



Media release

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Orell Füssli Holding Ltd in the first half of 2019: solid half-year results

- **Security Printing: acquisition of new customers, profit at the previous year's level**
- **Zeiser: successful start of the new organisation focusing on the highly profitable core business**
- **Book Retailing: improved results**

Zurich, August 9, 2019 – Orell Füssli reported net revenue of CHF 115.2 million in the first half of 2019. The decline of 10% compared to the same period of the previous year (CHF 127.5 million) was due mainly to the sale of operating units in the Zeiser Division in 2018. Operating earnings (EBIT) increased to CHF 8.1 million in the first half of 2019 (CHF 3.2 million in 2018). This figure includes special items amounting to CHF 0.3 million (CHF -0.6 million in 2018).

Net revenue at the **Zeiser Division** in the first half of 2019 was CHF 14.6 million. A comparison with published operating earnings (EBIT) for 2018 is not possible due to the restructuring of the division in the previous year. Comparable net revenue in the previous year was CHF 8.2 million; this corresponds to a significant increase of 78%. Operating earnings (EBIT) amounted to CHF 3.5 million. This figure includes positive special items arising from the assessment of the value of provisions totalling CHF 1.2 million. Operating earnings (EBIT) before special items thus amounted to CHF 2.3 million, corresponding to a margin of 16%. This positive development is the result of converting a large order backlog into sales revenue in the first half of 2019 in addition to the strategic reorientation of the division completed in October 2018.

The production facilities in Paderborn (Germany) were sold to the CMH Group, namely its majority shareholder Silver Investment Partners GmbH & Co. KG based in Königstein (Germany), at the end of May 2019. Orell Füssli is seeking opportunities for the strategic further development of the core segments of banknote serialisation and individualisation of security documents for the further development of the Zeiser Division.

In the first half of 2019 the **Security Printing Division** registered a slight decline compared to the previous year. Net revenue of CHF 56.0 million was 4% lower (CHF 58.1 million in 2018) due to reduced capacity utilisation and a higher proportion of international customers in the product mix. This resulted in operating earnings (EBIT) of CHF 6.6 million (CHF 6.8 million in 2018). After adjusting for the special charge of CHF –0.9 million for action taken to improve the flexibility of banknote production, operating earnings (EBIT) before special items were CHF 7.5 million (CHF 7.4 million in the prior-year period). Orders from international customers with substantial production volumes were acquired by the Security Printing Division in the first half of 2019. The penultimate denomination of the Swiss National Bank's new series of banknotes was issued in March 2019 in the shape of the 1000-Swiss franc note. At the same time the entire ninth series of banknotes received a further international award for design, quality and technical standards. Waste levels in banknote production were again improved compared with the previous year. Orders were completed for international customers in addition to the production of banknotes for two anchor customers in the first half of 2019. In order to continue taking the changes in market requirements into account, the management organisation was adapted accordingly in February 2019. The changes which were made enabled both the efficiency and speed of internal processes to be increased and the cost structure to be substantially reduced without any loss of know-how.

The pro-rata consolidated net revenue of the **Book Retailing Division** in the first half of 2019 was CHF 40.9 million, an increase of 5% compared to the previous year's figure (CHF 39.1 million). Operating earnings (EBIT) in the first half of 2019 amounted to CHF 0.4 million (CHF –0.9 million in the prior-year period). The increase in both net revenue and operating earnings compared to the previous year is attributable mainly to improved market performance and the ongoing implementation of the transformation programme. The Swiss book market registered sales growth of 0.6% in the first half of 2019 compared to the previous year. The Book Retailing Division performed significantly better than the market as a whole, with growth of 2.8% on comparable sales space in the same period. The digital and online sales business made a particularly strong contribution to this development with significant sales growth of 9.6%. The bricks-and-mortar branch portfolio was also successfully expanded with openings of new branches on Europaallee in Zurich and in the Seedammcenter in Pfäffikon/SZ. In the context of invitations to tender for book selling space on Swiss Federal Railways' sites, an attractive location on Basle railway station was also rented, and this sales outlet will be opened in 2020. In the business-to-business segment the activities of Orell Füssli with Delivros have been merged in Delivros Orell Füssli Ltd since February 2019, thus reinforcing the division's presence in this important market segment.

Net revenue at **Orell Füssli Publishing** in the first half of 2019 was 8% lower than a year earlier. This decline was due primarily to weaker sales figures in the children's book segment. Income from «Globi» publications in particular did not continue at the previous year's level. Compared with a year earlier, the trend in net revenue in the non-fiction segment in the first half of 2019 was encouraging.

Outlook for 2019

There are no significant new insights regarding the business outlook compared to the end of March 2019. Orell Füssli continues to foresee a weakening profit situation for the 2019 financial year. At Security Printing, orders will be produced mainly for international customers in the second half of 2019. Zeiser will be in a position to continue its positive development in the second half of 2019. We foresee a stable trend at Book Retailing, with Christmas business once again being a decisive factor for profits in the 2019 financial year.

Key figures for the Orell Füssli Group in CHF millions

<i>in CHF million</i>	Jan-Jun 19	Jan-Jun 18	2018
Net revenues from sales to customers	115.2	127.5	264.9
Total operating income	114.1	132.4	274.3
Earnings before interest and taxes (EBIT) and before special items	7.8	3.8	20.1
Special items	0.3	-0.6	-8.1
Operating earnings (EBIT)	8.1	3.2	12.0
Extraordinary result	-	-1.3	-54.0
Net income for the period	5.4	-0.0	-47.2
Total equity	142.3	146.6	148.5
Net income for the period before minority interests	5.3	-0.2	-50.1
Equity before minority interests	135.0	137.2	141.6
Full time equivalents FTE (annual average)	654	852	807

The half-year report can now be accessed on the internet at www.ofh.ch or a hard copy requested via e-mail at investors@ofh.ch.

Calendar

Publication of annual results for 2019	March 16, 2020
Annual General Meeting of Orell Füssli Holding Ltd	May 13, 2020

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Orell Füssli is a diversified industrial and trading group focusing on the core businesses of banknote & security printing, industrial systems used in the serialisation of banknotes and security documents, and book retailing. Orell Füssli generates sales of some CHF 250 million with about 700 employees at locations in five countries and is listed on the Swiss Stock Exchange.