matthew S. Kissner

President, CEO & Employee Director

Yes, let me ask great to go through some of the numbers. And then I want to talk about kind of how it fits in strategically.

Craig Albright

Executive VP & CFO

Yes. We really like Emerald as a business. We like Emerald strategy, we like Emirates cultural fit. It's very consistent with the kind of business we run and highly synergistic. With revenue of about \$85 million, recurring revenue about 92% and customer retention of 99.6% and there's a lot of things to like about the revenue profile with Emerald.

We do see kind of that mid-single-digit kind of growth profile, which is going to be consistent with the direction that we're heading with our overall research publishing business. And from a margin perspective, in 37% to 38% type EBITDA margins, again, very synergistic and complementary to our business. not much more to that to say other than they share the same characteristics of high submissions intake of over 28%.

And all the recurring revenue model that I spoke to a moment ago. So very synergistic, strong revenue profile, and we're excited to welcome our colleagues on board with us.

Matthew S. Kissner

President, CEO & Employee Director

Yes. Dan, a couple of comments strategically. I've talked about the fact that we've built out a very efficient infrastructure now. So research publishing assets enable us to leverage that scale advantage. And you know they don't come up that often, particularly of this size. So they were certainly immediately a scale play.

I think there were 2 of the plays for us here. One is that it really strengthens our presence in finance and economics. And so as we build out future AI value propositions in those disciplines, we now have the leading position or the second leading position in many of those areas.

So it strengthens that play. And importantly, they have a fairly narrow footprint in the U.S. market. And so we obviously have a very strong footprint in the U.S. market, and we see potential revenue synergies there as we get into this a little further.

Daniel Joseph Moore

CJS Securities, Inc.

Really helpful. I want to kind of relate that commentary about margins to the fiscal '26 guide implying 30 to 130 basis points of continued EBITDA margin expansion. Certainly very healthy, though obviously, Emerald contributes at least a small portion of that.

So just talk about are there any offsets of initial investments, et cetera, related to Emerald or otherwise embedded in that? Or could we see even additional upside as we think about kind of the margin trajectory in fiscal '27 and beyond?

Matthew S. Kissner

President, CEO & Employee Director

Yes. As you think about the margin characteristics, again, 2 businesses, Wiley and Emerald, that are very complementary.

We've looked carefully, as you saw from our outlining of the integration plans and initially, we want to find the right way to bring the 2 businesses together. And we see over time the ability to by year 3, get to the 30 million run rate cost synergies.

So we don't expect that to be materially impacting in fiscal '27. We expect more of a ramp-up in '28 and '29. Where we do see continued margin opportunity is through the very things we've been focused on through technology transformation inside of our business through continued focus on our internal organizational efficiency and effectiveness and also with what we're doing with our new AI center of excellence work across the business.

So there are multiple levers for multiyear margin expansion in the business and Emerald will be playing a role in that more so over time. But right now, we're focused on a very good combination of 2 very winning companies, Emerald and Wiley.

Daniel Joseph Moore
CJS Securities, Inc.

Helpful. Shifting gears, Craig, learning, you gave some details about the outlook for fiscal '27. Can we just sort of break it down, starting with Courseware, what you see over the next 12 to 18 months a second academic and professional publishing, -- is that stable? Do we see that continued pressure or turning positive and then third, the assessment business. So if you could just kind of give us a breakdown of your outlook here near to midterm in each, that would be helpful.

Craig Albright
Executive VP & CFO

That's a great question, Dan. We don't guide to our specific segments here. But what I did want to do is maybe share just a little bit of how we see our position here. First of all, we see continuing challenges here, the retail conditions, namely Amazon's inventory practices, which, as you might recall, started August of last year, and we expect to continue on a year-over-year basis until we lap that impact when we get to later on into this year in August.

We continue to see some consumer and corporate headwinds in professional publishing and assessments. But for the coming year, we expect several drivers of revenue improvement First of all, we're projecting stronger frontline productivity.

We see stabilization in Amazon's inventory practices, and we just need to get past the year-over-year lapping period, but specifically around the backlist in fiscal '27. We've also released new products and capabilities and assessments.

And in academic, we anticipate some improvement in our digital courseware business as we lean into growth in our digital products led by Inclusive Access. So the segment is not -- I don't think we characterize it as a growth engine, but it is expected to materially improve in fiscal '27 and we like the growth drivers that we see inside it and the areas that I mentioned.

Daniel Joseph Moore
CJS Securities, Inc.

Putting that together, it certainly sounds like you expect EBITDA growth in the segment year-over-year. Is that correct?

Craig Albright
Executive VP & CFO

Again, we're not guiding at the segment level here. But as a matter overall, we are expecting revenue growth and margin expansion heading into next year, and we're pulling on all the levers inside of our portfolio to make that happen.

Daniel Joseph Moore
CJS Securities, Inc.

Helpful. Just talk a little bit about the delayed cash collections around renewals. What's causing that? Do you see that as a trend or discrete to this renewal cycle and expectations for recapturing that either in fiscal Q1 or into fiscal 2017, those collections that were pushed out.

Craig Albright

Executive VP & CFO

Yes, we actually feel very positive about the renewal season we went through. We entered fiscal '26 with a lot of uncertainty and research funding and a lot of conversations with institution just about where the market was headed. And we finished the year quite strong, quite confident in the renewal season that we had.

One characteristic, though, with some of the larger renewals got pushed towards the back end of the cycle towards the end of our fiscal year. And while we were able to close those deals at the end of the year, there was some timing in terms of the payment due dates and some of the cash collections.

I wouldn't describe it as overly material here and certainly not a trend -- but just kind of endemic of this cycle here that we have some large renewals that kind of got bunched up toward the end of the year on us, which impacted not revenue, but our cash collections.

Matthew S. Kissner

President, CEO & Employee Director

Yes there's always some audit at the end of the fiscal. Dan, you've seen this before where certain deals just kind of fall over into the new fiscal. So it's -- it's nothing we're really concerned about. It will catch up in the fourth quarter first quarter.

Daniel Joseph Moore

CJS Securities, Inc.

Really helpful. Just -- and then tying that to the overall guide for \$205 million obviously continued progress, which includes some dilution from Emerald. So if you could just review what we said about kind of why Emerald is maybe modestly dilutive on a cash flow basis this year one and then expectations beyond.

Craig Albright

Executive VP & CFO

Sure. Yes. We -- as you saw from our guide, were \$205 million, which was up from \$195 million in the prior year. As we think about the impact on that, there was \$15 million in dilution related to a combination of EBITDA contribution, restructuring, onetime integration costs and interest associated with that. So that's the \$15 million there. There's another \$15 million of impact as our CapEx increases from \$65 million to \$80 million and that's reflecting really a normalization of our CapEx.

If you look historically, we've been closer in that kind of 75% to 80% kind of range. And tech transformation reduced that temporarily as we went through last year and is really normalizing. But at the same time, we're returning a focus towards more investment in product development and CapEx as we're building out on those 3 vectors of AI and data analytics growth that we are highlighting earlier here.

So those are the kind of 2 major kind of impacts as you think about the free cash flow move year-over-year. Underlying that, though, you can see very strong continued upward momentum on free cash flow, especially on free cash flow conversion as we kind of closed off fiscal '26 significantly better from where we were in '25.

Daniel Joseph Moore

CJS Securities, Inc.

All right. I said I had a lot of ground to cover. Last one. Capital allocation. We expect to continue to be balanced and repurchase shares, particularly at these levels? Or are we thinking more kind of delever first

following the Emerald acquisition and very much look forward to seeing you at our conference in July for more details. .

Craig Albright

Executive VP & CFO

Yes. So I think we continue to be very interested in returning excess cash to shareholders. We look at our share price, and we remain very optimistic that we're undervalued and there's opportunity for us to buy back shares -- let me put that in the context of our total capital allocation kind of thinking, which is we start with organic investment. We see plenty of opportunities for high return on invested capital investments inside of the business, many of which Matt outlined as we went through earnings.

We do think about our optimal capital structure and at 2.1x on a pro forma basis with Emerald, we feel very comfortable in our kind of long-term range of kind of 1.5% to 2.5%. There could be some opportunities to tighten that up. But then as we think about returning excess cash to shareholders, we continue to maintain a very dividend forward policy and continue to be active in buying back our shares as we have been I'm not going to comment specifically on how much in terms of share buybacks yet.

I think we want to see the year evolve and be opportunistic in terms of where our price is. But at this point, we think the price is very favorable for us to continue to be active in the market, and we feel very bullish about where we could take the business.

Operator

We have reached the end of the Q&A session. I will now turn the call back to Mr. Kissner for closing remarks.

Matthew S. Kissner

President, CEO & Employee Director

Good. Thank you, everybody. I know this was a longer than usual call, but it is year-end, and we have a lot of exciting work that we wanted to share. And so we appreciate you sticking with us. We look forward to the update at our September call, where we can talk about the progress we're making on all of these elements. So have a great summer and we'll see you in September.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.

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