John Wiley & Sons Reports First Quarter Fiscal Year 2012 Results

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<table>
<thead>
<tr>
<th>Change</th>
<th>$ millions</th>
<th>FY12</th>
<th>FY11</th>
<th>Excluding FX</th>
<th>Including FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Q1</td>
<td>$430</td>
<td>$408</td>
<td>0.40%</td>
<td>5%</td>
<td></td>
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<tr>
<td>Adjusted EPS*:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Q1</td>
<td>0.68</td>
<td>0.65</td>
<td>-3%</td>
<td>5%</td>
<td></td>
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<tr>
<td>GAAP EPS:</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Q1</td>
<td>0.82</td>
<td>0.72</td>
<td>7%</td>
<td>14%</td>
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*Excludes a $0.14 and $0.07 per share deferred tax benefit due to a change in statutory tax rates in fiscal year 2012 and 2011, respectively (see below).

John Wiley and Sons (NYSE: JWA and JWB), a global provider of content and workflow solutions in areas of scientific, technical, medical, and scholarly research; professional and personal development; and education today announced results for the first quarter of fiscal year 2012:

- **Revenue** growth of 5% including FX (+0.4% excluding FX)
- **Revenue growth by segment including FX:** STMS +10%, P/T +0.4%, and HE - 2%
- **Revenue growth by segment excluding FX:** STMS +3%, P/T -2%, and HE -5%
- **US GAAP earnings per share (EPS)** increased +$0.10 including FX to $0.82 (up +$0.05 excluding FX). U.S. GAAP EPS includes a $0.14 and $0.07 per share deferred tax benefit in fiscal year 2012 and 2011, respectively. The tax benefit was derived from two consecutive legislative reductions in the United Kingdom corporate income tax rates. The benefits had no current cash tax impact.
- **Adjusted EPS** increased +$0.03 to $0.68 including FX (-$0.02 per share excluding FX). Higher operating and administrative expenses were partially offset by lower interest expense, a lower effective tax rate and gross margin growth. Adjusted EPS excludes the deferred tax benefits described above.
- **Operating and Administrative Costs** were up 10% including FX (5% excluding FX) to $231 million, driven mostly by technology spending to support investments in digital products and infrastructure and increased facility and other direct costs to support business growth.
- **Outlook:** Reiterate outlook of mid-single-digit revenue growth excluding FX and EPS in a range from $3.15 to $3.20 including the effect of FX and excluding the tax benefit described above. If the U.S. dollar remains near current levels over the remainder of the fiscal year, we anticipate upside of up to $0.10 per share.
- **Share Repurchases:** Wiley repurchased 184,700 shares this quarter at a cost of $9.4 million.
- **Dividend:** In June, Wiley increased its quarterly dividend by 25% to $0.20. It was the eighteenth consecutive annual increase.

Management Commentary

"Despite a challenging global economy, we showed revenue growth in the quarter. STMS had a solid quarter with good underlying journal subscription growth, backfile sales, and a rebound in corporate sales. As expected, Professional/Trade revenue was down slightly due to the residual effects of the Borders bankruptcy, but eBook sales mitigated the effect. We also maintained or increased our market share during the quarter. Global Education slowed in part because U.S. and
international enrollment growth slowed, although higher margin non-traditional and digital product revenue was up 13% year-over-year."

Mr. Smith continued: "The digital transformation of our business continues to progress. We are seeing new revenue models, new customers, and new markets; deeper penetration in existing markets; cross-selling and up-selling opportunities both within in each business and among the three businesses; and margin accretion overall. Our planned initial launch of WileyPLUS Version 5 has been delayed due to some system response time performance concerns. Rather than go to market with a product that doesn’t meet our standards, we have rolled-back those titles that had been planned to be part of the initial release to the existing version of WileyPlus."

Outlook

Mr. Smith concluded: "Based on first quarter results, market conditions, and leading indicators, we reiterate our full year guidance of mid-single digit revenue growth, excluding FX: and EPS in a range from $3.15 to $3.20, including FX and excluding the UK deferred tax benefit this quarter. While our EPS guidance is unchanged on an operating basis, if the U.S. dollar remains near current levels over the remainder of the fiscal year, we anticipate upside of up to $0.10 per share."

Foreign Exchange

Any references to "currency neutral," "excluding foreign exchange (FX)," and "performance basis" exclude the effect of foreign exchange transactions and translation. The weighted average foreign exchange translation rates reflected in Wiley's income statement during the full fiscal year and first quarter of 2011 were approximately 1.56 Sterling and 1.33 Euro, and 1.49 Sterling and 1.25 Euro, respectively.

SCIENTIFIC, TECHNICAL, MEDICAL, AND SCHOLARLY (STMS)

- First quarter revenue +10%, or +3% excluding FX
- First quarter contribution to profit +13%, or +6% excluding FX
- Calendar year 2011 journal collection licenses account for 77% of our institutional subscription revenues, up from 72% in 2010.
- 73% of journal portfolio now with at least one Thompson ISI® impact factor (a measure of journal influence and impact). 317 journals were honored with top ten rankings for impact.

STMS revenue for the quarter was up 10% to $253 million, or 3% excluding foreign exchange. Solid journal subscription growth, new society business, backfile sales, and a rebound in corporate sales offset a decline in book sales. The book decline was mainly due to a $5 million one-time backfile book license last year with a university consortium. As of July 31, calendar year 2011 subscriptions increased approximately 3% excluding FX over calendar year 2010, as a result of increased customer orders and new business.

Direct contribution to profit for the quarter grew 13% to $106 million, or 6% excluding foreign exchange due to top line growth.

Society Partnerships

- 14 new society journals were signed in the quarter with combined annual revenue of $4 million.
- 36 renewals/extensions were signed with $5 million in combined annual revenue.
- No journal society contracts were lost.

New Society Contracts

- *The Reading Teacher, Journal of Adolescent & Adult Literacy, and Reading Research Quarterly,* for the International Reading Association
- *TESOL Quarterly and TESOL Journal,* for Teachers of English to Speakers of Other Languages (TESOL)
- *The Hastings Center Report,* a leading journal in applied ethics, covering areas such as bioethics and the environment
- *Symbolic Interaction,* for the Society for the Study of Symbolic Interaction
- *International Journal of Pediatric Obesity,* for the International Association for the Study of Obesity
- *Psych Journal,* for the Institute of Psychology, Chinese Academy of Sciences (IPCAS), China’s national psychology research institute. The journal will be the first English-language Psychology journal to appear from China.
- Four new titles added to our existing partnership with the Policy Studies Organisation: *Policy & Internet, Poverty & Public Policy, Risk, Hazards & Crisis in Public Policy,* and *World Medical & Health Policy.*

Alliances

- Strategic alliance with CECity, Inc. to provide healthcare professionals with new, customized quality and learning solutions. CECity provides healthcare information technology platforms that link job performance improvement, lifelong
learning, and quality reporting to drive high-quality clinical outcomes and patient care. This partnership will employ CECity’s market-leading technology capabilities with Wiley’s quality content to develop personalized eLearning and job performance improvement services for healthcare professionals.

- We have signed a five-year publishing agreement with the Society for Chemical industry (SCI) for the publication of Chemistry and Industry, a topical and international magazine that bridges the gap between scientific innovation and business.

Impact Factors

- In June, Wiley announced that the number of journal titles with an impact factor in the Thomson ISI® 2010 Journal Citation Reports increased 7% to 1087 titles of which 317 are ranked in the top ten. Approximately 73% of Wiley’s journal portfolio have a reported impact factor.

Wiley Online Library and Other Digital Initiatives

In the first full year since the launch of Wiley Online Library total usage, measured by articles accessed, has increased by 62% compared with the previous year. The growth in usage can be attributed to increased discoverability, improvements in user experience, and organic growth in unique users through enhanced marketing penetration.

PROFESSIONAL/TRADE (P/T)

- First quarter revenue grew 0.4% or fell 2% excluding FX.
- eBook revenue nearly tripled to $11 million, or 11% of P/T overall.
- Advertising/Web site revenue was up 20% over prior year, to $2 million.

P/T revenue grew 0.4% to $100 million, or fell 2% excluding FX primarily due to softness in consumer and technology categories partially offset by lower sales returns. The decline in consumer was due to the residual effects of the Border’s bankruptcy, while the decline in technology reflected strong first quarter prior year sales due to significant software releases. Professional categories, notably business and architecture, saw year-over-year growth. eBook revenue grew $7 million over prior year to $11 million.

Direct contribution to profit grew 5% to $23 million, or 2% excluding foreign exchange, reflecting top line results and higher gross margins from digital products.

Results by Category (excluding FX)

- Business was up 6% to $29 million, with solid growth in digital sales.
- Consumer fell 8% to $24 million due in large part to Borders.
- Technology was down 8% to $19 million against a very strong prior year, although Wiley increased its industry-leading market share.
- Professional Education fell 6% to $7 million against a strong prior year.
- Architecture rose 4% to $6 million.
- Psychology was flat at $3 million.

Digital Revenue

- eBook sales increased $7 million in the quarter to $11 million, accounting for 11% of P/T revenue (vs. 4% in the prior year). Strong growth at both Amazon and Apple drove results.
- eBook sales agreements were signed with Amazon Germany, ChristianBooks.com, and Blio.

Other Digital Initiatives/Products

- The Official GMAT app was launched in collaboration with GMAC and gWhiz. A complex test preparation application, the app includes in-app purchasing, a leader board (where users can compare their scores to others), as well as many other app assessment tools.
- Frommers.com launched the Frommer’s Dream Trip Recommender, an online tool designed to help travelers make their dream trip a reality, presented by American Express Travel as a launch sponsor.

New Books of Note

- Business and Finance: Aftershock, 2e, by David and Robert Wiedemer and Cindy Spitzer; GMAT Business Readys primarily for students starting business school. The product contains four modules (Accounting, Finance, Statistics, and Quantitative Skills) that can be purchased separately or in combination with each other.
GLOBAL EDUCATION (GE)

- First quarter revenue fell 2%, or 5% excluding FX.
- First quarter contribution to profit fell 17%, or 20% excluding FX.
- Non-traditional & digital revenue grew 13% to $18 million, accounting for 24% of revenue.

First quarter GE revenue fell 2% to $77 million, or 5% excluding favorable foreign exchange. The results were attributed to delayed ordering patterns, prior year rental stock build-up and lower enrollments in the U.S. and abroad. The U.S. higher education industry market has declined 8% since January 1. Non-traditional and digital revenue, which includes WileyPLUS, eBooks, digital content sold directly to institutions, binder editions, and custom publishing, was up 13% to $18 million. WileyPLUS billings were down 12% mainly due to lower college enrollments in the U.S.

Direct contribution to profit for the quarter declined 17% to $26.9 million, or 20% excluding favorable foreign exchange. The decrease reflected top line results and higher direct operating costs.

Global Revenue

- Americas fell 3% to $58 million, -4% excluding FX.
- EMEA fell 3% to $5 million, -7% excluding FX.
- Asia-Pacific grew 4% to $14 million, -9% excluding FX.

Category Sales (excluding FX)

- Engineering and Computer Science: revenue decreased 10% vs. prior year.
- Science revenue increased 7% vs. prior year. Titles driving growth include Tortora Principles of Anatomy and Physiology, 13e; Klein: Organic Chemistry, 1e; Allen: Lab Manual, 4e; and Jespersen: Chemistry, 6e.
- Business and Accounting revenue of $22.4 million was down slightly vs. prior year.
- Social Science revenue decreased 24% vs. prior year.
- Math revenue decreased 9% vs. prior year.
- Microsoft Official Academic Course (MOAC) revenue decreased 20% vs. prior year, attributable to lower revenue in the Windows Server titles.

WileyPLUS and Other Digital Initiatives

- The Fall 2011 planned launch of WileyPLUS Version 5 has been delayed pending improvements in system response time and performance. Contingency plans developed to address customer needs for those courses that had been planned for Version 5 for the Fall 2011 have been implemented. The delay will affect 35 courses that were included in the planned phased launch, representing 16% of all WileyPLUS courses.
- Billings of WileyPLUS fell 12% to $10 million, due to lower U.S. enrollments.
- Other digital revenue, excluding WileyPLUS (eBooks, digital content sold to institutions, etc.) grew 14% to $4 million.

Alliances

- An agreement was signed with Blackboard, which will provide instructors and students with direct access to WileyPLUS through the Blackboard learning management system. The collaboration will provide a seamless experience between Wiley course materials and the campus environment.

Note:

The Company provides cash flow and income measures referred to as adjusted EPS and free cash flow, which exclude certain items. Management believes the exclusion of such items provides additional information to facilitate the analysis of results. These non-GAAP measures are not intended to replace the financial results reported in accordance with GAAP.

Conference Call

- Scheduled for today, September 8, at 10:00 a.m. (EDT). Wiley will discuss financial results for the first quarter of fiscal year 2012.
- U.S. callers, please dial (866) 551-3680 and enter the participant code 3601788#.
- International callers, please dial (212) 401-6760 and enter the participant code 3601788#.
- A replay of the conference call will be available through September 15, 2011, and may be accessed by calling (866)-206-0173 and entering pin code 275438#. Additionally, an archive of the webcast will be available for a period of up to 14 days.
"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This release 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 include, but are not limited to (i) the level of investment in new technologies and products; (ii) subscriber renewal rates for the Company's journals; (iii) the financial stability and liquidity of journal subscription agents; (iv) the consolidation of book wholesalers and retail accounts; (v) the market position and financial stability of key online retailers; (vi) the seasonal nature of the Company's educational business and the impact of the used book market; (vii) worldwide economic and political conditions; (viii) the Company's ability to protect its copyrights and other intellectual property worldwide; (ix) the ability of the Company to successfully integrate acquired operations and realize expected opportunities; and (x) other factors detailed from time to time 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.

About Wiley

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