



# John Wiley & Sons (WLY)

Updated December 19<sup>th</sup>, 2024 by Jonathan Weber

## Key Metrics

<b>Current Price:</b>	\$44	<b>5 Year CAGR Estimate:</b>	8.8%	<b>Market Cap:</b>	\$2.4B
<b>Fair Value Price:</b>	\$45	<b>5 Year Growth Estimate:</b>	6.0%	<b>Ex-Dividend Date:</b>	03/15/25 <sup>1</sup>
<b>% Fair Value:</b>	99%	<b>5 Year Valuation Multiple Estimate:</b>	0.3%	<b>Dividend Payment Date:</b>	03/22/25 <sup>2</sup>
<b>Dividend Yield:</b>	3.2%	<b>5 Year Price Target</b>	\$60	<b>Years Of Dividend Growth:</b>	31
<b>Dividend Risk Score:</b>	A	<b>Retirement Suitability Score:</b>	A	<b>Rating:</b>	Hold

## Overview & Current Events

John Wiley & Sons is a publishing and research company whose operations are split into three segments: Research, Publishing, and Solutions. The company offers scientific, technical, medical and scholarly research journals, reference books, databases, clinical decision support tools, laboratory manuals, scientific and education books, and test preparation services. Its services also include learning, development and assessment services for businesses and professionals and online program management services for higher education institutions. John Wiley & Sons was founded in 1807 and is headquartered in Hoboken, NJ.

John Wiley & Sons reported its second quarter (fiscal 2025) earnings results in December. The company announced that its revenues totaled \$427 million during the quarter, which represents a decline of 13% versus the prior year's quarter, which was a more pronounced decline compared to the previous quarter.

Earnings-per-share came in at \$0.97 for the quarter, which beat the consensus estimate, as analysts had predicted a smaller profit for the quarter. Earnings-per-share were up by a strong 36% compared to the previous year's period. John Wiley generated earnings-per-share of \$2.78 during fiscal 2024, and it is expected that fiscal 2025 will be significantly stronger. For the current year, management forecasts earnings-per-share of \$3.25 to \$3.60, which would represent growth deep in the double digits compared to 2024.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$2.70	\$3.00	\$3.05	\$3.43	\$2.96	\$2.40	\$2.92	\$4.16	\$3.84	\$2.78	<b>\$3.43</b>	<b>\$4.59</b>
<b>DPS</b>	\$1.20	\$1.24	\$1.28	\$1.30	\$1.32	\$1.36	\$1.37	\$1.38	\$1.39	\$1.40	<b>\$1.41</b>	<b>\$1.48</b>
<b>Shares<sup>3</sup></b>	58	57	57	57	57	56	56	56	56	55	<b>55</b>	<b>55</b>

John Wiley & Sons has a rather weak earnings-per-share growth track record. While the company remained profitable during the Great Recession, its earnings-per-share in fiscal 2024 were almost flat from fiscal 2015, with barely any growth being generated over the last decade.

John Wiley & Sons' focus on publishing research journals, scientific books, and the like has made the company less vulnerable to other forms of entertainment. Over the last decade, total unit sales of books have declined in the US, but as John Wiley & Sons' books and journals are not read for entertainment, but rather due to being required reading for students, professionals, and scientists, the company has been relatively immune to this trend. The company has successfully transformed itself, as the majority of all revenues were generated from digital products during the last year. John Wiley's research segment has performed well in recent years thanks to growth from journal subscriptions and ongoing expansion in licensing & reprints. The subscription model results in recurring, non-cyclical revenues, which is why John Wiley & Sons' results are less seasonal than those of many of its peers. We believe that earnings-per-share will grow more consistently going forward, as the transformation to a digital-centered company has mostly succeeded.

<sup>1</sup> Estimated date

<sup>2</sup> Estimated date

<sup>3</sup> In Millions

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*



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## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	18.5	17.9	19.1	18.4	15.9	15.0	19.5	12.7	10.2	14.0	12.8	13.0
Avg. Yld.	2.4%	2.3%	2.2%	2.0%	2.8%	3.8%	2.4%	2.6%	3.6%	3.6%	3.2%	2.5%

John Wiley & Sons' shares have declined slightly since our last update. Today, John Wiley is trading for close to 13x this year's expected net profit, which is considerably higher than the profit from last year. We believe that shares are marginally undervalued at the current price. The dividend yield is at a solid level of a little more than 3%.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	44.4%	41.3%	42.0%	37.9%	44.6%	56.7%	46.9%	33.2%	36.2%	50.4%	41.1%	32.3%

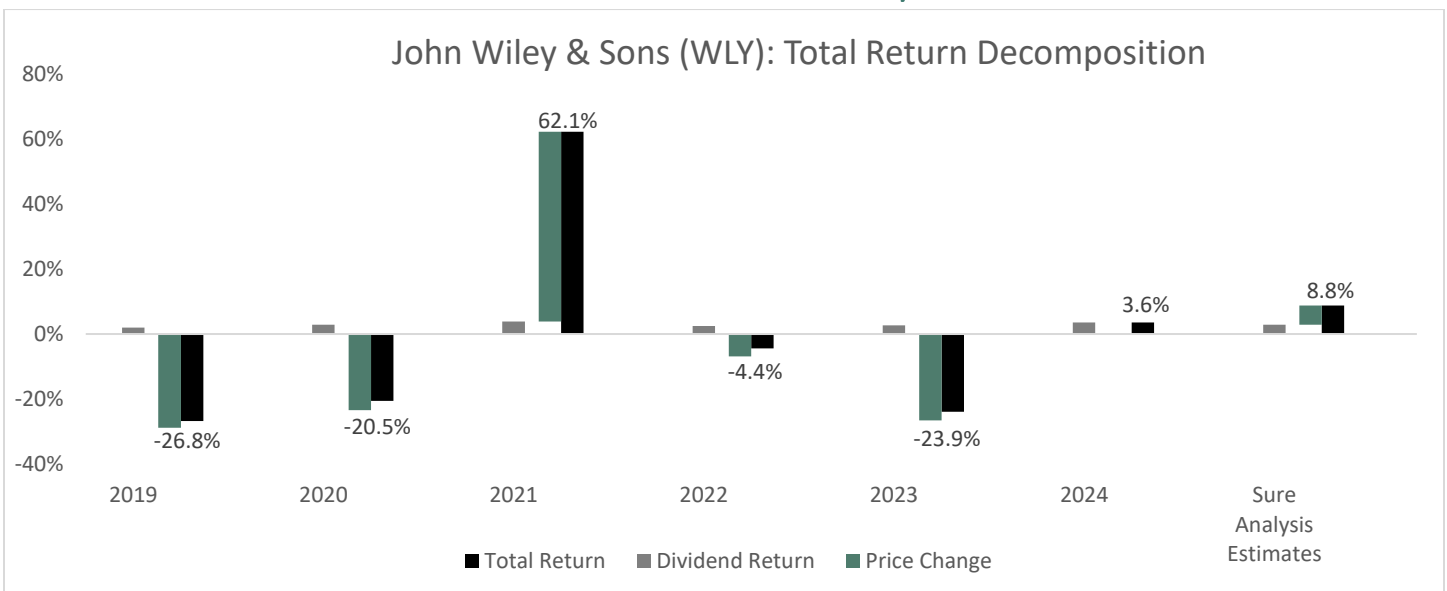
John Wiley & Sons' dividend payout ratio was never especially high. Most of the time, it remained below 50%. John Wiley & Sons has raised its dividend continually throughout the last three decades. We believe that the dividend is relatively safe, especially as John Wiley's dividend was not in danger during the Great Recession, either.

Based on its successful ongoing transformation of its business model towards digital products, and due to John Wiley & Sons' strong position in the non-cyclical scientific and professional markets, there is little risk to its business model. Since a substantial portion of its revenues are generated via journal subscriptions, which results in recurring revenues, and because demand from the scientific community is not overly cyclical, John Wiley & Sons performed reasonably well during the Great Recession and pandemic. Peers that are more focused on entertainment books, such as Scholastic, are impacted to a much more significant degree by changes in consumption behavior, such as the shift from reading books to more screen time.

## Final Thoughts & Recommendation

John Wiley & Sons is active in an attractive niche of the publishing industry. Earnings have declined over the last two fiscal years, but the company is forecasted to see higher profits again during the current fiscal year. The valuation is close to our fair value estimate, while the dividend yield is at a solid level. Overall, the total return outlook is good but not great, which is why we rate the company a hold today.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	1,822	1,727	1,719	1,796	1,800	1,831	1,942	2,083	2,020	1,873
<b>Gross Profit</b>	1,323	1,261	1,218	1,265	1,245	1,240	1,316	1,382	1,327	1,293
<b>Gross Margin</b>	72.6%	73.0%	70.9%	70.4%	69.2%	67.7%	67.8%	66.4%	65.7%	69.0%
<b>SG&amp;A Exp.</b>								1,080	1,037	1,014
<b>D&amp;A Exp.</b>	113	156	157	154	161	175	200	215	213	177
<b>Operating Profit</b>	267	217	225	264	227	181	219	218	205	224
<b>Operating Margin</b>	14.6%	12.5%	13.1%	14.7%	12.6%	9.9%	11.3%	10.5%	10.2%	11.9%
<b>Net Profit</b>	177	146	114	192	168	(74)	148	148	17	(200)
<b>Net Margin</b>	9.7%	8.4%	6.6%	10.7%	9.3%	-4.1%	7.6%	7.1%	0.9%	-10.7%
<b>Free Cash Flow</b>	286	243	181	241	140	171	227	217	170	106
<b>Income Tax</b>	49	29	77	22	45	11	28	61	16	13

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	3,004	2,921	2,606	2,839	2,949	3,169	3,446	3,362	3,109	2,725
<b>Cash &amp; Equivalents</b>	457	364	59	170	93	202	94	100	107	83
<b>Accounts Receivable</b>	147	168	189	212	307	309	312	332	310	224
<b>Inventories</b>	64	58	48	39	36	44	43	37	31	26
<b>Goodwill &amp; Int. Ass.</b>	1,950	1,901	1,891	1,947	2,024	1,978	2,320	2,234	2,059	1,707
<b>Total Liabilities</b>	1,949	1,884	1,603	1,649	1,767	2,235	2,355	2,219	2,064	1,986
<b>Accounts Payable</b>	161	166	76	90	91	94	96	77	84	56
<b>Long-Term Debt</b>	750	605	365	360	479	775	822	787	748	775
<b>Shareholder's Equity</b>	1,055	1,037	1,003	1,191	1,181	934	1,091	1,142	1,045	740
<b>LTD/E Ratio</b>	0.71	0.58	0.36	0.30	0.41	0.83	0.75	0.69	0.72	1.05

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	5.8%	4.9%	4.1%	7.1%	5.8%	-2.4%	4.5%	4.4%	0.5%	-6.9%
<b>Return on Equity</b>	15.8%	13.9%	11.1%	17.5%	14.2%	-7.0%	14.6%	13.3%	1.6%	-22.4%
<b>ROIC</b>	9.6%	8.5%	7.6%	13.2%	10.5%	-4.4%	8.2%	7.7%	0.9%	-12.1%
<b>Shares Out.</b>	58	57	57	57	57	56	56	56	56	55
<b>Revenue/Share</b>	30.58	29.40	29.53	31.03	31.12	32.58	34.39	36.80	35.84	34.09
<b>FCF/Share</b>	4.80	4.14	3.11	4.17	2.42	3.05	4.02	3.84	3.02	1.93

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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