

Media release

for release on March 14, 2013, 7:00 a.m.

## **Orell Füssli: Improvements achieved at the operating level; annual results very unsatisfactory due to slump in profits at Security Printing**

### **Positive trend at Atlantic Zeiser – very unsatisfactory profit situation at Security Printing – encouraging year for the Book Retailing Division**

Zurich, March 14, 2013 - Orell Füssli reported sales, i.e. total operating income, of CHF 284.9 million in the 2012 financial year, equivalent to a slight decline of 1% compared to the previous year. At the EBIT level, earnings amounted to CHF 3.6 million (CHF 2.4 million in 2011). This figure includes non-recurring charges of CHF 4.7 million (CHF 5.9 million in 2011). Operating earnings at the Security Printing Division were well below expectations, whereas Book Retailing posted pleasing results in a difficult market environment. There was also a considerable improvement in results at Atlantic Zeiser. Net income of the Orell Füssli Group amounted to CHF 0.8 million (CHF -0.2 million in 2011). Since good results were posted in particular by co-owned companies, profits excluding minority interests amounted to CHF -1.0 million (CHF +0.2 million in 2011).

**Atlantic Zeiser** reported a 3% increase in sales revenues to €63.5 million in 2012. Operating earnings improved significantly compared to a year earlier due to extensive restructuring and cost-cutting efforts and slightly improved margins. EBIT amounted to €1.6 million, compared to a loss of €4.0 million in the previous year, which included restructuring charges of €2.5 million. Atlantic Zeiser operates in the business sectors of card systems, banknote numbering systems, security printing systems and packaging printing. In 2012 the trend was especially encouraging in the card segment, where Atlantic Zeiser supplies systems solutions for the growing markets in identity cards, such as driving licenses and identity documents, as well as gift cards. Atlantic Zeiser felt the effects of the

economic problems in the eurozone through declining sales in Italy and Spain. However, this was offset by the positive trend of business in the USA and South America.

The **Security Printing** Division posted sales of CHF 85.9 million in 2012. This was a slight improvement over the previous year, but operating earnings were considerably lower at CHF 2.6 million (CHF 12.3 million in 2011). Capacity utilisation was very high at all stages of production throughout the year. A large number of new orders, in some cases at lower margins, substantially increased complexity in banknote printing operations, which resulted in considerable inefficiencies and project delays. Special charges for clearing inventories and follow-up costs for the project delays further depressed earnings to the tune of CHF 3.6 million (CHF +0.9 million in 2011). This extremely unsatisfactory outcome and the weaknesses in the production process prompted the Board of Directors to appoint a task force headed by the CEO. This body is pressing ahead with measures to improve the production processes and enhance efficiency.

In the **book retailing business** Orell Füssli succeeded in stabilising the number of books sold. The shift from bricks-and-mortar to online book retailing, and recently also to e-books, is continuing unabated, but Orell Füssli has been able to absorb the effects of this trend to a large extent in its own sales channels. However, selling prices in the past year were again lower than a year earlier, and this resulted in a 3.7% decline in sales revenues to CHF 109.5 million (CHF 113.8 million in 2011). Adjustments to the branch network and stringent spending policies enabled the book retailing business to post pleasing operating earnings (EBIT) of CHF 2.5 million in 2012, despite the difficult prevailing conditions. Excluding non-recurring charges, EBIT amounted to CHF 3.7 million. A loss of CHF 3.5 million had been recorded the previous year, when the outcome was depressed by special charges of CHF 3.8 million for adjustments to the branch network.

Sales revenues at **Orell Füssli Publishing** in 2012 were 9.0% lower than a year earlier. This was due mainly to the reduction of less profitable activities by the Huber publishing unit and for contract publications, as well as adverse currency effects in the case of high-priced picture books published by atlantis. Two segments improved significantly: non-fiction by 10% and Globi publications by 15%. The cost of materials and personnel expenditure were reduced by rigorous cost management. Net income before special effects was slightly better than in 2011 and was almost at breakeven level.

Despite flat profits, the balance sheet of Orell Füssli Holding Ltd is very sound with an equity ratio of 61.9% (66.5% in 2011) including minority interests.

### **Dividend proposal to the Annual General Meeting**

In light of the unsatisfactory level of net income for the period and prospective capital spending on security technology projects, the Board of Directors will propose to the Annual General Meeting on May 7, 2013, that no dividend should be paid.

### **Changes in the Board of Directors**

Dewet Moser and Nick Huber will not stand for re-election to the board at the 2013 Annual General Meeting. As a result, the Board of Directors of Orell Füssli Holding Ltd will again be reduced to five members.

### **Changes in the Executive Board**

Johannes Caprez, the long-serving CFO of Orell Füssli Holding Ltd, will relinquish responsibility for group finances at the end of March 2013 and leave the Executive Board; he will, however, maintain his links with the company in other capacities. The Board of Directors has appointed Beat Müller as new CFO and a member of the Executive Board. He has been employed by Orell Füssli as Head Controlling since August 2012. Dr. Martin Söderberg, Head Corporate Development, has also been elected to the Executive Board.

### **Outlook**

On March 7, 2013, Orell Füssli announced plans to merge its Swiss book retailing activities with those of Thalia Bücher AG. The approval of the planned joint venture with Thalia Bücher AG by the competition authorities is still pending. This joint venture will create favourable preconditions for withstanding the growing pressure from powerful international marketers and offer a Swiss solution for the long term.

In security printing, an extensive package of measures to improve operating processes has been initialled and will be implemented resolutely in the course of the year. Security printing will thus be equipped with the capabilities to hold its own in the increasingly keen competitive environment.

## Key figures for Orell Füssli in CHF millions

	2012	2011
Sales/Total operating income	284.9	287.8
EBIT	3.6	2.4
Non-recurring charges	4.7	5.9
Operating earnings	8.3	8.3
Net income	0.8	-0.2
Profit after minority interests	-1.0	0.2
Number of employees (full-time units)	971	1 048
Dividend (in CHF per share)	0 <sup>1)</sup>	2.00

1) Proposed by the Board of Directors to the Annual General Meeting on May 7, 2013.

**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 about 1 000 employees at locations in 10 countries and is listed on the Swiss Stock Exchange.

### Annual report

The 2012 annual report (consisting of an abridged and a detailed business report) will be published on April 11, 2013, and can be accessed on the Internet from that date at [www.orellfuessli.com/AR12](http://www.orellfuessli.com/AR12) or ordered from the holding company secretariat by phone at +41 44 466 7273 or at [investors@orellfuessli.com](mailto:investors@orellfuessli.com).

### Agenda

Annual General Meeting of Orell Füssli Holding Ltd

May 7, 2013, 3:30 p.m.  
(Zurich Stock Exchange)  
August 2013

Media release: half-year results 2013

### Contact

Daniela Diethelm  
Corporate Communications  
Phone +41 44 466 7273  
[media@orellfuessli.com](mailto:media@orellfuessli.com)