PRESS RELEASE

Unaudited

BRILL

Full year results 2019

Brill reports improved revenue and EBITDA in 2019

Key figures (in EUR million)	**2019**		**2018**	**Change**
Revenue	37.3		36.0	4%
EBITDA*)	5.3		4.3	23%
Operating profit	3.4		2.4	42%
Free cashflow	2.1		0.8	162%
Profit, attributable to shareholders of Koninklijke Brill nv	2.1		2.3	-9%
Profit per share in EUR	1.10		1.23	-10%
Underlying profit	2.5		1.8	39%
Underlying profit per share in EUR	1.34		0.96	40%
Dividend (proposed 2019)	0.50		0.85	-41%
Key Financial Performance Indicators				
Organic growth	2.9%		-0.1%	
ROIC	10.5%		7.8%	
EBITDA Margin*)	14.2%		11.9%	

*) 2018 EBITDA and EBITDA margin restated for comparative reasons to adjust for the impact of IFRS 16.
These figures are unaudited. The audited financial statements will be published on our website www.brill.com on April 7th, 2020.

Summary

- Revenue up by 4%, EBITDA by 23% (2018 restated for IFRS 16 impact)
- Underlying net profit, excluding one-off restructuring costs and one-off tax impact, increased by 39%
- US sales showed full recovery
- Strong growth in eBook sales and Open Access income
- 56% of revenue comes from digital publications
- Profit improvement plan developing in line with expectations
- AGM postponed until 25 June, 2020

Peter Coebergh, CEO commented:
"Driven by our renewed mission and strategy we achieved growth above our expectations, resulting in clearly improved revenue and EBITDA. In 2019 we made significant strategic and operational progress and we will continue along this path in order to reach our long-term financial objectives and yield sustainable value for all our stakeholders. However, the recent Covid-19 crisis casts considerable uncertainty on our markets and thus on our ability to reach our objectives in 2020, but it is too early to quantify the financial impact. Brill has prepared additional measures to mitigate the impact on Brill and its stakeholders ."

Developments in 2019

Strategic progress

Brill's new mission statement, which underlines the relevance of humanities research in today's world, is being promoted and shared online with all our stakeholders through blogs, podcasts and interviews and is very well received.

Strategic progress is reflected in the further increase of our digital revenue, by the expansion of our Open Access publishing program, and the launch of a new in-house developed open source text editions platform. Brill expanded its portfolio by acquiring several journals from competitors and by launching a range of new reference works and primary sources. Furthermore, we started a collaboration with Jus Mundi, a start-up company that has developed a specialized search engine in the field of international law, which will strengthen our digital capabilities. The German imprints Schöningh & Fink have developed their portfolio to include more English language publications, journals and Open Access books and starts to generate a growing part of its revenue from digital publications.

Operational progress

Due to the successful migration to the new Brill.com platform, we were able to retire our old platform and make an end to double costs we had to bear in 2018. At the end of the year we launched a new project to perform a company-wide digital health check. The objective of this project is to make sure that our digital and IT infrastructure is future-proof and will be able to support us to reach our strategic objectives. Our gross margin increased yet again to 70 %. Our profit improvement plan, launched in 2018, delivered savings as planned, which helped us in restoring profitability to our ambition level.

Financial development (all numbers in Euro)

IFRS 16

As reported earlier, our financial statements reflect the implementation of IFRS 16 - Leasing which rules that leased assets must be treated as if they were purchased and financed by Brill instead of by the leasing contract partner. This causes significant reclassifications of costs within the statement of profit or loss and the addition of balance sheet items for Right of Use assets and associated lease debt. In 2019 IFRS 16 had a positive effect of 0.7 million on EBITDA and a nearly equal and opposite impact on depreciation and interest charges.

Revenue

In 2019, Brill's organic revenue growth was 2.9%. Total organic book sales grew by 3.6% with growth in eBook sales offsetting the ongoing gradual decline in print book sales. Total organic journal sales grew due to continued growth in subscription value, improved renewal management, new journal contracting, and new internal journal title development.

(EUR million)	2019	2018	Organic Growth	Reported Growth
Print books	14.3	14.7	-2.4%	-2.7%
eBooks	11.1	9.9	11.8%	12.1%
Journals	10.6	10.2	3.6%	3.9%
Primary Sources	1.2	1.2	1.7%	2.3%
Total	**37.3**	**36.0**	**2.9%**	**3.6%**

Revenue generated through digital products was 21 million or 56% of total, versus 19 million or 53% in 2018. Subscription income as a percentage of total declined from 41% to 38%, mainly through the recovery of eBook sales results in the US which were mostly non-subscription products.

Revenue growth originated mostly from North America (+8% organic growth), which showed a full recovery from last year's disappointing sales, by reaching out to new customers. Asia Pacific declined by 6% due to some larger 2018 deals that proved hard to replace. Western Europe showed a steady growth of 3%.

In 2019, we had less revenue from large sales deals, however, we were more than able to compensate with a large number of smaller deals with a wider customer group. We did successfully close some large deals with new and existing clients in the US, Canada and China. As expected, some of these deals included renewals from deals closed with these customers in previous years, as well as new business.

Cost of goods sold and operating expenses, EBITDA

The cost of goods sold decreased by 0.3 million or 3%, despite the growth in revenues. This positive development results from double online platform costs contained in last year's number. Also, we continue to see lower expenses from stock depreciation as our stock value continues to reduce due to our POD policy. Finally, we revised our estimation method of economic use of our title investments, translating into lower cost of content amortization. Combined with the growth in revenue this resulted in a gross margin of 69.9% versus 67.8% in 2019.

Operating expenses were at a similar level as in 2019. Despite a significant decline in expenses as a result of the reclassification of lease expenses (due to IFRS 16), costs increased due to regular salary increases for all staff, higher non-recurring consulting fees related to the quality improvement in Finance as well as higher costs for audit fees.

The above resulted in EBITDA of 5.3 million in 2019 (2018: 4.3 million restated for IFRS 16). The EBITDA margin came in at 14.2%. In 2019, we recorded 0.1 million in restructuring costs related to our profit improvement plan. These exceptional costs are excluded from EBITDA. Total savings from the profit improvement plan are developing in line with our expectations although not all projects have been fully executed yet.

Depreciation and amortization, and financing revenues and costs

Depreciation and amortization, other than recognized in cost of goods sold, were higher than 2018. This increase is attributable to the implementation of IFRS 16 and the full year amortization of assets that were capitalized in the course of 2018 (mainly Brill.com). Financing results amounted to -0.2 million (2018: -0.2 million), with lower foreign exchange expenses countered by higher interest expenses of our long-term loan and the impact of IFRS 16.

Profit and profit per share

In summary, operating profit and profit before tax increased due to the growth in revenues and the reduced costs as result of the profit improvement plan.

As in 2018, net profit was impacted by corporate income tax movements. Firstly, we incurred a partial reversal of the 2018 tax benefit. In 2019, the Dutch government decided to partly reverse the decrease of future corporate income tax rates, and as a result, the deferred tax liability increased by 0.2 million. Additional amortization charges resulted in a beneficial effect on the tax charge. Due to advance payments to the tax authorities and the above net positive effect on the tax payable, a tax receivable resulted of 1.1 million.

Consequently, in our statement of financial position, our deferred tax liability increases by 0.5 million and the tax charge in our statement of profit or loss reverses from an income of 0.1 million in 2018 to a cost of 1.1 million in 2019.

Underlying net profit, excluding one-off restructuring costs and one-off tax impact, amounted to 2.5 million in 2019, an increase of 37% compared to 2018 (1.8 million). This translates into an underlying earnings per share of EUR 1.34 for 2019. Reported net profit for 2019 came in at 2.1 million (2018: 2.3 million).

(in EUR million)	2019	2018	Growth
Profit before tax	**3,210**	**2,180**	46%
Cost of Profit improvement plan	85	216	
Underlying Profit before tax	**3,295**	**2,396**	37%
Tax, at the statutory rate	-824	-599	
Underlying Profit	**2,471**	**1,797**	37%
Profit improvement plan, after tax	-64	-162	
Net change deferred tax liability and tax to be received	-370	+699	
Profit attributable to shareholders Brill NV	**2,060**	**2,304**	-12%
Underlying Earnings Per Share	**1.34**	**1.01**	
Earnings Per Share	**1.10**	**1.23**	

Operating Working capital and Cash flow

We managed to further reduce book inventories declined further as a result of our POD policy (-0.3 million). Deferred income increased as a result of higher and earlier ebook renewal rates. Working capital was largely flat and consequently Cash flow improved versus 2018 as a result of slightly lower capital investments and better operating income.

Return on Invested Capital

Return on Invested Capital (ROIC) improved to 10.3% versus 7.6% in 2018, driven by an improvement in operating margin. The implementation of IFRS 16 had no net impact on ROIC.

Solvency and Liquidity

Total assets (52.1 million) increased versus 2018 (48.9 million). Solvency (Shareholders' equity divided by total assets) declined to 40.5% in 2019 (2018: 42.5%; well within our target range of 40-60%). The increase in total assets was largely due to the implementation of IFRS 16 which led to capitalized leased assets of 1.9 million.

Cash flow from both operating and investing activities improved significantly. Gross debt was reduced by 1.1 million to 4.8 million; net debt improved from 3.5 million to 3.1 million.

Dividend

We wish to adhere to our corporate solvency policy of 40-60% and to the covenants agreed with our corporate bank. Also, we will continue to pursue our capital management policy where regular investments must be funded within free cash flow. Finally, the ongoing Covid-19 pandemic causes significant uncertainty about our outlook for the short and mid-term (refer below). These developments prompt us to exert additional caution in preserving liquidity within the company to safeguard the continuity of the business in case of a significant impact of the pandemic. After weighing all interests, we will propose to the General Meeting of Shareholders that will be held on 25 June, 2020 an all-cash ordinary dividend of EUR 0.50 per (certificate of) ordinary share, reflecting a pay-out of 45% of the earnings per share (37% of the underlying earnings per share). As events develop and based on the developments in the market and the impact on the business, we will assess in Q3 whether the situation has improved to such an extent that an additional interim dividend can be distributed.

Risk update - Expected impact of Covid-19

At the time of writing, it is not feasible to estimate the impact of the Covid-19 crisis. Most of our business activities can be executed from home offices around the world. We took measures quickly to set up our operations remotely, safeguard the health of our employees and contribute to the general effort to slow down the spread of the disease and remain fully operational. However, we do see several potential risk areas, mainly at the distribution level. Around the world, universities experience shutdowns, possibly resulting in less sales opportunities for Brill. Also, if orders are placed, our key partners Turpin, Printforce and Bookmasters might be hindered in fulfilling orders. If the crisis extends further into 2020, Brill's ability to generate income might be impaired. As a result, we see material risk to achieving our financial ambitions in 2020. We have prepared additional actions and measures in case the Covid-19 crisis extends further than we currently anticipate.

Outlook

Given the current situation as described in the Risk update, it is not feasible to give any guidance about 2020. However, given the measures we have prepared and taken, we feel that Brill is in a relatively good position to deal with the current uncertainties. Meanwhile we will continue to focus on execution of our long-term strategy.

Leiden, March 26, 2020

Peter Coebergh, Chief Executive Officer
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About Brill

Founded in 1683 in Leiden, the Netherlands, Brill is a leading international academic publisher in Middle East and Islamic Studies, Asian Studies, Classical Studies, History, Biblical and Religious Studies, Language & Linguistics, Literature & Cultural Studies, Philosophy, Biology, Education, Social Sciences and International Law. With offices in Leiden (NL), Boston (US), Paderborn (GER), Singapore (SG) and Beijing (CN). Brill today publishes more than 300 journals and close to 1,400 new books and reference works each year, available in print and online. 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 STATEMENT OF FINANCIAL POSITION

In thousands of euros

	31-12-2019		31-12-2018	
ASSETS				
Non - current assets				
Tangible fixed assets	339		389	
Right of use assets	1,914		0	
Intangible fixed assets	33,366		32,785	
Financial assets	12		12	
		35,631		33,186
Current assets				
Inventories	3,217		3,465	
Trade and other receivables	10,349		9,046	
Income tax to be received	1,124		752	
Cash and cash equivalents	1,788		2,383	
Derivative financial instruments	0		75	
		16,478		15,721
Total assets		52,109		48,906
EQUITY AND LIABILITIES				
Equity attributable to owners of Koninklijke Brill NV				
Share capital	1,125		1,125	
Share premium	343		343	
Retained earnings	19,932		19,520	
Other reserves	-289		-203	
		21,111		20,785
Non-current liabilities				
Interest bearing loans	3,765		4,843	
Lease liabilities	1,757			
Provisions	0		45	
Deferred tax liabilities	3,801		3,093	
		9,323		7,981
Current liabilities				
Interest bearing loans	1,083		1,083	
Trade and other payables	11,002		10,245	
Deferred income	8,851		8,402	
Lease liabilities	684		0	
Provisions	50		100	
Derivative financial instruments	5		310	
		21,675		20,141
Total equity and liabilities		52,109		48,906

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of euros

	2019	2018
Revenue	37,279	35,951
Cost of goods sold	-11,206	-11,568
Gross Profit	26,073	24,383
Expenses		
Selling and distribution expenses	-7,366	-7,384
General and administrative expenses	-15,313	-14,639
Operating Profit	3,394	2,360
Finance income	63	14
Finance expenses	-248	-193
Profit before income tax	3,209	2,180
Income tax	-1,149	124
Profit attributable to shareholders of Koninklijke Brill NV	2,060	2,304
Earnings Per Share		
Basic and diluted earnings per share attributable to shareholders of Koninklijke Brill NV	1.10	1.23

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

In thousands of euros	2019		2018	
Cash flow from operating activities				
Profit before income tax	3,209		2,180	
Adjustments for				
Amortization and Depreciation fixed assets (excl lease assets 2019)	1,806		1,074	
Amortization Content	2,819		3,153	
Finance income – net	184		68	
Change in operating assets and liabilities				
Change due to implementation of IFRS9 and IFRS15	0		774	
Change in working capital	412		-310	
Change in provisions	-45		0	
Cash generated from operations	8,385		6,939	
Interest paid/received (including lease interest 2019)	-209		-112	
Income tax paid	-922		-682	
Net cash flow from operating activities		7,254		6,145
Cash flows from investing activities				
Investment in tangible fixed assets	-113		-75	
Investment in intangible fixed assets (non-content)	-457		-1,575	
Investment in Content	-3,984		-3,618	
Payments for acquisitions, net of cash acquired	0		-100	
Payments for acquisitions relating to other periods	0		-11	
Net cash flow from investing activities		-4,554		-5,379
Cash flow from financing activities				
Dividend paid to company shareholders	-1,593		-8,097	
Interest bearing loans	0		6,468	
Redemption Interest bearing loans	-1,078		-542	
Redemption lease liabilities	-625			
Net cash flow from financing activities		-3,296		-2,171
Net cash flow		-594		-1,404
Cash and cash equivalents as per 1 January		2,383		3,787
Net cash flow		-594		-1,404
Cash and cash equivalents as per 31 December		1,788		2,383