



John Wiley & Sons (JW.A)

Updated March 17th, 2021 by Jonathan Weber

Key Metrics

Current Price:	\$49	5 Year CAGR Estimate:	4.5%	Market Cap:	\$2.8B
Fair Value Price:	\$43	5 Year Growth Estimate:	4.5%	Ex-Dividend Date:	03/30/20 ¹
% Fair Value:	114%	5 Year Valuation Multiple Estimate:	-2.6%	Dividend Payment Date:	04/16/21 ²
Dividend Yield:	2.8%	5 Year Price Target	\$53	Years Of Dividend Growth:	27
Dividend Risk Score:	B	Retirement Suitability Score:	B	Last Dividend Increase:	0.7%

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, is headquartered in Hoboken, NJ.

John Wiley & Sons reported its third quarter (fiscal 2021) earnings results on March 4. The company announced that its revenues totaled \$480 million during the quarter, which represents an increase of 3% versus the prior year's quarter. John Wiley & Sons beat the analyst consensus estimate easily, by \$10 million.

Earnings-per-share came in ahead of the analyst consensus, at \$0.68, which was up by 6% year over year, which was a solid result for the company that has been battling with low profitability in the recent past. John Wiley & Sons updated its guidance for fiscal 2021 during the earnings call, which was surprisingly strong. The company expects that its earnings-per-share will come in between \$2.60 and \$2.75 for the current year, which represents an improvement versus fiscal 2020, and which is also well above what the analyst community had forecasted.

Growth on a Per-Share Basis

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2026
EPS	\$3.21	\$2.92	\$3.05	\$3.26	\$2.70	\$3.00	\$3.05	\$3.43	\$2.96	\$2.40	\$2.68	\$3.34
DPS	\$0.80	\$0.96	\$1.00	\$1.16	\$1.20	\$1.24	\$1.28	\$1.30	\$1.32	\$1.36	\$1.37	\$1.59
Shares³	60	59	59	59	58	57	57	57	57	56	56	54

John Wiley & Sons has a mediocre earnings-per-share growth track record. Its profits increased during the last financial crisis, and between 2015 and 2018, John Wiley & Sons' earnings-per-share rose substantially. Fiscal 2019 was a down year for the company, though, and 2020 was even weaker, although that was, at least partially, due to COVID-19.

John Wiley & Sons' focus on publishing research journals, scientific books, and the like has made the company less vulnerable to other forms of entertainment. Since 2012, total unit sales of books have been declining 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 ~75% 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. Since schools and universities have amended their operations due to the current pandemic, lower textbook sales have been a recent headwind.

¹ Estimated date

² Estimated date

³ 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.



John Wiley & Sons (JW.A)

Updated March 17th, 2021 by Jonathan Weber

Valuation Analysis

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Now	2026
Avg. P/E	14.8	14.7	16.1	18.1	18.5	17.9	19.1	18.4	15.9	15.0	18.3	16.0
Avg. Yld.	1.7%	2.2%	2.0%	2.0%	2.4%	2.3%	2.2%	2.0%	2.8%	3.8%	2.8%	3.0%

John Wiley & Sons' shares have risen quite a lot over the last couple of months, and the company's shares are now trading well in excess of our fair value estimate. We believe that shares don't have upside potential from the current level, and that multiple contraction could be a headwind for total returns going forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2026
Payout	24.9%	32.9%	32.8%	35.6%	44.4%	41.3%	42.0%	37.9%	44.6%	56.7%	51.1%	47.6%

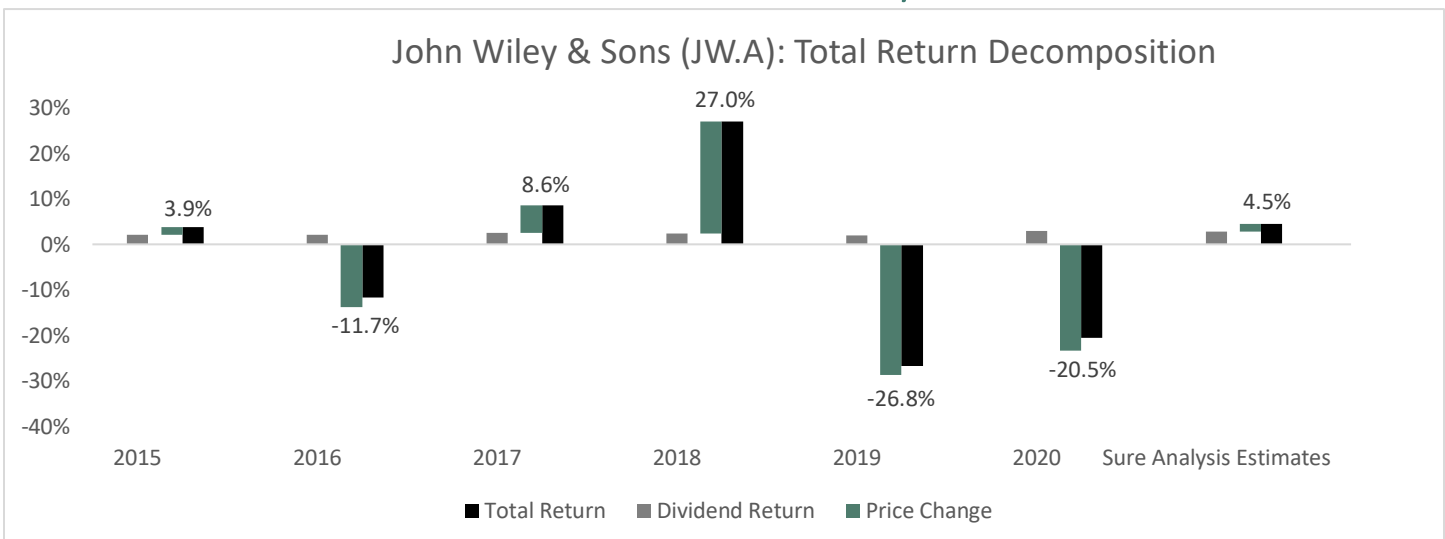
John Wiley & Sons' dividend payout ratio was never especially high. Most of the time, it remained below 50%. John Wiley & Sons has raised its dividend continually throughout the last decade. We believe that the dividend is relatively safe, especially as John Wiley's dividend was not in danger during 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 quite well during the last financial crisis. John Wiley & Sons will likely remain relatively insulated versus changes in the publishing industry. 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. Fiscal 2020 was a down year for the company, but the long-term outlook is not bad, as investments start to pay off in the foreseeable future. Management's outlook for fiscal 2021 is also convincing, John Wiley will be more profitable compared to 2020 again. Shares are trading above fair value right now, however, which is why we rate the stock a hold for now.

Total Return Breakdown by Year



[Click here to rate and review this research report. Your feedback is important to us.](#)

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.



John Wiley & Sons (JW.A)

Updated March 17th, 2021 by Jonathan Weber

Income Statement Metrics

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	1,743	1,783	1,761	1,775	1,822	1,727	1,719	1,796	1,800	1,831
Gross Profit	1,204	1,239	1,229	1,268	1,323	1,261	1,218	1,265	1,245	1,240
Gross Margin	69.1%	69.5%	69.8%	71.4%	72.6%	73.0%	70.9%	70.4%	69.2%	67.7%
SG&A Exp.	911	922	933	969	1,005	994	943	957	964	997
D&A Exp.	81	87	98	103	113	116	116	113	124	139
Operating Profit	248	280	253	254	267	217	225	260	227	181
Operating Margin	14.2%	15.7%	14.4%	14.3%	14.6%	12.5%	13.1%	14.5%	12.6%	9.9%
Net Profit	172	213	144	161	177	146	114	192	168	(74)
Net Margin	9.9%	11.9%	8.2%	9.0%	9.7%	8.4%	6.6%	10.7%	9.3%	-4.1%
Free Cash Flow	321	312	278	291	286	243	181	241	164	198
Income Tax	59	59	43	35	49	29	77	22	45	11

Balance Sheet Metrics

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Assets	2,430	2,533	2,806	3,077	3,004	2,921	2,606	2,839	2,937	3,169
Cash & Equivalents	202	260	334	486	457	364	59	170	93	202
Accounts Receivable	168	172	162	150	147	168	189	212	295	309
Inventories	106	101	82	75	64	58	48	39	36	44
Goodwill & Int. Ass.	1,576	1,606	1,790	1,888	1,880	1,829	1,810	1,868	1,961	1,924
Total Liabilities	1,452	1,515	1,818	1,895	1,949	1,884	1,603	1,649	1,756	2,235
Accounts Payable	155	151	143	143	161	166	76	90	91	94
Long-Term Debt	454	475	673	700	750	605	365	360	479	775
Shareholder's Equity	978	1,018	988	1,182	1,055	1,037	1,003	1,191	1,181	934
D/E Ratio	0.46	0.47	0.68	0.59	0.71	0.58	0.36	0.30	0.41	0.83

Profitability & Per Share Metrics

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Return on Assets	7.3%	8.6%	5.4%	5.5%	5.8%	4.9%	4.1%	7.1%	5.8%	-2.4%
Return on Equity	20.2%	21.3%	14.4%	14.8%	15.8%	13.9%	11.1%	17.5%	14.2%	-7.0%
ROIC	12.3%	14.5%	9.1%	9.1%	9.6%	8.5%	7.6%	13.2%	10.5%	-4.4%
Shares Out.	60	59	59	59	58	57	57	57	57	56
Revenue/Share	28.40	29.10	29.24	29.83	30.58	29.40	29.53	31.03	31.12	32.58
FCF/Share	5.24	5.10	4.62	4.88	4.80	4.14	3.11	4.17	2.84	3.52

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.