



PELIKAN HOLDING AG, Feusisberg

Press Release

Business in 2007

Group sales further rose in 2007 by 33.5% compared to prior year to CHF282.2 million (2006: CHF211.3million) resulting mainly from acquisitions of new subsidiaries, namely German Hardcopy AG, Pelikan Argentina and merger of Hardcopy (ie. printer cartridges and consumables) business in Europe to take advantage of the synergies and common cost savings.

In 2007, result before financial items and taxation amounted to CHF16.4million (2006: CHF20.4million). Margin reduced as anticipated as Hardcopy business is having a lower margin. The Group has increased its expenditure in the current financial year to expand its business to the other under developed and under represented markets in Asia, Latin America and Eastern Europe. Common cost savings foreseen from the acquisition of Hardcopy is likely to be seen in the medium and longer term. Consolidated net result for the year amounted to CHF3.9 million (2006: CHF17.7 million). The higher consolidated net result in 2006 was mainly due to deferred tax income arising from capitalization of tax losses.

Important contracts

In April 2007, Pelikan Holding AG completed the acquisition of 90% equity share capital of German Hardcopy AG. The remaining 10% shares are held by German Hardcopy AG. The principal activity of German Hardcopy AG is the manufacturing and distribution of hardcopy related products (ie. printer cartridges and consumables) under the Geha, Emtec, Boeder and I-change trademarks as well as OEM (Original Equipment Manufacturer) printer supplies and assortment.

By July 2007, Pelikan Holding AG completed the acquisition of the remaining 25% equity share capital in its subsidiary, Pelikan Faber-Castell (Schweiz) AG, recently renamed in Pelikan (Schweiz) AG.

In July 2007, the hardcopy businesses of Pelikan Hardcopy Holding AG Group were acquired for Germany by Pelikan Vertriebsgesellschaft mbH & Co.KG, a German subsidiary of Pelikan Holding AG and for Italy by Pelikan Italia S.A.. Respective acquisitions of the hardcopy business of Pelikan Hardcopy Holding AG Group took place also in Spain by Pelikan Spain S.A. and in Switzerland by Pelikan Faber-Castell (Schweiz) AG.

By July 2007, Productos Pelikan S.A. de C.V., a subsidiary of Pelikan Holding AG and Pelikan International Corporation Berhad completed the acquisition of 87.71% equity interest in Pelikan Argentina S.A. The equity interest of Productos Pelikan S.A. de C.V. in Pelikan Argentina S.A. increased to 93.76% with subsequent increase in share capital in Pelikan Argentina during the year.

Sales

Sales by region	
Germany	54.3%
Switzerland	5.5%
Italy	9.3%
Rest of Europe	10.6%
Latin-America	13.4%
Other countries	6.9%

Sales registered significant growth in most regions mainly due to the acquisitions of subsidiaries and acquisition of Hardcopy business during the second half of the year. Sales in Latin America and “other countries” particularly in Asia continue to record growth of 20.5% and 3.5% respectively in line with the continued Group strategy to reduce its dependence on the matured European market whilst expanding businesses in under-represented and undeveloped markets.

Result

In million CHF	2007	2006
Pretax profit	<u>9.4</u>	14.7

Result from operations of Pelikan Group amounted to CHF13.4 million in 2007 (2006:CHF17.9 million). The result from unconsolidated companies in Australia, Austria, Japan and Colombia showed a pre-tax profit of CHF3.0 million (2006: CHF2.5 million). Pelikan Group incurred a net interest expense of CHF4.4 million (2006: CHF0.8 million), while expenses for pensioners came to CHF4.3 million (2006: CHF5.3 million). Taxes (expense) amounted to CHF3.0 million (2006: CHF4.8 million (income)). The net result for the year amounted to CHF6.4 million (2006:CHF19.4 million).

At Pelikan Holding AG on the company level, the financial statements showed a net loss of CHF1.5 million for the year (2006: net profit CHF3.5 million).

Personnel

In line with geographical expansions and due to acquisition of Hardcopy businesses in several European countries, the total number of employees of the Group increased by 257 to 1,236 as at December 31, 2007.

Personnel	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Germany	511	417	435
Switzerland	26	17	17
Italy	41	36	36
Rest of Europe	131	45	27
Total Europe	<u>709</u>	515	515
Latin-America	446	404	367
Other countries	81	60	28
Total Group	<u>1,236</u>	979	910

Outlook

The medium term direction of the global economy is likely to be dependent on United States (“US”) and China. These economies are going to influence especially import growth, thereby stimulating exports and economic growth in the rest of the world. Hence, how they perform matters. The good news from Europe, our main market currently is that the continent is less dependent on stimulus from the US than in the past. However, strong Euro and Pound may hurt export growth. The world economy remains uncertain due to amongst others the US sub-prime crisis and higher oil price.

The reconsolidation of businesses of Pelikan worldwide group promised synergistic gain and common costs savings which the Group has planned to plough back to expanding under represented and under developed markets. Given fixed selling, general and distribution costs, the Group will generate more meaningful net margin when sales expand. In view of the global market and economic uncertainty, the Group expects a challenging year ahead.

The statements in this press release 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				
	2007	2006	2005	2004	2003
Net sales	282.2	211.3	196.3	194.6	191.6
Result from operations	13.4	17.9	10.6	11.2	12.1
Result before non-operating items	13.7	19.9	14.3	14.0	15.8
Result before taxation	9.4	14.7	8.6	8.7	10.3
Net result for the year	6.4	19.4	4.6	6.6	9.2
Consolidated net result for the year	3.9	17.7	3.3	5.3	8.0
Fixed assets	106.9	74.9	64.3	53.2	50.7
Total equity excluding minorities	31.5	29.1	13.0	6.2	1.4
Provisions for pensions	91.3	93.1	93.3	96.5	101.8
Balance sheet total	278.3	203.8	180.5	162.2	162.0
Share of the balance sheet total in %					
Fixed assets	38.4%	36.7%	35.6%	32.8%	31.3%
Total equity excluding minorities	11.3%	14.3%	7.2%	3.8%	0.9%
Provisions for pensions	32.8%	45.7%	51.7%	59.5%	62.8%
Tangible and intangible assets					
Investments	8.9	8.9	6.0	5.6	6.8
Depreciation and amortization	10.1	5.2	6.7	6.5	6.5
Number of employees	1,236	979	910	883	848
Personnel expense	64.9	54.9	51.5	51.5	50.1
Pelikan Holding AG					
Result for the year	(1.5)	3.5	1.3	3.5	(63.2)
Dividend	-	-	-	-	-
Shareholders' equity	59.8	61.3	57.8	56.6	53.1
Key figures per share					
Data per bearer share in CHF					
Nominal value each CHF65					
Earnings per share	2.6	11.5	2.2	3.5	5.2
Dividend per share in %	-	-	-	-	-
Share prices					
Highest	212	106	84	29	34
Lowest	115	69	25	19	19