

Media release

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## **Orell Füssli Holding Ltd: 2018 half-year results – Consolidation in net revenue and earnings**

- **Lower earnings at Security Printing due to a change in product mix**
- **Atlantic Zeiser reports negative operating earnings but increased order backlog**
- **Growth in market share at Book Retailing**

Zurich, August 9, 2018 – Net revenue of CHF 127.5 million reported by Orell Füssli in the first half of 2018 was approx. 3% below the previous year's level (CHF 131.9 million).

Operating earnings (EBIT) of CHF 3.2 million were unchanged from a year earlier. This figure includes special items due to external expenses for optimisation and strategy analyses at Security Printing amounting to CHF -0.6 million. Earnings excluding minority interests at the half-year stage amounted to CHF -0.2 million (CHF 3.1 million in 2017). This figure includes an extraordinary result of CHF -1.3 million arising from the partial disposal of operating units of Atlantic Zeiser.

Net revenue at the **Atlantic Zeiser** Division increased to CHF 26.0 million in the first half of 2018 compared to the same period of the previous year (CHF 23.6 million). This outcome is attributable primarily to the change in the CHF/EUR exchange rate compared to the prior-year period. Operating earnings (EBIT) of CHF -1.1 million were an improvement of approx. 30% compared to the previous year (CHF -1.6 million). Cumulative order intake in the first half of 2018 was virtually identical to that in the same period of 2017. Order intake at the Banknote Serialisation business unit remained solid and the order backlog increased substantially. At the Card Personalisation business unit both order intake and orders on hand were significantly lower than in the first half of 2017 due to market conditions. Net revenue and orders on hand at the Packaging business unit were significantly higher in the first half of 2018 than in the previous year. In mid-May 2018 Orell Füssli signed an agreement with Coesia S.p.A. regarding the sale of operating units in the Card Personalisation Systems and Packaging business units. Atlantic Zeiser will concentrate in future on its offering of products and services in the fields of banknote serialisation and the individualisation of other security documents.

In the second half of the year the emphasis for Atlantic Zeiser will be on completing the divestment process for the Card Personalisation and Packaging business units alongside the systematic pursuit of its operating targets.

Net revenue at **Security Printing** in the first half of 2018 amounted to CHF 58.1 million (CHF 64.0 million in the same period of the previous year), equivalent to a decline of some 9%. Operating earnings (EBIT) of CHF 6.8 million were approx. 13% lower than the previous year's figure (CHF 7.8 million). The decline in net revenue and operating earnings compared to the prior-year period was attributable to a change in the product mix. Operating earnings (EBIT) also included special items totalling CHF -0.6 million incurred in connection with optimisation and strategy analyses for Security Printing. Output increased by approx. 5% compared to the previous year. Work on further denominations in the context of the issue of the 9<sup>th</sup> series of banknotes for the Swiss National Bank continued on schedule in the first half of 2018. The expansion of the international sales organisation enabled further customer orders to be acquired. The new system for processing and inspecting banknotes which was installed last year was successfully brought into operation.

Net revenue of CHF 39.1 million at the **Book Retailing** Division in the first half of 2018 was at the previous year's level (CHF 39.2 million). Operating earnings (EBIT) in the first half of 2018 amounted to CHF -0.9 million (CHF -1.8 million in 2017). The Book Retailing Division resisted this downward trend in the first half of 2018 and net revenue increased by 1.3% on the basis of comparable selling space. Sales figures for e-books increased in the double-digit percentage range in the first half of 2018 compared to the previous year. The online sales business, which was consolidated under the Orell Füssli core brand last year, was further expanded, thus systematically continuing the comprehensive omni-channel strategy. The branch portfolio was optimised further in terms of structure and costs. New selling space was occupied in the first half of 2018 at the important locations in Basle and St. Gall, enabling operating costs to be reduced significantly in equally attractive locations. A further branch will be opened at a high-frequency location on Europaallee in Zurich in 2019.

Net revenue at Orell Füssli **Publishing** in the first half of 2018 was some 14% lower than a year earlier. This was due to a smaller number of titles in the non-fiction segment. Revenues in the legal media and educational media programme segments exceeded expectations, while those from children's books were slightly lower.

## Outlook for 2018

The Orell Füssli Group's results in 2018 will be depressed primarily by special items as a consequence of the sale of operating units of Atlantic Zeiser. Net expenses totalling CHF 67 million are expected in this context, mainly in the extraordinary result, and a small portion as special items to EBIT at Industrial Systems. In the extraordinary result some CHF 42 million will be to write off the goodwill originally taken to equity and some CHF 12 million to reverse accumulated earlier currency translation differences. These items totalling CHF 54 million will leave consolidated equity as a whole unchanged, since the write-off/reversal results in an increase in consolidated equity on the one hand, while the associated loss then results in turn in a reduction of equal size ("recycling of goodwill and currency differences"). The sale has a positive impact on liquidity amounting to single-digit millions.

At the operating level, Orell Füssli continues to foresee a weakening profit situation compared to the same period of the previous year. Work on improving productivity is continuing at Security Printing in order to counteract the expected narrowing of margins due to the change in the product mix. At Book Retailing the focus continues to be on implementing the transformation programme, and Christmas business will traditionally be a decisive factor for profits.

### KEY FIGURES OF THE ORELL FÜSSLIGROUP

<i>in CHF million</i>	Jan-Jun 18	Jan-Jun 17	2017
<b>Net revenues from sales to customers</b>	<b>127.5</b>	<b>131.9</b>	<b>288.5</b>
Total operating income	132.4	138.3	291.0
Earnings before interest and taxes (EBIT) and before special items	3.8	3.2	17.9
Special items	-0.6	-	-5.3
Operating earnings (EBIT)	3.2	3.2	12.6
Extraordinary result	-1.3	-	-
Net income for the period	-0.0	2.9	6.4
Total equity	146.6	150.4	156.2
<b>Net income for the period before minority interests</b>	<b>-0.2</b>	<b>3.1</b>	<b>4.8</b>
Equity before minority interests	137.2	141.8	145.4
Full time equivalents	852	864	867

The half-year report for 2018 can be accessed on the internet at [www.orellfuessli.com](http://www.orellfuessli.com) or be requested by telephone at +41 44 466 72 73 or e-mail at [investors@orellfuessli.com](mailto:investors@orellfuessli.com).

## **Agenda**

Publication Annual Report 2018  
Annual General Meeting Orell Füssli Holding Ltd

March 18, 2019  
May 15, 2019 (Zurich)

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**Orell Füssli** is a diversified industrial and trading group engaged in 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.