



Brill reports strong HY1 with underlying improvement of performance

Leiden, 17 August, 2016

Key Figures (in EUR x million)	2016 HY	2015 HY*)	2015 YE
Revenues	14.4	13.2	30.8
EBITDA	1.7	0.8	3.8
Operating profit	1.3	0.4	3.0
Profit from continued operations	0.9	0.2	2.3
Profit	0.7	0.2	2.3
Earnings per share (EUR)	0.37	0.12	1.24
Net cash flow	-3.8	-3.3	1.0

*) 2015 HY results restated for impact of accounting changes implemented at year end 2015

Highlights

- 9% growth in revenue, driven by subscription and digital revenue as well as one-off sales and currency effects
- Further progress in shifting the portfolio towards digital, subscription based products
- EBITDA grew by EUR 0.9m; new logistical and production arrangement contributed 0.2m
- While underlying cash flow improved as a result of the good sales results, net cash flow was impacted by 1.1m higher tax payments – half of which is one-off, and half is timing
- Publication pipeline filled and journal copy flow in good shape
- Title divestment leads to one-time, non-cash impact on 2016 profit of EUR -0.2m but is accretive to profit and margin in future years
- Editorial workflow system ready for go-live, processing journals as of HY2
- Outlook raised to 2-3% revenue growth and a marked increase of EBITDA resulting in margin improvement of 1-2%
- Brill Asia now incorporated as a legal entity in Singapore, poised for further development of our Far East presence.



Developments in the first half year 2016

Results

Revenues showed a strong increase versus restated 2015 results:

(in EUR million)	Revenue	Growth	Contribution to total growth
2015 HY	13.2		
Currency	0.3	na	2.5%
Print books	-0.5	-8.6%	-3.7%
eBooks	1.1	34.5%	8.0%
Journals	0.2	6.5%	1.8%
PS	-0.0	-7.3%	-0.3%
Other	0.1	28.2%	0.5%
2016 HY	14.4	8.8%	8.8%

The first six months saw strong growth in digital products. eBook revenue was lifted by underlying subscription sales and two major deals in Lebanon and China for a total of EUR 0.3m. Sales of print books declined versus last year mostly due to timing differences in the publishing schedule; we published 10% fewer titles than in the first half year of 2015. As a percentage of total revenue, digital revenues (electronic products and rights) increased to 57% versus 51% last year, showing underlying growth of 23%. Subscription revenue grew by 8%. However due to the high level of transactional revenue the proportional share of subscription revenue came in at 42% versus 43% last year.

The currency effect refers to the difference in the impact of hedge accounting recorded in revenue this year, versus the effect recorded last year.

Cost of goods sold increased in line with expectations, with growth in fixed cost of content and variable royalty and journal related cost partly compensated by lower print book volumes and cost savings from the new POD arrangement.

Operating expenses were flat versus last year with structural savings in fulfillment compensating for changes in timing of personnel cost and product development.

Balance sheet and cash flow

Compared to last year June, Working Capital improved in line with trends noted at year end 2015, as a result of higher deferred income and lower inventories. Receivables increased partly due to the higher sales volume but also due to a temporary delay in payments from one major customer. Payments have resumed normally meanwhile. Net cash flow was impacted by higher tax payments, as a result of a one-off deferred



BRILL

tax payment related to the VSP divestment in 2012 and a prepayment of 2016 taxes to take advantage of early payment discount. The solvency rate increased to 61.3% (HY 2015: 60.9%).

Title divestment

Following a review of strategic alternatives, Brill decided to divest *The International Year Book and Statesmen's Who's Who* to Global Reach Publishers, Ltd. in the UK. The impact on 2016 profit of EUR 168k results from a one-time, non-cash write down of purchasing rights, work in progress and inventory. In future years, Brill expects a minor ongoing profit contribution as a result of a five-year marketing and distribution agreement made with the buyer.

Outlook

Given the encouraging results in the first half of the year, the company narrows guidance for revenue to organic growth of 2-3% with a marked increase of EBITDA resulting in margin improvement of 1-2%. HY2 2015 benefited from a material one-off sale of 0.3m and we expect the currency effect to abate slightly compared to HY1 2016. Also, as always, we are heavily dependent in our annual performance on end of year sales. As a result, the outlook for HY2 2016 is more cautious than might be expected from the HY1 performance.

Corporate Governance

As announced during the AGM on 19 May, the company has initiated consultations with its major stakeholders regarding its corporate governance structure. In order to complete the governance review, the company will await the publication of the final corporate governance code update which is expected during HY2.

Extraordinary General Meeting

At the EGM on 24 August, the Supervisory Board proposes to appoint Mr. Steven Perrick as a new member, filling the vacancy that occurred upon the scheduled retirement of Mr. André van Heemstra.

Risk management

No significant changes occurred in the company's assessment of relevant risks since the publication of the annual report 2015. As announced earlier, the standing contract structure of currency hedging was extended to include hedging of USD based operating expenses starting HY2. The objective of this policy extension is to better synchronize the exchange rates at which revenue and costs are converted in our income statement.



BRILL

Responsibility Statement

The half year report 2016 is an accurate account of assets and liabilities, the financial position and the profit of Koninklijke Brill NV and the entities which are included in the consolidation. Also the half year report is an accurate account of the situation on the balance date, the state of affairs during the fiscal year of Koninklijke Brill NV and that of the entities whose data are included in the half year report and the expected state of affairs. Special attention is paid to investments and to the circumstances on which revenues and profitability depend. Please note that the figures per 30 June 2016 have not been reviewed nor audited.

Herman A. Pabbruwe
Chief Executive Officer

pabbruwe@brill.com - +31 (0)6 204 211 34

For further Financial information please see the Half Year Report at
<http://www.brill.com/resources/corporate/investor-relations> (see under Downloads)

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. With offices in Leiden, Boston and Singapore, Brill today publishes 260 journals and around 1000 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.



Consolidated balance sheet as per June 30, 2016 (in thousands of euro's)

	2016 HY (Unaudited)	2015 HY (Unaudited & restated)	2015 YE (Audited)
ASSETS			
Non-current assets			
Tangible fixed assets	1,226	1,472	1,380
Intangible assets	17,769	17,781	17,780
	18,995	19,253	19,160
Current assets			
Inventories	13,241	13,495	13,302
Trade and other receivables	6,473	6,076	7,971
Prepaid income tax	525	0	0
Derivative financial instruments	0	355	0
Cash and cash equivalents	2,462	1,956	6,299
	22,701	21,882	27,572
TOTAL ASSETS	41,696	41,135	46,732
LIABILITIES			
Equity attributable to owners of Koninklijke Brill NV			
Share capital	1,125	1,125	1,125
Share premium	343	343	343
Retained earnings	23,576	23,569	23,569
Other reserves	-171	-239	-203
Undistributed profit	699	233	2,332
	25,572	25,031	27,166
Non-current liabilities			
Deferred tax liabilities	3,633	4,201	3,626
	3,633	4,201	3,626
Current liabilities			
Trade and other payables	5,859	5,268	6,812
Deferred income	6,563	6,035	8,189
Provisions	0	148	104
Derivative financial instruments	69	452	184
Tax to be paid	0	0	651
	12,491	11,903	15,940
LIABILITIES	41,696	41,135	46,732



Consolidated income statement and statement of comprehensive income for the six months ended June 30, 2016 (in thousands of euro's)

	2016 HY (Unaudited)	2015 HY (Unaudited & restated)
Gross profit		
Revenue	14,373	13,206
Costs of goods sold	-4,639	-4,375
	<u>9,734</u>	<u>8,831</u>
Expenses		
Selling and distribution costs	-2,494	-2,942
General and administrative expenses		
General operating expenses	-5,586	-5,106
Amortization of intangible assets	-77	-86
Depreciation of tangible assets	-292	-309
	<u>-8,449</u>	<u>-8,443</u>
Operating profit	<u>1,285</u>	<u>388</u>
Finance income	13	2
Finance expenses	-144	-72
Profit before tax	<u>1,154</u>	<u>318</u>
Income tax expense	-287	-90
Profit from continued operations attributable to the shareholders of Koninklijke Brill NV	<u>867</u>	<u>228</u>
Discontinued operations		
Profit/loss after tax for the period from discontinued operations	<u>-168</u>	<u>5</u>
Profit for the period	<u><u>699</u></u>	<u><u>233</u></u>
Other comprehensive income – items that might be reclassified to future profit or loss statements		
Exchange differences on translation of foreign operations	-12	27
Cash flow hedges	59	124
	<u>47</u>	<u>151</u>
Income tax on other comprehensive income	-15	-31
Total comprehensive income for the period attributable to shareholders of Koninklijke Brill NV	<u>731</u>	<u>353</u>
Earnings per share		
Basic/diluted earnings per share for the period attributable to the shareholders of Koninklijke Brill NV	0.37	0.12