



PELIKAN HOLDING AG, Feusisberg

Press Release

Business in 2013

The Group's net sales declined by 8.4% to CHF 184.3 million from CHF 201.2 million in year 2012. This decrease is mainly driven by reduced net sales of the European entities which declined from CHF 129.0 million in 2012 to CHF 115.1 million in year 2013. In the same period, net sales in other parts of the world declined slightly to CHF 69.1 million in 2013 compared to CHF 72.3 million in the year before. After years with stable growth in the Latin American markets, the Group's sales growth in this region had declined in the current year.

The Groups decision to focus on core competencies and to increase the profitability of assortments as well as the positive impact of cost reduction programs implemented in Europe during the last three years led to a satisfactory operating profit of CHF 8.9 million compared to an operating profit of CHF 1.1 million (restated) in 2012. Especially the result of the German entities has improved significantly in the year 2013 after a year affected by a comprehensive restructuring program. In addition, the still delectable development in Latin America subsidiaries is supporting the improved results of Pelikan Holding AG Group.

The consolidated net result for the year shows a profit of CHF 5.4 million as compared to a restated loss of CHF 4.8 million in the year before.

Important contracts

At 27 December 2013 Pelikan Holding AG entered into an agreement to purchase from Herlitz PBS Aktiengesellschaft Papier-, Büro- und Schreibwaren ("Herlitz") the German and Austrian stationery business as well as the brands HERLITZ and SUSYCARD with effect from 1 March 2014. Herlitz is a 70.92% subsidiary company of Pelikan International Corporation Berhad. The purchase price is based on the net assets value of assets (inventories and fixed assets less staff related liabilities as well as liabilities from return rights of customers) to be taken over on closing date with a premium of EUR 3.9 million. As announced before, the Group is expecting a material increase of sales as well as a positive development of the results of its German entities in the coming years.

At the beginning of 2014, Pelikan Holding AG has incorporated a 100% subsidiary, Pelikan Hardcopy Distribution Gesellschaft mbH & Co. KG, Hanover, Germany. It is planned that this entity will take over the German distribution of printer consumables from Pelikan Vertriebsgesellschaft mbH & Co. KG during the second quarter of year 2014. With this step, the Group will have a sales entity with clear focus on the profitable expansion of the distribution of printer consumables while Pelikan Vertriebsgesellschaft will bring forward the German PBS business under Pelikan and Herlitz brand.

Sales

Sales by region

Germany	38.2%
Italy	5.9%
Switzerland	3.3%
Rest of Europe	15.1%
Latin-America	31.3%
Other countries	6.2%

The Group's net sales decreased from CHF 201.2 million in year 2012 to CHF 184.3 in 2013 which is a minus of 8.4 % compared to prior year. While the sales of school, hobby and office products showed a solid development, the Group realized lower sales of printer consumables, especially in the German and on other European markets. This decline in sales of printer consumables is mainly the result of the Group's decision to reorganise this business segment and to reposition the Group in the market for alternative printer consumables. Net sales with Fine Writing Instruments showed in the year 2013 a satisfying double-digit growth as a result of strong selling of new product launches.

Overall, the contribution of sales from the European markets to the Group sales declined from 64.1% in 2012 to 62.5% in 2013. In the same period of time, the net sales in Latin America contributed 31.3 % to the Group's turnover after 29.1% a year ago.

Results

In million CHF	2013	restated 2012
Profit / (loss) before taxation	<u>7.6</u>	<u>(1.4)</u>

The Operating results of Pelikan Group increased to a profit of CHF 8.9 million (2012 restated: CHF 1.1 million). Included in operating results are expenses for pensioners in the amount of CHF 3.6 million (2012 restated: CHF 4.1 million). The result from associated companies showed an after tax profit of CHF 0.1 million after CHF 0.2 million in the year before. As part of the financial result, the Pelikan Group incurred a reduced net interest expense of CHF 1.4 million due to significant repayments of bank loans in the first half of the year (2012: CHF 2.3 million). Overall, the Group achieved a net profit of CHF 5.4 million after a restated net loss of CHF 4.8 million in year 2012.

At Pelikan Holding AG company level, the financial statements showed a net loss of CHF 2.0 million for the year (2012: net loss of CHF 2.8 million). In year 2013, the result of Pelikan Holding AG had been negatively influenced by extraordinary expenses of CHF 5.8 million (2012: CHF 12.0 million) resulting from necessary equity measurements for subsidiaries in Europe as well as from value adjustment for a loan to a subsidiary in the Netherlands.

Personnel

The Group's number of employees decreased in 2013 mainly in line with the restructuring programs in Germany:

Personnel	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011
Germany	338	356	445
Switzerland	16	16	15
Italy	21	28	29
Rest of Europe	67	73	80
Total Europe	442	473	569
Latin-America	597	618	672
Other countries	23	28	34
Group's total	1,062	1,119	1,275

Outlook

With the integration of the German and Austrian Herlitz stationery business as per 1 March 2014, the Group faces a challenging year for its German operations. The German team will not only have to harmonise different company cultures under careful attention of a different history of the brands but also to enforce a comprehensive restructuring program for the combined Pelikan- and Herlitz-PBS-business to benefit from the wide range of potential synergies of this transaction. Although the Group will have to invest in the integration of the Herlitz business which will lead to a negative effect in the coming year, the Groups Management is convinced that with this transaction the Group has paved the way for a positive development of the Groups results in the following years and will ensure long term viability and efficient operating structure.

The business activities in the rest of Europe are still affected by the uncertainties in the markets. Especially in Southern Europe the consumer demand and buying power is still on a low level. The Group is looking on these developments with care but the management is confident to handle all the challenges during the coming year. The growth in the Latin America subsidiaries is expected to slow down in the coming year. Nevertheless, Latin America has in the past built itself into a very profitable region and is expected to be resilient towards any lower growth momentum as it is also continuing to build new markets within the region.

The Groups Management expects to yield positive results out of the Pelikan and Herlitz integration in particular for the German market going forward. It is utmost important that the Group combines the business as the integration will be beneficial for our business partners, employees and the consolidation will path future growth and opportunities for the Group.

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
restated

	2013	2012	2011	2010	2009
Net sales	184.3	201.2	225.6	272.7	313.1
Operating results	8.9	1.1	(1.8)	(7.2)	(2.9)
Profit / (loss) before taxation	7.6	(1.4)	0.6	(6.1)	(4.6)
Net profit / (loss)	5.4	(4.8)	(7.9)	(10.7)	(8.4)
Non-current assets	40.8	40.0	43.4	69.6	90.2
Total equity excluding minorities	(7.7)	(10.5)	(10.0)	(2.7)	7.9
Provisions for pensions and similar commitments	52.4	54.6	56.0	60.6	75.9
Balance sheet total	135.6	154.3	180.5	203.2	240.7
Share of the balance sheet total in %					
Non-current assets	30.1%	25.9%	24.1%	34.3%	37.5%
Total equity excluding minorities	(5.7%)	(6.8%)	(5.5%)	(1.3%)	3.3%
Provisions for pensions and similar commitments	38.6%	35.4%	31.0%	29.8%	31.5%
Tangible and intangible assets					
Investments	5.3	3.9	2.8	3.7	6.6
Depreciation and amortization	5.1	6.9	10.2	11.1	12.2
Number of employees	1,062	1,119	1,275	1,384	1,345
Personnel expenses	51.2	58.0	61.4	72.6	78.6

Pelikan Holding AG

Result for the year	(2.0)	(2.8)	12.5	3.5	(7.4)
Dividend	-	-	-	-	-
Shareholders' equity	61.9	64.0	66.8	54.3	50.8

Key figures per share

Data per bearer share in CHF					
Nominal value each CHF65					
Earnings / (loss) per share	1.4	(5.0)	(6.6)	(8.6)	(6.6)
Dividend per share in %	-	-	-	-	-
Share prices					
Highest	45	50	63	65	88
Lowest	16	10	39	40	43