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Orell Füssli: Unsatisfactory results

Results in all divisions well below expectations – severe impact of special factors.

Zurich, February 9, 2012. According to provisional, unaudited annual figures, the Orell Füssli Group recorded sales of CHF 289 million in 2011 (8.8% lower than the previous year's figure). After adjustments for exchange rate movements and changes in the scope of consolidation, the decline in revenue at ongoing businesses amounted to -6%.

In the 2011 financial year Orell Füssli generated operating earnings (EBIT) of CHF 2.3 million (CHF 13.2 million in 2010). In addition to the operating results at all divisions, the negative profit trend was also due to special factors at Atlantic Zeiser and the Book Retailing Division.

Atlantic Zeiser recorded higher sales in euros in 2011, but growth was significantly lower than expected. Personnel expenditure, which increased disproportionately, had an adverse impact. Since last year's results were again unsatisfactory, radical action has been initiated to reduce fixed costs. At the same time investments continue to be made in solutions for promising markets.

Price reductions of up to 10%, caused mainly by exchange rate movements, were a dominant feature of the **book retailing** business. Combined with a slight decline in sales volumes, this had a massive impact on Orell Füssli's sales revenues. Lower sales could not be offset to the same degree on the cost side, so that operating earnings deteriorated compared with the previous year. In addition to this, profits were depressed by provisions relating to current and planned adjustments to the branch network.

In **security printing**, foreign orders meant that production capacity was well utilised, despite unexpected delays in printing the new series of Swiss banknotes. However, the strong Swiss franc resulted in a considerable reduction in margins. Orell Füssli was able to offset this by cuts in personnel expenditure. In December 2011 Orell Füssli announced that the start of production of the new Swiss banknotes had been further delayed.

Outlook for 2012

Structural action is being taken at Atlantic Zeiser in 2012 in order to bring about a sustainable turnaround in earnings. Clearly defined targets and the systematic utilisation of resources are creating the necessary preconditions to achieve this. The costs related to this restructuring have been charged to 2011 accounts.

We expect the price trend in the book retailing business to stabilise. Orell Füssli is confident of a return to better results as a consequence of adjustments to the branch network, the cost of which will have been charged to 2011 accounts, and the expansion of Internet activities.

In security printing the production of the Swiss banknotes will ensure a return to customary earnings levels.

Orell Füssli will publish detailed annual figures for 2011 on April 12, 2012.

Key figures for Orell Füssli (new in accordance with Swiss GAAP FER)

CHF m	2010	2011 ¹	Δ%
Sales	316.9	289.0	-9%
EBITDA before extraordinary income	29.2	24.3	-17%
Operating earnings before extraordinary items	13.2	8.1	-39%
in % of sales	4.2%	2.8%	
Operating earnings (EBIT)	13.2	2.3	-83%
in % of sales	4.2%	0.8%	

1) Provisional figures for 2011; corrections are possible in the course of auditing.

Agenda

Press release: 2011 annual results		April 12, 2012	
Results press conference	Zurich	April 12, 2012	9:00 a.m.
Presentation to financial analysts	Zurich	April 12, 2012	10:30 a.m.
Annual General Meeting of Orell Füssli Holding Ltd.	Zurich	May 10, 2012	3:30 p.m.
Press release: half-year results 2012		August 2012	

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Orell Füssli is an international industrial and trading group focusing on the core businesses of banknote & security printing, industrial systems used in the individualisation of security documents and branded products, and book retailing. The book publishing business has formed the traditional basis for the Zurich-based company since 1519. Orell Füssli generates sales of some CHF 300 million with some 1 000 employees at locations in 10 countries and is listed on the Swiss Stock Exchange.