Wiley Investor Day

Research and Learning Services in the Knowledge Economy

WILEY

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Introduction

Speakers

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About Wiley

Wiley is a global provider of knowledge and learning services primarily in areas of science, technology, medicine, mathematics/engineering, and business/finance. Through the **Research** segment, the Company provides scientific, technical, medical, and scholarly journals, as well as related content and services, for academic, corporate, and government libraries, learned societies, and individual researchers and other professionals. The **Publishing** segment provides scientific, professional development, and education books and related content, as well as test preparation services and course workflow tools, to libraries, corporations, students, professionals, and researchers. In **Solutions**, Wiley provides online program management services for higher education institutions, and learning, development, and assessment services for businesses and professionals.

Forward Looking Statements

This presentation contains certain forward-looking statements concerning the Company's operations, performance, and financial condition. Reliance should not be placed on forward-looking statements, as actual results may differ materially from those in any forward-looking statements. Any such forward-looking statements are based upon a number of assumptions and estimates that are inherently subject to uncertainties and contingencies, many of which are beyond the control of the Company, and are subject to change based on many important factors. Such factors are detailed in the Company's filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any such forward-looking statements to reflect subsequent events or circumstances.

Agenda

1. Impact, Culture, and Values
2. Profile and Progress
3. Publishing
4. Research
5. Solutions
6. Financials, Investments, and Operational Excellence
7. Summary

Impact, Culture, and Values

210 Years of Impact

*We **improve** scientific, technical, and medical research for a better world. We **help** people thrive in a knowledge economy. We help authors **build** their careers, researchers improve their findings, and academic societies **connect with** their communities. We help people and organizations **develop** the professional skills they need to succeed. We help teachers **teach** and students **learn**. For over 200 years, we have **enabled** life-saving breakthroughs in science and medicine, productivity gains in business, and measurable outcomes in education. We have rewarded our shareholders in the process.*

Culture and Values





Our Values

People

Partnerships

Performance



Our Focus

Solutions for our customers/partners

Collaboration and community

Accountability and productivity

Driving long-term results

Partners and Customers



- Over 800 academic society partners
- 15 million researchers
- Thousands of academic institutions
- Hundreds of thousands of students
- Hundreds of leading companies
- 40 million professionals and lifelong learners



- Scores of governments and agencies
- Dozens of certification and corporate partnerships
- Thousands of shareholders

Key Themes

Strength and Consistency

Investment in Growth and Infrastructure

Operational Excellence

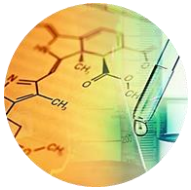






Profile and Progress

A Leading Research and Learning Business

Segment	Description	Revenue share	Market position	Organic growth	CTP margin*	CTP share^	Digital %
Research 	Scientific, Technical, Medical Information and Services for Researchers	50%	Top 3	Steady 1-2%	29%	66%	90%
Publishing 	Books and References, Test Preparation, Course Workflow for Professionals and Students	37%	Strong positions in STEM and Business	Growth in digital books, course workflow, and test prep; market-driven decline in print	18%	31%	30%
Solutions 	Learning Services for Corporations and Universities	13%	Top 3 in OPM	Double-digit	6% Investment mode	3%	100%

*1H Segment Contribution to Profit (After Allocation Shared Services)/Revenue
^Segment Contribution to Profit/Total Contribution to Profit

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A Digital Business

PLATFORM	ONLINE RESEARCH	ONLINE LEARNING	ONLINE EDUCATION
			
PRODUCTS	Journals, Online Books and Reference Material, Databases	Corporate Learning and Training, Professional Assessment, Test Preparation, Course Workflow	Online Graduate Degree Programs
PARTNERS	800+ society partners	Certifying bodies, training consultants, professors, corporations	37 colleges & universities
CUSTOMERS	University, corporate, and government research libraries worldwide	Small, medium, and large enterprises	
END USERS	Millions of researchers and professionals	Millions of professionals and students	Tens of thousands of graduate students

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Market Opportunities and Dynamics

R&D funding growing 3%+ worldwide; a means of competitive advantage among companies and nations

Increases in research article output and usage

Growth in online education

Growth in digital learning (corporate and individual)

Market declines in print

Current Environment

- Period of **foundational investment;** near-term and long-term benefits expected
- Steady growth, reliable cash generation, and sustainable “top 3” position in **Research**, our largest and most profitable business
- Continued double-digit growth and sales momentum from **Solutions** businesses; significant improvement in profit contribution
- Digital revenue gains in **Publishing** (scientific, quantitative, and business content; course workflow and test preparation) offset by print declines; net market erosion being mitigated through efficiency gains and investment in emerging growth opportunities
- Relentless focus on **operational excellence** (cost benchmarking, workflow improvements)

Achieving Our Stated Objectives

Stated Objective	Status
Improve organic revenue and margin growth in Research; invest in technology and capabilities	1H revenue up 2% organically; continued strong incremental growth in author-funded access; transformative technology acquisition (Atypon) announced, supporting revenue growth and significant cost savings
Consolidate Publishing businesses; refocus and realign cost base to revenue profile	Books consolidated. Print-related costs shifted to fully-variable models for content management, production, and distribution (except for UK distribution facility). Cost realignment in place. Strong partner pipeline built for test preparation. Gains in WileyPLUS volume.
Maintain growth in Solutions business and improve profitability over time	Double-digit top line growth rate maintained. OPM growth rate and student enrollment improved. Material 1H improvement in CTP. All three businesses now EBITDA+. Strong partner pipeline in view.
Improve operational effectiveness	Achievements with ERP deployment (global financials complete) and office transformation (50% complete); migration to world class Literatum library platform commenced; cost benchmark program implemented and savings realized; internal workflow improvements made

Near-Term Goals

1. Increase top line growth and margin in **Research;** complete migration to Literatum platform; grow society business and new service revenue through platform; launch new owned journals and grow article output in existing journals; realize continued savings from operating efficiencies
2. Maintain double-digit growth rates in **Solutions**; meaningfully increase segment profit contribution; announce new partners in online program management while optimizing portfolio
3. Grow digital and franchise revenues in **Publishing;** announce new partnerships for Test Preparation; increase WileyPLUS penetration; offset print revenue decline with continued cost savings and portfolio adjustments; manage underperformers for value/cash
4. Improve **operational excellence** – complete ERP deployment, office transformation, online library migration; simplify/standardize/automate business processes; achieve competitive cost benchmarks

Publishing

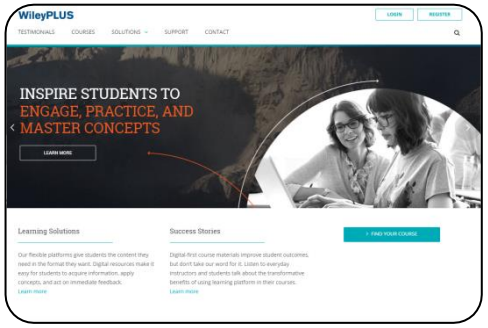
Books and Reference Content and Learning Products for Professionals, Researchers, and Students

Publishing Overview

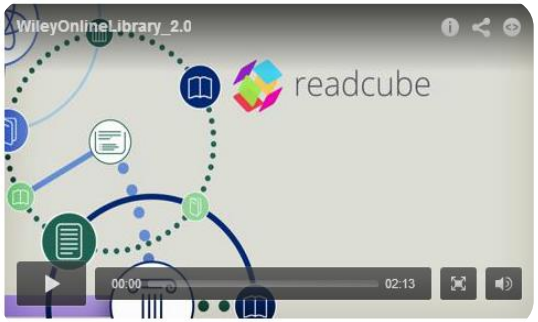
Test Preparation and Certification continuing its double-digit growth trajectory. Programs include CFA, CPA, ACT, GMAC, CIA, CFP, FRM, CMT, etc. Strong pipeline of potential new programs.

Course Workflow (WileyPLUS) continues to grow in a challenging environment, up 6% YTD and showing good progress in direct-to-student sales.

Overall revenue down 10% YTD due to market-driven decline in print books (-17% YTD). Digital books up 4%. Shifting consumer behavior. Books now down to 30% of overall Wiley revenue; print books down to 20%. Revenue decline being mitigated by fixed-cost reductions and overall efficiency gains, along with investments in emerging growth opportunities.







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Priorities – Optimize and Rationalize

Refocus Book Portfolio to Drive Performance

- Aggressively leverage strategic partnerships, author networks, and editorial expertise
- Press our advantage in areas of strength (Business, STEM, franchise authors, partnerships)
- Reshape portfolio for value
- Align support functions with rationalized portfolio
- Continue to drive to variable cost model to reflect lower volumes

Invest in Test Preparation and Course Workflow

- Increase number of test preparation/certification courses in professional markets. Good pipeline in place. Proven platform that can be extended to any area that requires certification.
- Increase WileyPLUS penetration through implementation specialists, realigned sales and marketing effort, direct-to-student capabilities, and STEM/Business/Finance refocus

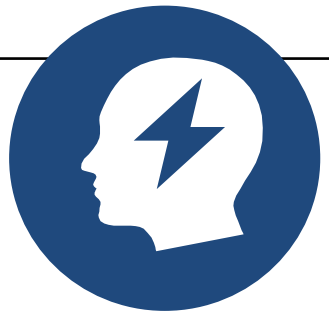
Research

Scientific, Technical, Medical, and Scholarly Information and Services for Researchers and Professionals

Research Overview

Market	Wiley	Atypon
~2% annual growth Faster growth in developing markets and author-funded access Research article output growing at 5% Industry is now digital (Wiley: nearly 90% of revenue from digital)	Top-3 behind Reed Elsevier and Springer Nature; 11% of global articles; >800 society partners 2% annual growth; outperforms the market in author-funded access (>20%) Historic focus on quality has constrained article growth, but corresponding opportunity to gain share	Literatum is the most widely used and fully featured online publishing platform for the professional and scholarly publishing industry Hosts one-third of the world's English-language journals: 9K journals, 13 million articles, 120 million online books 1,500 society and publishing customers, including many of the world's largest







Strategic Priorities – Significant Opportunities

Grow Article Output (we already have the articles we need)

- Wiley publishes only 1/3 of the ~500K articles it receives every year; many of those that do not make the cut are published elsewhere
- Invest in authoring and peer review workflow, marketing/sales, and author-funded access capabilities to enhance growth rate

Grow Services Revenue (Atypon is transformative to the business)

- Extend deep into the society lifecycle, including rights management, B2B and corporate marketing, conference and membership management
- Workflow as a service (dashboard and analytics) to publishers and societies
- Author Services to publishers and authors
- Aggregated online advertising network (platform has 1.6B user sessions/year)

Grow Developing Markets Revenue (capture share)

- China, India, Central and Eastern Europe, and Middle East/North Africa
- $90M currently, growing at 5-10%
- Significant opportunity to publish more articles and increase library and government revenue

Looking Out – 5 Years

WHERE WE ARE	WHERE WE ARE GOING (ASPIRATIONS)
85% of revenue from sale of content	**Versatile balance of content and services.** Partnerships, including some competitors as valued customers
Wiley publishing 11% of world's articles	Wiley plus Atypon = >50% of world's articles
Society licensing significantly driven by economics	Society licensing driven by valued-added services and partnerships
Wiley authors are suppliers of articles	Wiley authors are partners and customers
Growth in line with market (~2%)	**Growing faster than the market**
Competitive advantage: world-renowned journal brands and quality; reputation; society and industry publishing leader through publishing services backbone	

Solutions

Learning Services for Enterprises, Professionals, and Students

Solutions Overview

Online Program Management (48% of revenue)	Talent Management (52% of revenue)
$4B addressable market in outsourced higher education services, growing at 10% per year Wiley services include OPM ($1B addressable market) and recruitment services. Potential to add learning management, retention, lead generation, alumni services, and pathway/career services Wiley in top 3 for OPM ($100M+), growing 15-20% a year. 37 university partners and 231 graduate degree programs, predominantly in the US Announcing much larger partnerships (George Mason) and working towards profitability **Competitive advantage: Full educational partner to universities; strong brand equity and reputation at all levels**	$6B in spending on outsourced talent management services, growing at 10% a year Wiley services include corporate learning, pre-hire assessment, and post-hire assessment ($110M in revenue), growing at mid-teens overall Highly fragmented market with no clear leader across all areas. Corporate Learning sold direct to enterprises; assessments mostly through independent partners **Competitive advantage: world-class content; positioned as a technology-enabled content player; points of presence model with thousands of distribution partners**



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Strategic Priorities – Smart Expansion

Online Program Management – Strong Momentum, Larger Deals, Expanded Offerings

- Big win. Recently announced 10-year, multiple program agreement with George Mason
- More big wins expected. Strong new partner and program pipeline on horizon
- Strategically sun-setting certain partnerships and programs to devote bandwidth to bigger opportunities
- Expand offering to include recruiting, admission, and retention services. Ranku provides recruitment technology and predictive analytics for over 1,000 degree programs. Exploring acquisitions in other outsourced areas
- Go deeper and broader with services to existing partners

Talent Management – Targeted Investments

- Significant international growth (Europe). Refocused sales and marketing
- Strong opportunity using different distribution strategies (“points of presence”)

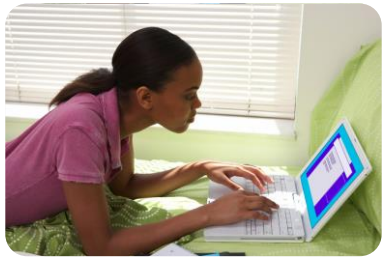
Substantially Improve Contribution to Profit with Goal of Turning EPS Accretive

- CTP positive, up $7M through 1H, most of it from efficiency gains in Online Program Management. Businesses are EBITDA positive this year
- Continued drive to improved profitability going forward

Looking Out – 5 Years

WHERE WE ARE	WHERE WE ARE GOING (ASPIRATIONS)
Online Program Management Talent Management	**Education and Career Services Partner,** including online programs, recruitment and lead generation, learning management services, retention, career services, job boards, assessments, test preparation, alumni services
Addressable market of $1B (OPM)	Addressable market of $4B
Growth of 15-20% on $200M base	**Growth rate sustained on much larger revenue base**
Investment mode – dilutive by $0.20/share in FY17	Consistently profitable – high-teens to 20%+ operating margins



Financials, Investments, and Operational Excellence

Characteristics of the Business

Predictable, digital, global, and cash generative

Revenue	FY16
Recurring revenue	50%
Digital revenue	63%
Revenue outside US	50%

Financial Strength	FY16
Net Debt to EBITDA	<1
Operating Cash Flow Margin*	20%
Free Cash Flow Yield**	6%

Current Environment (FY17 ex-Atypon/Ranku)

1. Underlying revenue flat with Journal and Solutions growth offsetting Books decline (print); print books now only 20% of revenue; approximately 50% of revenue recurring
2. Operating margin and adjusted EPS (decline mid-single digits) constrained by short-term investment in technology (particularly ERP) and in building scale in Solutions businesses
3. Cash flow profile remains strong. Near-term Free Cash Flow impacted by investments in ERP and office transformation

*FY16 Cash from Operations/FY16 Revenue
**FY16 Free Cash Flow/Current Market Cap (as of January 11, 2017)

Operational Excellence Update

Major Initiatives	Reasons	Status
On-board Atypon and migrate to Literatum platform	Market-leading platform for the professional and scholarly publishing industry; $10M in annual development and maintenance savings starting in FY19	Recently commenced. Migration to be completed in second half of FY18
Simplify/standardize/ automate business processes, achieve competitive cost benchmarks	Improved efficiency and effectiveness across the business, enabling improved service to customers and partners and increased operating margin	SAP financials complete. Record-to-report and procure-to-pay functionality implemented globally. Technology excellence initiatives driving improved capabilities and value while containing cost
Transform HQ office environment	Significant lease savings and improved productivity	50% complete; balance to be completed by 2H FY18
Outsource US distribution	Significant cost savings from the move to a variable cost model for Books	Last in-house operation in UK, managed for value as external service provider

Strong Balance Sheet Enables Investment and Cash Returns

	2012	2013	2014	2015	2016	
Leverage (Net debt to EBITDA)	0.5	0.8	0.5	0.8	0.7	**Peak leverage (2007) at nearly 4x EBITDA; reduced to 1.3x by 2010**
Acquisitions ($M)	92	263	55	172	20	**Atypon acquired for $120M in FY17**
Dividends ($M)	48	57	59	68	70	**10% CAGR; 22 years of consecutive increases**
Repurchases ($M)	87	74	63	62	70	**Average price paid = approximately $48; currently at $57***
Investment in Business Capex ($M)	120	109	98	108	131	**$160M expected in 2017, a peak year of investment**

*As of January 11, 2017

Looking Out – Investments Rolling Off (Expense)

Variable (EPS Impact)	FY17P
ERP Investment	($0.20)
Corporate Learning/ Online Program Management	($0.20)
Atypon/Ranku	($0.15)
Combined Impact	**($0.55)**

Looking ahead:

- $25M run rate opex savings in FY18 largely enabled by ERP implementation (half of that realized in FY17)
- ERP implementation completing toward end of FY18; smaller enhancements and maintenance to continue
- Corporate Learning and Online Program Management trend toward EPS neutral in FY19
- Atypon/Ranku trend to EPS accretive in FY19

Looking Out – Investments Rolling Off (Capex)

Variable	FY14	FY15	FY16	FY17P
Cash from Operations	**$348M**	**$355M**	**$350M**	**Steady**
ERP and Office Investment		($5M)	($22M)	($50M)
Total Capex	($98M)	($108M)	($131M)	($160M)
Free Cash Flow	**$250M**	**$247M**	**$219M**	
				Peak Investment

Looking ahead:

- Strong Cash from Operations to grow in line with earnings
- Investment in ERP implementation and headquarters transformation peaks in FY17
- ERP implementation completing toward end of FY18; smaller enhancements and maintenance to continue
- HQ transformation completing by mid-FY18

Financial Takeaways

- Our foundation of must-have content, strong cash generation, and a top market position remains rock solid
- Driving towards significant margin and cash flow improvement as major investments roll off, efficiency gains are realized, Solutions businesses begin to contribute, and Publishing portfolio is reshaped for value. Continuing to target operating margin of 17% or higher
- Strong balance sheet continues to provide flexibility for investment and return of capital
  - M&A primary focus on building scale and capabilities in Research and enhancing learning services portfolio
  - Balanced approach to returning cash to shareholders – continue to increase the dividend and buyback shares

Summary

Key Themes

Strength and Consistency

Investment in Growth and Infrastructure

Operational Excellence







Overall Takeaways

- Building on 210 years of impact and performance
- Stable and growing markets, with must-have content and strong market share
- Reliable cash and profit generation
- Research in strong position to capitalize on technology
- Solutions growth continuing, margins improving
- Digital publishing transformation continuing, enhanced by portfolio and cost adjustments
- Foundational investments to roll off; obsessive focus on operational improvements

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