

Media release

Orell Füssli Ltd, first half of 2020

A solid result within a challenging market environment

- **Robust business model of the Group in an extraordinary market environment**
- **Security Printing: deliveries delayed and new orders secured**
- **Zeiser: healthy order books and high capacity utilisation**
- **Book retailing: strong online trade figures limit the fall in revenues caused by COVID-19**
- **Publishing: continuing transformation results in improved net revenues**
- **New Digital Division launched**

Zurich, 7 August 2020 – Orell Füssli achieved net revenues of CHF 104.1 million during the first half of 2020. The fall of 10% compared to the equivalent period last year (CHF 115.2 million) was mainly due to the effects of COVID-19, the different product mix for the Security Printing Division and the sale of Track & Trace activities by Zeiser. EBIT for the first half of 2020 fell to CHF 6.7 million (last year CHF 8.1 million). Half-year net income of CHF 8.0 million was significantly better than last year (CHF 5.4 million), mainly for tax reasons.

In line with expectations, the **Security Printing Division** performed slightly worse in the first half of 2020 than the same period last year, posting a decline in business. Net revenues fell to CHF 48.7 million (last year CHF 56.0 million) as a consequence of delays in the delivery of individual orders due to the Covid-19 and the rise in the proportion of international customers in the product mix. EBIT for the first six months was CHF 5.9 million (last year CHF 6.6 million). Despite restrictions due to the COVID-19 pandemic, it was possible to maintain production during the first half of 2020 and to win additional orders from international customers. Alongside international printing orders, during the first half of the year, bank notes continued to be produced for the Swiss National Bank as well as another anchor customer. In the ID documents business, the foundations have been laid for an initial digital product. Order books as at 30 June 2020 ensure good capacity utilisation in 2020 and beyond into 2021.

The **Zeiser Division** earned net revenues in the first half of 2020 of CHF 12.4 million (last year CHF 14.6 million). The decline in net revenues is due amongst other things to the sale of the Paderborn site, which was finalised last year, as well as the completion of production under contract for AZ Coesia. EBIT was 2.8 million (last year CHF 3.5 million). The operating result was just under 20% higher than last year, in spite of the fact that some state organisations temporarily put investments on hold due to the COVID-19 pandemic. The process of closing the branch in Italy was continued during the first half of the year and the integration of the value-added process of the UK subsidiary into the Emmingen facility was completed. Thanks to healthy order books, the Zeiser Division expects to operate at full capacity in 2020.

The **Book Retailing Division** earned net revenues according to the proportional method of CHF 38.2 million (last year CHF 40.9 million). EBIT was CHF -0.6 million (same period last year CHF 0.4 million). Net revenues and the operating result fell due to the closure of all stores from 17 March until 10 May 2020 as a result of COVID-19. Whilst the overall market contracted during the first six months due to the COVID-19 pandemic, the Book Retailing Division was able to gain market share. A major driver of this were digital books and online sales, revenues for which increased by 61% compared to last year. The portfolio of fixed sales outlets was expanded with two new stores in Regensdorf and Volketswil to 36 locations. Within the business customer segment, the operations of LC Lehrmittel (studentbooks.ch) were integrated into Delivros Orell Füssli Ltd, thus further bolstering our presence in this important market segment.

Orell Füssli Publishing increased net revenues in the first half of 2020 compared to the same period last year by 15% to CHF 4.7 million (last year CHF 4.0). This increase is attributable above all to the high sales figures for children's and non-fiction books. Revenues earned by "Globi im Spital" in particular were positive. Non-fiction books performed well with three best sellers in the spring publishing programme. Revenues for the educational and legal media programme segments were stable, although slightly lower than last year as a result of the closure of schools and universities due to COVID-19. Implementing the transformation project was a priority during the first half of 2020. In November 2020, Ms Martina Barth will take over the management of Orell Füssli Publishing.

The establishment of a new business unit focusing on digital applications in the security and education sector was successfully launched in the first half of 2020 with a first strategic investment in the company Procivis AG. Procivis' e-government technology enables citizens to access government and private services securely based on a digital identity.

In addition, Orell Füssli merged Orell Füssli Holding Ltd with its fully-owned subsidiaries in Switzerland to form the new Orell Füssli Ltd retrospectively as of 1 January 2020.

Outlook for 2020

The economic perspectives and full implications of the COVID-19 pandemic for society, consumer behaviour and economic performance are difficult to estimate at this time. Assuming there is no further deterioration in the current situation Orell Füssli Group expects net revenues to be slightly below their 2019 level and the EBIT margin to be in the mid-single-digit range.

Key figures for the Orell Füssli Group in CHF millions

ORELL FÜSSLI GROUP FIGURES			
<i>in CHF million</i>			
	Jan – Jun 20	Jan – Jun 19	2019
Net revenues from sales to customers	104.1	115.2	237.4
Total operating income	104.7	114.1	241.4
Operating earnings (EBIT)	6.7	8.1	18.2
Special items	0.1	0.3	-1.5
<i>Cost for restructuring</i>	0.1	-0.5	1.0
<i>Impairment</i>	-	0.8	-2.5
Earnings before interest and taxes (EBIT) and before special charges	6.6	7.8	19.7
Net income for the period	8.0	5.4	10.9
Total equity	138.0	142.3	147.8
Net income for the period before minority interests	8.3	5.3	8.5
Equity before minority interests	131.2	135.0	138.2
Full time equivalents FTE (annual average)	576	654	639
Full time equivalents FTE (of reporting date)	568	631	627

Half Year Report 2020

The Half Year Report 2020 is available on the Internet at <https://reports.orellfuessli.com/en/2020hy> or can be requested as a hard copy via e-mail at investors@orellfuessli.com

Agenda

Publication Annual Report 2020

17 March 2021

Annual General Meeting

11 May 2021

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Orell Füssli is a pioneer in the fields of security and education. With its expertise in security solutions for governments and citizens and as a leading Swiss book retailer, Orell Füssli supports its customers with a unique and customer-specific offering. As a leading systems supplier for security technologies and identification systems and a long-standing partner of government, Orell Füssli sets technological standards. In the fields of security printing and serialisation Orell Füssli provides innovative printing processes, systems and services for the production and successful protection of banknotes, securities and identity documents.

With its attractive large-format and specialist bookstores Orell Füssli offers a wide-ranging book-related shopping experience. In book retailing Orell Füssli has a 50% interest in Orell Füssli Thalia AG, which provides an extensive offering through 36 branches in German-speaking Switzerland and diverse e-commerce services. Orell Füssli provides logistical and service facilities for libraries and companies.

Orell Füssli was founded more than 500 years ago and generates revenues of some CHF 250 million with around 600 employees at locations in five countries. Orell Füssli shares are listed on the SIX Swiss Exchange.