Wiley Reports Third Quarter 2018 Results

Release Date:
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Terms:
All Corporate News  Earnings Releases

Dateline City:
HOBOKEN, N.J.


- Third quarter revenue up 4% to $455.7 million, or down 1% at constant currency
- Third quarter GAAP EPS up 45% to $1.19 primarily due to impact of the US Tax Act; Adjusted EPS down 14% at constant currency
- Year-to-date revenue up 4% to $1,318.9 million, or up 1% at constant currency
- Year-to-date GAAP EPS $2.39 compared to $1.15 in prior year; Adjusted EPS at constant currency up 1%
- Cash Provided by Operations for the nine months of $190.1 million, down from $229.2 million due to the timing of calendar year 2018 journal renewals; Free Cash Flow less Product Development Spending of $80.7 million, down from $119.5 million
- Full year 2018 outlook reaffirmed

MANAGEMENT COMMENTARY

"We continue to see good momentum in the business, with steady year-to-date growth in Research, improved profitability in Solutions, and better-than-expected results in Publishing," said Brian Napack, Wiley’s President and CEO. “We are realizing operating margin and earnings growth while also making great progress in how we operate, invest, and innovate, positioning us to drive more value from our existing businesses and exploit new market opportunities.”

FINANCIAL SUMMARY

Wiley provides non-GAAP financial measures such as “Adjusted EPS,” “Adjusted Operating Income,” “Adjusted CTP,” “Free Cash Flow less Product Development Spending,” and results on a Constant Currency basis to assess underlying business performance and trends. Management believes non-GAAP financial measures, which exclude the impact of restructuring charges and credits and certain other items, provide for a more comparable basis to analyze operating results and earnings. See the reconciliations of non-GAAP financials and explanations of the uses of non-GAAP measures in the supplementary information accompanying this press release.

<table>
<thead>
<tr>
<th>GAAP Measures</th>
<th>Unaudited ($millions except for EPS)</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Change</th>
<th>Change Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>$455.7</td>
<td>$436.5</td>
<td>4%</td>
<td>(1%)</td>
</tr>
<tr>
<td>Operating Income</td>
<td></td>
<td>$67.4</td>
<td>$51.2</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>Diluted EPS</td>
<td></td>
<td>$1.19</td>
<td>$0.82</td>
<td>45%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-GAAP Measures</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Change</th>
<th>Change Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Operating Income</td>
<td>$69.6</td>
<td>$60.3</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>$0.87</td>
<td>$0.89</td>
<td>(14%)</td>
<td></td>
</tr>
</tbody>
</table>

- **Revenue** performance was mixed with growth in Research (+9% reported, or +1% at constant currency) and Solutions (+5%, or +2% constant currency) offset by a decline in Publishing (-1%, or -3% at constant currency).
- **GAAP Operating Income** growth resulted from favorable foreign exchange, favorable timing of restructuring charges, and savings from operational excellence initiatives and restructuring. **Adjusted Operating Income** growth was mainly due to savings in technology and prior restructuring activities.
- **US Tax Act:** As a result of the US Tax Cuts and Jobs Act (“the Tax Act”) enacted on December 22, 2017, the Company recorded an estimated non-cash tax benefit of $25 million, or $0.43 per share. Going forward, since most of the Company’s pre-tax income is earned outside the U.S., Wiley anticipates a small, favorable impact to its effective tax rate and cash taxes.
GAAP EPS growth reflected the estimated non-cash tax credit of $0.43 per share due to the Tax Act and the favorable impact of foreign exchange. Adjusted EPS decline was primarily due to favorable tax credits of $0.12 per share in the prior year period.

**RESEARCH SEGMENT**

<table>
<thead>
<tr>
<th>Metric ($M)</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Change</th>
<th>Change Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$223.5</td>
<td>$205.8</td>
<td>9%</td>
<td>1%</td>
</tr>
<tr>
<td>GAAP CTP</td>
<td>$59.3</td>
<td>$52.5</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Adjusted CTP</td>
<td>$60.0</td>
<td>$53.0</td>
<td></td>
<td>(2%)</td>
</tr>
</tbody>
</table>

CTP - Contribution to Profit.

- **Revenue** increase reflected growth in Journals (+9% reported, +1% constant currency) and Atypon (+4%).
- **GAAP CTP** increase was primarily a result of favorable foreign exchange. Adjusted CTP decline reflected higher royalty costs in licensed society publishing.

**PUBLISHING SEGMENT**

<table>
<thead>
<tr>
<th>Metric ($M)</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Change</th>
<th>Change Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$170.2</td>
<td>$171.4</td>
<td>(1%)</td>
<td>(3%)</td>
</tr>
<tr>
<td>GAAP CTP</td>
<td>$48.5</td>
<td>$38.8</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Adjusted CTP</td>
<td>$48.1</td>
<td>$39.8</td>
<td></td>
<td>16%</td>
</tr>
</tbody>
</table>

- **Revenue** growth in STM and Professional Publishing (+5% reported, +2% constant currency) was offset by declines in Educational Publishing (-4% reported, -6% constant currency). Course Workflow/WileyPLUS was down due to previously disclosed timing of revenue recognition, which reflects longer sales amortization for subscription periods extending across two semesters.
- **GAAP CTP** growth reflected favorable foreign exchange and the impact of restructuring credits and charges. Adjusted CTP growth was due to savings from operational excellence initiatives and prior restructuring activities.

**SOLUTIONS SEGMENT**

<table>
<thead>
<tr>
<th>Metric ($M)</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Change</th>
<th>Change Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$61.9</td>
<td>$59.2</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>GAAP CTP</td>
<td>$6.4</td>
<td>$3.6</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>Adjusted CTP</td>
<td>$7.7</td>
<td>$4.7</td>
<td></td>
<td>67%</td>
</tr>
</tbody>
</table>

- **Revenue** increased 5% reported, or 2% at constant currency. Education Services (OPM) rose 7% (reported and at constant currency); Corporate Learning rose 7% reported, but declined 4% at constant currency; and Professional Assessment declined 4% reported, or declined 5% at constant currency.
- **GAAP CTP** growth reflected the timing of restructuring charges. Adjusted CTP growth was driven by increased operating efficiency and prior cost savings initiatives in our Education Services/OPM business.

**NINE MONTH RESULTS**

<table>
<thead>
<tr>
<th>GAAP Measures</th>
<th>YTD 2018</th>
<th>YTD 2017</th>
<th>Change</th>
<th>Change Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,318.9</td>
<td>$1,266.3</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$164.7</td>
<td>$142.7</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$2.39</td>
<td>$1.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Provided by Operations</td>
<td>$190.1</td>
<td>$229.2</td>
<td>(17%)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-GAAP Measures</th>
<th>YTD</th>
<th>YTD</th>
<th>Change Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Non-GAAP Measures

<table>
<thead>
<tr>
<th>Metric (except EPS)</th>
<th>FY17 Actual</th>
<th>FY18 Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,718.5</td>
<td>Approximately even</td>
</tr>
<tr>
<td>Adjusted Operating Income</td>
<td>$228.4</td>
<td>Approximately even</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>$3.01</td>
<td>Low-single digit % decline</td>
</tr>
<tr>
<td>Cash Provided by Operations</td>
<td>$314.5</td>
<td>$350 million or higher</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$148.3</td>
<td>Slightly higher</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY17 Actual</th>
<th>FY18 Expectation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Operating Income</td>
<td>$194.8</td>
<td>$166.6</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>$2.49</td>
<td>$2.20</td>
</tr>
<tr>
<td>Free Cash Flow less Product Development Spending</td>
<td>$80.7</td>
<td>$119.5         (32%)</td>
</tr>
</tbody>
</table>

### FISCAL YEAR 2018 OUTLOOK

The Company reaffirms its fiscal 2018 guidance:

- **Revenue** growth for the nine months was driven primarily by Research (+9% reported, +4% constant currency), including $14 million due to the full-year contribution from Atypon (acquired October 2016), and Solutions (+5% reported, +4% constant currency), which offset a decline in Publishing (-3% reported, -4% constant currency).

- **GAAP Operating Income** growth was due to higher revenue, favorable foreign exchange, and a pension settlement in the prior year, which offset higher restructuring and related charges in the current year. Adjusted Operating Income growth was mainly due to higher revenue and savings from operational excellence initiatives and restructuring, notably in Technology, Operations, and in the Publishing and Solutions segments.

- **GAAP EPS** growth for the nine months reflected the current year impact of the Tax Act and favorable foreign exchange, as well as other charges in the prior year, including an unfavorable ruling in a Germany income tax dispute and a large pension settlement. This offset higher restructuring charges and foreign exchange losses associated with intercompany transactions in the current fiscal year. Adjusted EPS growth in the nine months was due to higher operating income, lower interest expense, and a higher effective tax rate resulting from larger tax credits in the prior year.

- **Cash Provided by Operations and Free Cash Flow less Product Development Spending** were both down $39 million, due to the timing of journal billings and cash collections. Capital expenditures, including Technology, Property, and Equipment (TP&E) and Product development spending, were essentially flat with prior year.

- **Shareholder Return:** Through nine months, Wiley utilized $55.1 million of cash for dividends and $29.3 million for share repurchases, compared to $53.6 million and $35.4 million in the prior year.

### EARNINGS CONFERENCE CALL

Scheduled for today, March 6 at 10:00 a.m. (ET). Access the webcast on Wiley.com, or [https://www.wiley.com/en-us/investors](https://www.wiley.com/en-us/investors). U.S. callers, please dial (800) 239-9838 and enter the participant code 1581251#. International callers, please dial (323) 794-2551 and enter the participant code 1581251#.

### ABOUT WILEY

Wiley, a global research and learning company, helps people and organizations develop the skills and knowledge they need to succeed. Our online scientific, technical, medical, and scholarly journals, combined with our digital learning, assessment and certification solutions help universities, academic societies, businesses, governments and individuals increase the academic and professional impact of their work. For more than 200 years, we have delivered consistent performance to our stakeholders. The Company's website can be accessed at [www.wiley.com](http://www.wiley.com).

### FORWARD-LOOKING STATEMENTS

This release contains certain forward-looking statements concerning the Company's Fiscal Year 2018 Outlook, operations, performance, and financial condition and the Company's anticipation of cash tax benefits from the Tax Act. 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.
<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January 31,</td>
<td>January 31,</td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$455,675</td>
<td>$436,456</td>
</tr>
<tr>
<td><strong>Costs and expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>125,127</td>
<td>116,405</td>
</tr>
<tr>
<td>Operating and administrative expenses</td>
<td>248,746</td>
<td>247,278</td>
</tr>
<tr>
<td>Restructuring and related charges</td>
<td>2,208</td>
<td>9,118</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>12,163</td>
<td>12,495</td>
</tr>
<tr>
<td><strong>Total Costs and Expenses</strong></td>
<td>388,244</td>
<td>385,296</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>67,431</td>
<td>51,160</td>
</tr>
<tr>
<td>As a % of net sales</td>
<td>14.8%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(3,295)</td>
<td>(4,931)</td>
</tr>
<tr>
<td>Foreign exchange transaction (losses) gains</td>
<td>(6,032)</td>
<td>2,118</td>
</tr>
<tr>
<td>Interest income and other</td>
<td>163</td>
<td>637</td>
</tr>
<tr>
<td><strong>Income Before Taxes</strong></td>
<td>58,267</td>
<td>48,984</td>
</tr>
<tr>
<td>(Benefit) provision for income taxes</td>
<td>(10,575)</td>
<td>1,565</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td>-18.1%</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$68,842</td>
<td>$47,419</td>
</tr>
<tr>
<td>As a % of net sales</td>
<td>15.1%</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>Weighted-Average Shares - Diluted</strong></td>
<td>57,871</td>
<td>58,012</td>
</tr>
<tr>
<td><strong>Earnings per share - Diluted</strong></td>
<td>$ 1.19</td>
<td>$ 0.82</td>
</tr>
</tbody>
</table>

(1) The supplementary information included in this press release for 2018 is preliminary and subject to change prior to the filing of our upcoming Quarterly Report on Form 10-Q with the Securities and Exchange Commission.

(2) All amounts are approximate due to rounding.

**JOHN WILEY & SONS, INC.**
**SUPPLEMENTARY INFORMATION (1)**
**RECONCILIATION OF GAAP EPS to NON-GAAP ADJUSTED EPS - DILUTED (2)**
(unaudited)
Restructuring and related charges (A) | 0.04 | 0.10 | 0.37 | 0.17
Foreign exchange losses (gains) on intercompany transactions (B) | 0.07 | (0.03) | 0.16 | 0.01
Estimated impact of Tax Cuts and Jobs Act (C) | (0.43) | (0.43) | - | -
Pension settlement (D) | - | - | - | 0.09
Unfavorable tax settlement (E) | - | - | - | 0.82
Deferred income tax benefit on UK tax rate change (F) | - | - | - | (0.04)

**Non-GAAP Adjusted Earnings Per Share - Diluted**

|                | $0.87 | $0.89 | $2.49 | $2.20 |

Notes:

(A) Adjusted results exclude restructuring (credits) charges and other related charges associated with the Company's Restructuring and Reinvestment Program. For the three months ended January 31, 2018 and 2017, there were charges of $2.2 million or $0.04 per share and charges of $9.1 million or $0.10 per share, respectively. For the nine months ended January 31, 2018 and 2017, there were charges of $30.1 million or $0.37 per share, and charges of $15.0 million or $0.17 per share, respectively.

(B) In 2017, we adjusted results to exclude foreign exchange gains and losses associated with intercompany transactions. The prior year adjusted earnings per share amounts have been recast to conform to current year presentation. For the three months ended January 31, 2018 and 2017, there were gains of $5.3 million or $0.07 per share and losses of $2.7 million or $(0.03) per share, respectively. For the nine months ended January 31, 2018 and 2017, there were gains of $11.6 million or $0.16 per share, and gains of $0.6 million or $0.01 per share, respectively.

(C) In connection with the Tax Cuts and Jobs Act enacted on December 22, 2017, for the three and nine months ended January 31, 2018, the Company recorded an estimated income tax benefit of $25.0 million, or $(0.43) per share. Given the significant complexity of the Act, anticipated guidance from the U.S. Treasury, and potential additional guidance from the SEC or the Financial Accounting Standards Board, these estimates may be adjusted within 12 months of the enactment date.

(D) As previously disclosed and as reported in the Company's SEC filings, the Company announced a voluntary, limited-time opportunity for terminated vested employees who were participants in the U.S. defined benefit retirement plan to elect a single lump sum payment of accumulated benefits. The election period closed on August 29, 2016. The total charge including a prorata portion of the unamortized net actuarial loss was included in operating and administrative expenses and was $8.8 million or $0.09 per share. The aggregate amount of payments under this one time election was $28.3 million, which was paid from pension plan assets in October 2016.

(E) As previously disclosed in the Company's SEC filings, the Company was appealing an unfavorable tax ruling in Germany related to tax benefits obtained through an increase in the tax deductible basis of certain merged German subsidiaries. In September 2016, the German Federal Fiscal Court issued an unfavorable final judgement in Wiley's longstanding tax appeal. As a result in 2016, the Company recorded a $47.5 million charge, or $0.82 per share in the second quarter of fiscal year 2017.

(F) As previously disclosed in the Company's SEC filings, the adjusted results for the nine months ended January 31, 2017 exclude deferred tax benefits of $2.6 million, or $0.04 per share, associated with tax legislation enacted in the second quarter of fiscal year 2017 in the United Kingdom that reduced the U.K. corporate income tax rates by 1 percentage point in 2020. The benefits reflect the remeasurement of the Company's deferred tax balances from 18% to the new income tax rate of 17% effective April 1, 2020 and had no current cash tax impact.

(1) See Explanation of Usage of Non-GAAP performance measures included in this supplementary information for additional details on the reasons why management believes presentation of each non-GAAP performance measure provides useful information to investors. The Reconciliation of U.S GAAP to Adjusted EPS - Diluted table may not foot due to rounding. The supplementary information included in this press release for 2018 is preliminary and subject to change prior to the filing of our upcoming Quarterly Report on Form 10-Q with the Securities and Exchange Commission.
### Research:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported</td>
<td>Constant</td>
<td></td>
</tr>
<tr>
<td>Journal Subscriptions</td>
<td>$160,287</td>
<td>$149,991</td>
<td>7%</td>
</tr>
<tr>
<td>Open Access</td>
<td>9,905</td>
<td>6,915</td>
<td>43%</td>
</tr>
<tr>
<td>Licensing, Reprints, Backfiles and Other</td>
<td>45,035</td>
<td>40,901</td>
<td>10%</td>
</tr>
<tr>
<td>Total Journal Revenue</td>
<td>215,227</td>
<td>197,807</td>
<td>10%</td>
</tr>
<tr>
<td>Publishing Technology Services (Atypon)</td>
<td>8,262</td>
<td>7,962</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$223,489</strong></td>
<td><strong>$205,769</strong></td>
<td><strong>9%</strong></td>
</tr>
</tbody>
</table>

**Contribution to Profit**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported</td>
<td>Constant</td>
<td></td>
</tr>
<tr>
<td><strong>$59,299</strong></td>
<td>13%</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td><strong>52,508</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-GAAP Adjusted Contribution to Profit</strong></td>
<td><strong>$59,989</strong></td>
<td><strong>$53,025</strong></td>
<td><strong>13%</strong></td>
</tr>
<tr>
<td></td>
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</tbody>
</table>

### Publishing:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported</td>
<td>Constant</td>
<td></td>
</tr>
<tr>
<td>STM and Professional Publishing</td>
<td>80,775</td>
<td>76,899</td>
<td>5%</td>
</tr>
<tr>
<td>Education Publishing</td>
<td>48,446</td>
<td>50,343</td>
<td>-4%</td>
</tr>
<tr>
<td>Course Workflow (WileyPLUS)</td>
<td>21,406</td>
<td>23,464</td>
<td>-9%</td>
</tr>
<tr>
<td>Test Preparation and Certification</td>
<td>7,758</td>
<td>8,508</td>
<td>-9%</td>
</tr>
<tr>
<td>Licensing, Distribution, Advertising and Other</td>
<td>11,859</td>
<td>12,226</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$170,244</strong></td>
<td><strong>$171,440</strong></td>
<td><strong>-1%</strong></td>
</tr>
</tbody>
</table>

**Contribution to Profit**

<table>
<thead>
<tr>
<th></th>
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<tr>
<td><strong>$48,472</strong></td>
<td>25%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td><strong>38,807</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-GAAP Adjusted Contribution to Profit</strong></td>
<td><strong>$48,080</strong></td>
<td><strong>$39,834</strong></td>
<td><strong>21%</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Solutions:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported</td>
<td>Constant</td>
<td></td>
</tr>
<tr>
<td>Education Services (OPM)</td>
<td>32,242</td>
<td>30,016</td>
<td>7%</td>
</tr>
<tr>
<td>Professional Assessment</td>
<td>13,228</td>
<td>13,783</td>
<td>-4%</td>
</tr>
<tr>
<td>Corporate Learning</td>
<td>16,472</td>
<td>15,448</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$61,942</strong></td>
<td><strong>$59,247</strong></td>
<td><strong>5%</strong></td>
</tr>
</tbody>
</table>

**Contribution to Profit**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported</td>
<td>Constant</td>
<td></td>
</tr>
<tr>
<td><strong>$6,403</strong></td>
<td>78%</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td><strong>3,591</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-GAAP Adjusted Contribution to Profit</strong></td>
<td><strong>$7,680</strong></td>
<td><strong>$4,686</strong></td>
<td><strong>64%</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Corporate Expenses**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($46,743)</td>
<td>($43,746)</td>
</tr>
</tbody>
</table>
Adjustments:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>% Change Reported</th>
<th>% Change Constant Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring charges</td>
<td>633</td>
<td>6,479</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-GAAP Adjusted Corporate Expenses</td>
<td>$ (46,110)</td>
<td>$ (37,267)</td>
<td>24%</td>
<td>21%</td>
</tr>
<tr>
<td>Total Consolidated Revenue</td>
<td>$ 455,675</td>
<td>$ 436,456</td>
<td>4%</td>
<td>-1%</td>
</tr>
<tr>
<td>Consolidated Operating Income</td>
<td>$ 67,431</td>
<td>$ 51,160</td>
<td>32%</td>
<td>15%</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>$ 2,208</td>
<td>$ 9,118</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-GAAP Adjusted Operating Income</td>
<td>$ 69,639</td>
<td>$ 60,278</td>
<td>16%</td>
<td>2%</td>
</tr>
<tr>
<td>As a % of sales</td>
<td>15.3%</td>
<td>13.8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) The supplementary information included in this press release for 2018 is preliminary and subject to change prior to the filing of our upcoming Quarterly Report on Form 10-Q with the Securities and Exchange Commission.
Publishing brand impairment charge  3,600  
Non-GAAP Adjusted Contribution to Profit  $ 106,490  $ 96,235  11%  8%  

Solutions:
Revenue
Education Services (OPM)  $ 88,316  $ 81,195  9%  9%
Professional Assessment  43,936  43,451  1%  1%
Corporate Learning  44,105  42,995  3%  -3%
Total Revenue  $ 176,357  $ 167,641  5%  4%  

Contribution to Profit  $ 11,744  $ 9,097  29%  30%
Adjustments:
Restructuring charges  $ 3,447  $ 1,619
Non-GAAP Adjusted Contribution to Profit  $ 15,191  $ 10,716  42%  43%

Corporate Expenses:
$ (134,922)  $ (134,240)  1%  0%
Adjustments:
Restructuring charges  11,013  11,153
Pension settlement  -  8,842
Non-GAAP Adjusted Corporate Expenses  $ (123,909)  $ (114,245)  8%  7%

Total Consolidated Revenue  $ 1,318,850  $ 1,266,329  4%  1%

Consolidated Operating Income  $ 164,702  $ 142,731  15%  0%
Adjustments:
Restructuring charges  26,531  15,045
Publishing brand impairment charge  3,600  -
Pension settlement  -  8,842
Non-GAAP Adjusted Operating Income  $ 194,833  $ 166,618  17%  3%

As a % of sales  14.8%  13.2%

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JOHN WILEY & SONS, INC.
SUPPLEMENTARY INFORMATION (1)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands)
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>January 31, 2018</th>
<th>April 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$128,217</td>
<td>$58,516</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>239,637</td>
<td>188,679</td>
</tr>
<tr>
<td>Inventories</td>
<td>43,800</td>
<td>47,852</td>
</tr>
<tr>
<td>Prepaid and other current assets</td>
<td>64,001</td>
<td>64,688</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>475,655</strong></td>
<td><strong>359,735</strong></td>
</tr>
<tr>
<td>Product Development Assets</td>
<td>85,028</td>
<td>80,385</td>
</tr>
</tbody>
</table>

(1) The supplementary information included in this press release for 2018 is preliminary and subject to change prior to the filing of our upcoming Quarterly Report on Form 10-Q with the Securities and Exchange Commission.
<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalty Advances</td>
<td>37,177</td>
<td>28,320</td>
</tr>
<tr>
<td>Technology, Property and Equipment</td>
<td>273,634</td>
<td>243,058</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>868,631</td>
<td>828,099</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,028,395</td>
<td>982,101</td>
</tr>
<tr>
<td>Other Non-Current Assets</td>
<td>90,325</td>
<td>84,519</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 2,858,845</strong></td>
<td><strong>$ 2,606,217</strong></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and royalties payable</td>
<td>$ 204,606</td>
<td>$ 139,206</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>409,011</td>
<td>436,235</td>
</tr>
<tr>
<td>Accrued employment costs</td>
<td>99,317</td>
<td>98,185</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>18,726</td>
<td>22,222</td>
</tr>
<tr>
<td>Accrued pension liability</td>
<td>5,875</td>
<td>5,776</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>95,479</td>
<td>86,232</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>$ 833,014</strong></td>
<td><strong>$ 787,856</strong></td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>428,200</td>
<td>365,000</td>
</tr>
<tr>
<td>Accrued Pension Liability</td>
<td>210,639</td>
<td>214,597</td>
</tr>
<tr>
<td>Deferred Income Tax Liabilities</td>
<td>140,395</td>
<td>160,491</td>
</tr>
<tr>
<td>Other Long-Term Liabilities</td>
<td>78,271</td>
<td>75,136</td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td><strong>$ 1,168,326</strong></td>
<td><strong>$ 1,003,137</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Shareholders’ Equity</strong></td>
<td><strong>$ 2,858,845</strong></td>
<td><strong>$ 2,606,217</strong></td>
</tr>
</tbody>
</table>

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JOHN WILEY & SONS, INC.
SUPPLEMENTARY INFORMATION (1)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands) (unaudited)

<table>
<thead>
<tr>
<th>Nine Months Ended January 31,</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 138,126</td>
<td>$ 66,968</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>35,965</td>
<td>37,321</td>
</tr>
<tr>
<td>Amortization of product spending</td>
<td>30,314</td>
<td>29,502</td>
</tr>
<tr>
<td>Depreciation of technology, property and equipment</td>
<td>48,471</td>
<td>50,520</td>
</tr>
<tr>
<td>Non-cash charges and credits</td>
<td>(58,335)</td>
<td>79,176</td>
</tr>
<tr>
<td>Net change in operating assets and liabilities</td>
<td>(4,419)</td>
<td>(3,335)</td>
</tr>
<tr>
<td><strong>Cash Provided by Operating Activities</strong></td>
<td><strong>190,122</strong></td>
<td><strong>229,152</strong></td>
</tr>
</tbody>
</table>

Investing Activities:

Additions to technology, property and equipment | (78,958) | (77,722) |
Product development spending | (30,426) | (31,904) |
Acquisitions, net of cash acquired | (25,227) | (152,110) |
**Cash Used in Investing Activities** | **(134,611)** | **(261,736)** |
Financing Activities:

Net debt borrowings  
Cash dividends  
Purchase of treasury shares  
Other  
Cash Provided by Financing Activities

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt borrowings</td>
<td>66,803</td>
<td>260,693</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>(55,093)</td>
<td>(53,638)</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>(29,257)</td>
<td>(35,362)</td>
</tr>
<tr>
<td>Other</td>
<td>21,722</td>
<td>7,805</td>
</tr>
<tr>
<td><strong>Cash Provided by Financing Activities</strong></td>
<td><strong>4,175</strong></td>
<td><strong>179,498</strong></td>
</tr>
</tbody>
</table>

Effects of Exchange Rate Changes on Cash

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effects of Exchange Rate Changes on Cash</strong></td>
<td><strong>10,015</strong></td>
<td><strong>(28,399)</strong></td>
</tr>
</tbody>
</table>

Change in Cash and Cash Equivalents for Period

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Cash and Cash Equivalents for Period</td>
<td><strong>69,701</strong></td>
<td><strong>118,515</strong></td>
</tr>
</tbody>
</table>

Cash and Cash Equivalents - Beginning

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents - Beginning</td>
<td><strong>58,516</strong></td>
<td><strong>363,806</strong></td>
</tr>
</tbody>
</table>

Cash and Cash Equivalents - Ending

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents - Ending</td>
<td><strong>$128,217</strong></td>
<td><strong>$482,321</strong></td>
</tr>
</tbody>
</table>

CALCULATION OF NON-GAAP FREE CASH FLOW LESS PRODUCT DEVELOPMENT SPENDING

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Used in Operating Activities</td>
<td><strong>$190,122</strong></td>
<td><strong>$229,152</strong></td>
</tr>
<tr>
<td>Less: Additions to technology, property and equipment</td>
<td>(78,958)</td>
<td>(77,722)</td>
</tr>
<tr>
<td>Less: Product development spending</td>
<td>(30,426)</td>
<td>(31,904)</td>
</tr>
<tr>
<td><strong>Free Cash Flow less Product Development Spending</strong></td>
<td><strong>$80,738</strong></td>
<td><strong>$119,526</strong></td>
</tr>
</tbody>
</table>

See Explanation of Usage of Non-GAAP Measures included in this supplemental information.

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JOHN WILEY & SONS, INC.

Explanation of Usage of NON-GAAP Performance Measures

In this earnings release and supplemental information, management presents the following non-GAAP performance measures:

- Adjusted Earnings Per Share “Adjusted EPS”;
- Free Cash Flow less product development spending;
- Adjusted Operating Income and margin;
- Adjusted Contribution to Profit (“Adjusted CTP”) and margin; and
- Results on a constant currency basis.

Management uses these non-GAAP performance measures as supplemental indicators of our operating performance and financial position as well for internal reporting and forecasting purposes, when publicly providing its outlook, to evaluate the Company's performance and to evaluate and calculate incentive compensation. Non-GAAP performance measures do not have standardized meanings prescribed by US GAAP and therefore may not be comparable to the calculation of similar measures used by other companies, and should not be viewed as alternatives to measures of financial results under US GAAP.

The Company presents these non-GAAP performance measures in addition to GAAP financial results because it believes that these non-GAAP performance measures provide useful information to certain investors and financial analysts for operational trends and comparisons across accounting periods. The use of these non-GAAP performance measures provides a consistent basis to evaluate operating profitability and performance trends by excluding items that we do not consider to be controllable activities for this purpose. For example:

- Adjusted EPS, Adjusted Operating Profit, Adjusted CTP provide a more comparable basis to analyze operating results and earnings and are measures commonly used by shareholders to measure our performance.
- Free Cash Flow less product development spending helps assess our ability, over the long term, to create value for our shareholders as it represents cash available to repay debt, pay common dividends and fund share repurchases and new acquisitions.
- Results on a constant currency basis removes distortion from the effects of foreign currency movements to provide
better comparability of our business trends from period to period. We measure our performance before the impact of foreign currency (or at “constant currency”), which means that we apply the same foreign currency exchange rates for the current and equivalent prior period.

In addition, the Company has historically provided these or similar non-GAAP performance measures and understands that some investors and financial analysts find this information helpful in analyzing the Company's operating margins, and net income and comparing the Company's financial performance to that of its peer companies and competitors. Based on interactions with investors, we also believe that our non-GAAP performance measures are regarded as useful to our investors as supplemental to our GAAP financial results, and that there is no confusion regarding the adjustments or our operating performance to our investors due to the comprehensive nature of our disclosures.

Language: English

Contact:
John Wiley & Sons, Inc.
Investor Relations
Brian Campbell, 201-748-6874
brian.campbell@wiley.com

Ticker Slug:
Ticker: JWB
Exchange: NYSE
Ticker: JWA
Exchange: NYSE