



## **PELIKAN HOLDING AG, Feusisberg**

Press Release

### **Business in 2011**

The Group's sales for 2011 had fallen to CHF 225.6 million (2010: CHF 272.7 million). The economic development in Europe since 2008 is still sluggish. This resulted in decreasing sales of the Group especially in countries in Southern Europe but also in our main market Germany. Furthermore, the weakening of the Group's major trade currencies in Euro and US Dollar contributed to the lower translated sales. Euro and US Dollar had weakened against Swiss Franc by 10% and 15% respectively throughout the year.

The lower gross margin as a result of the reduced sales volume has been counteracted by intensified cost reduction programmes. As a result of these measures but also due to lower expenses from impairment of tangible and intangible assets (2011: CHF 0.04 million; 2010: CHF 3.4 million), the Group generated a lower operating loss amounting to CHF 1.8 million (2010: loss of CHF 7.2 million). The consolidated net result for the year was a loss of CHF 7.9 million (2010: loss of CHF 10.7 million), mainly influenced by a profit from the disposal of an associate as well as increased expenses from deferred taxes.

### **Important contracts**

A strategic partnership with PORSCHE DESIGN effective from January 2011 has been established. Beside the worldwide distribution of PORSCHE DESIGN branded fine writing instruments, the Group develops and produces these products in its production centre in Peine-Vöhrum.

In 2011, the Belgian distribution entity of the Group had taken over the distribution of Herlitz products for a total consideration of CHF 0.1 million. The distribution started in March 2012.

In December 2011, Pelikan Holding AG disposed of its 40% shareholdings in an associate in Australia for a total cash consideration of Australian Dollar 15 million, which is equivalent to CHF 13.8 million.

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.

## Sales

### Sales by region

Germany	44.5%
Italy	6.1%
Switzerland	3.4%
Rest of Europe	15.8%
Latin-America	23.6%
Other countries	6.6%

The Group recognised for the year 2011 sales of CHF 225.6 million, a decrease of 17.3%. This decrease was mainly the result of a decline in sales of printer consumables in Europe but also influenced by the Group's decision to end the distribution of Original Equipment Manufacturer ("OEM") printer consumables. Last not least, also the weakening of the Group's major trade currencies in Euro and US Dollar caused lower sales translated into Swiss Franc. The growth of sales of fine writing instruments as well as a stable business with office and school products contributed positively to the total sales of the Group. Overall, the contributions of sales from the European markets to Group sales decreased to 70% from 73% in 2010.

The Group experienced better turnover in regions outside Europe, especially in Latin America, which resulted in an increase in contribution of sales from 21% in 2010 to 24% in 2011.

## Results

In million CHF	2011	2010
Profit / (loss) before taxation	<u>0.6</u>	<u>(6.1)</u>

Operating results of Pelikan Group in 2011 indicated a loss of CHF 1.8 million (2010: loss of CHF 7.2 million). Included in operating results are expenses for pensioners amounted to CHF 3.4 million (2010: CHF 4.2 million) and expenses from impairment of intangible and tangible assets of CHF 0.04 million (2010: CHF 3.4 million). The result from associated companies in Australia and Japan showed an after tax profit of CHF 2.8 million (2010: CHF 3.0 million). As part of the financial result, the Pelikan Group incurred a net interest expense of CHF 2.9 million (2010: CHF 3.3 million). Due to gains on disposal of an associate in an amount of CHF 1.4 million, the total financial result improved from CHF -1.9 million in year 2010 to CHF -0.4 million in the reporting period. The increase in tax expenses from CHF 4.6 million in the previous year to CHF 8.5 million in year 2011 was mainly effected by expenses from deferred taxes amounting to CHF 4.6 million. The net loss for the year amounted to CHF 7.9 million (2010: CHF 10.7 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 15 million which is equivalent to CHF 13.8 million. This gave rise to a gain on disposal to the Group of CHF 1.4 million.

At Pelikan Holding AG company level, the financial statements showed a net profit of CHF 12.5 million for the year (2010: net profit of CHF 3.5 million). The significant profit in 2011 was mainly due to gain on disposal of shares in the Australian associate amounted on company level to CHF 11.3 million.

## Personnel

The Group's number of employees decreased in 2011 mainly due to manpower reorganisation especially in Latin America, Germany and Italy and to sustain operating costs.

Personnel	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009
Germany	445	471	483
Switzerland	15	16	16
Italy	29	40	41
Rest of Europe	80	86	97
<b>Total Europe</b>	<b>569</b>	613	637
Latin-America	672	724	657
Other countries	34	47	51
<b>Group's total</b>	<b>1,275</b>	1,384	1,345

## Outlook

The overall worldwide market conditions remain insecure. The Management expects, that the weak development of the business with printer consumables in the German and European market will continue. This part of the Pelikan business remains challenging also in the year 2012 due to ongoing structural changes in the distribution channels for printer consumables as well as changing buying behaviours of private and corporate users.

The business with fine writing, school and office products is expected to be stable and shall be further strengthened by launches of innovative new products.

In March 2012, comprehensive restructuring plans have been concluded for Pelikan PBS-Produktionsgesellschaft mbH & Co. KG in Peine-Vöhrum and Pelikan Vertriebsgesellschaft mbH & Co. KG in Hanover as well as for GEHA GmbH, Brilon. As a result of these measures, the Group expects a sustainable improvement of the results of its German operations. In the year 2012 this restructuring will result in one-time costs in an amount of approximately CHF 3 million which will effect the net result of the year negatively in the same amount.

With a continuous focus on margins development and cost control, the Group is optimistic to achieve better operating results in the future.

## KEY FIGURES

Pelikan Group	Figures in CHF million				
	2011	2010	2009	2008	2007
Net sales	225.6	272.7	313.1	330.1	282.2
Operating results	(1.8)	(7.2)	(2.9)	(1.8)	9.1
Profit / (loss) before taxation	0.6	(6.1)	(4.6)	(2.8)	8.6
Net (loss) / profit	(7.9)	(10.7)	(8.4)	(7.2)	6.0
Non-current assets	43.4	69.6	90.2	87.5	106.9
Total equity excluding minorities	(10.0)	(2.7)	7.9	15.8	31.5
Provisions for pensions	56.0	60.6	75.9	79.0	91.3
Balance sheet total	180.5	203.2	240.7	241.6	278.3
Share of the balance sheet total in %					
Non-current assets	24.1%	34.3%	37.5%	36.2%	38.4%
Total equity excluding minorities	(5.5%)	(1.3%)	3.3%	6.5%	11.3%
Provisions for pensions	31.0%	29.8%	31.5%	32.7%	32.8%
Tangible and intangible assets					
Investments	2.8	3.7	6.6	6.6	8.9
Depreciation and amortization	10.2	11.1	12.2	12.7	10.1
Number of employees	1,275	1,384	1,345	1,221	1,236
Personnel expenses	61.4	72.6	78.6	78.0	69.2
<b>Pelikan Holding AG</b>					
Result for the year	12.5	3.5	(7.4)	(1.6)	(1.5)
Dividend	-	-	-	-	-
Shareholders' equity	66.8	54.3	50.8	58.2	59.8
<b>Key figures per share</b>					
Data per bearer share in CHF					
Nominal value each CHF65					
(Loss) / earnings per share	(6.6)	(8.6)	(6.6)	(6.5)	2.3
Dividend per share in %	-	-	-	-	-
Share prices					
Highest	63	65	88	182	212
Lowest	39	40	43	65	115