

# Business in 2020

*In the 2020 financial year the Orell Füssli Group's net sales and operating earnings (EBIT) were lower than in the previous year. The majority of the decline is attributable to the difficult market environment caused by Corona, the postponement of orders in security printing and the sale of a Zeiser activity in the previous year.*

Orell Füssli achieved results in line with expectations in the 2020 financial year. Net sales in the past financial year were 8% lower than in the same period of the previous year and amounted to CHF 218.6 million (CHF 237.4 million in the previous year). Operating income (EBIT) amounted to CHF 14.4 million, a reduction of 20% compared with the previous year (CHF 18.2 million). The Orell Füssli Group's net result for the 2020 financial year increased to CHF 15.0 million (previous year CHF 10.9 million) due to tax and financial effects. Shareholders' equity including minority interests was slightly lower at CHF 144.5 million (previous year CHF 147.8 million). The equity ratio of 68.4% is slightly above the previous year (66.8%).

## SEGMENT FIGURES

<i>in CHF thousand</i>	2020	2019	2018	2017	2016
<b>Division Security Printing</b>					
Net revenue from sales to customers	87,301	101,175	112,318	129,845	121,183
Operating earnings before special items	5,511	11,275	18,767	20,145	17,432
Operating earnings (EBIT)	5,511	9,209	18,020	20,145	17,432
<b>Division Zeiser (until 2017 Atlantic Zeiser)</b>					
Net revenue from sales to customers	24,790	29,186	50,708	55,850	72,198
Operating earnings before special items	5,103	4,804	-1,162	-2,062	3,892
Operating earnings (EBIT)	5,291	6,416	-8,524	-6,723	1,958
<b>Division Book Retailing</b>					
Net revenue from sales to customers	96,213	97,353	92,171	91,673	94,776
Operating earnings before special items	5,505	6,508	4,970	1,971	1,550
Operating earnings (EBIT)	5,505	6,508	4,970	1,587	2,022

### Security Printing Division

In 2020, the Security Printing Division achieved net sales of CHF 87.3 million, a reduction of 14% compared to the previous year (CHF 101.2 million). The decline in net revenue is mainly due to a changing product mix with a high share of the export business with less complex banknotes (63% of total sales volume). The COVID 19 pandemic also had a slight impact on net proceeds through temporarily reduced production output. Despite a further reduction in fixed costs compared to the previous year, the decline in gross profit could not be offset. The operating result (EBIT) was CHF 5.5 million (previous year CHF 9.2 million).

### NET REVENUE SECURITY PRINTING

*in CHF million*

# 87.3

In the international market, new customer projects were acquired despite the difficult market conditions caused by the COVID 19 pandemic. The successful positioning as a provider of high-quality and at the same time economically attractive banknotes was maintained in 2020 in a highly competitive market environment, but remains a challenging task.

In 2020, the focus was not only on measures to limit the effects of the corona, but also on renewing and improving the infrastructure and strengthening innovation with new digitalisation projects. In the reporting year, major investments (CHF 13.7 million) were made in the modernisation of production equipment.

In 2021, the Security Printing Division will continue to invest in modernisation and innovation. The focus will also be on expanding orders from the international market and preparing for digital products in the ID sector. With regard to a stronger orientation of the division towards the growing international market, further efficiency increases are being targeted. Due to the changing product mix and continuing Corona influences, Security Printing expects a lower earnings situation for the current business year.

#### Zeiser Division

Despite difficult pandemic-related circumstances, the Zeiser Division was able to meet expectations for net sales and even exceed them for the operating result in the 2020 business year. Net sales in 2020 amounted to CHF 24.8 million (previous year CHF 29.2 million) and the operating result (EBIT) was CHF 5.3 million, about 18% below the previous year's result (previous year CHF 6.4 million). Business was stabilised at a high level in the areas of banknote numbering and passport individualisation. The operating EBIT (adjusted for special effects of CHF 0.2 million) was CHF 5.1 million, which corresponds to a margin of 20.6% (previous year 16.5%).

Zeiser continued to focus on the security printing business and strengthened and expanded its leading market position. Thanks to this, an above-average number of orders were acquired in 2020 for retrofits of numbering technologies for banknotes and for new investments in machinery for the production of passports. The reluctance of state organisations to make new investments resulted in increased demand in the spare parts business. On the other hand, travel and contact restrictions led to a digitalisation push in sales processes. Instead of product demonstrations at trade fairs or at the locations, virtual meetings, live demonstrations and participation in online events came to the fore.

An expansion of the product portfolio is targeted for 2021. Corresponding opportunities within the existing business have been identified and are currently being examined. Synergies could be realised with these and a market launch could be facilitated using the existing sales and distribution network. The topic of digitalisation in the area of security printing will be pushed further. To exploit the potential, the R&D department was expanded and successfully strengthened with additional key positions.

**NET REVENUE  
ZEISER**

*in CHF million*

**24.8**

Another focus in the current year is the completion of further developments of important key technologies that are already in the portfolio. The market launch of successor products is scheduled in the second half of the year. Due to the expiring lease for the production location and in order to improve operational efficiency and logistics, the Board of Directors has decided to unite Zeiser's two operating facilities in Emmingen/D in a new building. The foundation stone for the new building was laid in the fourth quarter of 2020, and completion is scheduled for autumn 2021 so that the production area can move into the new building before the end of 2021. The second location (administration, sales, logistics and R&D) will follow afterwards. We plan that the merger of the two locations will be completed in the first quarter of 2022.

Due to postponed investments at government security printers, stable sales potential in the banknote numbering segment is expected for 2021. A significant sales increase in the ink-jet numbering segment is expected however. The new inkjet printer from Zeiser introduced last year will sustainably strengthen the strategic core area "individualisation of security documents". On the one hand, it can be sold for new investments in the area of tax band coding, but will also be promoted as a replacement for existing inkjet installations in the established customer base.

#### Book Retailing Division

In 2020, the Book Retailing Division's proportionately consolidated net sales amounted to CHF 96.2 million, a slight decline of 1.2% from the previous year (CHF 97.4 million). The operating result (EBIT) was CHF 5.5 million (previous year CHF 6.5 million).

#### NET REVENUE BOOK RETAILING

in CHF million

96.2

The extremely challenging market conditions caused by Corona led only to a slight decline in sales in the book trade in 2020. As a consequence of the national lockdown in March/April 2020, all branches had to be closed for eight weeks. In December 2020, renewed restrictions for the retail trade such as the ban on Sunday sales, lockdowns in the cantons of Aargau and Solothurn as well as capacity restrictions in the shops led to significant impairments in the Christmas business. Switzerland-wide home office recommendations during practically the entire year led to low commuter frequencies, which had a negative impact on the sales performance of our bookstores in important railway station as well as in city centres. Overall, the brick-and-mortar business recorded a 22% decline in sales in the 2020 financial year. Thanks to the established omnichannel strategy and a leading position in e-commerce, the digital and online mail order business recorded sales growth of 46%, thus compensating for a significant part of the sales losses from the stationary business. The business customer segment also continued to perform positively in this challenging environment thanks to the merger of Orell Füssli and Delivros activities in 2019. The acquisition of LC Lehrmittel Center contributed to this.

The relatively robust development in net revenue and operating income show that the transformation programme adopted in 2015 and consistently implemented since then is taking effect and bearing fruit in the long term. In 2020, significant savings were realised in operating expenses through short-time work and flexible staff deployment as well as through successful negotiations with landlords.

The stationary store portfolio was strengthened by new openings in the popular Volkiland shopping centre in Volketswil and the Regensdorf centre. The largest Orell Füssli bookstore on Bahnhofstrasse in Zurich was completely refurbished and renovated. The new branch in Berne was opened in a central and attractive location at the end of November 2020 to replace the location in the LOEB department stores', which was closed at the end of the year.

In 2021, the Book Retailing Division will again face major challenges. For example, all branches had to close again from 18 January 2021 to end of February due to Corona restrictions.

### Publishing

Net sales at Orell Füssli Publishing in 2020 were 4% higher than in the previous year. While sales of legal media, educational media and children's books were in line with the previous year, an increase was recorded in non-fiction books thanks to bestsellers in the spring programme. As part of the development of the publishing houses, a comprehensive transformation programme was implemented during the year and completed on schedule by the end of the year. The main elements were the optimisation of the publishing organisation, the discontinuation of the non-fiction and the OF Kinderbuch brand and the sale of Atlantis Verlag to Kampa Verlag AG. Thanks to the good sales development and the implemented measures, the publishing businesses were able to report a positive EBIT again since a long time. For 2021, the focus is on the strategic and digital further development of the publishing programme with a focus on education.

Among the numerous children's book novelties, the sales figures of "Globi auf der Alp" and "Globi im Spital" stood out. In non-fiction, the publications "Imperium USA", "Darwin beats Kant" and "Mark Streit" were very well received. In the educational media programme, "Fundamentum Mathematik und Physik" and "Formeln Tabellen Begriffe" were particularly popular. Among the legal media, the publication "ZGB/OR, Kaufmännische Ausgabe" stood out. Despite the restrictions due to Corona, it was possible to publish on time and in full as planned.

### Changes in the Board of Directors

At the 2020 Annual General Meeting, Dr Caren Genthner-Kappesz, Dr Beat Lüthi and Peter Stiefenhofer did not stand for re-election. Mirjana Blume, Dr Luka Müller and Dr Martin Folini were newly elected to the Board of Directors.

### Personnel

Peter Crottogini, Head of Human Resources, relinquished his operational duties on 30 June 2020 and left the company on 3 November 2020. Sonja Lütolf-Strupler, previously Head of Human Resources at the Security Printing Division, succeeded him and was promoted to Head of Human Resources at the Orell Füssli Group as of mid-2020. Martina Barth, Head of Orell Füssli Publishing, joined Orell Füssli on November 1, 2020. Dr Daniel Broger, Head of Corporate Development, left the company on 31 December 2020. Désirée Heutschi was appointed as his successor with effect from 1 January 2021.

**NET REVENUE  
PUBLISHING**

*in CHF million*

**10.3**