

Orell Füssli 2016: Higher net revenue and EBIT

Net revenue at Security Printing sets new record – Atlantic Zeiser reports higher sales revenues in all business units – Book Retailing implementing its transformation programme

Zurich, March 21, 2017 – In the past year the Orell Füssli Group continued to develop on a stable foundation. In Security Printing further steps were taken to enhance operating efficiency. Atlantic Zeiser reported a significant increase in net revenue in its traditional markets and gained ground as a provider of solutions for pharmaceutical customers. Orell Füssli Thalia concentrated on implementing its transformation programme and held its own satisfactorily in a persistently challenging market environment. The Board of Directors will propose to the Annual General Meeting that a dividend of CHF 4.00 per share be paid.

Orell Füssli reported net revenue of CHF 298.9 million in the 2016 financial year, equivalent to an increase of 7% compared to the previous year (CHF 279.4 million). Operating earnings (EBIT) increased by 5% to CHF 18.5 million (CHF 17.6 million in 2015). This figure includes special items of CHF –1.8 million (CHF –3.9 million in 2015). Shareholders' equity including minority interests increased from CHF 159.1 million to CHF 160.4 million. The equity ratio was 68% (66% in 2015).

Atlantic Zeiser Division

Atlantic Zeiser reported net revenue of EUR 66.2 million in 2016, a significant increase over the previous year's figure (EUR 49.3 million). The operating result on a comparable basis was EUR 62.9 million (EUR 58.0 million in 2015). Sales revenues in all business segments increased compared to the previous year. Operating earnings (EBIT) amounted to EUR 1.8 million (EUR 1.1 million in 2015). This figure includes substantial expenditure incurred in expanding the packaging business segment, as well as special items amounting to EUR –1.8 million (EUR –2.8 million in 2015), consisting mainly of impairments associated with the initial consolidation of subsidiaries of Atlantic Zeiser. In the banknote serialisation segment net revenue increased sharply following a period of stagnation in the previous year.

The positive market environment in 2016 was successfully exploited on the basis of the company's strong market position and the alignment of the sales and marketing organisation with customer segments which commenced in 2015. A significant increase in sales compared to the previous year was also reported in the card personalisation systems segment. This growth was mainly attributable to the PERSOMASTER system for personalising financial cards, which was launched at the end of 2015. Net revenue in the packaging business segment in 2016 was some 30% higher than in the previous year. This development was driven primarily by the late-stage-customisation product segment. Track & trace solutions remained far below expectations in 2016. Many customers postponed their final investment decisions having underestimated the complexity of serialisation projects.

Security Printing Division

The Security Printing Division posted net revenue of CHF 121.2 million in 2016, an increase of 3% compared to the previous year (CHF 117.4 million). Operating earnings (EBIT) of CHF 17.4 million were at the same level as in the previous year (CHF 17.5 million). The absence of a significant contribution to profits from additional customer orders completed externally and compensation for costs incurred during the production start-up for new series of banknotes was offset by the substantial improvement in productivity. In 2016 the Security Printing Division was again able to produce on schedule with high capacity utilisation and higher output than in 2015. For the first time banknotes solely of the latest generation were produced in various denominations for two key customers. The launch of the new series of Swiss banknotes in April 2016 marked a major milestone for the company. Orell Füssli's position as a supplier of secure, high-quality banknotes could therefore be underlined. Work on the optimisation of process technologies to ensure high quality while simultaneously improving productivity continued unabated. In addition to the further development of production processes, various investments were made in buildings, security, infrastructure and equipment.

Book Retailing Division

In 2016 the Orell Füssli Thalia joint venture posted net revenue on a pro rata consolidated basis of CHF 94.8 million, 4% lower than the previous year's figure (CHF 98.8 million). Operating earnings before special items amounted to CHF 1.5 million, and operating earnings (EBIT) to CHF 2.0 million (CHF 1.8 million in 2015). Income arising from the restructuring of the branch network (CHF 1.7 million) and expenses incurred for the transformation programme (CHF -1.2 million) resulted in a special credit of CHF 0.5 million.

2016 was another difficult year for the Swiss book trade, which declined by some 4% from the previous year's level on a comparable basis. Orell Füssli Thalia counteracted this general trend in 2016 and gained market share. Slight growth was achieved in the digital and online sales business in 2016. Orell Füssli Thalia's focus in operational terms was on implementing the transformation programme which was launched at the end of 2015 with the goal of securing profitability over the long term. The new «Orell Füssli» umbrella brand was reinforced with the renaming of all «Thalia» branches as «Orell Füssli», as well as the launch of www.orellfussli.ch as the collective online platform in May 2016. In November the first high-frequency branch in the newly developed branch format was opened in the rebuilt Zurich-Oerlikon railway station.

Publishing

Net revenue at Orell Füssli Publishing in 2016 was 5% higher than the previous year's figure. Growth was registered in particular in the public segment (non-fiction and children's books) and in the legal media segment. Greater emphasis on Swiss themes helped to counteract margin erosion.

Changes in the Board of Directors

Heinrich Fischer, Chairman of the Board since 2012 and currently a member of the Compensation Committee, will not stand for re-election at the Annual General Meeting on May 12, 2017. Gonpo Tsering did not stand for re-election at the 2016 Annual General Meeting. Dr Caren Genthner-Kappesz was elected to the board in his place.

Personnel

Frank Egholm has been the new CEO of Orell Füssli Thalia Ltd since October 1, 2016.

Key figures for Orell Füssli in CHF millions

	2016	2015
Net revenue	298.9	279.4
EBITDA	33.1	37.4
EBIT before special items	20.3	21.5
Special items	-1.8	-3.9
EBIT	18.5	17.6
Net income for the period	12.3	12.8
Total equity	160.4	159.1
Net income for the period after minority interests	10.8	11.0
Equity before minority interests	146.5	143.9
Dividend (in CHF per share) ¹⁾	4.00 ¹⁾	4.00
Full-time equivalents (FTE)	881	893

¹⁾ Proposed by the Board of Directors to the Annual General Meeting held on May 12, 2017.

Calendar

Annual General Meeting of Orell Füssli Holding Ltd
Media release: 2017 half-year report

May 12, 2017
August 14, 2017

Contact

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Orell Füssli is a diversified industrial and trading group focusing on the core businesses of banknote and security printing, industrial systems used in the individualisation of security documents and branded products, and book retailing. Orell Füssli generates sales of some CHF 300 million with about 900 employees at locations in eight countries and is listed on the Swiss Stock Exchange.