

**Interim Report:
General Overview of Q1 and Q2 2008**



**Q1 / Q2
2008**

Springer Science+Business Media Interim Report: General Overview of Q1 and Q2 2008

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Introduction

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For our core activities, the first six months of 2008 got off to an encouraging start. In line with our key strategic objectives, we were able to grow volumes and revenues in our global (English-language) academic publishing segment. Increased penetration of our innovative Springer eBook Collections has confirmed that our strategy to create and actively market an attractive and easy-to-implement offering of electronic book content for institutional customers is paying off.

In line with this development, the usage of Springer's content has continued to grow strongly thereby leading to improved value for money for all of our institutional customers. We expect this positive development to continue but we are beginning to feel a slowdown in traditional print book sales, particularly in the Americas following heavy consolidation and concentration within the book trade/retail sector. Also in the first half of 2008, smaller disposals (Minerva in Austria and trade magazines in SBM Austria) and important publishing/licensing agreements came to a successful conclusion allowing us to further shift our portfolio towards high-level professional and academic content and new electronic products. This shift is underpinned by the launch of Springer Protocols, a significant new information product around laboratory experiments, as well as the planned launch of a further new STM product in the area of image databases which is scheduled for the beginning of 2009.

Within the local language academic publishing activities and the Professional (B2B) publishing areas, we have seen mixed developments in H1/2008 with some segments outperforming expectations – primarily driven by product innovations (Road Safety/Driving School). Other areas, however, were exposed to a softening in promotional- and advertising-related spending in their sector (particularly the medical/pharmaceutical communications markets in the US, Germany and the UK). In addition, we observed a slowdown in non-academic professional book sales through trade channels both in the Americas and Europe. In these areas, the persisting uncertainties around the global economic situation will create risks for full year 2008 results.

Some of the developments mentioned above and other Springer highlights in H1/2008 are described in more detail below:

Business Developments

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Springer Protocols launch (January)

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We started the year with a roll-out, at the American Library Association Midwinter meeting in Philadelphia, USA, of a new product: Springer Protocols. This product is a protocol database of more than 18,000 searchable online protocols in life sciences and biomedicine. The protocols provide step-by-step "recipes" that can be executed in a controlled laboratory environment. Springer Protocols is a subscription product published under the Humana Press imprint, and can be found at www.springerprotocols.com.

Used primarily in the life sciences, protocols provide individual sets of instructions that allow scientists to recreate experiments in their own laboratory. These documents provide instructions for the design and implementation of experiments that include the safety bias, procedural equipment, statistical methods, reporting and troubleshooting standards for the experiment.

Each year, over 2,000 Springer Protocols, of which 1,000 are updates of existing protocols, will be loaded, and we are confident that this product will provide both cost savings and time savings to researchers in the laboratory.

Divestment of SBM Austria (January)

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Also, in January, Springer and WEKA Group reached an understanding for the sale of Springer Business Media Austria GmbH to WEKA Group. Springer Business Media Austria, based in Vienna, grouped Springer's **Professional (B2B)** publishing activities in Austria, and publishes titles in four thematic areas: Construction & Living, Technology & Industry, Transportation and Commerce.

Springer Wien New York, part of Springer's **STM** publishing activity, and also based in Vienna as Springer-Verlag GmbH, was not part of this transaction, and remains part of Springer.

Contract with Max Planck Society (February)

In February, Springer reached a landmark agreement with the Max Planck Society which allows the scientists working at the 78 Max Planck Institutes and research facilities across Germany access to all content on [SpringerLink](#), and which also includes [Springer Open Choice™](#), Springer's open access scheme, for all researchers affiliated with a Max Planck Institute publishing in Springer's journals. Springer's Open Choice™ program offers full and immediate open access for articles that are accepted for publication after a process of rigorous peer-review.

The agreement came in the midst of significant transformation in Science, Technology and Medicine (STM) publishing, in which alternative business models are being tested by institutes and organizations in the research community.

We are confident that this agreement, along with those we signed with UKB, the consortium of Dutch universities and the University of Göttingen in Germany, has established us as the major traditional publisher that offers this option to the research community.

Integration of Humana journals into SpringerLink (February)

Humana Press, a publisher of medical and scientific books and journals which was acquired by Springer in September 2006, introduced its new website (www.springer.com/humana) in February which resulted in the entire Humana Press catalog being integrated with the Springer portfolio.

Agreement with CNKI (May)

In May, Springer built on its existing extensive cooperation with the Chinese research community and signed an agreement with [China National Knowledge Infrastructure \(CNKI\)](#) which increases Springer's exposure to those researchers attached to CNKI's 6,000 customer institutions in the People's Republic. Using CNKI's automatic translation mechanism, researchers will be able to search all content on [SpringerLink](#), Springer's electronic journal and book platform, by using keywords in Chinese.

CNKI is the largest electronic collection of academic literature in China, from which a total of 1.8 billion documents were downloaded in 2007.

Springer has fostered close relations with Chinese publishers and academic institutions for over twenty years, and has been instrumental not only in providing access to non-Chinese scientific literature to Chinese researchers, but also promoting cutting-edge research by Chinese scientists in the rest of the world.

Sale of Minerva (May)

Also in May, Springer reached an agreement with EBSCO Information Services (EBSCO) regarding the sale of Vienna-based Minerva Wissenschaftliche Buchhandlung (Minerva). EBSCO is one of Springer's most important partners.

Minerva is one of the foremost library providers in central Europe, offering not only print products, online access to electronic journals and electronic books, but also consortia management services. EBSCO is one of the leading information providers for libraries, research institutes, publishers and businesses worldwide.

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Other events

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Heron Island Research Station

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Following a massive fire in March 2007, which caused over AUD \$ 12 million in damage and which destroyed 11 buildings, including the newly built research complex, teaching facilities, several laboratories and the library, Springer made a donation of journals and books to the **Heron Island Research Station (HIRS)**. HIRS is one of the foremost coral reef field research stations in the world and an important research and teaching outpost of the University of Queensland in Brisbane, Australia.

Springer has supported the re-establishment of the library facilities by donating 26 volumes of the journal *Coral Reefs* as well as a selection of Springer books.

Doorstep School

Doorstep School

As part of Springer's commitment to the communities in which our employees live and work, the company is funding the *School-on-Wheels* project of the **Doorstep School**, a non-governmental organization (NGO) in Pune, India.

Pune is the home of Crest Premedia Solutions (Crest), a Springer Science+Business Media company. The *School-on-Wheels* is a classroom set up in a bus, providing children that live in slums, on the streets or on building sites with basic education and reading skills. Springer will be funding the entire *School-on-Wheels* activities, including the driver, the teachers, the school materials and the bus itself for the next three years.

German Year of Mathematics

German Year of Mathematics

Since 2000, the German Government, under the auspices of the **Federal Ministry of Education and Research (FMER)**, has organized "science years".

In 2008, Springer is supporting the **German Year of Mathematics**. With about 100 journals and 450 book titles annually, Springer is the global leader in the field of mathematics publishing. Springer sponsored a "best of math" book and donated two copies of this book to every secondary school in Germany that has an advanced mathematics program – one for the school to keep, and one for the graduating student with the best marks in math in 2008. The first students to win the prize were presented with the book by Dr. Annette Schavan, Germany's Federal Minister for Education and Research.

Springer Japan 25th Anniversary

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Last year, we celebrated 165 years since the founding of what is the largest part of present-day Springer. Earlier this year marked the 25th anniversary of Springer in Japan – Springer-Verlag Tokyo was established in January 1983. The merging of Springer-Verlag Tokyo and the Eastern Book Service, founded in the 1960s, gave birth to Springer Japan KK in 2006. Springer is an established name in Japan and publishes a number of journals on behalf of renowned Japanese societies as well as a number of high-quality Japanese-language book titles.

Conclusion

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Springer has executed strongly on its strategy and objectives in H1/2008. Volume and sales growth in our core STM business are healthy and are supported by an expanded content and product offering as well as by the continuous improvement of both the capacity and the focus of our sales organization. Both the strong emphasis on shifting our portfolio towards electronic products and the investments in organizational efficiency (particularly in the area of media production) have been reflected in our investments and will enhance our profitability in the mid-term even though in H1/2008 this has had a slight negative impact on our operational margin. With the STM segment of our business, which accounts for more than 80 percent of our earnings, performing largely at the expected levels, we believe we are well-positioned to cope with the increasing uncertainties and challenges in our local and non-academic professional publishing segments.

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