

Media release: Half-year results 2014

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Orell Füssli: Slightly higher sales, weak half-year results

Atlantic Zeiser at previous year's level – Security Printing stabilised – Book Retailing feels the impact of migration to the Internet

Zurich, August 14, 2014 – Orell Füssli reported net revenues of CHF 131.2 million in the first half of 2014, an increase of 2.1% compared to the same period of the previous year (CHF 128.5 million). The mid-year outcome at EBIT level was CHF -4.0 million, a significant improvement compared to the second half of 2013, but still CHF 1.8 million lower than a year earlier (CHF -2.2 million). Seasonal effects characteristic of the business mean that the half-year figures are not indicative for the full-year outcome.

Net revenues of CHF 37.8 million at **Atlantic Zeiser** in the first half of 2014 were 1.2% lower than a year earlier (CHF 38.3 million). Growth rates in systems solutions for packaging printing and service revenues were counterbalanced by rather sluggish demand for numbering systems and card systems. Due to higher costs in the start-up phase of new systems and equipment, operating earnings (EBIT) of CHF 1.5 million in the first six months remained at the previous year's level (CHF 1.6 million). The first CARDLINE Versa Color unit, a new card personalisation system which enables the entire surface of the card to be printed in color, was sold to a customer in the USA. Atlantic Zeiser will launch more new products in the second half of the year. We expect an outcome at least at the previous year's level.

Net revenues at the **Security Printing** Division increased slightly in the first six months to CHF 40.6 million (2013: CHF 39.5 million). EBIT amounted to CHF -3.3 million (2013: CHF -2.0 million). Machine availability was significantly improved in the first half of 2014 compared to the previous year. However, the usable production capacity was limited due to the complete overhaul of the intaglio printing press. The new offset printing press will be installed as planned in the third quarter of 2014, thus eliminating the main production bottlenecks for the new series as from the fourth quarter. Production of the first run of a new series of banknotes for a major foreign customer has commenced. In the second half of the year and especially in the final quarter it will be a matter of realising the gains in productivity arising from the elimination of the bottlenecks in offset and intaglio printing operations, and boosting volumes and quality accordingly.

The first financial year of the **Orell Füssli Thalia Ltd** joint venture started on October 1, 2013. The mid-year figures for 2013 (Orell Füssli Book Retailing Ltd only) and 2014 (Orell Füssli Thalia Ltd joint venture) are not directly comparable. The Book Retailing Division reported net revenues of CHF 48.3 million and EBIT of CHF -1.6 million in the first half of 2014. The income statement and balance sheet figures of Orell Füssli Thalia Ltd have been consolidated on a pro rata basis. The market volume for books has again declined in the current financial year, and the trend for book retailing to migrate to the internet has continued, with e-books increasingly supplanting physical books. The trend in sales of Tolino e-readers and e-books at Orell Füssli Thalia Ltd is encouraging. The integration projects in the context of the joint venture are proceeding on schedule.

Sales by Orell Füssli's **publishing business** in the first six months were 7% higher than in the previous year. Non-fiction recorded strong gains compared with a year earlier, but sales in the children's book programme were unsatisfactory.

Outlook 2014

The results expected for Atlantic Zeiser, Orell Füssli Thalia and the publishing business are on the same order as in the previous year. The full-year outcome for Security Printing is more difficult to estimate at present. Results depend directly on how closely the challenging production schedule for the second half of the year can be adhered to.

Key figures for the Orell Füssli Group

in million CHF	First half of 2014	First half of 2013	Annual year 2013
Net revenues from sales to customers	131.2	128.5	272.2
Total operating income	137.6	132.0	282.1
Earnings before interest and taxes (EBIT) in % of total operating income	-4.0 -2.9%	-2.2 -1.7%	-20.7 -7.4%
Group net income in % of total operating income	-4.0 -2.9%	-2.1 -1.6%	-17.0 -6.0%
Total assets	256.2	267.4	262.1
Total equity in % of total assets	139.6 54.5%	159.8 59.8%	144.3 55.1%
Number of employees on record date, full-time equivalents	995	959	1'041

The Annual Report can be accessed immediately on the internet at www.orellfuessli.com/HY14 or ordered by phone at +41 44 466 72 73 or e-mail at investors@orellfuessli.com.

Calendar

Media release: 2014 annual accounts
Annual General Meeting of Orell Füssli Holding Ltd

March 2015
May 7, 2015

Orell Füssli is a diversified 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 company since 1519. Orell Füssli has about 1 000 employees at locations in 10 countries and is listed on the Swiss Stock Exchange.

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