

Ad-hoc media release

for release on March 18, 2019, 7:00 a.m.

## **Orell Füssli 2018: solid annual operating earnings, dividend of CHF 6 per share proposed**

- **Security Printing: acquisition of new customers, slightly lower earnings**
- **Zeiser: focus on profitable core business, earnings depressed by special charges**
- **Book Retailing: significant earnings growth**

Zurich, March 18, 2019 – Orell Füssli can look back on an eventful year in which structural adjustments were made and work was continued on the longer-term challenges facing the company. In Security Printing the shift in the product mix made itself felt for the first time and was countered by the acquisition of new customers and cost optimisation. In the Zeiser Division the decision to focus on the core business of serialising banknotes was put into effect with the sale of operating units. Book Retailing posted its best result since the launch of the joint venture in 2013. The Board of Directors will propose to the Annual General Meeting to be held on May 15, 2019, that a regular dividend of CHF 4.00 per share be paid. In addition, the Board of Directors will propose to the Annual General Meeting on May 15, 2019, that a special jubilee dividend of CHF 2.00 per share be paid on the occasion of Orell Füssli's 500<sup>th</sup> anniversary.

Orell Füssli reported net revenue of CHF 264.9 million in the 2018 financial year, equivalent to a decline of some 8% compared to the previous year (CHF 288.5 million). This was mainly attributable to lower outcomes at the Security Printing and Zeiser divisions. Operating earnings (EBIT) before special items amounted to CHF 20.1 million in 2018, representing an increase of some 12% compared to the previous year (CHF 17.9 million). Operating earnings (EBIT) were CHF 12.0 million (CHF 12.6 million in 2017). This figure includes special items amounting to CHF -8.1 million, which originate mainly from expenditure in connection with the restructuring of Zeiser. Net income at Orell Füssli was depressed mainly by non-recurring, non-cash expenditure in the amount of CHF 54.0 million relating to the sale of parts of Atlantic Zeiser's business and amounted to CHF -47.2 million. The equity ratio was 66.5% (68.1% in 2017).

## **Security Printing Division**

The Security Printing Division posted net revenue of CHF 112.3 million in 2018, a reduction of some 13% compared to the previous year (CHF 129.8 million). The decline in net revenue was attributable to changes in the product mix and lower order intake. Operating earnings (EBIT) before special items amounted to CHF 18.8 million (CHF 20.1 million in 2017). The decline in gross income was partially offset by operating improvements in terms of productivity and waste levels, as well as a reduction in fixed costs compared to the previous year. Operating earnings (EBIT) of CHF 18.0 million were some 11% lower than in the previous year (CHF 20.1 million). This figure includes special charges in connection with optimisation and strategy analyses (CHF -0.8 million).

In 2018 the Security Printing Division reported a workload-related reduction in output of some 5% compared to the previous year. Production volumes for its two anchor customers were lower for the first time since 2014. This effect was partially offset by the acquisition of new orders from third-party customers for production in 2018 and subsequent years. Overall, several third-party customers with attractive volumes of banknotes were won over by the company's qualities in the year under review. However, successfully positioning ourselves as a supplier of high-quality and at the same time economically attractive banknotes remains a challenging task in the medium term in a keenly competitive market environment. The high-quality series of banknotes featuring unique security technology are proving their worth in circulation. The Swiss National Bank issued a further new denomination in the shape of the 200-Swiss franc note in the summer of 2018. The progressive issue process significantly reduced development expenditure for the new series of banknotes. The experience gained since the initial issue of the new series of banknotes has enabled the manufacturing process to be further optimised continuously and quality to be significantly enhanced. These steps resulted in a year-on-year improvement in productivity of some 5% overall. Further potential exists in the optimisation of setup processes and the reduction of downtimes. For the Security Printing Division 2019 will be dominated by a further significant increase in the volume of third-party orders acquired as well as the economically optimal alignment of the company to the expected shift in the product mix.

## **Zeiser Division**

The Zeiser Division reported net revenue of EUR 43.9 million in the 2018 financial year. The decline of some 12% compared to the previous year (EUR 50.2 million) was due to the absence of the business segments sold in the final quarter of the year under review. Operating earnings (EBIT) before special items amounted to EUR -1.0 million and are thus slightly better than the previous year's outcome (EUR -1.8 million). Operating earnings (EBIT) in 2018 amounted to EUR -7.4 million (EUR -6.0 million in 2017) due to special charges following the sale of parts of Atlantic Zeiser's business.

When comparing the financial statistics for 2018 with the equivalent historical figures it should be borne in mind that the Zeiser Division's business activities underwent fundamental changes in the year under review. Until September 30, 2018, these comprised the business segments of banknote serialisation, card personalisation systems and packaging. Since the sale of activities in the business segments of card personalisation systems and packaging together with the holding in Tritron GmbH to the Italian Coesia Group the division has focused exclusively on the former banknote serialisation business segment since October 1, 2018.

The parts of Atlantic Zeiser's business sold to Coesia generated net revenue of EUR 26.0 million up to September 30, 2018, with negative operating earnings (EBIT).

In the context of its reoriented business activities the company succeeded in acquiring several large projects in the course of 2018. This resulted in a large order backlog at year-end, which ensures a firm workload for the initial months of 2019. Breakeven operating results were already generated in the final quarter of 2018. Net revenue in 2018 amounted to EUR 17.9 million. Following the clear strategic reorientation of the Zeiser Division in the year under review, the focus in 2019 will be on the sustained implementation of the new business processes and the organisation. Alongside maintaining and expanding the company's dominant market position, cost structures are to be optimised and business opportunities offering synergies pursued.

## **Book Retailing Division**

The Book Retailing Division posted pro rata consolidated net revenue of CHF 92.2 million in the 2018 financial year, slightly higher than a year earlier (CHF 91.7 million). Operating earnings (EBIT) were not depressed by special items in 2018 and increased sharply in the year under review compared to the previous year to CHF 5.0 million (CHF 1.6 million in 2017).

In the year under review the Book Retailing Division reported a slight increase in net revenue compared to the previous year for the first time in 10 years. On the basis of comparable selling space, growth in net revenue amounted to 2.1% (-2.0% in 2017). Growth in the digital and online mail order business continued in 2018. The pleasing trend in net revenue and operating earnings shows that the transformation programme launched in 2015 and resolutely implemented since then is bearing fruit. Steps such as ongoing work on the bricks-and-mortar product range and the expansion of customer loyalty programmes made a considerable contribution to the continuing positive trend. In addition, the unification of the online brands at [www.orellfussli.ch](http://www.orellfussli.ch), completed in 2017, also had a favourable impact. The merger of the activities of Orell Füssli with Delivros in the business customer segment agreed in the 2018 financial year boosted our presence in this important market segment. The bricks-and-mortar branch portfolio was improved in several places by relocations (in Basle and St. Gall) and new openings (on Europaallee in Zurich and in the Seedammcenter in Pfäffikon). The emphasis for the Book Retailing Division in 2019 will be on the profitable expansion of market share across all sales channels.

### **Publishing**

Net revenue at Orell Füssli Publishing in 2018 was 9% lower than the previous year's figure. While total sales of legal media and educational media remained stable, there was a planned decline in the non-fiction segment; in children's books, sales of Globi publications were also lower for the first time after years of steady growth.

### **Outlook**

For the 2019 financial year we foresee a somewhat weaker earnings trend. At Security Printing we continue to reckon with a decline in earnings due to the change in the product mix to lower-margin orders, with further improvements in operating performance. Due to the structural adjustments made to the business model we expect a positive earnings situation at the Zeiser Division. At Book Retailing we foresee prospects similar to 2018, with the course of Christmas business in 2019 by tradition being the decisive factor for the earnings situation.

## Key figures for Orell Füssli in CHF millions

	Full year 2018	Full year 2017
Total net revenue	264.9	288.5
EBITDA	26.5	28.5
EBIT before special items	20.1	17.9
Special items	-8.1	-5.3
EBIT	12.0	12.6
Net income	-47.2	6.4
Shareholders' equity	148.5	156.2
Net income after minority interests	-50.1	4.8
Shareholders' equity before minority interests	141.6	145.4
Dividend (in CHF per share) <sup>1)</sup>	4.00 + 2.00	4.00
Employees (full-time equivalents) at December 31	691	884

<sup>1)</sup> Proposed by the Board of Directors to the Annual General Meeting held on May 15, 2019

The Annual Report can be accessed immediately on the Internet at [www.ofh.ch](http://www.ofh.ch) or requested as hard copy via e-mail at [investors@ofh.ch](mailto:investors@ofh.ch).

### Calendar

Annual General Meeting of Orell Füssli Holding Ltd  
Publication of 2019 half-year results

May 15, 2019 (Zurich)  
August 9, 2019

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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 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.