

Please note the text of the Dutch language version of this Press Release is definitive ([www.brill.com](http://www.brill.com))

## Brill reports marginal growth and equal profit in 2014

Key figures (in EUR x Million)	2014	2013
Revenue	29.7	29.3
EBITDA	4.0	4.5
Profit before tax	3.0	3.3
Profit after tax from continued operations	2.5	2.5
Earnings per share (in EUR)	1.31	1.31

These figures are taken from the draft financial statement 2014, which will be published on April 2, 2015 on the website [www.brill.com](http://www.brill.com)

Brill reports revenue of EUR 29.7 million in 2014, an increase of EUR 0.4 million (1.6%) from 2013. On 18 February of this year Brill has issued a press release reporting disappointing sales in December 2014. Through November revenue had been up 4% from the previous year. However sales in the month of December had been the lowest in seven years.

Further to this press release the company now reports some additional sales. Due to royalty statements received earlier than before EUR 200 thousand could be added to the total revenue 2014.

The additional sales translated into profit which remained unchanged from the previous year (EUR 2.5 million).

The analysis of sales and profit is reason for the company to take measures. The changing character of collection development within libraries and universities put some pressure on subscriptions. Usage statistics increasingly drive acquisition and the plethora of various new business and pricing models add to less stable market conditions. The company is therefore reviewing all commercial practices and pricing models. The publishing staff will focus on usability and topicality of electronic product.

In most countries sales increased and especially journal revenue was strong across the board as a result of following strict publication schedules. Revenue in The Middle East however decreased and sales of print books in North America were under pressure. Also outright purchases at year end which had helped boost 2013 sales didn't recur.

In the light of this development the company is also taking measures to control costs. The nature of the business calls for a high level of innovation and product development and this in turn requires investment in people and content. However the company is determined to improve profitability and generation of cash to fuel future growth. Growing sales and added value per employee is a key objective.

# PRESS RELEASE



BRILL

Launching of new product was according to plan in 2014 and the pipeline for 2015 is filled. Product development at Hes&De Graaf suffered from some delays. Editions Rodopi was acquired in the middle of the year and fully met expectations. The prestigious publishing contract for The Hague Academy of International Law was successfully renewed.

The technical infrastructure of Brill is in good shape and future investments in software and hardware will be modest. Most of the print product is produced on demand. On the short term this method is not necessarily cost effective but it helps reduce inventory and capital employed. During 2014 the company learned to have better control of the costs of distribution on demand. In 2015 all contracts related to customer care, fulfilment and distribution will be reviewed and some efficiency gains are expected. Sales efforts, particularly in Asia will be stepped up. In April 2015 Brill will open a new representative office in Singapore which will strengthen the coordination of all publishing, sales and marketing activities in East Asia.

Starting 2015 the pension plan for all staff is based on defined contributions and managed by a third party (PGB).

Despite the slow growth in 2014, Brill has a modestly positive outlook. The company is financially healthy. There are no outstanding bank loans and a balanced policy of strategic and add-on acquisitions offer opportunities for accelerated growth.

On the basis of the modestly positive perspective and the available cash the company will propose to shareholders a dividend of EUR 1.15, up from EUR 1.12. The pay-out ratio is 88%. The dividend is proposed to be paid in cash only.

It is too early in the year to issue any concrete outlook for 2015.

Mr. Roelf Rogaar will step down from the Supervisory Board at the end of his term in 2015. The company will propose to the AGM the appointment of Mr. Robin Hoytema van Konijnenburg.

PWC will be proposed as the new auditor of the company effective as per the current fiscal year.

Leiden, the Netherlands, March 11, 2015



## Explanation of the results in 2014

### Sales development

Brill's ongoing revenue increased 1.6% to EUR 29.7 million (in 2013 EUR 29.3 million) in 2014. Normally Brill has large one-off sales during December, caused by remaining budgets within universities and libraries, but this did not happen to the same degree in 2014. Revenue of Rodopi which Brill acquired by Mid-Year was according to plan, but Hes & De Graaf sales lagged. Sales of print books increased 3.3% and sales of all electronic books combined including databases, reference works and collections decreased 3.2%. Sales of e-books currently represent 32% of total book sales (2013: 34%). Total journal revenue (print and electronic) increased 8.9% (2013: -1.9%). Sales of electronic journals increased 10.0% and currently amount to 79% of total journal revenue (2013: 78%).

### Cost of goods sold, personnel and other operational costs

Cost of goods sold (COGS) increased marginally in 2014 (1.9%), and COGS as percentage of revenue increased from 32.2% in 2013 to 32.3% in 2014. Despite the fact that Brill follows cost leadership and efficient production policies, much of the costs included here have a fixed character. Personnel costs increased 4.6% in 2014 (2013: 3.6%), caused mainly by merit increases, higher premiums for social welfare and an increase in full time equivalents (fte's) from 123 to 132, due to two recent acquisitions. Other operational costs increased EUR 0.4 million (5.5%).

### Depreciation costs, finance revenue and finance costs

Depreciation costs remained constant at EUR 1.0 million in 2014. Finance revenue increased EUR 0.3 million due to foreign exchange differences (2013: EUR -0.1 million). Finance costs (costs of credit facility) remained on 2013 level.

### Profit

Operational margin (EBITDA/revenue) decreased to 13.5% (2013: 15.4%). Profit from continued operations amounted to 8.2% of revenue (2013: 8.2%). The number of outstanding shares was unchanged compared to 2013. Earnings per share amounted to EUR 1.31 (2013: EUR 1.31).

### Working capital and cash flow

The balance of inventories, trade debtors and other receivables, and creditors and other payables increased EUR 0.6 million in 2014. Inventories including work in progress increased EUR 0.5 million, mainly due to investment in new products that will contribute to future organic growth. Accounts receivable by year end increased to EUR 7.7 million (2013: EUR 7.2 million). Free cash flow decreased. Investment in acquisitions amounted to EUR 1.3 million and consisted of the takeover of Editions Rodopi BV (The Netherlands).

### Solvency

The balance sheet total (EUR 45.0 million) showed an increase compared to 2013. Non-current assets increased EUR 1.1 million and current assets decreased EUR 0.4 million. Retained earnings amounted at year end to EUR 26.9 million (2013: EUR 27.2 million). The solvency rate decreased slightly in 2014 to 59.9% (2013: 61.1%).

### Financial calendar 2015

On April 2, 2015 the full annual report will be published on Brill's website [www.brill.com](http://www.brill.com). A press and analyst meeting will take place on April 23 in Amsterdam. On May 13 the Annual Shareholders' Meeting (AGM) will be held in Brill's offices in Leiden.

# PRESS RELEASE



BRILL

## Outlook

It is way too early in the year to issue any concrete outlook for revenue and profit in 2015. Opportunities to acquire strategically attractive business and to develop the publishing program do occur frequently and product development in the current publishing programs is promising. The company therefore keeps aiming at growth of revenue and results.

Leiden, March 11, 2015, Herman Pabbruwe, CEO

[pabbruwe@brill.com](mailto:pabbruwe@brill.com) - ++31 (0)6 20421134

---

---

## About Brill

Founded in 1683 in Leiden, the Netherlands, Brill is a leading international academic publisher in 20 main subject areas, including Middle East and Islamic Studies, Asian Studies, Classical Studies, History, Biblical and Religious Studies, Language & Linguistics, Biology, and International Law, among others. With offices in Leiden and Boston, Brill today publishes 200 journals and around 800 new books and reference works each year, available in both print and electronic form. Brill also markets a large number of primary source research collections and databases. The company's key customers are academic and research institutions, libraries, and scholars. Brill is a publicly traded company and is listed on Euronext Amsterdam NV. For further information please visit [www.brill.com](http://www.brill.com).



## Consolidated income statement of realized and unrealized results for the year 2014

In EUR x 1,000

	<u>2014</u>	<u>2013</u>
<b>Gross profit</b>		
Revenue	29,748	29,284
Cost of goods sold	<u>-9,613</u>	<u>-9,436</u>
	20,135	19,848
<b>Operating expenses</b>		
Selling and distribution costs	-6,165	-5,990
Administrative expenses		
General operating expenses	-9,950	-9,354
Amortization of intangible assets	-271	-312
Depreciation of tangible assets	<u>-731</u>	<u>-714</u>
	<u>-17,117</u>	<u>-16,370</u>
<b>Operating profit</b>	<u>3,018</u>	<u>3,238</u>
Finance revenue	337	-93
Finance costs	<u>-45</u>	<u>-38</u>
<b>Profit before tax</b>	<u>3,310</u>	<u>3,347</u>
Income tax expense	<u>-860</u>	<u>-886</u>
<b>Profit from operating activities allocated to ordinary shareholders of Koninklijke Brill NV</b>	<u><u>2,450</u></u>	<u><u>2,461</u></u>
<b>Unrealized results before tax to be added to or deducted from realized results in the future</b>		
Foreign exchange rate results	14	10
Cash flow hedges	<u>-749</u>	<u>74</u>
	-745	84
<b>Unrealized results after tax</b>		
Taxes	<u>135</u>	<u>0</u>
	<u>-610</u>	<u>84</u>
<b>Total comprehensive income for the year, net of tax</b>	<u><u>1,840</u></u>	<u><u>2,545</u></u>
<b>Earnings per share (EPS)</b>		
Basic/diluted earnings per share allocated to Ordinary shareholders of Koninklijke Brill NV	1.31	1.31



## Condensed consolidated balance sheet of December 31, 2014

In EUR x1,000

	<u>31-12-2014</u>	<u>31-12-2013</u>
<b>ASSETS</b>		
Non-current assets	18,711	17,623
Current assets	<u>26,115</u>	<u>26,690</u>
<b>TOTAL ASSETS</b>	<b><u>44,976</u></b>	<b><u>44,313</u></b>
<b>EQUITY &amp; LIABILITIES</b>		
Total equity allocated to shareholders of Koninklijke Brill NV	26,944	27,203
Non-current liabilities	3,815	3,788
Current liabilities	<u>14,217</u>	<u>13,322</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b><u>44,976</u></b>	<b><u>44,313</u></b>



## Consolidated cash flow statement

in EUR x 1,000

	<u>2014</u>	<u>2013</u>
<b>Cash flow from operating activities</b>		
Profit before tax from continued operations	3,310	3,347
<u>Adjustments for</u>		
1. Non-cash mutations:		
Finance revenue	-337	0
Finance costs	45	131
Amortization and depreciation	1,147	1,228
Direct mutations in equity	140	9
Other	-2	0
2. Working capital adjustments	-170	289
3. Income tax paid	-833	-1,185
	<u>3,300</u>	<u>3,819</u>
<b>Cash flow from investing activities</b>		
Investments in tangible assets	-849	-261
Investments in intangible assets	-263	-427
Acquisitions	-1,332	-497
	<u>2,444</u>	<u>1,554</u>
<b>Cash flow from financing activities</b>		
Interest received	12	0
Interest paid	-45	-38
Dividend paid	-2,099	-2,024
	<u>-2,132</u>	<u>-2,062</u>
<b>Net cash flow</b>	<b>-1,276</b>	<b>572</b>
<b>Liquid assets on January 1<sup>st</sup></b>	<b>6,531</b>	<b>5,960</b>
Net cash flow	-1,276	572
Net foreign exchange differences	-1	-1
<b>Liquid assets on December 31<sup>st</sup></b>	<b><u>5,254</u></b>	<b><u>6,531</u></b>