



## **PELIKAN HOLDING AG, Feusisberg**

Press Release

### **Business in 2012**

The Group's net sales decreased to CHF 201.2 million from CHF 225.6 million in year 2011 (-10.8%). Net sales of the European entities of the Group declined from CHF 157.5 million in 2011 to CHF 129.0 million in year 2012, while the sales in other parts of the world showed a satisfying increase from CHF 68.1 million to CHF 72.3 million, mainly driven by a significant growth in Latin America, in the same period of time. In the Southern European markets the market is still faced with economic uncertainties, which results in shrinking buying power of end-consumers and challenging sales for the Group in this area.

In line with the long-term strategy of the Group to focus on core competencies and to increase the profitability of assortments, the Group has decided to end the distribution of presentation equipment and to streamline the business with printer consumables. Although these actions brought about to decrease sales in year 2012, in particular our biggest market Germany, the overall profitability and performance has improved.

The lower gross margin as a result of the reduced sales volume has been cushioned by the cost reduction programs implemented during the year and those in the previous year. Extensive restructuring plans have been implemented for the German Pelikan entities, as well as for a Pelikan distribution entity in Spain. Despite charging of the restructuring cost in the amount of CHF 3.4 million, the Group was still able to generate an operating profit amounting to CHF 2.1 million as compared to an operating loss of CHF 1.8 million in year 2011.

The consolidated net result for the year shows a loss of CHF 3.8 million as compared to a loss of CHF 7.9 million in the year 2011.

### **Important contracts**

A comprehensive restructuring plan between the Management of Pelikan PBS-Produktionsgesellschaft mbH & Co. KG in Peine-Vöhrum and Pelikan Vertriebsgesellschaft mbH & Co. KG in Hanover and the joint works council of these companies had been signed in March 2012. As a part of these agreements, the number of employees in these two companies will be reduced by 70 until end of 2013.

In line with the strategic decision of the Board of Pelikan Holding AG to focus on core competencies of the Group and to streamline the European organisations, the operational business of the German distribution subsidiary GEHA GmbH, Brilon/Germany, has been finally stopped in September 2012. This company was distributing printer consumables, shredders and laminators under the GEHA brand in Germany. The business has been partly transferred to Pelikan Vertriebsgesellschaft mbH & Co. KG.

## Sales

### Sales by region

|                 |       |
|-----------------|-------|
| Germany         | 39.5% |
| Italy           | 6.0%  |
| Switzerland     | 3.2%  |
| Rest of Europe  | 15.4% |
| Latin-America   | 29.1% |
| Other countries | 6.8%  |

The Group achieved net sales of CHF 201.2 million in year 2012, a decrease of 10.8% as compared to the previous year. The decrease was mainly the result of a decline in sales of printer consumables in Germany following the Group's decision to reorganise its distribution channels and to end the distribution of presentation equipment. Overall, the contribution of sales from the European markets to the Group sales declined from 69.8% in 2011 to 64.1% in 2012.

The Group experienced better turnover in Latin America, which resulted in a further increase in contribution of sales from 23.6% in 2011 to 29.1% in 2012.

## Results

| In million CHF                  | 2012         | 2011 |
|---------------------------------|--------------|------|
| Profit / (loss) before taxation | <b>(0.4)</b> | 0.6  |

Operating results of Pelikan Group in 2012 was a profit of CHF 2.1 million (2011: loss of CHF 1.8 million). Included in operating results are expenses for pensioners in the amount of CHF 3.0 million (2011: CHF 3.4 million) and expenses from impairment of intangible and tangible assets of CHF 1.0 million (2011: CHF 0.04 million). The result from associated companies showed an after tax profit of CHF 0.2 million. In year 2011 the Group realized a result from associated companies of CHF 2.8 million mainly resulting from profits relating to the former associated company in Australia, which had been sold in December 2011. As part of the financial result, the Pelikan Group incurred a net interest expense of CHF 2.3 million (2011: CHF 2.9 million). The decrease in tax expenses from CHF 8.5 million in the previous year to CHF 3.4 million in year 2012 was mainly effected by expenses from deferred taxes amounting to CHF 4.6 million in 2011 compared to an income of CHF 0.5 million in 2012. The net loss for the year amounted to CHF 3.8 million (2011: CHF 7.9 million).

In December 2011, Pelikan Holding AG disposed of its 40% shareholdings in its associate in Australia, Columbia Pelikan PTY Limited, for a total cash consideration of Australian Dollar (AUD) 15 million, which was equivalent to CHF 13.8 million. This gave rise to a gain on disposal to the Group of CHF 1.4 million in 2011.

At Pelikan Holding AG company level, the financial statements showed a net loss of CHF 2.8 million for the year (2011: net profit of CHF 12.5 million). The significant profit in 2011 was mainly due to a gain on disposal of shares in the Australian associate amounted on Pelikan Holding AG company level to CHF 11.3 million. In year 2012, the result of Pelikan Holding AG had been negatively influenced by extraordinary expenses of CHF 12.0 million resulting from necessary equity measurements as well as from provisions for comfort letters for subsidiaries of Pelikan Holding AG in Austria, Germany, Greece, The Netherlands and Spain.

## Personnel

The Group's number of employees decreased in 2012 mainly in line with the restructuring programs in Germany:

| Personnel            | 31 Dec. 2012 | 31 Dec. 2011 | 31 Dec. 2010 |
|----------------------|--------------|--------------|--------------|
| Germany              | 356          | 445          | 471          |
| Switzerland          | 16           | 15           | 16           |
| Italy                | 28           | 29           | 40           |
| Rest of Europe       | 73           | 80           | 86           |
| <b>Total Europe</b>  | <b>473</b>   | 569          | 613          |
| Latin-America        | 618          | 672          | 724          |
| Other countries      | 28           | 34           | 47           |
| <b>Group's total</b> | <b>1,119</b> | 1,275        | 1,384        |

## Outlook

The Group will continue to face challenges in the European markets in particular the Southern Europe markets as they are still faced with economic issues which are dampening the consumer sentiment and demand. Under such circumstances, the Group will adopt different marketing, product and operational strategies to avoid further risk of deterioration in sales and improve profitability. The business in the other markets is still growing in particular the Latin America market which has continued to record positive growth.

The comprehensive restructuring programs initiated for the European entities are now showing positive results with operating costs maintained at a more manageable level. The Group will continue to focus on its initiatives to manage its cost base, improve sales and manage its product assortment in order to improve its bottom line results.

In Germany and Austria, the Group is aiming for a consolidation of individual Pelikan business activities with ones of Herlitz AG Group, a subsidiary of the parents company Pelikan International Corporation Berhad. Through the planned concentration of such activities in Germany and Austria in the form of joint ventures especially in sales and administration the Group is expected to benefit persistently. The target will be to reinforce the market penetration of both brands and to exploit further synergies.

The statements in this business report relating to matters that are not historical facts, are forward-looking statements that are not guaranteed for future performance and involve risks and uncertainties, including but not limited to future global economic conditions, foreign exchange rates, regulatory rules, market conditions, actions of competitors and other factors beyond the control of the Group.

**KEY FIGURES****Pelikan Group**

Figures in CHF million

|                                       | 2012   | 2011   | 2010   | 2009  | 2008  |
|---------------------------------------|--------|--------|--------|-------|-------|
| Net sales                             | 201.2  | 225.6  | 272.7  | 313.1 | 330.1 |
| Operating results                     | 2.1    | (1.8)  | (7.2)  | (2.9) | (1.8) |
| Profit / (loss) before taxation       | (0.4)  | 0.6    | (6.1)  | (4.6) | (2.8) |
| Net (loss) / profit                   | (3.8)  | (7.9)  | (10.7) | (8.4) | (7.2) |
| Non-current assets                    | 39.6   | 43.4   | 69.6   | 90.2  | 87.5  |
| Total equity excluding minorities     | (8.8)  | (10.0) | (2.7)  | 7.9   | 15.8  |
| Provisions for pensions               | 52.4   | 56.0   | 60.6   | 75.9  | 79.0  |
| Balance sheet total                   | 153.9  | 180.5  | 203.2  | 240.7 | 241.6 |
| Share of the balance sheet total in % |        |        |        |       |       |
| Non-current assets                    | 25.7%  | 24.1%  | 34.3%  | 37.5% | 36.2% |
| Total equity excluding minorities     | (5.7%) | (5.5%) | (1.3%) | 3.3%  | 6.5%  |
| Provisions for pensions               | 34.1%  | 31.0%  | 29.8%  | 31.5% | 32.7% |
| Tangible and intangible assets        |        |        |        |       |       |
| Investments                           | 3.9    | 2.8    | 3.7    | 6.6   | 6.6   |
| Depreciation and amortization         | 6.9    | 10.2   | 11.1   | 12.2  | 12.7  |
| Number of employees                   | 1,119  | 1,275  | 1,384  | 1,345 | 1,221 |
| Personnel expenses                    | 57.0   | 61.4   | 72.6   | 78.6  | 78.0  |

**Pelikan Holding AG**

|                      |       |      |      |       |       |
|----------------------|-------|------|------|-------|-------|
| Result for the year  | (2.8) | 12.5 | 3.5  | (7.4) | (1.6) |
| Dividend             | -     | -    | -    | -     | -     |
| Shareholders' equity | 64.0  | 66.8 | 54.3 | 50.8  | 58.2  |

**Key figures per share**

|                              |       |       |       |       |       |
|------------------------------|-------|-------|-------|-------|-------|
| Data per bearer share in CHF |       |       |       |       |       |
| Nominal value each CHF65     |       |       |       |       |       |
| (Loss) / earnings per share  | (4.3) | (6.6) | (8.6) | (6.6) | (6.5) |
| Dividend per share in %      | -     | -     | -     | -     | -     |
| Share prices                 |       |       |       |       |       |
| Highest                      | 50    | 63    | 65    | 88    | 182   |
| Lowest                       | 10    | 39    | 40    | 43    | 65    |