



## Springer Science+Business Media – Overview 2010

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## General Overview and Financial Performance 2010

General Overview and Financial  
Performance 2010

### General Overview

General Overview

In February 2010 funds managed by Cinven/Candover sold their majority stake in the shares of Springer Science+Business Media (“Springer”)– together with minority shareholders – to funds managed by EQT and GIC (Government of Singapore Investment Corporation). Post acquisition, EQT/GIC injected approximately € 436m of equity that was applied by Springer to repay financial debt and fund transaction costs associated with the replacement of Springer’s existing debt financing facilities. New senior bank financing amounting to € 1,176m and new mezzanine financing of € 454m were arranged in February 2010. Within the context of this transaction, Springer’s leverage has been significantly reduced and Springer now has a public credit rating from Standard & Poor’s of “B” with a stable outlook.

Overall, 2010 inspired cautious optimism. Although the effects of the recession and public budget cuts were still noticeable in some markets, Springer was able to both outperform the market overall and to make significant progress in the implementation of its 2010-2015 strategy, which includes:

- ▶ becoming the most pure play science publisher
- ▶ growing the subscription business organically while increasing our open access offering
- ▶ expanding the offering to corporate (non-academic/government) markets
- ▶ expanding into geographic markets with high growth potential
- ▶ speeding up the transformation from print to electronic
- ▶ developing corporate and individual customer segments
- ▶ continuing to organize functional responsibilities around the central content database, SpringerLink.

This overview contains a selection of business development activities and a summary of our financial performance in 2010. For more information on our business development activities, please visit the “About us” section on [www.springer.com](http://www.springer.com).

## Business Development Highlights

Business Development  
Highlights

### New Products

New Products

After a successful introduction in North America two years ago, Springer expanded its *MyCopy* service to Europe. This service allows registered patrons of libraries that have purchased Springer eBook Collections to order print POD copies of eBooks.

Springer also launched the *SpringerOpen* series of open access journals to complement the offerings of *BioMed Central*.

In cooperation with the American Joint Committee on Cancer, Springer launched the *AJCC e-Staging Tool*, which allows professionals at cancer facilities to make the staging process quicker, more efficient and more accurate.

In order to accommodate authors with publications which are between a journal article and a book in terms of length, Springer launched *SpringerBriefs* which is available across all disciplines.

Usage of Springer electronic products has grown significantly over the past several years. *Real-time.springer.com*, presented in 2010, is a free analytics tool that provides multiple visualizations of this usage.

## Cooperations

### Cooperations

During 2010, Springer signed a number of publishing cooperation and other agreements with learned societies, publishers and research funders, including:

- ▶ the International Society of Oncology and BioMarkers
- ▶ the Anthropological Society of Paris
- ▶ the Max Planck Society
- ▶ the German Research Foundation (DFG)
- ▶ the Population Association of America
- ▶ T.M.C. Asser Press
- ▶ the Helmholtz Association
- ▶ the International Organization for Migration
- ▶ the Chinese Meteorological Society
- ▶ the Société de réanimation de langue française
- ▶ Atlantis Press
- ▶ the American Association for Cancer Education and the European Association for Cancer Education
- ▶ the Korean Society of Nuclear Medicine
- ▶ Praxis Publishing
- ▶ Sense Publishers
- ▶ the Psychonomic Society
- ▶ Wageningen Academic Publishers
- ▶ the Japanese Society of Applied Entomology and Zoology

For further information on cooperation agreements signed, visit [www.springer.com](http://www.springer.com).

## Financial Performance

### Financial Performance

Springer achieved sales of € 866m in FY 2010 which is growth of approximately 1% from FY 2009 (adjusted for divestments and for the change in the underlying currency exchange rates). FY 2010 adjusted EBITDA is € 294m which is growth of approximately 4% from FY 2009 (adjusted for divestments/exchange rate effects).

FY 2010 operating performance was driven by organic growth in Springer's STM division while activities in Springer's Professional publishing division were still impacted by late effects of the 2009 recession which seems to have bottomed out towards the end of FY 2010.

The table below represents Springer's key financials for FY 2010.

Financial Performance

<b>Springer Group Key Financials</b>		
	<b>2010</b>	<b>2009</b>
Revenues (in EUR m)	866	859
EBITDA (adjusted) (in EUR m)	294	275
Return on Sales	33,9%	32,0%
Cash Conversion <sup>1</sup>	74%	75%

### Key developments for Springer in FY 2010 were:

Key developments  
in FY 2010

Springer's STM business accelerated its organic growth while maintaining operating profitability in FY 2010. Key developments were:

- ▶ Revenue growth from STM journal subscriptions/licensing in FY 2010 was achieved against the background of severe austerity measures which cut the purchasing power of institutional customers in Springer's established markets in Europe and the US. While these regions showed slight growth, the overall performance was supported by stronger growth from emerging and fast growing markets (China, India, South America).
- ▶ Springer's total STM book business also grew in FY 2010. The strong growth of electronic book products compensated the fact that, as a result of migration and a rather difficult trading environment, print book sales through trade channels remained roughly flat from FY 2009.
- ▶ Revenues from open access publishing activities continued to grow very strongly in FY 2010.
- ▶ In FY 2010, content output in Springer's core STM business continued to develop in line with Springer's expectations both in the journal and book segment.
- ▶ Usage of Springer's electronic content in the academic/STM segment continued to grow fast in FY 2010.
- ▶ Throughout FY 2010 Springer continued and accelerated its investment in emerging/high growth markets with the opening of offices in South Africa and Brazil and expanding the STM sales/publishing organizations in China and India.

Springer's **Professional** publishing activities still faced a difficult trading environment in FY 2010 leading to a slight decline in revenue development. While some segments saw a further decline in advertising and corporate publishing revenues, trends improved in other verticals, resulting in modest revenue growth over FY 2010 in such areas. Despite an improved frontlist title mix, the Professional book segments realized a slight revenue decrease in FY 2010. In FY 2010, operating profits across the German professional businesses continued to benefit from restructurings and cost saving measures already implemented in FY 2009 leading to overall results in line with FY 2009. Professional publishing units in the Netherlands saw solid development in the news-magazine segment that accounts for the largest part of this subdivision's operating profits.

<sup>1</sup> After investments, before taxes

## Outlook

## Outlook

Springer is active in the global STM (academic) publishing and in professional/trade publishing areas mainly in Germany and the Netherlands. Springer's STM business predominantly consists of English-language academic content which is sourced and sold globally. Fundamental drivers of this segment such as global research funding, article publication volumes, number of professionals/students in research and educational institutions, content usage etc. have shown stable growth in the past. Springer does not expect these trends to reverse in the mid- or long-term.

Historically, the STM market has proven to be less correlated to the general economic cycle than any other publishing or media segment. Springer's performance in FY 2010 has confirmed this, its STM division having achieved solid organic revenue growth despite the recessionary environment and the mounting pressures on public financing in Europe and North America. In these regions, Springer does not expect the pressures on university/library budgets arising from strained public finances to ease off in the short-term. In some regions these pressures may even be further aggravated over the next years. However, Springer also estimates that emerging markets in Asia and Central and South America will continue to develop at high growth rates comparable to the growth experienced in these markets over the last three to five years. As Springer continues to build up its presence in these markets, the company believes this growth should compensate the more moderate development in Europe/North America.

With respect to its Professional publishing activities, Springer expects a slight recovery of the relevant advertising segments in the German market in FY 2011. Particularly in the automotive, engineering and general business segments positive trends in advertising bookings have already emerged in late FY 2010. Assuming that no further regulatory measures are imposed on the pharmaceutical industry in Germany and elsewhere in Europe, Springer also expects that this segment could return to moderate growth in FY 2011 leading to an overall expectation of slightly improved medium-term financial performance in the Professional publishing segments.

## Contact

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