John Wiley & Sons Announces Fiscal Year and Fourth Quarter Results

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- Revenue up 4% excluding FX (+3% including FX)
- Adjusted EPS growth of 15% excluding FX, the $0.10 third quarter charge related to Borders, and $0.17 impairment and restructuring charges related to GIT last year.
- U.S. GAAP EPS growth of 16% including FX (+19% excluding FX)
- Free cash flow (FCF) increased 25% to $270 million
- Net debt (long term debt less cash and cash equivalents) reduced by $243 million during the year to $252 million.

Fourth Quarter

- Revenue down 0.5% excluding foreign exchange (up +2% including FX)
- Revenue growth by segment excluding FX: STMS flat, P/T -4%, HE +6%
- Reported EPS flat over prior year including FX (-5% excluding FX)

FY12 Outlook

- Expect FX neutral outlook of mid-single-digit revenue growth and EPS in a range from ($3.15 to $3.20)

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<th>FY11</th>
<th>FY10</th>
<th>Change</th>
<th>Including FX</th>
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<tbody>
<tr>
<td>Revenue:</td>
<td></td>
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<tr>
<td>Q4</td>
<td>$445</td>
<td>$436</td>
<td>-0.50%</td>
<td>2%</td>
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<td>Full Year</td>
<td>$1,743</td>
<td>$1,699</td>
<td>4%</td>
<td>3%</td>
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<tr>
<td>Adjusted EPS (1):</td>
<td>0.46</td>
<td>0.47</td>
<td>-7%</td>
<td>-2%</td>
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<tr>
<td>Full Year (2):</td>
<td>2.9</td>
<td>2.58</td>
<td>15%</td>
<td>12%</td>
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<tr>
<td>U.S. GAAP EPS:</td>
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1. Excludes a $0.10 per share bad debt charge related to Borders in the third quarter of FY11. Excludes impairment and restructuring charges reported in the prior year of $0.17 per share for the full year and $0.01 per share in the fourth quarter. Both Adjusted and Reported EPS include a $0.07 per share deferred income tax benefit on a reduction in the UK statutory tax rate in the first quarter of fiscal year 2011.

2. For comparability to our full fiscal year 2011 guidance, EPS grew 12% excluding the negative effect of FX, the $0.07 per share deferred tax benefit, the $0.10 per share bad debt charge, and prior year impairment and restructuring charges of $0.17 per share.

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 fourth quarter and fiscal year 2011.

Fiscal Year
Revenue advanced 3% to $1.74 billion, or 4% on a currency neutral basis. Adjusted EPS for the full year increased 12%, or 15% on a currency neutral basis, excluding a $0.10 third quarter bad debt charge related to Borders and $0.17 impairment and restructuring charges reported in the prior year. These growth rates include a $0.07 non-cash deferred tax benefit related to a reduction in the UK statutory corporate tax rate. Revenue growth in all segments, lower debt financing costs and lower income tax rates drove results.

On a US GAAP reported basis EPS grew 16%, to $2.80, or 19% excluding foreign exchange. For comparability to our full year guidance, adjusted EPS grew 10% excluding the charges in both years and the $0.07 per share first quarter UK statutory tax benefit.

- **Segment Revenue Performance:** STMS +4%, P/T +1% and HE +7%, excluding FX
- **Free Cash Flow:** $270 million, +25% over fiscal year 2010
- **Net Debt:** $252 million, down from $495 million at end of fiscal year 2010 and $720 million at end of fiscal year 2009
- **Share Repurchases:** Wiley repurchased 577,405 shares this year at an average price of approximately $48 per share. The Wiley Board of Directors approved a 4-million share program in September 2010.
- **Dividend:** In June 2010, Wiley increased its dividend for the seventeenth consecutive year.

Shared service and administrative costs grew 7% for the year, driven by a 23% increase in technology spending to support investments in digital products and infrastructure that support all our businesses such as content management initiatives including eBooks and customer data/relationship management initiatives, in addition to business-specific initiatives such as Wiley Online Library to further drive our online journals business, online books and advertising, and WileyPlus to support next-generation products and services.

Fourth Quarter
For the fourth quarter, revenue rose 2% to $445 million, but fell slightly (-0.5%) on a currency neutral basis. Scientific, Technical, Medical, and Scholarly (STMS) grew 3% or was flat on a currency neutral basis, primarily due to the acceleration of subscription contract agreements into the third quarter of fiscal year 2011 as reported previously. A strong performance in Higher Education (HE) was offset by softness in Professional/Trade (P/T) due to foregone sales related to Borders bankruptcy.

Earnings per share (EPS) was flat in the quarter, or down 5% on a currency neutral basis. Increased technology investment, professional fees, and operating costs were partially offset by lower accrued incentive costs, lower effective tax rate, and lower interest expense.

Management Commentary
"We are pleased to report another strong year," said Stephen Smith, President and CEO. "The shift to digital continues to enhance all of our businesses, resulting in new revenue models, new opportunities in emerging markets, and margin and working capital improvements."

Mr. Smith continued: "STMS continues to navigate well through a tight library and corporate budget environment, thanks to the outstanding quality of our content and relationships. Growth continues to come from new society partnerships, content licenses, emerging markets, and incremental business around our content."

"Higher Education had another strong year with growth and market share gains in all regions," said Mr. Smith. "Gross margin continued its upward trend, increasing to 66.7% through the full year from 65.5% a year ago, reflecting increased sales of high margin digital products such as WileyPLUS and eBooks."

"Even with the Borders disruption, Professional/Trade showed year-over-year growth and positive trends. Borders had been projected to account for approximately 5% of our fiscal year 2011 P/T sales. Our multi-channel strategy, providing our customers with flexibility and choice about where and how to purchase our products and our deep reservoir of quality content continues to serve us well. Ebooks continue to show outstanding growth."

Outlook
Mr. Smith concluded: "Moving forward, the ongoing shift to knowledge-based economies, robust demand for outcomes-based learning and worldwide investments in research and development are key drivers for us. Excluding foreign exchange, we expect mid-single digit revenue growth and EPS in a range from $3.15 to $3.20."

Foreign Exchange
The foregoing and following references to “currency neutral basis”, “excluding foreign exchange (FX)” and “performance basis” exclude the effect of foreign exchange transactions and translations. The weighted average foreign exchange translation rates reflected in Wiley’s income statement during fiscal year 2011 were approximately 1.56 Sterling and 1.33
**SCIENTIFIC, TECHNICAL, MEDICAL, AND SCHOLARLY (STMS)**

- **Fourth quarter revenue flat excluding FX, +4% full year**
- **Fourth quarter contribution to profit down 0.8%, +5% full year, excluding FX and prior year restructuring and impairment charges**
- **Calendar year 2011 journal subscription receipts showing approximately 3% growth with 95% of targeted full year business closed at April 30, 2011, as expected.**
- **Full year 2011 digital revenue at 59% of total STMS revenue**
- **Full year 2011 digital book revenue up 74% and now accounts for 16% of total book sales**

STMS revenue for the quarter was up 3% to $287 million, or essentially flat excluding foreign exchange. The soft performance for the quarter was as expected as a result of approximately $10 million of accelerated billings reported in Wiley's third quarter. Due to improved processes for journal subscription licensing implemented for calendar year 2011, revenue for published journals was accelerated into the third quarter of fiscal year 2011. Excluding the timing issue, new journal subscriptions and new society business, backfile sales and eBook revenue drove the results for the quarter.

Direct contribution to profit for the quarter grew 2% to $131 million, or fell 1% excluding foreign exchange and a prior year $0.8 million impairment/restructuring charge. Including the impairment and restructuring charge, direct contribution to profit for the quarter grew 3%, or was essentially flat excluding foreign exchange.

STMS revenue for the full year was up 1% to $999 million, or 4% excluding foreign exchange. Top-line results were driven by increased journal subscriptions, new journal society business and digital book growth. Through April 2011, subscription receipts for calendar year 2011 grew approximately 3% over calendar year 2010. Direct contribution to profit for the twelve months, excluding last year's impairment/restructuring charges of $15 million, rose 1%, or 5% excluding FX. Revenue growth and margin improvement due to outsourcing journal production and fulfillment was partially offset by higher operating costs from business growth. Including the impairment/restructuring charges, direct contribution grew 5%, or 9% on a currency neutral basis.

**Full Year Digital Revenue**

- Digital revenue was 59% of total STMS revenue
- Digital journal revenue was 81% of total journal revenue, up from 79% a year earlier
- Digital book revenue up 74% and now accounts for 16% of total book sales

**Society Partnerships**

- 2 new society journals were signed in the quarter; 37 for the full year with combined annual revenue of $9 million
- 23 renewals/extensions in the quarter; 100 for the full year with $56 million in combined annual revenue
- 1 journal was not renewed in the quarter; 4 not renewed in fiscal year 2011, totalling $1 million in annual revenue

**Key New Contracts (Fourth Quarter)**

- *Journal of Creative Behavior,* for the Creative Education Foundation (CEF), for 7 years. Founded in 1954, the CEF is recognized as the world leader in Applied Imagination.
- *Asia Pacific Journal of Human Resources,* for the Australian Human Resources Institute (AHRI). APJHR is the leading journal for HR professionals in Australia.

**Institutional Sales (Fourth Quarter)**

- Large backfile agreements were signed with universities in Australia, China, and the US. Backfile sales were up 31% over fiscal year 2010, with a strong showing in the Americas, Asia, and Europe.
- Online book and reference work agreements were signed with universities in Singapore and China.

**Alliances**

- An agreement to co-publish a new book series on neuroendocrinology was signed with the International Neuroendocrine Federation
- An agreement was signed with GeneBio for us to distribute their SmileMS mass spectrometry software which is used to identify small molecules.

**Other Initiatives**

- Wiley launched *Current Protocols in Mouse Biology.* Current Protocols is a series of laboratory manuals for life scientists. Scientists contribute methods which are reviewed by one of 14 Editorial Boards.
- Wiley-Blackwell and University College London released the backfile of their journal, *Annals of Human Genetics,* published between 1925 and 1954 under the name of *Annals of Eugenics.* As the first periodical dedicated to genetics as applied to humans, this journal published a number of seminal articles that have gone on to become classic papers of the scientific literature.
In the fourth quarter, we launched the Wiley Chinese Scholars Network (CSN). The CSN aims to support Chinese authors in the social sciences looking to publish their work in English-language journals.

**PROFESSIONAL/TRADE (P/T)**

- **Fourth quarter revenue down 4% excluding FX; up 1% full year**
- **Quarterly softness due to Borders’ impact on consumer titles. Borders represented about 5% of projected P/T sales for fiscal year 2011. All other key customers showed growth.**
- **Fourth quarter contribution to profit down 2% excluding FX; up 5% full year, excluding the Borders bad debt charge in the third quarter**
- **Digital revenue at 10% of P/T overall. This is up from 7% in FY10.**
- **Fourth Quarter eBook revenue up 145% over prior year to $9 million**
- **Ebook revenue for the full year up 127% to $23 million, or 5% of P/T revenue**

Fourth quarter P/T revenue fell 3% to $110 million, or 4% on a currency neutral basis primarily due to the disruption caused by the Borders bankruptcy. Ebook grew 145% over prior year to $9 million. Weakness in consumer titles mainly due to Border’s issues and a strong fourth quarter of the prior year due to the initial publication of Office 2010 titles were partially offset by strong growth in the business/finance category.

Direct contribution to profit fell 1% to $24 million for the quarter, reflecting top line results mitigated by lower accrued incentive compensation.

P/T revenue for the full year grew 2% to $437 million, or 1% on a currency neutral basis. Growth in business/finance and professional education was offset by lower consumer sales due to the Borders disruption. Excluding the Borders bad debt charge of $9 million ($6 million after-tax) in the third quarter, fiscal year 2011 direct contribution to profit increased 5% to $105 million due to revenue growth and improved margins from higher eBook sales. On a reported basis, direct contribution to profit declined 5% to $95 million.

**Results by Category (Fourth Quarter)**

- **Business** grew 6% to $36 million, with outstanding growth in digital sales
- **Consumer** fell 7% to $32 million due in large part to the Borders disruption
- **Technology**, which maintained its #1 market position, was down 10% to $22 million against a very strong prior year
- **Professional Education** grew 3% to $7 million, mainly due to Doug Lemov's *Teach like a Champion*
- **Architecture**, yet to rebound from the recession, was down 6% to $4 million
- **Psychology** was down 3% to $3 million

**Digital Revenue**

- Digital revenue overall for the year was 10% of total P/T revenue, up from 7% in the prior year. Digital revenue includes ebooks, online advertising, and content licensing.
- eBook sales increased approximately 145% in the quarter to $9 million and reached $23 million for the year, or 5% of total P/T revenue.

**Other Digital Initiatives/Products**

- iTunes and Android apps for the Wiley CPA Focus Notes Series and For Dummies Mobile were released
- PfeifferCustom was launched in April. PfeifferCustom is planned to be the custom delivery platform for Pfeiffer training and leadership content globally
- In Psychology, TheraScribe® the #1 bestselling treatment planning and clinical record management software had three planner add-on modules completed during this quarter

**Alliances**

- In May, Wiley announced a partnership with the AARP to become its exclusive book publisher. The agreement will include cobranded publishing across a variety of categories, including health, personal finance, cooking, travel, and technology. The AARP has nearly 40 million members and a target audience of adults aged 50+.
- In March, we signed a partnership with Element K, a learning solutions and online training company in the field of IT, to produce For Dummies “E-Learning” courses. The first product is expected to launch during fiscal year 2012.

**New Books**

- Business and Finance: *The Little Book of Leadership: The 12.5 Strengths of Responsible, Reliable, Remarkable Leaders That Create Results, Rewards, and Resilience* by Jeffrey Gitomer; *Little Book of Alternative Investments* by Ben Stein; *What Makes Business Rock*, by former MTV Networks CEO Bill Roedy; and *Endgame* by John Mauldin.
- Consumer: *Falling Upward: A Spirituality for the Two Halves of Life* by Richard Rohr; *Candice Olson Kitchens and Baths* by Candace Olson; *Bake Sale Cookbook* by Sandra Lee; *Betty Crocker Big Book of Cupcakes*; and *Culinary Institute of America's Italian Cooking at Home*.
- Technology: *iPad For Dummies, 2e*, by Ed Baig and Bob Levitus; *CCNA: Cisco Certified Network Associate Study Guide*. 
HIGHER EDUCATION (HE)

- Fourth quarter revenue +6% excluding FX, +7% full year
- Fourth quarter contribution to profit improved $2 million over prior year excluding FX, or $13 million, +15% full year
- Fiscal year 2011 digital revenue now 16% of higher education business, up from 13% in prior year
- Fiscal year 2011 non-traditional and digital revenue grew 26% to $84 million, representing approximately 27% of global HE revenue vs. 24% in fiscal year 2010.
- Annual gross margin up for third consecutive year due to increased digital-only sales

Fourth quarter HE revenue grew 8% to $48 million, or 6% excluding foreign exchange. Non-traditional and digital revenue sales in North America and higher School sales in Australia drove results. Sales of non-traditional and digital products were up 44%. Non-traditional and digital revenue includes WileyPLUS, eBooks, digital content sold directly to institutions, binder editions and custom publishing.

Direct contribution to profit for the quarter improved by $2 million, reflecting top line results and higher gross margins due to increased sales of ebooks and other digital products.

For the full year, HE revenue advanced 9% to $307 million, or 7% excluding foreign exchange reflecting growth in all regions. The results were driven by increased student enrollment, strong back-list sales driven by 25% revenue growth in non-traditional and digital products and a strong front list in engineering/computer science and science categories. Direct contribution to profit increased 17% to $101 million, or 15% excluding foreign exchange. Top-line growth, improved gross margin from higher digital revenue and cost containment drove the results.

**Global Revenue - Fourth Quarter**

- Americas grew 4% to $30 million, 3% excluding fx
- EMEA fell 2% to $5 million, -5% excluding fx
- Asia-Pacific grew 20% to $14 million, 16% excluding fx

**Category Sales (excluding FX)**

- Engineering and Computer Science: revenue flat in fourth quarter; +21% for the full year. Textbooks driving growth include Callister: Materials Science, 8e; Rainer: Introduction to Information Systems, 3e; Moran: Thermodynamics, 7e; Montgomery: Applied Statistics, 5e; and Horstmann: Big Java, 4e, and Java for Everyone, 1e.
- Science: fourth quarter revenue up modestly vs. prior year; +14% for the full year. Textbooks driving growth include Halliday: Physics, 9e; Solomons: Organic Chemistry, 10e; Grosvenor: Visualizing Nutrition, 1e; and Hein: Chemistry, 13e.
- Business and Accounting: revenue up 7% in the quarter; down slightly for the year.
- Social Science and Culinary: fourth quarter revenue was down 14% compared to prior year; flat for the full year.
- Mathematics: quarterly revenue was down 2% vs. prior year; up 5% for the year.

**Digital Products**

- Full year billings of WileyPLUS grew 8% to $33 million.
- WileyPLUS digital-only billings (not packaged with a print textbook) grew 18% to $13 million for the fiscal year, and now represent approximately 40% of total WileyPLUS billings.
- In the US, student validation rates for WileyPLUS increased to 78% from approximately 73% in the prior year.
- eBook revenue grew 122% to $13 million.

**Other Digital Initiatives**

- The number of courses in Asia adopting WileyPLUS grew 35%, mainly in Accounting and Sciences. The top 3 territories adopting WileyPLUS are Taiwan, Indonesia and Malaysia.
- WileyPLUS for Fundamentals of Physics, 9e, (Halliday, Resnick and Walker) is the first publisher-developed course to be certified by The Quality Matters Program, a nationally recognized organization dedicated to creating standards for sound online design and effective course content. Last year, Higher Education partnered with Quality Matters to establish a set of rigorous standards to evaluate and measure the quality of publisher-created online courses. Certified courses will carry The Quality Matters Program seal of approval.
- A new version of Wiley CustomSelect was released this quarter, which will allow instructors to select material and adjust the sequence at the chapter and sub-chapter levels. Faculty can also use the content editor to format editable text, rewrite sections, add and delete images, insert math notation and chemical structures, and then preview the results before submitting them for publication and sale to students.

**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, June 16, at 2:30 p.m. (EDT). Wiley will discuss financial results for the fourth quarter and fiscal year 2011.
- US callers, please dial (866) 551-3680 and enter the participant code 4700860#
- International callers, please dial: (212) 401-6760 and enter the participant code 4700860#
- Access the webcast at www.wiley.com> Investor Relations> Events and Presentations, or http://www.wiley.com/WileyCDA/Section/id-370238.html
- A replay of the conference call will be available through June 23, 2011 and may be accessed by calling (866)-551-4520 and entering pin code 273290#.

"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

Founded in 1807, John Wiley & Sons, Inc. has been a valued source of information and understanding for more than 200 years, helping people around the world meet their needs and fulfill their aspirations. Wiley and its acquired companies have published the works of more than 450 Nobel laureates in all categories: Literature, Economics, Physiology or Medicine, Physics, Chemistry, and Peace.

Our core businesses publish scientific, technical, medical, and scholarly journals, encyclopedias, books, and online products and services; professional/trade books, subscription products, training materials, and online applications and Web sites; and educational materials for undergraduate and graduate students and lifelong learners. Wiley's global headquarters are located in Hoboken, New Jersey, with operations in the U.S., Europe, Asia, Canada, and Australia. The Company's Web site can be accessed at http://www.wiley.com. The Company is listed on the New York Stock Exchange under the symbols JWa and JWB.

Language:

English