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Brill reports growth in first Half Year 2013

Leiden, 30 August 2013

Key Figures (in EUR x million)	2013 HY	2012 HY	2012 YE
Revenues	12.9	11.6	27.5
EBITDA	1.2	0.8	4.2
Profit before tax	0.7	0.3	3.2
Net profit resulting from continuing operations	0.5	0.2	2.3
Net profit from discontinued operations	0.0	3.4	3.4
Net profit	0.5	3.6	5.7
Earnings per share (EUR)	0.28	1.93	3.06

Brill revenues increased during the first six months from the same period last year. EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) amounted to M€ 1.2 (in 2012 M€ 0.8).

In 2012 Brill reported an unusually high profit, fueled by the sale of a group of journals which no longer fit the portfolio strategy of the company. Normalized for this extraordinary gain, profit over the first six months amounted to M€ 0.5 (2012: M€ 0.2).

The outlook for 2013 is strongly dependent on the development of revenues during the last quarter. In 2011 and 2012 sales exceeded the expectations. The sales of print books vary quite strongly during the last few years and are therefore hard to predict. Therefore the company cannot issue a concrete outlook for sales and results in the second half of the year. However some increase in revenues is expected. Also profit from ongoing business is expected to grow in comparison with normalized profit levels last year.

Developments in first half year 2013

Revenues and results

Revenues increased M€ 1.3 from the same period of last year. Acquisitions made in 2012 contributed M€ 0.3. However the major driver of growth was organic development. The fluctuation of the dollar had only a small impact on sales during the first six months. Contrary to 2012 the company has not seen a sharp drop in sales of print books in the USA. Then orders slowed down and high levels of trade returns put a damper on revenues. Also the trend of print books giving way to electronic editions continued. The results for journals (print and electronic) fell just short of expectations in the first half year through a combination of phasing differences and slower renewals to date. Revenues from primary sources in analog and electronic formats showed growth. The share of electronic product, rights and licenses is now about half of total revenues.

Costs of goods sold basically mirrored increased sales levels but gross margins slightly dropped from 66.1% to 65.7%. Personnel costs only increased 2%. Altogether operational costs increased 4.9% compared with the first six months in 2012 and gross profit grew by 10.5%.



The company will maintain its policy of implementing flexible staffing and outsource processing, partly or entirely, whenever possible. In order to protect its organic growth potential investments are made foremost in publishing and sales staff. Also the company stepped up its activities in business development and corporate acquisitions.

Following the launch in 2012 of the Brill typeface and font software based on Unicode (trademarked the "Brill") and that of new platforms for electronic books, journals and major reference works earlier this year, an improved corporate website and a new platform for primary sources were installed.

In the area of printing on demand the quality of the finished product could be greatly enhanced. The lease of the office building in Leiden was extended under improved terms.

Balance sheet and cash flow

As no major investments in operations had to be made, tangible fixed assets stayed roughly at the same level as in 2012. Working capital increased M€ 1.3 to M€ 8.2 at year end 2012. This increase follows a seasonal pattern and reflects a growing pipeline of new product. Primarily as a result of higher taxes paid net cash flow from operations amounted to minus M€ 0.6. In the first half year just over M€ 0.5 was invested in various assets, resulting in a free cash flow (operational cash flow minus investments) amounting to minus M€ 1.1. The solvency rate increased 1.6% to 64.2% (year end 2012: 62.6%), notwithstanding a high level of dividend paid out at M€ 2.0.

Risk management

No material changes have occurred with regard to the risks listed in the annual report 2012. The policy of hedge accounting in relation to foreign currencies remained in force and resulted in a mutation of equity of minus K€ 133 (in 2012 K€ 125), as specified under unrealized results.

Responsibility Statement

The half year report 2013 is an accurate account of assets and liabilities, the financial position and the profit of Koninklijke Brill NV and the corporations 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 allied enterprises 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 2013 have not been audited.



Consolidated balance sheet as of 30 June 2013
in K€

	2013 HY	2012 HY	2012 JE
ASSETS			
Non-current assets			
Property, plant and equipment	1,496	1,567	1,641
Intangible assets	15,987	15,567	16,067
	17,483	17,134	17,708
Current assets			
Inventories	12,332	11,158	11,674
Trade and other receivables	6,149	5,800	7,133
Income tax receivable	236	25	0
Forward currency contracts	2	0	135
Cash and short-term deposits	2,801	2,870	5,960
	21,520	19,853	24,902
TOTAL ASSETS	39,003	36,988	42,610
EQUITY AND LIABILITIES			
Equity attributable to shareholders of Koninklijke Brill NV			
Issued capital	1,125	1,125	1,125
Share premium	343	343	343
Retained earnings	23,172	19,463	19,463
Other reserves	-109	-389	18
Undistributed profit	522	3,621	5,733
	25,053	24,163	26,682
Non-current liabilities			
Deferred tax liabilities	3,704	3,513	3,656
	3,704	3,513	3,656
Current liabilities			
Trade and other payables	10,247	8,693	11,882
Forward currency contracts	0	349	0
Income tax payable	0	0	390
	10,247	9,312	12,272
TOTAL EQUITY AND LIABILITIES	39,003	36,988	42,610



Consolidated income statement for realized and unrealized results for the first half year

in K€

Continuing operations

	2013 HY	2012 HY
Gross profit		
Revenue	12,888	11,594
Costs of goods sold	<u>-4,421</u>	<u>-3,932</u>
	8,467	7,662
Operating costs		
Selling and distribution costs	-2,515	-2,428
Administrative expenses		
General operating expenses	-4,712	-4,455
Amortization of intangible assets	-155	-178
Depreciation of tangible assets	<u>-357</u>	<u>-315</u>
	<u>-7,739</u>	<u>-7,377</u>
Operating profit	728	285
Finance revenue	0	17
Finance costs	<u>-26</u>	<u>-19</u>
Profit before tax	702	283
Income tax expense	<u>-180</u>	<u>-78</u>
Profit for the first half year from operating activities allocated to the ordinary shareholders of Koninklijke Brill NV	<u>522</u>	<u>205</u>
Discontinued operations		
Profit after tax from discontinued operations	0	3,416
Profit for the first half year allocated to the ordinary shareholders of Koninklijke Brill NV	<u>522</u>	<u>3,621</u>
Profit per share (WPA)		
Basic/diluted earnings per share for the first half year allocated to the ordinary shareholders of Koninklijke Brill NV	0.28	1.93
	2013 HY	2012 HY
Profit over the first half year	522	3,621
Other realized and unrealized results after tax		
Foreign exchange rate results	6	-16
Cashflow hedges	<u>-133</u>	<u>125</u>
	<u>-127</u>	<u>109</u>
Total comprehensive income after tax allocated to the ordinary shareholders of Koninklijke Brill NV	395	3,730

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For further Financial information (in Dutch) please see the Half Year Report (Halfjaarbericht 2013) at <http://www.brill.com/resources/corporate/investor-relations> (see under Downloads)

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About Brill

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