PRESS RELEASE

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Brill reports 2017 revenue and cash generation at target; EBITDA ended below guidance

Based on preliminary, unaudited figures, Brill reports revenue of EUR 36.3M (EUR 32.2M in 2016). This is up 13 %, driven by a combination of acquisitions and organic growth, and in line with expectations.

EBITDA ended at EUR 4.2M, below our guidance of a mid – single digit EBITDA growth and below 2016. Costs of Goods Sold did not develop as expected due to higher than anticipated production costs towards the end of the year. Also, CoGS was impacted by various changes in accounting estimates. In line with shifting sales patterns in the market, we elected to implement accelerated amortization schedules and an increased materiality level for capitalized content development costs. Both lead to a more conservative valuation. Going forward, we expect the growth of content amortization to abate due to significant savings in typesetting costs which started to materialize in 2017 because of our investments in content management systems.

Personnel costs increased towards the end of the year due to unexpected cost elements in the new industrywide collective labor agreement (CAO) released in November. Other operating costs developed in line with expectations. Both recent acquisitions, Schöningh & Fink and Sense started to contribute to EBITDA as expected.

Despite significant capital investment, acquisition spending and lower EBITDA, year-end liquidity amounted to EUR 3.8M, exceeding our expectations. This is the result of further improvements in working capital caused by stock reduction reflecting the integral use of Printing on Demand. Also, lower receivables due to migration to digital where we bill the customer directly instead of via distributors, and the increase of prepaid revenue contributed to the better cash position.

Adjusted for the returns issue reported in our Trading Update in November, underlying organic revenue growth was 4%, more than our long-term average expectation. As announced earlier, Brill's profitability in 2017 was impacted by significant non-recurring items. Underlying EBITDA margin showed a small improvement over 2016.

For 2018, Brill sees continued healthy growth prospects and therefore expects a satisfactory improvement in profitability as we are focusing on fully integrating our latest acquisitions and reaping the benefits of our 2017 investments.

The review of the capitalization and financial structure of the company is progressing according to plan.

On 15 March, Brill will publish its Annual Results 2017 and the main items on the agenda for the AGM of 17 May.

Leiden, 12 February 2018, Herman Pabbruwe, Chief Executive
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About Brill

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