



Brill returns to solid result in 2009

Key figures (x million €)	2009	2008

Revenue	26,1	25,7
EBITDA	3,6	2,1
Profit before tax	2,9	0,4
Profit	2,1	0,2
EPS (€)	1,14	0,10

***Figures are based on the annual report which will be posted in full on www.brill.nl on 22 April 2010

Leiden, 17 March 2010

Academic publisher Brill had a solid performance in 2009. Timely cost saving and higher sales of electronic products contributed to the results. Also in 2009 no special items occurred that had a negative impact on 2008 profit.

Revenue of Brill increased slightly in 2009 to EUR 26,1 million (2008 EUR 25,7 million). Gross profit increased 2% to EUR 17,6 million (2008 EUR 17,2 million).

Cost of sales decreased 12% to EUR 4,6 million; to a large extent this decrease resulted from lower distribution costs.

Operational costs dropped EUR 0,5 million to EUR 9,3 million; the decrease of the pension costs following the transfer of the company's pension fund from a defined benefit plan to a defined contribution plan at the end of 2008 had a favorable effect on expenses. The accounts have been acquired by an insurance company and the company's pension fund is closed. Also consultant costs in the area of IT and logistics decreased. EBITDA increased 64% to EUR 3,6 million. Financial results showed a steep increase in 2009 reflecting positive effects from exchange rate hedging whereas in 2008 negative non cash results had substantial impact on profit. Net profit increased EUR 1,9 million to EUR 2,1 million.

In light of a recovery of profits in 2009 and the decision to pass over a dividend for 2008 an all cash dividend is proposed of EUR 0,90 per share (2008 no dividend, 2007 EUR 0,81 per share).

The possible aftermath of the financial and economic crisis for the library market globally is still hard to predict. Therefore the company refrains from issuing a concrete outlook for 2010. For the next few years it is prudent to expect slightly decreasing or stagnant revenues. As a result of savings and cuts in 2009 a sustainable level of profitability is anticipated. Based on its strong position the company is confident in its ability to grow the business. The strong balance sheet enables the company to grow through acquisitions that strategically fit. For the mid to long term the company maintains its ambitions for increasing revenue and profit.



Explanation of the results 2009

Revenue

Brill revenue increased in 2009 1,6% to EUR 26,1 million (2008 EUR 25,7million). The increase was fueled by sales of electronic product which increased 26%. Electronic revenue amounts to 21% of total sales (2008: 16%). The exchange rate of the dollar had a slight positive effect on revenue.

Sales of print books decreased 4,1%. In particular sales of older titles were under pressure. The drop in sales of print books was compensated by a 34% increase in sales of electronic books. This increase resulted from the sale of various collections of digital monographs offered by year of publication. Sales of E-books increased to 8% of total book sales.

Total journal revenues (print and electronic) increased 3%. Sales of electronic versions increased 14% and amounts to 26% of total journal revenues.

The smaller acquisitions in 2008 and 2007 had a marginal effect on revenue.

Costs of goods sold

COGS remained at the same level as in 2008 and as a result declined as a percentage of revenue from 33,3% to 32,8%. This trend, begun in 2008 and caused by a shift in revenue from print to electronic, continued. The improved margin is also the result of more competitive sourcing and streamlining of production workflows.

Personnel costs

Personnel costs decreased 9% in 2009. During 2008 there was a onetime non cash item following the move from a defined benefit plan to a pension plan based on defined contribution. 2009 includes restructuring costs reflecting the decrease in staff levels and job cuts. The average number of FTE's dropped from 127 to 120 and will show another drop in 2010.

Other operational costs

Other operational costs decreased 5%; warehousing and distribution costs dropped reflecting improved terms. Also the company employed fewer consultants in the area of IT and logistics.

Depreciation, financing costs and results, and tax

Depreciation increased in 2009 by EUR 0,1 million to EUR 0,8 million. The increase is mainly due to the implementation of a new product information system which was accomplished on time and within the budget. Financing results showed a significant improvement compared to 2008 reflecting the strengthening US dollar. In 2008 negative exchange rate results had a negative non cash impact on profit. In 2009 hedge accounting will be applied and this will lead to a change in presentation of the financial results. The company will no longer report unrealized exchange rate fluctuations in the profit and loss statement but these non cash fluctuations will be absorbed in the retained earnings. The company maintains its prudent policy of selling future cash flow in US dollars.

Interest paid decreased 36% in 2009 reflecting the redemption of long term debt. The company expects to pay down all long term debt by the end of 2010.

Tax returned to normal levels in 2009. In 2008 the compound tax burden had increased by a combination of low profit before tax and relatively large corrections from previous years.



Profit

Gross profit as a percentage of revenue increased in 2009 to 67,2% (2008: 66,7%). Total costs showed a significant decrease resulting in an increase of operational margin (EBITDA/revenue) to 14% (2008: 8%). Reflecting a modest increase in depreciation and a strong improvement of financial results, profit increased to 8% of revenue (ROS). The number of outstanding shares was unchanged from 2008. EPS amounted to EUR 1,14.

Working capital and cash flow

The balance of inventories, trade debtors and other receivables, creditors and other accruals increased in 2009 EUR 350.000. Finished goods inched up by EUR 235.000. Accounts receivable increased at year end EUR 91.000 reflecting a slight increase in the number of days outstanding and probably the result of the financial crisis.

Net cash flow from operations increased primarily as a result of higher profit before tax. Investments jumped in the context of the new product information system and electronic work in progress. Investment in acquisitions amounted to EUR 48.000 and was related to a number of journals in Slavic Studies acquired from Charles Schlacks (USA) and two separate journals.

Free cash flow recovered and amounted to EUR 1.232 million (2008: EUR 369 thousand). In 2009 EUR 1.317 million (2008: EUR 2.322 million) was paid down on long term debt.

Solvency

The balance sheet total showed a slight increase (EUR 37,2 million). Fixed assets increased EUR 1,0 million and current assets decreased EUR 0,6 million.

Retained earnings increased as a result of profit from 2009 (EUR 2,140 million) and retained profit from 2008. At year end equity amounted to EUR 19.968 million (2008: EUR 17.881 million). Solvency rate increased in 2009 to 53,6 % (2008: 48,5%). Credit facilities have been updated in 2009 and significantly extended; the financial condition of the company is solid.

Product development and important items

For another year the number of newly launched books remained stable. The less favorable expectations for new books forced the company to scrutinize new projects and implement policies to use printing on demand and reduce inventory.. Special focus was on the sale of electronic books, foremost in the context of subject collections.

Collaboration with partners in China was extended and three new relationships developed. The Hague Academy renewed its prestigious publishing contract for another five years. The number of databases and electronic reference works continued to grow. The French edition of the Encyclopaedia of Islam and Brill's new Pauly, two of the largest encyclopedias, were finished in print. The company has made arrangements to give almost all major reference works a second life as on line databases once the print edition is finished.

Once again a fair number of new reference works were started and subscription levels showed sustained and encouraging growth. Sales efforts were supported by targeted analysis and follow up by key account. New pricing structures and policies were implemented across the board. The base price of a work is now for the electronic version. As a result the company significantly diminished its exposure to sudden or massive migration from print material to electronic editions..

Virtually all journals published their full extended program within the year. The number of journals increased to 135.



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Software support for electronic workflow in support of multimedia business opportunities was intensified. The implementation of the new central product information and planning module is a cornerstone and completed the ongoing policy to replace tailor made applications with off the shelf packages.

2009 was an extraordinarily busy year for Brill. During the year the painful decision was made to reduce headcount by ten percent and implement cost cutting measures in light of disappointing sales. Thanks to the flexible and constructive attitude of its employees the organization has successfully met its strategic and operational goals and returned to solid profitability.

During the last quarter two more journals were acquired from Charles Schlacks (USA) for the Slavic Studies program. Earlier this year a letter of intent was signed for the acquisition of Global Oriental in the UK. Closing is expected in April 2010. The two acquisitions will add approximately € 400 thousand in revenue per annum and staff will increase 1 FTE.

Financial calendar

The full annual report (Dutch language) will be posted on Brill's website www.brill.nl on 22 April. A press and analyst meeting will take place on 28 April in Amsterdam. On 18 May the AGM will be held in Brill's offices in Leiden.

17 March 2010, Herman. A. Pabbruwe, Chief Executive
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Consolidated statement of comprehensive income

for the year ended 31 December 2009; all amounts: EUR x 1,000

	2009	2008
	Notes	
Revenue	26,124	25,713
Costs of goods sold	<u>-8,557</u>	<u>-8,551</u>
Gross profit	17,567	17,162
Other income	0	80
Selling and distribution costs	-4,627	-5,275
Administrative expenses		
General operating expenses	-9,327	-9,832
Amortization of intangible assets	-115	-13
Depreciation of tangible assets	<u>-694</u>	<u>-714</u>
Total operating costs	<u>-14,763</u>	<u>-15,754</u>
Operating profit	2,804	1,408
Finance revenue	299	16
Finance costs	-210	-1,054
Profit before tax	2,893	370
Income tax expense	<u>-753</u>	<u>-191</u>
Profit for the year	<u>2,140</u>	<u>179</u>
Other comprehensive income		
Exchange differences on translation of foreign operations	6	18
Cashflow hedges	<u>-59</u>	<u>18</u>
Unrealized income after tax	-53	18
Total comprehensive income for the year, net of tax	<u>2,087</u>	<u>197</u>
Earnings per share		
Basic / diluted profit for the year attributable to ordinary equityholders of Koninklijke Brill NV	1.14	0.10

Condensed consolidated statement of financial position

as at 31 December 2009, all amounts: EUR x 1,000

	2009	2008
Non-current assets	16,477	15,524
Current assets	<u>20,750</u>	<u>21,373</u>
Total assets	<u>37,227</u>	<u>36,897</u>
Total equity	19,968	17,881
Non-current liabilities	1,994	2,456
Current liabilities	<u>15,265</u>	<u>16,560</u>
Total equity and liabilities	<u>37,227</u>	<u>36,897</u>



Consolidated statement of cash flows

all amounts: EUR x 1,000

	2009	2008
Cash flows from operating activities		
Profit before tax	2,893	371
Adjustment to reconcile profit before tax to net cash flows		
Non-cash:		
Finance revenue	-8	-16
Finance costs	-202	1,026
Results from divestments	0	9
Amortization and depreciation	1,286	1,220
Movements pension liabilities	0	849
Other	6	18
Working capital adjustments:		
Increase in trade and other receivables	113	136
Increase in inventories	6	-132
Increase in trade and other payables	-457	-682
Income tax paid	-120	-403
Net cash flows from operating activities	3,517	2,396
Cash flows from investing activities		
Investments in property, plant and equipment	-564	-758
Investments in intangible assets	-1,627	-1,026
Divestments of intangible assets	0	37
Acquisitions	-94	-280
Net cash flows used in investing activities	-2,285	-2,027
Cash flows from financing activities		
Interest received	8	16
Interest paid	-174	-279
New loans	0	1,059
Redemption of loans	-1,317	0
Dividends paid	0	-1,103
Net cash flows used in financing activities	-1,483	-307
Net increase in cash and cash equivalents		
Net foreign exchange differences	-251	62
Cash and cash equivalents at 1 January	0	0
Cash and cash equivalents at 31 December	2,234	2,172
	1,983	2,234

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