



Brill reports high profit and flat sales

Key figures (in EUR x Million)	2012	2011*	2011
Revenue	27.5	27.4	28.6
EBITDA	4.2	4.6	5.3
Profit before tax	3.2	3.7	4.4
Profit after tax from continued operations	2.3	2.8	3.3
Profit after tax from discontinued operations	3.4	0.5	0.0
Total profit	5.7	3.3	3.3
Earnings per share (in EUR)	3.06	1.75	1.75

These figures are taken from the financial statement 2012.

The financial statement will be published on April 4, 2013 on the website www.brill.com.

*The figures of 2011 have been adjusted for comparisons purposes following the divestment of a line of business in 2012.

Following two years of growth 2012 proved to be a mixed bag for Brill. The Leiden based publisher achieved the highest profit in its 330-year history. The sale of a no longer strategic component (several journals and a book program in science and engineering) to the British Taylor & Francis Group lowered revenue but boosted profit and helped focus on core programs. The proceeds of the sale provide funds to step up acquisition policy in strategic key areas.

On the other hand, sales of printed books were under pressure. Early in 2012 Brill was confronted with a large volume of returns by its largest library supplier in the U.S., who had started a severe stock reduction and implemented a tight control of working capital. The relatively fast migration to electronic editions also influenced the level of print book returns. As a result sales of books decreased in contrast to the previous year when revenues through this customer had increased significantly.

Because of investments in acquisition and publishing staff, in commercial activities in Europe and Asia, and on the Internet, operational costs increased. Normalized profit decreased compared to 2011 by EUR 0.5 million.

2012 was nonetheless a relatively good year. Fourth Quarter sales were again strong and sales of digital products continued to grow in 2012. Despite the above mentioned divestment journal portfolio development was satisfactory, just like the sales of electronic books. Brill's image is one of a sustained quality publisher, with no problem in acquiring excellent manuscripts and content in general. With a well-spread portfolio and adoption of a variety of business models including Open Access Brill is well positioned for continued growth and the company is solid and financially sound. Cash flow is strong and the company does not have long term bank debt. Therefore there is room for expansion and acquisitions. Due to flexible terms with Brill's bank, the company can act swiftly if needed. In 2012 Brill acquired five programs: *The Foreign Law Guide*, KITLV Press, Forsten Publishers, Apollo Books and the language and linguistic list from Emerald. These acquisitions had only a marginal impact on 2012 results but are expected to be accretive in 2013.

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Based on total net profit and the healthy cash position a dividend will be proposed to shareholders of €1.08 (2011 €1.05). The proceeds from the sale of assets will be primarily used to replace these activities with more strategically fitting business and to grow the current programs. The proposal will call for an all cash dividend.

Leiden, The Netherlands, March 14, 2013



Explanation of the results in 2012

Brill's net profit in 2012 (EUR 5.7 million) is the highest ever in the company's history. As more than 50% of this result is attributable to the sale of a number of journals and a book program in the sciences in 2012, the figures of 2011 have been adjusted for purpose of comparison.

Sales development

Brill's ongoing revenue increased 0.5% to EUR 27.5 million (in 2011 EUR 27.4 million) in 2012. The fact that revenue was flat was mainly caused by developments in sales of printed books in the United States. These were disappointing and especially at Brill's largest library supplier in the U.S., who had just shown healthy growth in 2011. This customer implemented a severe stock reduction and returned inventory early in the year. At the same time they began reducing orders for Brill books in order to better control inventory. This was a major reason global sales of printed books decreased 9.4% during 2012. Sales of electronic books grew 18%. Sales of e-books currently represent 28% of total book sales (2011: 24%).

Total ongoing journal revenues (print and electronic) increased 7.6%. Sales of electronic journals increased 9.3% and currently amount to 78% of total journal revenue (2011: 77%).

Total electronic revenue increased 5% and now amounts to 46% of total sales (2011: 41%). The exchange rate of the US-dollar had a minor effect on revenue, partly because of active hedge accounting.

Recent acquisitions from 2012 had a marginal effect on revenue but will be accretive in 2013.

Cost of goods sold

Cost of goods sold decreased slightly compared to 2011 and as a result COGS as percentage of revenue decreased from 33.3% in 2011 to 33.0% in 2012. Due to the one-off write down of amortized costs of goods sold on electronic journals in 2011, one could have expected a larger decrease of COGS in 2012. However the increase in costs related to Brill's new on line publishing platforms partly offset the effect of the decrease. Apart from this, and despite the fact that Brill vigorously encourages cost leadership, active central purchasing and efficiency in production, some components of COGS are fixed and have proven rather inelastic. Lower sales therefore lead to lower margins. Printing on demand is now standard procedure but shows its favorable impact foremost in the long run. The company has taken measures to streamline production and sourcing.

Personnel and other operational costs

Personnel costs increased 9.4% in 2012 (2011: 12.7%), caused mainly by merit increases, higher premiums for pensions and social welfare and employing more staff. The latter was concentrated in publishing, acquisition, marketing and sales. During the year several business plans for new product lines and programs have been developed and marketing and sales efforts in Asia have been intensified. The average number of fte's (full time equivalents) increased from 118 to 122. Other operational costs decreased EUR 0.2 million or 2.6%. This cost category contains a one-time payment for the acquisition of the www.brill.com domain and also a reversal of part of the bad debt provision.

Depreciation and finance costs and results

Depreciation costs increased in 2012 EUR 0.2 million to EUR 1.0 million. This increase can be attributed to the new publishing platforms for books, journals, major reference works and primary sources, and the introduction of the new typeface the "Brill". Finance results decreased compared to 2011 because of lower exchange rate results. Finance costs decreased in 2012 reflecting redemption of short term debt.

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Profit

Operational margin (EBITDA/revenue) decreased to 15.4% (2011: 16.7%). Profit from continued operations amounted to 8.4% of revenue. The number of outstanding shares was unchanged compared to 2011. Earnings per share amounted to EUR 3.06 (2011: EUR 1.75).

Working capital and cash flow

The balance of inventories, trade debtors and other receivables, and creditors and other payables increased EUR 0.4 million in 2012. Inventories including work in progress increased EUR 0.8 million, mainly due to investment in new products. Accounts receivable by year end increased EUR 0.1 million. The bad debt provision decreased because of lowering outstanding amounts and additional credit insurance. Net cash flow from operations and free cash flow both increased due to the high profit on the sale of discontinued operations. Investment in acquisitions amounted to EUR 2.6 million and consisted of the takeover of *The Foreign Law Guide* and a number of smaller acquisitions (KITLV Press, Forsten Publishers, Apollo Books and a book program from Emerald).

Solvency

The balance sheet total showed an increase (EUR 42.6 million) compared to 2011. Non-current assets increased EUR 1.3 million and current assets EUR 4.6 million. Retained earnings increased as a result of the profit in 2012 and amounted at year end to EUR 26.7 million (2011: EUR 22.41 million). The solvency rate increased in 2012 to 62.6% (2011: 61.1%).

Financial calendar 2013

On April 4, 2013 the full annual report will be published on Brill's website www.brill.com. A press and analyst meeting will take place on April 25 in Amsterdam. On May 16 the Annual Shareholders' Meeting (AGM) will be held in Brill's offices in Leiden.

Mutations in the Supervisory Board

A proposal will be made to the Annual Meeting of Shareholders to appoint Mrs. Catherine Lucet (France) as a member of the Supervisory Board. This nomination is strongly supported by the Works Council of Koninklijke Brill NV. Similar to the appointment of Mr. Herman Spruijt in 2000, it will be proposed to appoint a fourth member of the Supervisory Board in order to ensure an optimal transfer of knowledge and expertise of the publishing portfolio. The proposal is to reappoint Mr. Spruijt for the period of one year.

Outlook

It is way too early in the year to issue any concrete outlook for revenue and profit in 2013. The economic situation in a number of countries of importance to Brill gives reason for concern about library budgets. On the other hand opportunities to acquire business at acceptable price levels do occur from time to time and product development in the current publishing programs is promising. Notwithstanding a growing number of book projects revenue of books will remain under some pressure. For all other formats there is some reason for modest optimism. The company therefore keeps aiming at growth of revenue and results.

Leiden, March 14, 2013, Herman Pabbruwe, CEO

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Founded in 1683 in Leiden, the Netherlands, BRILL is a leading international academic publisher in the fields of Ancient Near East and Egypt, Middle East and Islamic Studies, Asian Studies, Classical Studies, Medieval and Early Modern Studies, contemporary History and History of War studies, Biblical and Religious Studies, Slavic Studies, Language & Linguistics, Biology, Human Rights and Public International Law. With offices in Leiden and Boston, BRILL today publishes more than 175 journals and around 600 new books and reference works each year. All publications are available in both print and electronic form. BRILL also markets a large number of research collections and databases with primary source material. 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 income statement of realized and unrealized results for the year 2012

In EUR x 1,000

	<u>2012</u>	<u>2011*</u>	<u>2011</u>
Gross profit			
Revenue	27,527	27,397	28,639
Cost of goods sold	<u>-9,094</u>	<u>-9,110</u>	<u>-9,576</u>
	18,433	18,287	19,063
Operating expenses			
Selling and distribution costs	-5,295	-5,244	-5,339
Administrative expenses			
General operating expenses	-8,903	-8,456	-8,464
Amortization of intangible assets	-346	-345	-345
Depreciation of tangible assets	<u>-651</u>	<u>-497</u>	<u>-497</u>
	<u>-15,195</u>	<u>-14,542</u>	<u>-14,645</u>
Operating profit	3,238	3,745	4,418
Finance revenue	13	87	87
Finance costs	<u>-115</u>	<u>-110</u>	<u>-110</u>
Profit before tax	3,136	3,722	4,395
Income tax expense	<u>-818</u>	<u>-943</u>	<u>-1,111</u>
Profit from operating activities allocated to ordinary shareholders of Koninklijke Brill NV	<u>2,318</u>	<u>2,779</u>	<u>3,284</u>
Discontinued operations			
Profit after tax from discontinued operations	3,415	505	0
Profit from operating activities allocated to Ordinary shareholders of Koninklijke Brill NV	<u>5,733</u>	<u>3,284</u>	<u>3,284</u>
Unrealized results before tax			
Foreign exchange rate results	1	-11	-11
Cash flow hedges	<u>642</u>	<u>-335</u>	<u>-335</u>
	643	-346	-346
Unrealized results after tax			
Taxes	<u>-127</u>	<u>84</u>	<u>84</u>
	516	-262	-262
Total comprehensive income for the year, net of tax	<u>6,249</u>	<u>3,022</u>	<u>3,022</u>
Earnings per share (EPS)			
Basic/diluted earnings per share allocated to Ordinary shareholders of Koninklijke Brill NV	3.06	1.75	1.75

*) The figures of 2011 have been adjusted for comparisons purposes.



Condensed consolidated balance sheet of December 31, 2012

In EUR x 1,000

	<u>31-12-2012</u>	<u>31-12-2011</u>
ASSETS		
Non-current assets	17,708	16,394
Current assets	<u>24,902</u>	<u>20,271</u>
TOTAL ASSETS	<u><u>42,610</u></u>	<u><u>36,665</u></u>
EQUITY & LIABILITIES		
Total equity allocated to shareholders of Koninklijke Brill NV	26,682	22,401
Non-current liabilities	3,656	2,239
Current liabilities	<u>12,272</u>	<u>12,025</u>
TOTAL EQUITY & LIABILITIES	<u><u>42,610</u></u>	<u><u>36,665</u></u>



Consolidated cash flow statement

in EUR x 1,000

	<u>2012</u>	<u>2011*</u>
Cash flow from operating activities		
Profit before tax from continued operations	3,136	3,722
Profit before tax from discontinued operations	4,554	673
<u>Adjustments for</u>		
1. Non-cash mutations:		
Profit from discontinued operations	-4,653	0
Finance revenue	-13	-87
Finance costs	115	110
Amortization and depreciation	1,246	1,552
Direct mutations in equity	-145	93
Other	-13	2
2. Working capital adjustments	95	460
3. Income tax paid	-260	-542
	<u>4,062</u>	<u>5,983</u>
Cash flow from investing activities		
Investments in tangible assets	-661	-802
Investments in intangible assets	-205	-296
	4,881	0
Acquisitions	-2,461	-593
	<u>1,554</u>	<u>-1,691</u>
Cash flow from financing activities		
Interest received	13	87
Interest paid	-58	-97
Redemption of loans	0	-2,860
Dividend paid	-1,968	-1,687
	<u>-2,013</u>	<u>-4,557</u>
Net cash flow	3,603	-265
Liquid assets on January 1st	2,367	2,634
Net cash flow	3,603	-265
Net foreign exchange differences	-10	-2
Liquid assets on December 31st	<u>5,960</u>	<u>2,367</u>

* The figures of 2011 have been adjusted for comparisons purposes.