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# Half-year Financial Report 2018



# Editorial

## Dear shareholder,

For Orell Füssli, the first half of 2018 was dominated by the task of setting the group's strategic course and continued work on operational improvements. The approx. 3% decline in group net revenue compared to the previous year to CHF 127.5 million was due primarily to a change in the product mix at Security Printing. Operating earnings remained constant compared to the previous year, at CHF 3.2 million. This figure includes special items due to external expenses for optimisation and strategy analyses at Security Printing amounting to CHF –0.6 million.

In the first half of 2018 Atlantic Zeiser drifted sideways in operating terms compared to the previous year. On the one hand, net revenue at the Packaging business unit increased as a start was made on processing the high level of incoming orders from the previous year. On the other hand, orders received by the Card Personalisation Systems business unit were substantially lower than in the first half of 2017 due to market conditions. The current order backlog at the Banknote Serialisation and Packaging business units mean that a stable second half year can be expected. The strategic future course for Atlantic Zeiser was also finally set in the first half of 2018. The reorientation of the business to concentrate on the serialisation of banknotes and security documents results in the clear, sustainable focusing of Atlantic Zeiser on its core competences and outstanding market position in this field.

At Security Printing, both net revenue and operating earnings were lower in the first half of 2018 compared to the previous year, despite an increase in output. The main reason for this was the change in the product mix. Further significant progress was made in the important parameters of productivity and quality on the basis of experience gained from several new issues in previous years. On the customer side, work on acquiring high-quality orders is continuing unabated, and new customers were gained in the first half of the year. The Swiss franc continues to be the most important reference in this context as the world's currently most innovative banknote. Finally, in the first half of 2018 a start was made on compiling further optimisation and strategy analyses with the objective of positioning Security Printing favourably in an evolving market environment.

Book Retailing developed encouragingly in the first half of 2018, despite a persistently challenging market environment, and further consolidated its position as Swiss market leader against the market trend. Work in the context of the transformation programme was pursued further and is at an advanced stage of implementation. The fact that the Book Retailing Division was also able to grow in the new sales channels of e-books and online sales was especially pleasing and underlines the correctness of the omni-channel strategy. The branch network will be expanded in the coming year with the addition of a new high-frequency outlet in Zurich's inner city.

In the second half of 2018 the Board of Directors and executive management of the Orell Füssli Group will focus both on completing the strategic reorientation of Atlantic Zeiser and on the further pursuit of the strategic initiatives at Security Printing and Book Retailing. In the second half of 2018 the establishment of the new organisation at Atlantic Zeiser will continue to be pursued alongside the numerous efforts involved in separating operating activities. At Security Printing the emphasis – in addition to ongoing operating improvements – will be on inspiring new customers with the company's capabilities and securing their long-term loyalty to Orell Füssli. At Book Retailing, market leadership is to be consolidated further by the systematic implementation of the remaining stages of the transformation programme.

Zurich, August 2018



DR ANTON BLEIKOLM  
Chairman of the Board of Directors



MARTIN BUYLE  
Chief Executive Officer

### NET REVENUE

in CHF million

127.5

### EBIT

in CHF million

3.2

### NET INCOME FOR THE PERIOD

in CHF million

0.0

# Business in the first half of 2018

Net revenue of CHF 127.5 million reported by Orell Füssli in the first half of 2018 was approx. 3% below the previous year's level (CHF 131.9 million). Operating earnings (EBIT) of CHF 3.2 million were unchanged from a year earlier. This figure includes special items due to external expenses for optimisation and strategy analyses at Security Printing amounting to CHF –0.6 million. Earnings excluding minority interests at the half-year stage amounted to CHF –0.2 million (CHF 3.1 million in 2017). This figure includes an extraordinary result of CHF –1.3 million arising from the partial disposal of operating units of Atlantic Zeiser.

## NET REVENUE ATLANTIC ZEISER

in CHF million

# 26.0

Net revenue at the **Atlantic Zeiser** Division increased to CHF 26.0 million in the first half of 2018 compared to the same period of the previous year (CHF 23.6 million). This outcome is attributable primarily to the change in the CHF/EUR exchange rate compared to the prior-year period. Operating earnings (EBIT) of CHF –1.1 million were an improvement of approx. 30% compared to the previous year (CHF –1.6 million). Cumulative order intake in the first half of 2018 was virtually identical to that in the same period of 2017. Order intake at the Banknote Serialisation business unit remained solid. The order backlog was significantly higher than in the previous year and will be largely converted into sales revenue in the second half of the year. At the Card Personalisation business unit both order intake and orders on hand were significantly lower than in the first half of 2017 due to market conditions. However, net revenue at this business unit was still at the previous year's level as a result of processing the order backlog which existed at the start of the year. Net revenue and orders on hand at the Packaging business unit were significantly higher in the first half of 2018 than in the previous year. Agreements were reached with various customers in recent months for deliveries of machinery and systems in the fields of "late-stage customisation" and serialisation of packaging, some of which were already completed in the first half of 2018. In mid-May 2018 Orell Füssli signed an agreement with Coesia S.p.A. regarding the sale of operating units in the Card Personalisation Systems and Packaging business units. An extraordinary result of CHF –1.3 million in this context was posted up to June 30, 2018. Atlantic Zeiser will concentrate in future on its offering of products and services in the fields of banknote serialisation and the individualisation of other security documents. In the second half of the year the emphasis for Atlantic Zeiser will be on completing the divestment process for the Card Personalisation and Packaging business units alongside the systematic pursuit of its operating targets.

## NET REVENUE SECURITY PRINTING

in CHF million

# 58.1

Net revenue at **Security Printing** in the first half of 2018 amounted to CHF 58.1 million (CHF 64.0 million in the same period of the previous year), equivalent to a decline of some 9%. Operating earnings (EBIT) of CHF 6.8 million were approx. 13% lower than the previous year's figure (CHF 7.8 million). The decline in net revenue and operating earnings compared to the prior-year period was attributable to a change in the product mix. Operating earnings (EBIT) also included special items totalling CHF –0.6 million incurred in connection with optimisation and strategy analyses for Security Printing. Output increased by approx. 5% compared to the previous year. Both productivity and manufacturing quality continued to improve compared to the same period of the previous year. Work on further denominations in the context of the issue of the 9th series of banknotes for the Swiss National Bank continued on schedule in the first half of 2018. Following the 50-Swiss franc note in 2017, the 10-Swiss franc note has now also received the "Banknote of the Year" award from the International Bank Note Society. The issue of the 200-Swiss franc note is planned for the second half of the year. Repeat runs have already been produced for another key customer following completion of the new issue in the first half of 2018.

The expansion of the international sales organisation enabled further customer orders to be acquired. Extensive maintenance work and repairs were carried out on machinery and systems in order to ensure and improve their availability. The new system for processing and inspecting banknotes which was installed last year was successfully brought into operation. For the further development of the organisation numerous interdepartmental efforts were launched with the objective of streamlining processes and simplifying operations. A timely start was also made to negotiations regarding the works agreement due to expire at the end of 2018. The new agreement should permit manufacturing processes to be optimised by further increasing their flexibility.

Net revenue of CHF 39.1 million at the **Book Retailing** Division in the first half of 2018 was at the previous year's level (CHF 39.2 million). Operating earnings (EBIT) in the first half of 2018 amounted to CHF –0.9 million (CHF –1.8 million in 2017). The Swiss book market continued to contract in the first half of 2018, registering a cumulative decline of –1.0% across all sales channels in the first six months of 2018 compared to the same period of the previous year. The Book Retailing Division resisted this downward trend in the first half of 2018 and net revenue increased by 1.3% on the basis of comparable selling space. The transformation programme launched in 2015 continued to be implemented successfully in 2018. Sales figures for e-books increased in the double-digit percentage range in the first half of 2018 compared to the previous year. The online sales business, which was consolidated under the Orell Füssli core brand last year, was further expanded, thus systematically continuing the comprehensive omni-channel strategy. The branch portfolio was optimised further in terms of structure and costs. New selling space was occupied in the first half of 2018 at the important locations in Basle and St. Gall, enabling operating costs to be reduced significantly in equally attractive locations. A further branch will be opened at a high-frequency location on Europaallee in Zurich in 2019.

Net revenue at Orell Füssli **Publishing** in the first half of 2018 was some 14% lower than a year earlier. This was due to a smaller number of titles in the non-fiction segment. Revenues in the legal media and educational media programme segments exceeded expectations, while those from children's books were slightly lower. Spring featured numerous new children's book titles, such as Max Bolliger's "Stummel – Ein Hasenkind wird gross", newly illustrated by Kathrin Schärer. The new "Globi-Klassik" volume is based on a cooperative venture with Zurich Zoo. These and other titles figured in the Swiss children's book best-seller list for many weeks. In educational media the new "Stochastik" course material, resulting from cooperation with the German-Swiss Mathematics Committee, is worthy of special mention. Content for the new "Learning Map App" is also being steadily expanded. The legal media sector brought out a large number of new developments and updates, including commentaries in its "yellow series".

#### NET REVENUE BOOK RETAILING

*in CHF million*

# 39.1

#### NET REVENUE PUBLISHING

*in CHF million*

# 4.4

**Outlook for 2018**

The Orell Füssli Group's results in 2018 will be depressed primarily by special items as a consequence of the sale of operating units of Atlantic Zeiser. Net expenses totalling CHF 67 million are expected in this context, mainly in the extraordinary result, and a small portion as special items to EBIT at Industrial Systems. In the extraordinary result some CHF 42 million will be to write off the goodwill originally taken to equity and some CHF 12 million to reverse accumulated earlier currency translation differences. These items totalling CHF 54 million will leave consolidated equity as a whole unchanged, since the write-off/reversal results in an increase in consolidated equity on the one hand, while the associated loss then results in turn in a reduction of equal size ("recycling of goodwill and currency differences"). The sale has a positive impact on liquidity amounting to single-digit millions.

At the operating level, Orell Füssli continues to foresee a weakening profit situation compared to the same period of the previous year. Work on improving productivity is continuing at Security Printing in order to counteract the expected narrowing of margins due to the change in the product mix. At Book Retailing the focus continues to be on implementing the transformation programme, and Christmas business will traditionally be a decisive factor for profits.

**KEY FIGURES OF THE ORELL FÜSSLIGROUP**

<i>in CHF million</i>	<b>Jan-Jun 18</b>	<b>Jan-Jun 17</b>	<b>2017</b>
<b>Net revenues from sales to customers</b>	<b>127.5</b>	<b>131.9</b>	<b>288.5</b>
Total operating income	132.4	138.3	291.0
Earnings before interest and taxes (EBIT) and before special items	3.8	3.2	17.9
Special items	-0.6	-	-5.3
Operating earnings (EBIT)	3.2	3.2	12.6
Extraordinary result	-1.3	-	-
Net income for the period	-0.0	2.9	6.4
Total equity	146.6	150.4	156.2
<b>Net income for the period before minority interests</b>	<b>-0.2</b>	<b>3.1</b>	<b>4.8</b>
Equity before minority interests	137.2	141.8	145.4
Full time equivalents	852	864	867

# Half-year Financial Report 2018

## 1 Half-year financial statements

### 1.1 Consolidated income statement

<i>in CHF thousand</i>	Jan-Jun 18	Jan-Jun 17
Net revenues from sales to customers	127,460	131,869
Other operating income	1,340	1,333
Changes in inventories of semi-finished and finished products, capitalised costs	3,644	5,061
<b>Total operating income</b>	<b>132,444</b>	<b>138,263</b>
Cost of materials	-53,796	-60,228
External production costs	-4,386	-3,395
Personnel expenditure	-41,056	-41,138
Other operating expenses	-22,348	-23,038
Depreciation and impairment on tangible assets	-7,214	-6,942
Depreciation and impairment on intangible assets	-443	-364
<b>Earnings before interest and taxes (EBIT)</b>	<b>3,201</b>	<b>3,158</b>
Financial income	206	898
Financial expenses	-504	-291
<b>Financial result</b>	<b>-298</b>	<b>607</b>
<b>Ordinary result</b>	<b>2,903</b>	<b>3,765</b>
Extraordinary result	-1,273	-
<b>Earnings before income taxes (EBT)</b>	<b>1,630</b>	<b>3,765</b>
Income tax expenses	-1,661	-849
<b>Net income for the period</b>	<b>-31</b>	<b>2,916</b>
Attributable to the shareholders of Orell Füssli Holding Ltd	-237	3,136
Attributable to minority interests	206	-220
<i>in CHF</i>	Jan-Jun 18	Jan-Jun 17
Earnings per share	-0.12	1.60
Diluted earnings per share	-0.12	1.60

The disclosures on pages 11 to 13 form an integral part of the financial report.

## 1.2 Consolidated balance sheet

<i>in CHF thousand</i>	30.06.2018	31.12.2017
<b>Assets</b>		
Cash and cash equivalents	52,632	85,961
Marketable securities	354	358
Trade accounts receivable	17,741	19,843
Other receivables	26,317	11,329
Inventories	34,787	32,250
Current income tax receivables	1,993	1,530
Accrued income and deferred expenses	3,212	3,032
<b>Total current assets</b>	<b>137,036</b>	<b>154,303</b>
Tangible assets	59,745	64,560
Intangible assets	2,392	2,199
Financial assets	3,535	2,535
Deferred tax assets	6	5
Other non-current financial assets	5,712	5,869
<b>Total non-current assets</b>	<b>71,390</b>	<b>75,168</b>
<b>Total assets</b>	<b>208,426</b>	<b>229,471</b>
<b>Liabilities and equity</b>		
Trade payables	8,715	9,282
Other current liabilities	32,380	36,346
Current income tax liabilities	2,301	4,423
Accrued expenses and deferred income	12,840	16,171
Current financial liabilities	–	1,170
Current provisions	940	1,025
<b>Total current liabilities</b>	<b>57,176</b>	<b>68,417</b>
Non-current financial liabilities	2,475	2,455
Pension fund liabilities	247	316
Non-current provisions	305	305
Deferred tax liabilities	1,656	1,780
<b>Total non-current liabilities</b>	<b>4,683</b>	<b>4,856</b>
Share capital	1,960	1,960
Capital reserves	4,237	4,212
Own shares	–162	–124
Retained earnings	147,153	155,226
Translation differences	–15,947	–15,842
<b>Total equity before minority interests</b>	<b>137,241</b>	<b>145,432</b>
<b>Minority interests</b>	<b>9,326</b>	<b>10,766</b>
<b>Total equity</b>	<b>146,567</b>	<b>156,198</b>
<b>Total liabilities and equity</b>	<b>208,426</b>	<b>229,471</b>

The disclosures on pages 11 to 13 form an integral part of the financial report.



**1.3 Consolidated cash flow statement**

<i>in CHF thousand</i>	<b>Jan-Jun 18</b>	<b>Jan-Jun 17</b>
Net income for the period	- 31	2,916
Change in employee equity incentive plans	25	- 55
Depreciation	7,431	7,229
Impairment and amortisation	226	78
Other non-cash related income and expenses	122	- 175
Change in net working capital	- 22,677	- 17,589
Change in provisions	- 82	- 55
Change in deferred income tax	- 192	- 486
<b>Cash flow from operating activities</b>	<b>- 15,178</b>	<b>- 8,137</b>
Purchase of tangible assets	- 6,117	- 3,795
Proceeds from disposals of tangible assets	-	37
Purchase of intangible assets	- 497	- 400
Purchase of other financial assets	- 1,000	-
Purchase of other non-current assets	- 31	- 34
Proceeds from disposals of other non-currents assets	177	35
<b>Cash flow from investing activities</b>	<b>- 7,468</b>	<b>- 4,157</b>
Increase of financial liabilities	29	25
Repayment of financial liabilities	- 1,169	-
Purchase of company's own shares	- 38	- 125
Reduction of share capital ( Orell Füssli Buchhandlungs Ltd, minority interest)	-	- 2,401
Dividends paid to minorities (Orell Füssli Buchhandlungs Ltd, Tritron GmbH)	- 1,605	- 2,654
Dividends paid	- 7,836	- 7,836
<b>Cash flow from financing activities</b>	<b>- 10,619</b>	<b>- 12,991</b>
Translation differences	- 64	39
<b>Decrease in cash and cash equivalents</b>	<b>- 33,329</b>	<b>- 25,246</b>
<b>Cash and cash equivalents at 1 January</b>	<b>85,961</b>	<b>69,957</b>
<b>Cash and cash equivalents at 30 June</b>	<b>52,632</b>	<b>44,711</b>

The disclosures on pages 11 to 13 form an integral part of the financial report.

## 1.4 Consolidated statement of changes in equity

in CHF thousand

	Share capital	Capital reserves	Own shares	Retained earnings and net income	Goodwill offset with equity	Translation differences	Equity before minority interests	Minority interests	Total equity
<b>Equity at 1 January 2017</b>	1,960	4,250	-56	228,474	-70,183	-17,903	146,542	13,814	160,356
Dividends paid	-	-	-	-7,836	-	-	-7,836	-2,654	-10,490
Reduction of share capital	-	-	-	-	-	-	-	-2,401	-2,401
Employee equity incentive plans	-	-55	-68	-	-	-	-123	-	-123
Currency translation effects	-	-	-	-	-	56	56	75	131
Net income for the period	-	-	-	3,136	-	-	3,136	-220	2,916
<b>Total Equity at 30 June 2017</b>	1,960	4,195	-124	223,774	-70,183	-17,847	141,775	8,614	150,389
Net income for the second half-year 2017	-	17	-	1,635	-	2,005	3,657	2,152	5,809
<b>Equity at 1 January 2018</b>	1,960	4,212	-124	225,409	-70,183	-15,842	145,432	10,766	156,198
Dividends paid	-	-	-	-7,836	-	-	-7,836	-1,605	-9,441
Employee equity incentive plans	-	25	-38	-	-	-	-13	-	-13
Currency translation effects	-	-	-	-	-	-105	-105	-41	-146
Net income for the period	-	-	-	-237	-	-	-237	206	-31
<b>Total Equity at 30 June 2018</b>	1,960	4,237	-162	217,336	-70,183	-15,947	137,241	9,326	146,567

The disclosures on pages 11 to 13 form an integral part of the financial report.

## 2 Notes to the half-year financial statements

### 2.1 Basis of accounting

These semi-annual financial statements comprise the unaudited interim report for the reporting period ending on 30 June 2018. The consolidated financial statements have been prepared in conformity with the existing Swiss GAAP FER 31 "Additional recommendations for listed companies", as well as the provisions of the Listing Rules of SIX Swiss Exchange and the Swiss law on companies limited by shares ("company law"). The consolidated interim financial statements do not include all the data contained in the consolidated annual financial statements and must therefore be read in conjunction with the consolidated annual financial statements prepared for the financial year ending 31 December 2017.

The consolidated financial statements include all domestic and foreign entities directly or indirectly controlled by Orell Füssli Holding Ltd, either by holding at least 50% of the voting rights or by otherwise exercising a significant influence on the business management and business policy. Joint ventures under joint management, but not controlled by one of the parties, are consolidated on a pro rata basis.

The preparation of the consolidated half-year financial statements requires management to estimate values and make assumptions affecting the disclosures of income, expenses, assets, liabilities and contingent liabilities as of the balance sheet date. If such estimates and assumptions, as made by management as of the balance sheet date to the best of its knowledge, differ from the actual conditions at a later date, the original estimates and assumptions are amended in the reporting period in which the conditions have changed.

The business in the Orell Füssli group is subject to significant seasonal and cyclical fluctuations. The seasonal fluctuations are mainly related to the Book Retailing Division's Christmas business and the cyclical fluctuations are largely due to the product mix of the Security Printing Division.

The taxes on revenues are calculated on the basis of the best estimate of the average tax rate expected for the entire financial year.

### 2.2 Income statement

At CHF 127.5 million, net revenue from sales to customers is CHF 4.4 million below the prior year's level. Net revenue generated by the Industrial Systems Division increased slightly by CHF 2.4 million, owing to the higher CHF/EUR exchange rate compared with the previous year. On the other hand, the revenue generated by the Security Printing Division declined by CHF 5.9 million. The main reason for this decrease is the growth in orders that involve a low share of materials contributing to net revenues. The Book Retailing Division is almost at the same level as the previous year, which goes against the general trend in the book trade.

The cost of materials decreased by CHF 6.4 million and the costs of external services (mostly relating to Security Printing) increased slightly by CHF 1.0 million. As a result, the costs of materials/external services decreased from 46.0% to 43.9% of operating income. The decrease is primarily attributable to Security Printing because of the product mix (production involving a low ratio of materials). Personnel expenditure is practically the same as the prior year. Other operating expenses decreased by CHF 0.7 million as a result of the savings realised in Book Retailing and Industrial Systems. Depreciation was up by CHF 0.4 million, due to slightly higher investments in Security Printing in the second half of 2017.

There was a reduction in interest income in the financial result due to the low interest rates. The movements in foreign currencies had a slightly negative effect on the balance of expenditure and earnings. This means there is a net negative financial result amounting to CHF -0.3 million. In the prior year, Security Printing recorded an interest credit of CHF 0.6 million in connection with a waived interest liability on a former tax liability.

In connection with the planned sale of parts of the Industrial Systems Division, an extraordinary result amounting to CHF -1.3 million has to be posted for the first time. Up to now, this comprises external costs only and no impairment charges.

Tax expenses of 102% are disproportionate due to the negative result of Atlantic Zeiser GmbH, whose potential tax savings from losses are no longer capitalised.

### 2.3 Balance sheet

The balance sheet total decreased by CHF 21.0 million or about 9.2% compared with the end of 2017. Total current assets fell by CHF 17.3 million overall. Cash and cash equivalents decreased by CHF 33.3 million, mainly due to the processing of production orders within Security Printing (material and operating costs) combined with the use of advance payments. The 'Other receivables' line item, which includes services valued using the percentage-of-completion method of CHF 25.2 million (31.12.2017: CHF 11.3 million), again showed a slight increase in value as at the reporting date. There was a net decrease in non-current assets of CHF 3.8 million, mainly due to higher depreciation and impairments (CHF 7.7 million) than investments (CHF 3.5 million). The total value of assets using the percentage-of-completion method compares with the prepayments by customers on the liabilities side, recorded under "Other short-term liabilities", amounting to CHF 26.7 million (31.12. 2017: CHF 31.6 million).

Equity decreased by CHF 9.6 million. This change is mainly due to the payment of dividends to the shareholders of Orell Füssli Holding Ltd of CHF 7.8 million, to the minority shareholders of Orell Füssli Buchhandlungs Ltd of CHF 0.5 million and to the minority shareholders of Tritron GmbH of CHF 1.1 million.

Available liquidity as at the balance sheet date was as follows:

#### LIQUIDITY RESERVES AND CREDIT FACILITIES

<i>in CHF thousand</i>	30.06.2018	31.12.2017
Cash and cash equivalents	52,632	85,961
Prepayments PoC / from customers	-26,962	-31,628
Other financial assets / liabilities	-2,475	-3,625
<b>Cash and cash equivalents net</b>	<b>23,195</b>	<b>50,708</b>
Thereof assigned to other shareholders	5,333	11,315
<b>Disposable cash and cash equivalents</b>	<b>17,862</b>	<b>39,393</b>
Available lines of credit	73,497	83,200
./. Secured guarantees by banks (without prepayment guarantees)	-3,168	-3,258
./. Lines of credit used	-	-1,170
<b>Total disposable cash and cash equivalents and unused lines of credit</b>	<b>88,191</b>	<b>118,165</b>

### 2.4 Change in the scope of consolidation

#### In the 2018 financial year

*Atlantic Zeiser group:* In May 2018, Orell Füssli agreed the sale of the Card Personalisation Systems and the Packaging business along with its shares in Tritron GmbH to Coesia S.p.A., an Italian corporate group.

#### In the 2017 financial year

*Orell Füssli Verlag Ltd:* With retroactive effect as of 31 December 2016, Orell Füssli Ltd was merged with Orell Füssli Security Printing Ltd.

*OF IP Sicherheitsdruck Ltd:* In January 2017, Orell Füssli Technology Ltd was renamed OF IP Sicherheitsdruck Ltd.

### 2.5 Currency exchange rates

	Market rate		Average rate January-June	
	30.06.2018	31.12.2017	2018	2017
EUR at a rate of CHF	1.1580	1.1696	1.1697	1.0769
USD at a rate of CHF	0.9914	0.9763	0.9665	0.9944
GBP at a rate of CHF	1.3094	1.3174	1.3297	1.2519

## 2.6 Segment results

### SEGMENT RESULTS JANUARY – JUNE 2018

<i>in CHF thousand</i>	Industrial Systems	Security Printing	Book Retailing	Other	Total segments	Unallocated	Total Group
Net revenues from segment sales	25,768	58,074	39,137	4,356	127,335	125	127,460
Inter-segment sales	213	–	–	6	219	–219	–
<b>Net revenues from sales to customers</b>	<b>25,981</b>	<b>58,074</b>	<b>39,137</b>	<b>4,362</b>	<b>127,554</b>	<b>–94</b>	<b>127,460</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>–1,094</b>	<b>6,785</b>	<b>–911</b>	<b>–525</b>	<b>4,255</b>	<b>–1,054</b>	<b>3,201</b>
<b>Extraordinary result</b>	<b>–1,273</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–1,273</b>	<b>–</b>	<b>–1,273</b>

### SEGMENT RESULTS JANUARY – JUNE 2017

<i>in CHF thousand</i>	Industrial Systems	Security Printing	Book Retailing	Other	Total segments	Unallocated	Total Group
Net revenues from segment sales	23,500	64,009	39,168	5,067	131,744	125	131,869
Inter-segment sales	84	–	–	25	109	–109	–
<b>Net revenues from sales to customers</b>	<b>23,584</b>	<b>64,009</b>	<b>39,168</b>	<b>5,092</b>	<b>131,853</b>	<b>16</b>	<b>131,869</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>–1,556</b>	<b>7,811</b>	<b>–1,757</b>	<b>–450</b>	<b>4,048</b>	<b>–890</b>	<b>3,158</b>

The extraordinary result is composed exclusively of external costs accrued up to June 2018 in connection with the planned sale of parts of the Industrial Systems Division to Coesia S.p.A. and does not include impairment charges.

## 2.7 Related party transactions

In the first half of 2018, the Orell Füssli group effected sales and accruals of goods and services to associated companies of CHF 32,751,000 (January – June 2017: CHF 46,575,000).

## 2.8 Theoretical impact of goodwill capitalisations

The goodwill resulting from acquisitions is offset against consolidated equity at the time of acquisition. With a theoretical amortisation period over five years, all goodwill items have been theoretically amortised since 31 December 2017. Hence, there is no longer a theoretical impact on the balance sheet or the income statement. Retained earnings include CHF 70,183,000 of goodwill that is theoretically fully amortised.

## 2.9 Financial instruments

As at the balance sheet date, there are outstanding forward exchange contracts for the hedging of future cash flows that have not yet been recognised in the balance sheet. Foreign currencies were hedged up to a total value of CHF 2,907,000 (31.12.2017: CHF 3,028,000), resulting in an off-balance-sheet value of CHF 9,000 (31.12.2017: CHF 48,000).

## 2.10 Events after balance sheet date

There were no significant events that would have resulted in an adjustment of the book values of the group's assets and liabilities.

**Agenda**

Publication Annual Report 2018 (press release, analysts' conference)	March 18, 2019
Annual General Meeting of Orell Füssli Holding Ltd	May 15, 2019 (Zurich)

**Note regarding forward-looking statements**

No statements relating to the future imply any guarantee whatsoever with regard to future performance. They are subject to risks and uncertainties including but not confined to future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control, which can lead to actual developments and results differing significantly from the statements made in this document. Orell Füssli is under no obligation whatsoever to adjust or amend forward-looking statements on the basis of new information, future events or for other reasons.

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