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RYERSON INVESTMENT GROUP



Portfolio Manager

Alexander McCulloch

Analysts

Ali Alibhai

Eric Almon

Levi Hahamovich

Johan Nguyen

Manoj Visvalingam

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Company Overview

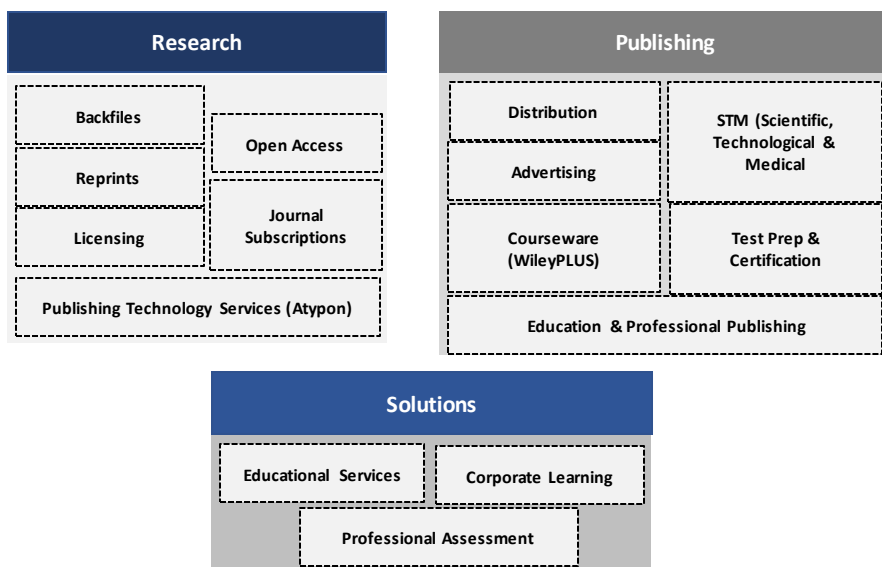
Executive Summary



Business Highlights

- **John Wiley & Sons Inc. (NYSE: JW.A)** is a leading provider of knowledge and knowledge-related services in are of education, personal development and research. It operates through three main segments: Research, Publishing and Solutions and have global presence across the United States, Europe, Asia and Australia.
- **Strategy:** advance innovation and connect researchers, learners and professionals with content, platforms and tools they need to be successful.
- **Major Shareholders:** The Vanguard Group (10.65%), Champlain Investment Partners (9.26%), SSgA (8.4%), BlackRock (7.79%)
- **Segments Contribution (FY19):** Research (52%), Publishing (39%) and Solutions (9%)

Service Offerings

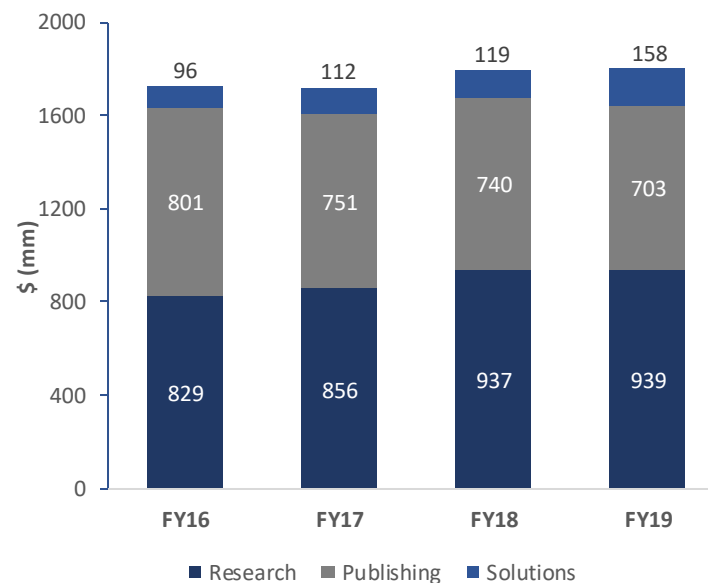


Valuation and Share Performance

Key Statistics (\$mm, unless otherwise noted)

Enterprise Value	\$ 3,050	Payout Ratio	52.33%
Market Cap	\$ 2,190	Debt	\$ 997
EV/EBITDA	8.97x	Cash	\$ 118
Revenue (FY19)	\$ 1,800	Digital	75%
Forward P/E	13.99x	Recurring	55%
Share Price	\$ 37.75	High/Low	\$ 30.42/\$ 50.05

Revenue Growth by Segments



Management Team and Firm History



Key Executives



Brian Napack, President & CEO. Napack has over 30 years of senior experience in media, education and information having worked at Walt Disney, L.E.K Consulting and Blackboard. Previously, he served as the president of Macmillan and has held various Board positions of numerous firms during his career life.



John Kritzmacher, EVP & CFO, Operations. Kritzmacher has spent over 6 years at Wiley. He has an excellent track record of accomplishment in M&A, and investor relations. Prior to Wiley, he spent 10+ years as board member at InterDigital Communications and held many leadership roles at notorious firms.



Aref Martin, EVP & CTO. Martin has extensive working experience in technology industry. He served a series of high-level executive roles in notable technology firms namely Pearson Learning Technologies, Siemen and AT&T.

Key Board Directors



Jesse C. Wiley, Chairman. Wiley is a member of seventh generation of the Wiley family. He has been appointed Non-Executive Chairman since 2012. Before his transition to chairman, he served numerous key roles at Wiley and contributed to many major initiatives in his executive tenure.

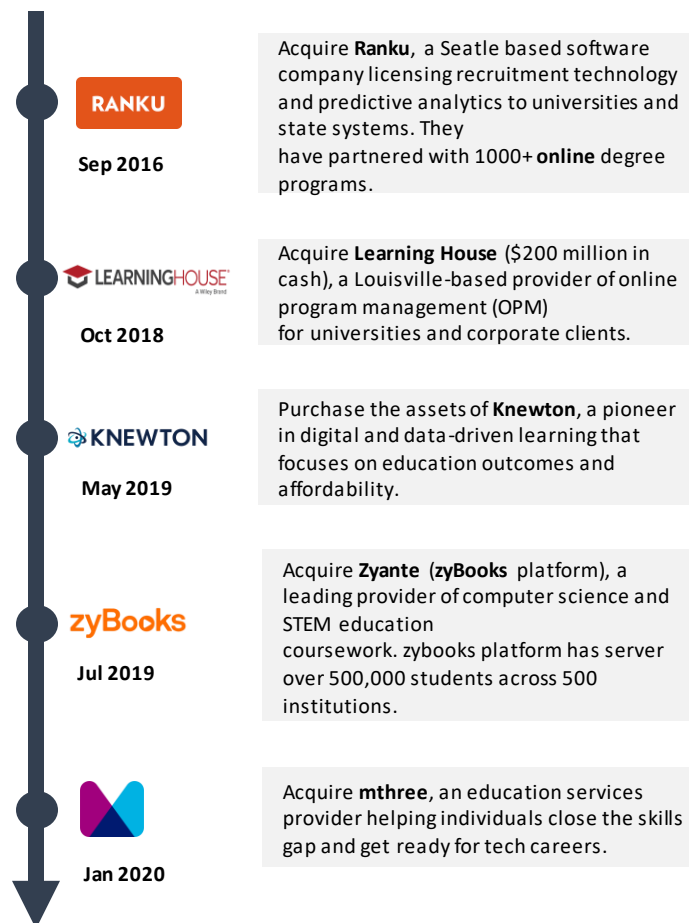


William J. Pesce, Independent Director. Pesce has a life-long commitment to education and is currently the biggest shareholder at Wiley, owning 0.13% of the shares. In addition, he was selected as 2012 New Jersey Business Hall of Fame Laureate for his significant contributions to Wiley and the state.



Mari J. Baker, Independent Director. Baker has held numerous executive positions in public and private companies in technology fields including CEO of PlayFirst, COO of Velti and SVP/General Manager at Intuit.

Key Events





Investment Thesis

4/1/2020

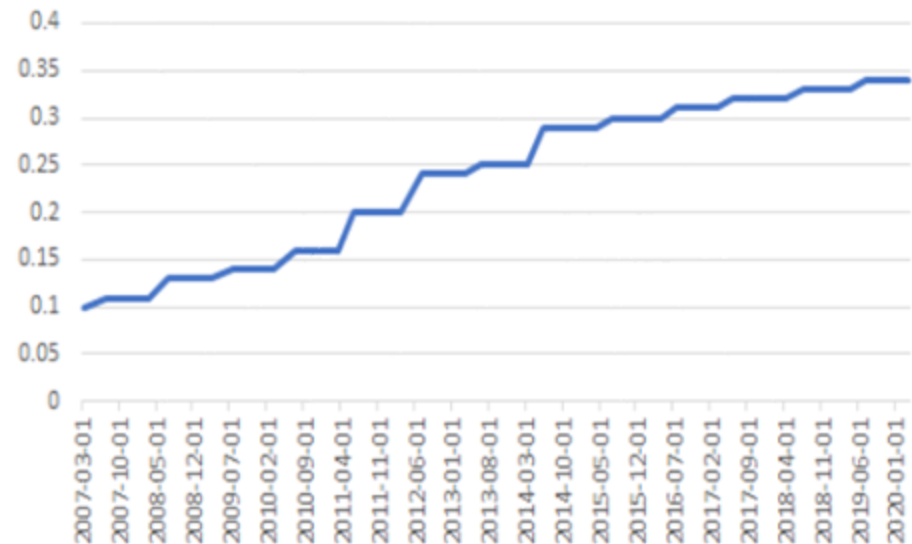
Investment Thesis I - Revenue Stability



Revenue (millions)



Dividends



Research

- 55% market share in global science and medical journal publishing.
- 92% renewal rate with multiyear agreements
- Largest and most sought-after journal ecosystem

Academic & Professional learning

- Largest test prep offering globally for professional degrees and certifications
- Growing custom corporate university offerings

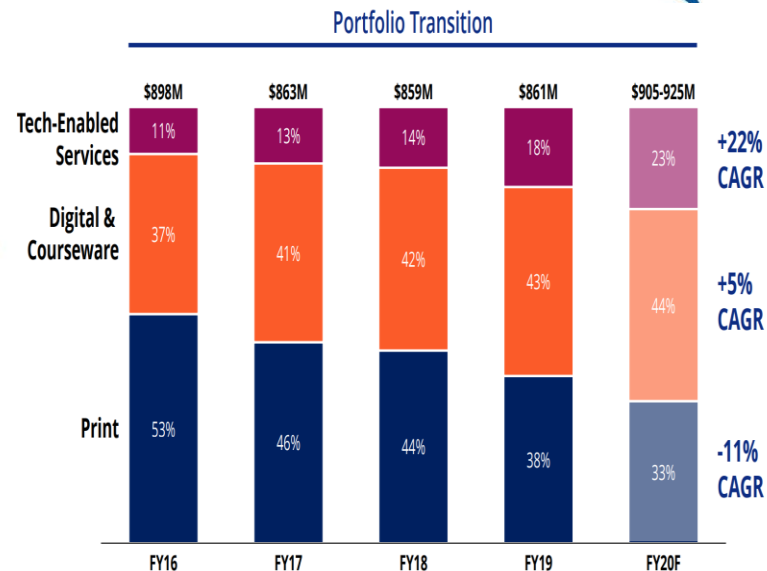
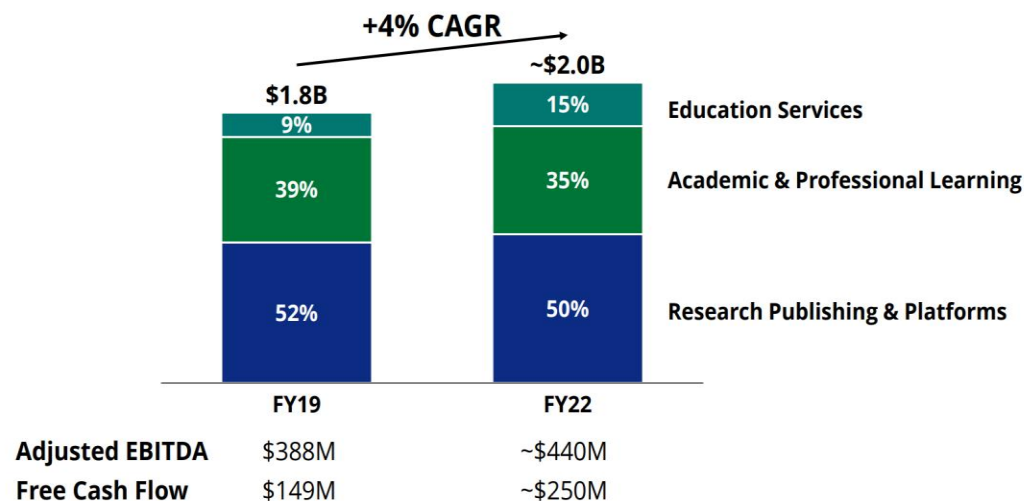
Education services

- Custom courseware packages for teachers
- 60+ University partners with both undergrad and post grad services

Investment Thesis II - Growth



Targeting \$2B revenue by FY22



Online courseware

- Entering niche markets e.i. IT and business industries with custom courseware applicable to both professional and academic industries

Acquisition's

- Three M
- ZY Books
- Strong pipeline of targets that align with online growth strategy

Education services

- Focused on high-demand careers, degrees and certifications
- Deliver outcome-driven digital courseware and platforms
- Reducing cost of access to learning

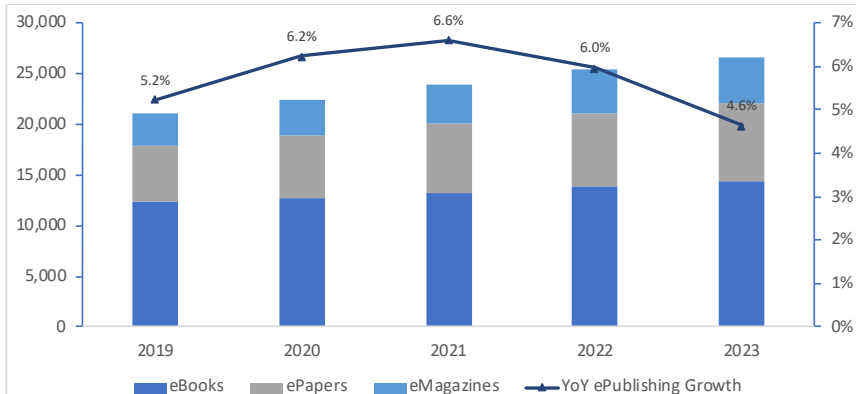


Industry Overview

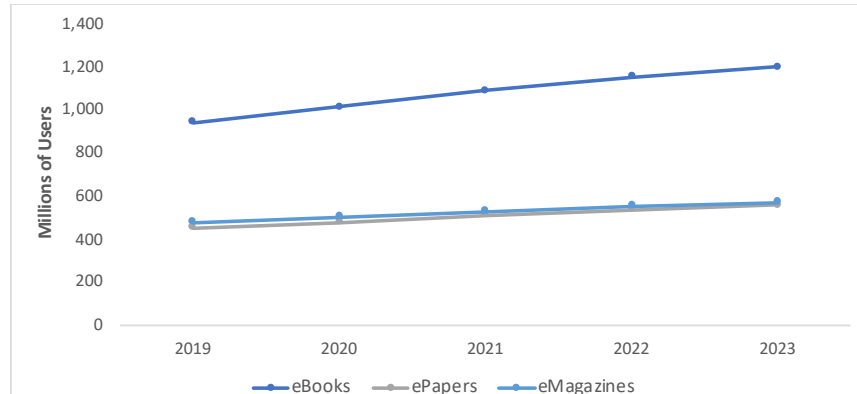
Trends Analysis



Worldwide ePublishing Revenue Forecast

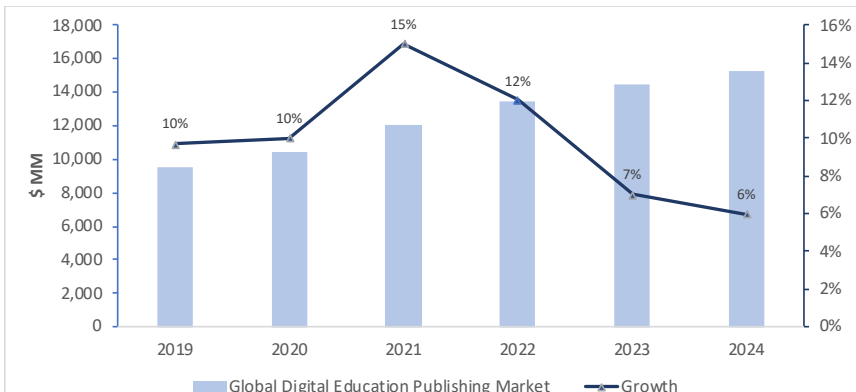


Worldwide ePublishing User Forecast

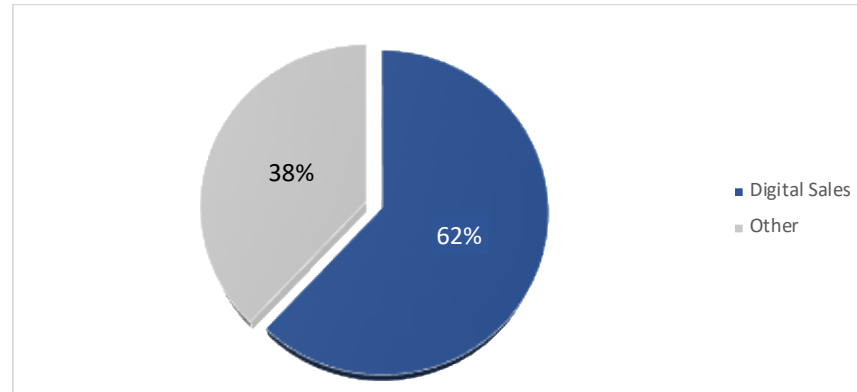


The price of physical textbooks has increased 183% over the last 20 years, causing students to flock toward electronic publishing sources, an industry forecasted to jump \$5B from 2019-2023.

Global Digital Education Publishing Market Size Forecast



Industry Average Revenues by Segment



The Global Digital Education Publishing Market has a projected 9.7% CAGR between 2019-2026

The Online Education Market is expected to reach USD 132.98B by 2023, with content expected to grow at a 27.35% CAGR



Book Publishing

- Revenue is projected to increase by 1% each year for the next 5 years
- Due to online products, print sales are down
- Although post-secondary enrollment is growing, the industry won't be able to monetize this growth due to used marketplace

E-Book Publishing

- Revenue projected to decrease by 1.4% each year for the next 5 years
- More authors are self-publishing as they do not see value in a publishing company
- The number of book publishing companies is expected to decrease

Relevant Industries

Market Research

- Revenue projected to increase by 2.4% each year for 5y, with increased R&D spending and access to data
- Number of market research companies expected to increase

Corporate Training

- Revenue projected to increase for next 5y as competition is pressuring corporate training expenditures
- Demand for professional development is increasing as distance education is becoming a flexible tool



Risks, Mitigation & Catalysts



Risks, Mitigations & Catalysts

Risks		Mitigations	
<ul style="list-style-type: none">• Print publishing is in decline: online formats are preferred• Growing rental/used textbook market		<ul style="list-style-type: none">• Wiley has a wide array of online books and journals• Publishers work with faculties and professors to create a unique textbook for the specific courses	
<ul style="list-style-type: none">• Very competitive environment and increasing free online resources		<ul style="list-style-type: none">• Wiley's journals are better in quality compared with competitors' journals• Wiley has a lot of journals on niche topics, which competitors don't	
<ul style="list-style-type: none">• Infringements of intellectual property rights		<ul style="list-style-type: none">• Wiley is constantly working at keeping infringements at a minimum	
<ul style="list-style-type: none">• Decrease in corporate training spending and/or head count		<ul style="list-style-type: none">• Companies that use Wiley's services, are hesitant to switch because it will create operational disruption	
<ul style="list-style-type: none">• Tight library budgets		<ul style="list-style-type: none">• Wiley's journals are deemed "essential" for libraries and researchers because of their journals about niche topics	
<ul style="list-style-type: none">• Foreign exposure: about half of Wiley's revenue is from outside of the US		<ul style="list-style-type: none">• Hedged through derivatives	
Catalysts			
<ul style="list-style-type: none">• The global EdTech market is projected to grow by more than 5% annually through 2021			
<ul style="list-style-type: none">• Key partnerships that will benefit operationally and provide more capabilities in services			



Valuation

Valuation: DCF



In Millions of USD 12 Months Ending	2017A 04/30/2017	2018A 04/30/2018	2019A 04/30/2019	2020E 04/30/2020	2021E 04/30/2021	2022E 04/30/2022	2023E 04/30/2023	2024E 04/30/2024
EBITDA	362.3	383.8	369.5	329.4	344.4	350.8	356.2	360.3
Operating Income (EBIT)	228.4	260.0	227.1	227.6	249.4	258.2	265.9	273.9
Tax Rate	(16.9)	(13.3)	(16.1)	(16.1)	(16.1)	(16.1)	(16.1)	(16.1)
NOPAT	211.4	246.8	211.0	211.5	233.3	242.1	249.8	257.8
Non Cash Adjustments								
Depreciation and Amortization	116.4	112.6	124.1	105.5	100.3	98.2	96.0	92.3
Deferred Income Tax	(2.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Non-Cash Adjustments	126.3	77.6	45.5	21.8	21.8	21.8	21.8	21.8
Unlevered Cash from Operations				309.5	387.1	335.9	344.4	305.5
Less: Capital Expenditures	50.7			(126.2)	(118.6)	(123.7)	(127.4)	(131.3)
Less: Purchase of Intangible Assets				(90.0)	0.0	0.0	0.0	0.0
Unlevered Free Cash Flow (UFCF)				183.3	268.5	212.2	217.0	174.2
<i>% growth</i>				<i>n/a</i>	<i>47%</i>	<i>-21%</i>	<i>2%</i>	<i>-20%</i>
Discount factor				7.50%	107.50%	207.50%	307.50%	407.50%
Present Value of UFCF				182.3	249.3	183.9	175.5	131.5

Valuation: DCF



Weighted Average Cost of Capital (WACC)	
Weighted Average Cost of Debt	2.69%
Risk Free rate	0.6%
Beta	1.19
Market Risk Premium	6.9%
Cost of Equity	8.8%
Weight of Equity	75.0%
WACC	7.15%

Approach	Share Price		
	Bear	Base	Bull
Perpetuity	\$42.81	\$50.73	\$52.87
Multiple	\$41.09	\$45.49	\$46.69
Return	16%	33%	38%

	Assumptions		
	Bear	Base	Bull
Revenue Growth	3%	3.50%	4%

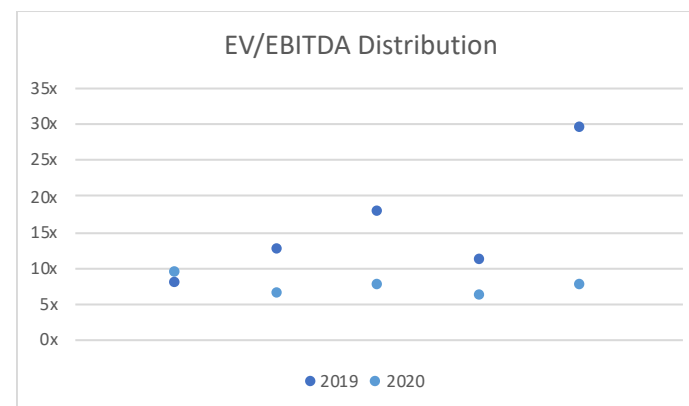
Share Price Sensitivity Analysis - Long term growth rate (g)							
EBITDA	WACC						
	\$50.73	6.13%	6.63%	7.13%	7.63%	8.13%	8.63%
	0.5%	\$48.15	\$43.69	\$39.90	\$36.64	\$33.81	\$31.32
	1.0%	\$52.63	\$47.39	\$43.00	\$39.26	\$36.05	\$33.26
	1.5%	\$58.07	\$51.80	\$46.64	\$42.31	\$38.64	\$35.47
	2.0%	\$64.84	\$57.17	\$50.99	\$45.90	\$41.64	\$38.02
	2.5%	\$73.47	\$63.84	\$56.28	\$50.19	\$45.18	\$40.98
	3.0%	\$84.86	\$72.35	\$62.86	\$55.41	\$49.41	\$44.47
	3.5%	\$100.58	\$83.57	\$71.24	\$61.89	\$54.56	\$48.64
Share Price Sensitivity Analysis - Exit EBITDA Multiple							
Growth Rate	WACC						
	\$45.49	6.13%	6.63%	7.13%	7.63%	8.13%	8.63%
	6.49x	\$37.34	\$36.58	\$35.82	\$35.09	\$34.37	\$33.67
	6.99x	\$39.87	\$39.05	\$38.25	\$37.47	\$36.70	\$35.96
	7.49x	\$42.39	\$41.52	\$40.68	\$39.85	\$39.04	\$38.25
	8.49x	\$47.43	\$46.47	\$45.53	\$44.61	\$43.71	\$42.84
	8.99x	\$49.95	\$48.94	\$47.95	\$46.99	\$46.05	\$45.13
	9.99x	\$54.99	\$53.89	\$52.81	\$51.75	\$50.72	\$49.71

Valuation: Comparables

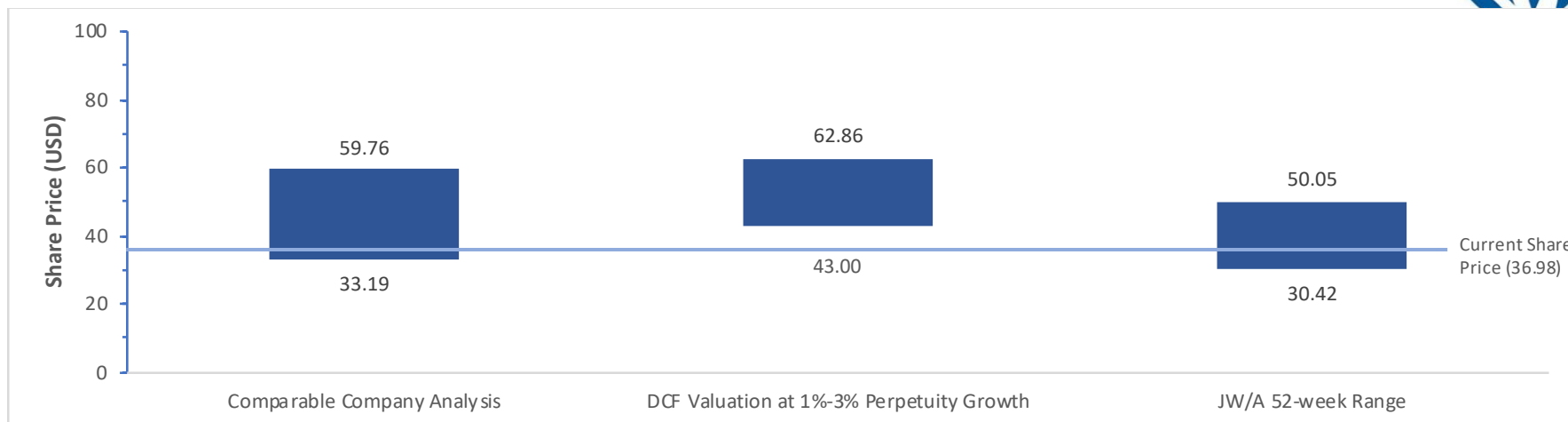


						EV/EBITDA							
Company Name	Ticker	Share Price (4/3)	Market Cap (\$M)	EV (\$M)		2019	2020E	Debt/Equity	EBITDA Growth YoY	CapEx (\$M)			
US Peers													
John Wiley	JW/A	\$	35.67	\$	2,440	\$	3,310	8.00x	9.40x	81.62%	3.94%	\$	(99.76)
Pearson Education Plc	PSO		5.97		4,411		5,910	12.45x	6.53x	39.39%	-11.10%		(193.00)
Scholastic Corp.	SCHL		24.51		1,110		928	17.64x	7.55x	8.52%	95.75%		(77.70)
Houghton Mifflin Harcourt Co.	HMHC		2.58		777		1,380	11.00x	6.20x	141.58%	-22.22%		(37.56)
News Corp	NWSA		8.65		8,390		9,790	29.31x	7.64x	27.25%	16.04%		(545.00)
Minimum			2.58		777		928	8.00x	6.20x	8.52%	-22.22%		(545.00)
Maximum			35.67		8,390		9,790	29.31x	9.40x	141.58%	95.75%		(37.56)
Median		\$	8.65	\$	2,440	\$	3,310	12.45x	7.55x	39.39%	3.94%		(99.76)
Average			15.48		3,426		4,264	15.68x	7.46x	59.67%	16.48%		(190.60)

EV/EBITDA			
Analysis	Bear (Min)	Base (Median)	Bull (Max)
2020 Expected EBITDA (\$MM)	\$ 390	\$ 390	\$ 390
EV/EBITDA	6.20x	7.55x	9.40x
Implied Enterprise Value (\$MM)	2,418	2,945	3,666
Add: Cash	118	118	118
Less: Debt	(977)	(977)	(977)
Implied Equity Value	1,559	2,086	2,807
Shares Outstanding (MM)	47	47	47
Implied Equity Value per Share	\$ 33.19	\$ 44.40	\$ 59.76
% Market Premium (Discount) to Fair Value	-6.95%	24.48%	67.54%

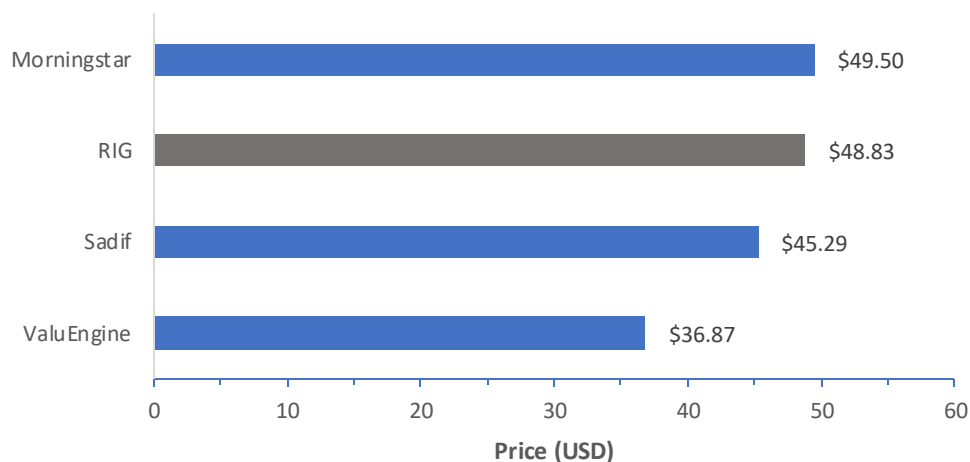


Valuation: Summary



Based on a blended valuation between the DCF and Comparables, we project a share price of \$48.83. Our analysis is average compared to the street, shown below:

Target Price		
	Weight	Share Price
DCF	70%	\$ 50.73
Comps	30%	\$ 44.40
Weighted Share Price		\$ 48.83
<i>Implied Premium</i>		<i>32.0%</i>



Appendix



Weighted Average Cost of Capital (WACC)	
Long term debt	797.4
Net Debt	680.076
Weighted Average Cost of Debt	2.69%
Tax Rate	20.0%
Weight of Debt as a %	25.0%
Risk Free rate	0.6%
Beta	1.19
Market Risk Premium	6.9%
Cost of Equity	8.8%
Weight of Equity	75.0%
WACC	7.15%

Enterprise Value	Perpetuity
UFCF in last forecast period (2024E)	150.1
UFCF in next forecast period	153.1
Long term growth rate	2.0%
Terminal Value	2,970.0
Present Value of Terminal Value	2,241.2
Present Value of Cash Flows	839.6
Enterprise Value	3,080.8
Less: Net Debt	(680.1)
Equity Value	2,400.7
Implied Price per Share	\$42.81
Implied EV/EBITDA multiple	10.1x

Options/Warrants Data	
Basic Shares	56,079.46
Exercisable options	11
Exercise price	35.04
In-the-money exercisable options	11
Total Proceeds	385.44
Total shares repurchased	10.67
Net Dilutive Options	0.33
Dilutive impact of shares from other securities	0
Net diluted shares outstanding	56079.80

Exit EBITDA multiple approach	
Terminal year EBITDA	334.8
TV EBITDA multiple	8.49
TV	2842.4
PV of TV	2144.9
PV of stage 1 cash flows	839.6
Enterprise value	2984.5
Implied TV perpetual growth rate	1.78%
Fair Value per share	
Enterprise Value	2,984.5
Less: Net Debt	-680.1
Equity Value	2,304.4
Diluted Shares	56.1
Equity Value per share	\$41.09
Market Premium / (discount) to fair value	0.1