Annual General Meeting
Leiden, 16 May 2017
This presentation contains forward-looking statements with regard to the financial position and results of BRILL’s activities. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond BRILL’s ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, changes in customer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, costs of services purchased, interest rate and foreign exchange fluctuations, change in tax rates, changes in law and the actions of government regulators. These and other risk factors are detailed in BRILL’s publicly filed annual reports. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. BRILL does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.
Agenda

- Management Report
- Corporate Strategy
- Financial Performance
Management Report
Brill has progressed versus its objectives

- Performance improvement effort well underway:
  - >4% Organic growth, above our expectations
  - EBITDA +18.5%, Margin 14.0% and excluding one-offs 15.6%

- Major launches continue to build Brill’s reputation
  - Brockelmann, Textual History of the Bible, Encyclopedia of Chinese Language and Linguistics, Rosenne

- Investment in Marketing and Sales yielded results
  - Sales force expansion with focus on Asia and US
  - Focus on online sales and digital marketing

- Operational overhaul delivering short and mid term benefits
  - Production and Logistics
  - RSuite implementation, platform replacement

- German acquisition provides platform for further growth
Financial performance improved

<table>
<thead>
<tr>
<th>(in EUR million)</th>
<th>2016</th>
<th>2015</th>
<th>Increase</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>32.2</td>
<td>30.8</td>
<td>1.4</td>
<td>4.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4.5</td>
<td>3.8</td>
<td>0.7</td>
<td>18.5%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>14.0%</td>
<td>12.3%</td>
<td>170 Bps</td>
<td></td>
</tr>
<tr>
<td>EBITDA Margin excl. one - offs</td>
<td>15.6%</td>
<td>12.3%</td>
<td>330 Bps</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>3.7</td>
<td>3.0</td>
<td>0.7</td>
<td>23.1%</td>
</tr>
<tr>
<td>Net profit</td>
<td>2.8</td>
<td>2.3</td>
<td>0.5</td>
<td>20.0%</td>
</tr>
<tr>
<td>Earnings Per Share (in EUR)</td>
<td>1.49</td>
<td>1.24</td>
<td>0.25</td>
<td>20.0%</td>
</tr>
<tr>
<td>ROIC</td>
<td>12.9%</td>
<td>10.5%</td>
<td>240 Bps</td>
<td></td>
</tr>
</tbody>
</table>
We continued to publish high-profile titles
Corporate Strategy
Brill business profile

- Reputable international academic publisher
- Majority of business online but strong basis in print
- Humanities, international law, biology, social sciences
- Service excellence towards authors and users
- Sustainable value creation for all stakeholders to safeguard license to operate
Stakeholder value creation at Brill
Strategy for value creation

Expand market position
- Build on leading positions
- Expand to adjacencies
- New product formats

Develop market presence
- Expand sales force
- Focus on flagships
- Enhance digital marketing

Invest in operations
- Content
- Platforms
- Applications
- Logistics
- Cloud
Development of publishing program

- Thematic program development
  - Internal
  - M&A (Schöningh & Fink, Sense)
- Digital Humanities initiatives
  - GIS
  - Pattern recognition
  - Semantic technology
  - Statistical analysis
- Translation and distribution agreements

Expand market position

- Build on leading positions
- Expand to adjacencies
- New product formats
Develop market presence

- **Expand sales force**
  - In the key markets USA and EU
  - In selected growth markets (China and India)
- **Sales focus on online products**
  - Flagship focus
  - Library consortia
  - Special and incremental deals
- **Shift resources to digital marketing**
  - eCampaigns
  - Social Media
- **Optimize print book sales processes**
  - Data feeds, marketing information
  - Printing on Demand
- **Actively follow Open Access developments**
Sales highlights in 2016

- Online sales up 15%
  - eBooks up 22%
  - eJournals up 8%

- Special deals with:
  - National University of Singapore (Primary Sources and eBooks)
  - American University of Beirut (eBooks)

- Various new eBook consortium deals with:
  - CASHL in China (eBooks)
  - ViVA, MaRLI and SCELC in the USA

- Print book sales decline was limited (-3%)

- Open Access deal with Dutch UKB consortium
Marketing highlights 2016

- 30% of Marketing budget spent on eMarketing
- Successful telemarketing campaign which reversed 33% of non-renewals
- 40,000+ followers on Facebook, 12,000+ on Twitter
- 368 Brill product instruction videos and other items on Youtube
Usage online platforms

FTD Journals (BOBJ) Cumulative

FTD Books and Chapters (BOBJ) Cumulative

FTD = Full Text Downloads; BOBJ = Brill Online Books and Journals platform
Invest in Operations

- Production and Logistics
  - Global fulfilment contract, local US printing – on – demand partner
  - Starting Jan 1st, 0.5m savings in 2016 (pricing, shipment volume)
- RSuite
  - Fully XML based content management, embedded in workflow
  - Journals live, book production as of Q2; cash savings starting 2017
- Online Platform
  - Replace corporate website and Books & Journals platform
  - Content hub to link to all other platforms
- Other improvements; Ringgold, ORCID, Office365, Salesforce....
Strategic financial ambitions

Ambition
- Organic growth above market average
- Operating EBITDA margin 15-20%
- ROIC well over after-tax cost of capital (9%)

Precondition
- Stable decline print book sales not exceeding growth in digital
- Organic growth in line with ambition
- Availability of investment opportunities
Portfolio has improved further

- Digital revenue at 54% of total
- RoW growth from deals in Asia and Middle East; replacing fiche 2015
- Subscription revenue proportion stable at 42% of total revenue
eBooks and journals drivers of growth

Brill revenue growth analysis (EUR million)

- 2015: Print Books -0.7, eBooks 1.5, Journals 0.5, Primary Sources -0.3
- Like-for-like: 31.8, Hedging: 0.4, 2016: 32.2

*BRILL*
Strong underlying EBITDA growth and margin improvement

Brill EBITDA analysis (EUR million)

- Increase Revenue: 3,800
- Increase CoGS: 1,400
- One offs in CoGS: -200
- Personnel Costs: -500
- Operating Cost: -300
- Other: 400
- 2016: 4,500
- One offs: 500
- Underlying: 5,000

Margin: 14.0%
Margin: 15.6%
Free cash flow supports investments & one-off tax payment relating to 2012 divestment
Improvement of financial return is result of improvement in all key drivers

- Revenue growth
- One-offs CogS
- Logistics savings
- Sales / title
- Book / Journal output
- PS development
- WiP / Content growth
- Working capital reduction
- Capital investments

**Invested Capital** = Fixed assets less deferred tax liabilities related to acquired intangibles plus working capital less cash

**Average Invested Capital** = Average of Invested Capital at the beginning of the period and the end of the period

**NOPLAT** = Operating Profit less Corporate tax at the nominal rate

**ROIC**
- 2016: 12.9%
- 2015: 10.5%

**NOPLAT %**
- 2016: 8.5%
- 2015: 7.2%

**Revenue**
- 2016: 32.2
- 2015: 30.9

**Asset t/o**
- 2016: 1.53
- 2015: 1.48

**∅ Inv. Cap**
- 2016: 21.0
- 2015: 21.1
Conclusions / Q&A
Conclusions

- 2016 marked significant improvements in Brill’s financial performance
- We made progress in the publishing, sales & marketing and operational fields
- We continue to pursue our corporate strategy for sustainable value creation
- We are optimistic for the year ahead but at this time provide no specific guidance
Audit 2016

Planning started in June 2016
Discussed the half year results at the beginning of Augustus 2016
We used September and October to update our knowledge on:
  – Operational activities
  – Internal controls
  – Supporting IT systems
In November/December 2016 we translated our findings to audit procedures to be carried out
Performed the audit in February/March 2017
Finalized the audit on 31 March 2017
Conclusion of the audit 2016

Clean auditor’s report dated 31 March 2017:

– Consolidated financial statements in accordance with IFRS and BW2 Titel 9
– Corporate accounts in accordance with BW2 Titel 9
Focus of our audit

Our audit focuses on:

- Risks confronted by Koninklijke Brill and the corresponding internal controls
- Use of IT systems
- Management override of controls
- Use of third parties by Koninklijke Brill
Materiality and scope of our audit

Materiality is set at € 190,650
We reported our audit findings above: € 9,500

Audit scope is defined top down

US and UK auditors (both non PwC) were instructed by PwC
Key audit matters

Impact of (IT General) control deficiencies on our audit

Completeness of third party revenues

Significant assumptions in the valuation of assets
Director’s report

Tone of voice is in line with the financial results

The report is consistent with the financial information

Corporate governance information agrees to requirements

Relevant risks and risk management process are described