

Orell Füssli

Strategic targets maintained at CMD

Orell Füssli hosted a capital markets day (CMD) on 11 November in Zurich, where it discussed the significant progress made towards its strategic targets. Despite this progress, Orell Füssli has maintained its revenue, profitability and dividend payout targets. Key underlying megatrends support the group's long-term outlook. With its nascent digital ID business, Procivis, winning key mandates, the opportunity to capitalise on EU and government legislative changes in digital ID and credentials could be substantial. We value Orell Füssli at CHF168.5 per share, implying a 32% discount to the current share price.

Year end	Revenue (CHFm)	EBIT (CHFm)	PBT (CHFm)	EPS (CHF)	DPS (CHF)	P/E (x)	Yield (%)
12/23	232.2	18.1	18.4	6.15	3.90	18.7	3.4
12/24	252.5	22.6	21.7	7.20	4.40	16.0	3.8
12/25e	273.1	28.0	28.2	10.69	5.72	10.8	5.0
12/26e	281.1	28.7	28.9	10.98	6.01	10.5	5.2

Note: EBIT, PBT and diluted EPS are on a company reported basis.

Medium-term targets reiterated at CMD

At its CMD, Orell Füssli reiterated its key financial targets for 2028, including generating annual revenue of over CHF300m, supported by digital and acquired revenue of CHF30–50m. Furthermore, the company continues to target an EBIT margin of at least 8% and to maintain a 60–80% dividend payout ratio. We believe these targets are achievable considering the trend in top-line growth rates and the 8.5% H125 margin.

Core businesses set for continued long-term growth

Orell Füssli's two main divisions are both underpinned by megatrends, which have driven revenue growth. Banknotes in circulation and the Swiss education market have been growing at CAGRs of 5.9% and 3.3% over the last 20 and 25 years, respectively, and are expected to continue to grow. These trends underpin the long-term outlook for the two core divisions as well as the group's other operations.

Digital ID development could offer significant growth

The company's Procivis operation is currently small in scale but faces a significant growth opportunity, that of the development of digital identification and credential software. To date, Orell Füssli has been selected for three high-profile initiatives with: the WE BUILD consortium (EU Commission pilot); the City of Zug; and the US Department of Homeland Security. If these prove successful, then other government and corporate mandates could follow.

Valuation: Unchanged and 5% yield is attractive

Following the CMD, we maintain our sum-of-the-parts based valuation of CHF168.5/ share, which implies the shares currently trade at a c 32% discount to our valuation. Orell Füssli enjoys an ungeared balance sheet and trades on an undemanding FY25e forward P/E of 10.8x. Furthermore, the stock yields c 5%, which we believe is attractive in an environment where interest rates are likely to decline.

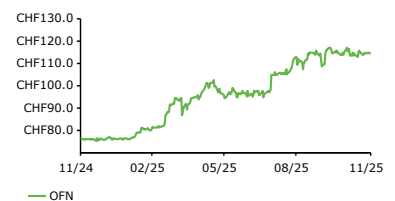
Capital markets day

Industrials

27 November 2025

Price	CHF115.00
Market cap	CHF225m
Net cash/at 30 June 2025	CHF52.9m
Shares in issue	2.0m
Free float	41.7%
Code	OFN
Primary exchange	SWX
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.0	9.0	57.2
52-week high/low	CHF118.5		CHF71.8

Business description

Orell Füssli was founded in Zurich in 1519 and is today an international listed company active in the fields of security printing and technology, book retailing and publishing.

Next events

Full year results	18 March 2026
AGM	20 May 2026

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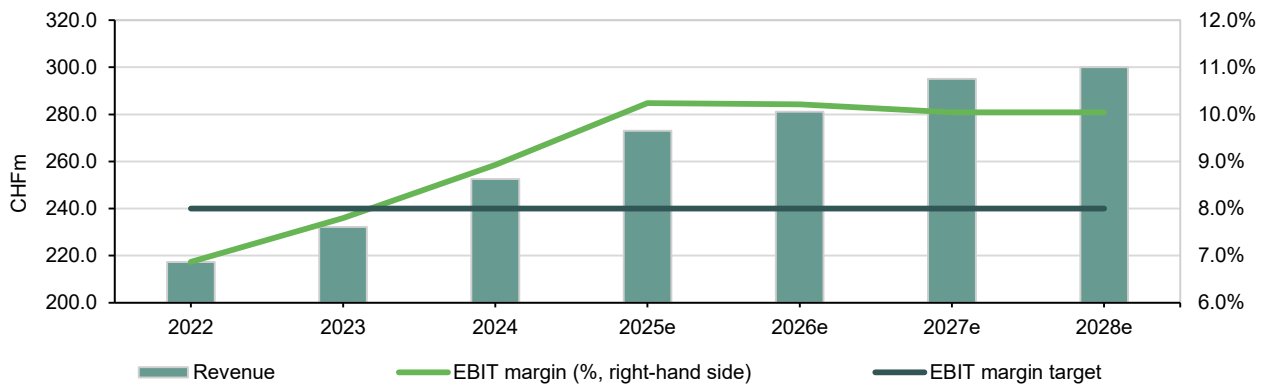
Strategic targets to 2028 reiterated

In 2022, the then newly appointed management team announced fresh strategic financial targets for the following six years. In FY22, Orell Füssli generated revenue of CHF217m and EBIT of CHF15m. The new targets for 2028 were:

- revenue of over CHF300m, including CHF30–50m of digital business revenue;
- an EBIT margin of over 8%; and
- to maintain a dividend payout ratio of 60–80% of net profit.

For FY25, we estimate that Orell Füssli will achieve revenue of CHF273.1m and EBIT of CHF28.0m, which implies an EBIT margin of 10.2%. These estimates imply that the company is well on course to achieve the revenue target of CHF300m and that it is already generating an EBIT margin comfortably in excess of the 8% target.

Exhibit 1: Revenue and EBIT margins



Source: Orell Füssli, Edison Investment Research

Growth trends underpin demand for security documents

Orell Füssli's two main divisions, Security Printing and Book Retailing, are both underpinned by long-term megatrends, which have driven revenue growth. For example, in banknote printing, the number of notes in circulation across the EU has grown by an average of 5.9% per year over the last 20 years. The key drivers have been:

- a growing population;
- growth of economic output (GDP);
- central banks' clean note policies; and
- inflation.

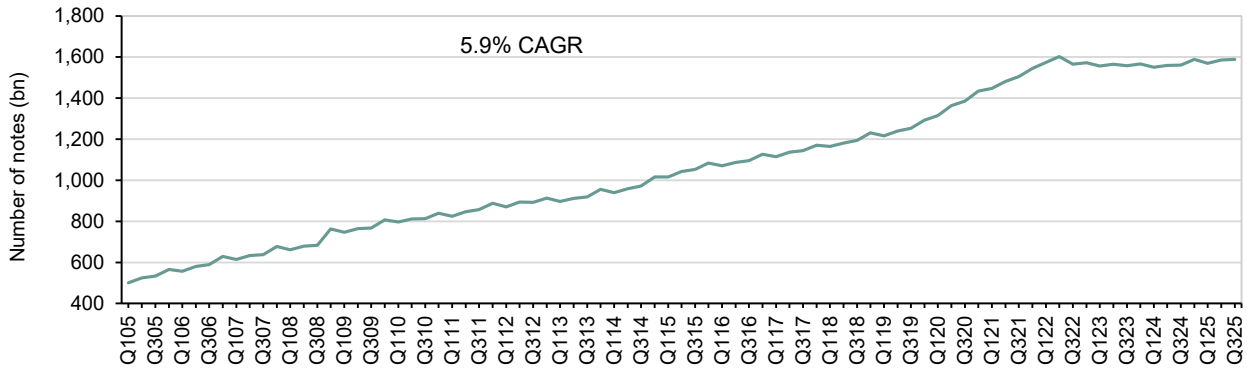
Orell Füssli is perhaps uniquely positioned given the reputation of Switzerland, its home market, for security and quality and the company's 500-year history. Its largest shareholder is the Swiss National Bank, which owns around a third of Orell Füssli's issued share capital and is also one of its major banknote customers. This in isolation is a clear indication of the high quality of its print capability.

Furthermore, banknote printing is an industry with very high barriers to entry, given the technical complexity of the high-quality paper, the detail and security features needed and the banknote serial numbers required. Orell Füssli believes that c 12% of the global market is accessible to third-party printers with these current and potential clients being mainly located in South America, Africa and Scandinavia.

We understand that, following the signing to two new long-term contracts in the last 12 months, Orell Füssli is running at

full capacity and is likely to do so until mid-2026.

Exhibit 2: Euro banknotes in circulation



Source: European Central Bank

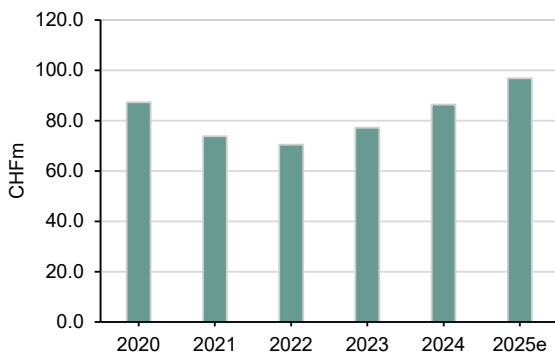
Banknote printing opens doors for other forms of security printing such as passports, identity cards and visas, which are also showing signs of low, but consistent, growth (see Exhibit 3). This has been driven by population growth, increased international mobility, increased government initiatives and regulation, and the need for these documents to incorporate biometric data.

Orell Füssli is heavily involved in the entire process of producing security documents. This includes consulting, designing and origination services, as well as the production of printed high-security documents mentioned above. This includes e-passports and driving licences.

The company's R&D and innovation teams are also constantly developing new security features to protect banknotes against forgeries and alterations, which is, according to management, best described as a constant battle. This is because criminal activity is always probing for weak spots in banknote and security ID documents and systems.

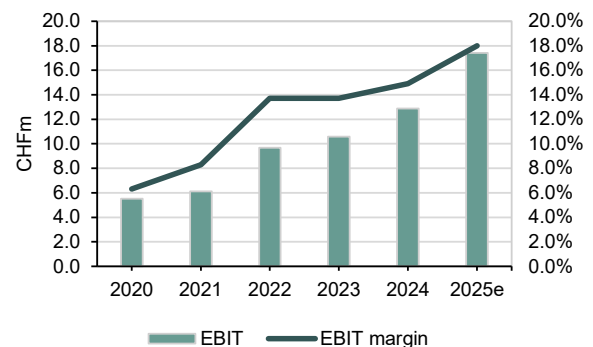
Examples of Orell Füssli's innovation initiatives include its proprietary Banknote Environmental Evaluation Software, which allows central banks to model and assess the environmental impact of any given physical or security characteristic of a note at the design stage. Another is its smartphone application, which allows users to authenticate banknotes. Finally, its Zeiser business, which develops and manufactures security printing components, which are primarily used to add serial numbers to banknotes and documents, is increasing its capabilities to enhance the transparency and traceability of security documents.

Exhibit 3: Security Printing revenue, 2020–25e



Source: Company data, Edison Investment Research

Exhibit 4: Security Printing EBIT and EBIT margin, 2020–25e



Source: Company data, Edison Investment Research

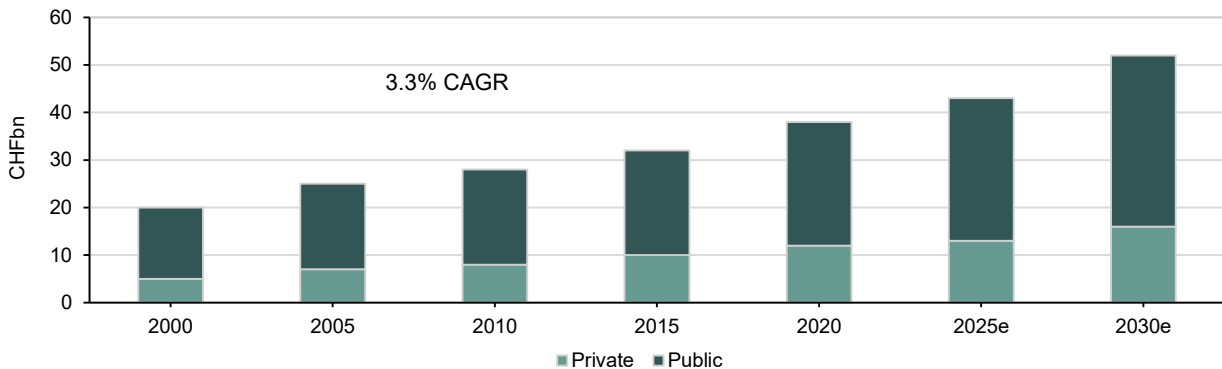
The outlook for Security Printing is encouraging. Firstly, we believe that the long-term trends of banknote usage will continue, despite the increased use of digital currency. Secondly, Orell Füssli has secured two new central bank customers on multi-year contracts. These will contribute to revenue and also to maintaining full utilisation of its banknote printing capacity well into 2026. Finally, Orell Füssli is preparing for the award of the next generation of Swiss banknotes, which is likely to be beneficial, if won. Given that the Swiss National Bank is a major shareholder in Orell Füssli, it would appear that the company is well-positioned to win such a contract.

Growth trends underpin demand for education

The education market in Switzerland is a c CHF40bn industry with slow but predictable growth. This growth is driven primarily by population growth, curriculum reform, government and other public investment, and increased private spending and investment in lifelong learning.

The market for Orell Füssli is split into two sections: publishing, which is the smaller market and where the company enjoys a c 13% market share; and distribution (retailing), which is a significantly bigger business when measured by revenue. Orell Füssli, via Orell Füssli Thalia (a 50% owned joint venture), is the biggest book retailer in the German-speaking region of Switzerland with over 60 locations.

Exhibit 5: The Swiss education market



Source: Swiss Federal Office of Statistics, Schweizerischer Verband Fur Weiterbildung, Orell Füssli

Publishing: Small but rapidly growing

Orell Füssli's publishing operations largely fall into three categories:

- 1. Children's books:** Orell Füssli Kinderbücher is a leading publisher of books under brands such as Globi Verlag, Papa Moll and Schellen-Ursli.
- 2. Learning media:** Largely under the brands of hep Verlag and Verlag SKV, it is a leading provider of print and digital solutions to educational learning and professional training establishments.
- 3. Legal media:** Juristische Medien is a leading provider of legal publications and reference works to the professional market.

Its ambition is to become the largest publisher of learning media with sustainable top-line growth of 4% per year by expanding its content offering, building its digital offering and penetrating further into the trade associations and certification bodies. Orell Füssli also intends to continue with its acquisition initiatives. To date, the company has purchased hep Verlag in 2022 and Verlag SKV in 2025. These deals have been instrumental in expanding revenue by over 150% since 2021. However, publishing remains one of the smallest businesses within the group.

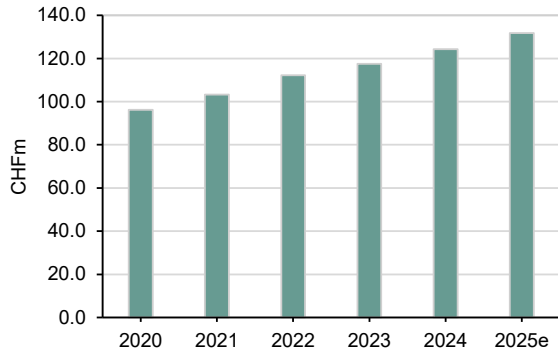
Content distribution: Significantly larger omnipresent book retailer

Orell Füssli, through its joint venture Orell Füssli Thalia, operates Switzerland's largest chain of book retail stores with over 60 locations across the German-speaking region of the country. The retail premises tend to be in high-foot-fall locations on high streets or in transport hubs (such as railway stations) and offer not only traditional retail activities, but also collection services for books purchased online.

The business has a broad customer base that includes retail and corporate customers, as well as educational institutions and libraries. It is also using data-driven innovation to offer new digitalised services, personalisation, cross-selling and loyalty programmes to drive sales.

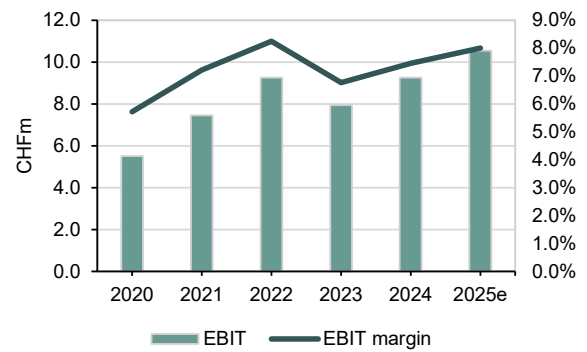
The charts below highlight the success of the business, which was further boosted by the opening of a handful of new stores each year, two acquisitions in 2023 and 2024, and partnerships with Skoobe Abo and ETH Store.

Exhibit 6: Book retailing revenue, 2020–25e



Source: Company data, Edison Investment Research

Exhibit 7: Book retailing EBIT and EBIT margin, 2020–25e



Source: Company data, Edison Investment Research

Exhibit 8: An example of an Orell Füssli retail outlet



Source: Orell Füssli

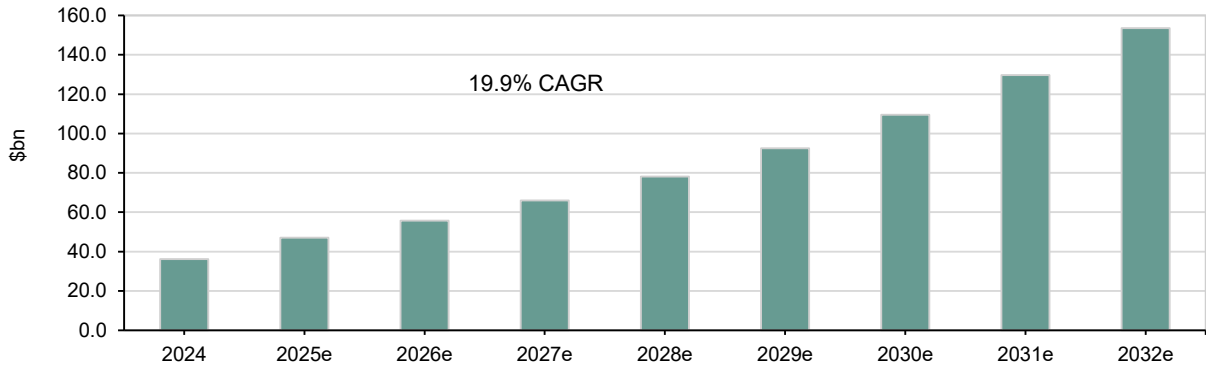
Digital ID: The potential growth accelerator

Orell Füssli owns 99.3% of Procvivis, which is, according to the company, a leading international technology provider for digital identities and credentials. Procvivis is developing and offering services that would allow traditional paper and physical identities and documents (such as identity cards and driving licences) to be held on an individual's mobile device, meaning they can be used seamlessly in everyday situations to improve efficiency.

The advantage of using digital identities and credentials is widespread, not just for the individual, but also for the efficiency of business transactions in corporate settings and for government organisations, which should be able to extract cost savings and also reduce or even eliminate fraud.

The digital ID solutions market was estimated to be worth c \$39bn in 2024 and is expected to grow to c \$150m by 2032 according to Fortune Business Insight, driven by the increase in digitisation, online services, cybersecurity and ID fraud, and the demand for seamless experiences that comply with regulations and support contactless payments.

Exhibit 9: The digital identity market



Source: Fortune Business Insight

Procivis One is the product that has been developed by Procivis to address this rapidly growing market. It has been specifically developed with an open architecture structure to allow for compatibility with different technology stacks in different regions and locations. For example, Switzerland is expected to operate its own new technology stack from Q326. The EU will have its own from around the same point but with 27 different ‘flavours’, and the US is expected to operate a different version as well. Interoperability will therefore be one of the key requirements of the Procivis One offering.

Although it is currently loss-making, the outlook for Procivis is exciting as it has already been awarded a verifiable credentials contract for the City of Zug. Furthermore, launched on 2 September, Procivis is part of the WE BUILD consortium, the EU’s large-scale digital wallet pilot project, designed to implement the EU’s eIDAS 2.0 regulation. Also, Procivis was selected by the US Department of Homeland Security as one of six enterprises to develop privacy-centric and globally interoperable digital wallets and verifiers.

At this stage, it is hard to know how successful these initiatives may be, but, given the gravitas of the organisations in question, success with early contracts and trials could result in an interesting opportunity for the company.

Exhibit 10: Financial summary

	2020	2021	2022	2023	2024	2025e	2026e	2027e
Swiss GAAP FER, year end 31 December; CHFm								
INCOME STATEMENT								
Revenue								
Security Printing	87.3	73.8	70.4	77.2	86.4	96.8	99.7	104.7
Industrial Systems	24.8	25.3	20.9	21.6	24.8	22.4	22.8	24.0
Book Retailing	96.2	103.3	112.2	117.5	124.3	131.8	135.7	142.5
Other business areas (Publishing)	10.3	7.7	13.7	16.5	17.3	22.5	23.2	24.4
Not assigned	(0.0)	0.2	0.0	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)
Revenue	218.6	210.4	217.3	232.2	252.5	273.1	281.1	295.1
Cost of Sales	-	-	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-	-	-
EBITDA	24.1	25.4	25.9	29.8	35.1	40.8	41.8	43.0
Depreciation and amortisation	(9.7)	(10.0)	(10.9)	(11.7)	(12.6)	(12.8)	(13.1)	(13.3)
Operating Profit								
Security Printing	5.5	6.1	9.7	10.6	12.9	17.4	18.4	19.5
Industrial Systems	5.3	5.5	0.9	3.6	3.5	3.4	3.5	3.6
Book Retailing	5.5	7.5	9.3	8.0	9.3	10.5	10.2	10.0
Other business areas (Publishing)	1.0	(0.0)	(0.9)	(0.9)	(0.9)	(1.1)	(1.2)	(1.2)
Not assigned	(2.9)	(3.6)	(4.1)	(3.1)	(2.2)	(2.2)	(2.2)	(2.2)
Reported operating profit	14.4	15.4	14.9	18.1	22.6	28.0	28.7	29.6
Net Interest	0.6	(1.5)	(0.7)	0.3	(0.8)	0.2	0.2	0.2
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (reported)	14.9	13.9	14.3	18.4	21.7	28.2	28.9	29.8
Reported tax	0.1	(1.8)	(2.6)	(3.8)	(4.3)	(5.6)	(5.8)	(6.0)
Profit After Tax (reported)	15.0	12.1	11.7	14.6	17.5	22.5	23.1	23.9
Minority interests	2.0	2.7	3.2	2.6	3.4	1.6	1.6	1.7
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (reported), minus minority interests	12.9	9.4	8.5	12.0	14.1	21.0	21.5	22.2
Basic average number of shares outstanding (m)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
EPS - Basic (CHF)	6.6	4.8	4.3	6.1	7.2	10.7	11.0	11.3
EPS - Diluted (CHF)	6.6	4.8	4.3	6.1	7.2	10.7	11.0	11.3
Dividend (CHF)	3.0	3.4	3.4	3.9	4.4	5.7	6.0	6.3
Revenue growth (%)	-	-3.7%	3.3%	6.9%	8.7%	8.1%	2.9%	5.0%
Operating Margin (%)	6.6%	7.3%	6.9%	7.8%	8.9%	10.2%	10.2%	10.0%
EBITDA Margin (%)	11.0%	12.1%	11.9%	12.8%	13.9%	14.9%	14.9%	14.6%
BALANCE SHEET								
Non-current assets	62.3	70.2	67.7	65.6	64.3	70.9	74.2	77.7
Tangible Assets	53.5	58.3	55.6	56.5	55.2	59.8	61.1	62.6
Intangible Assets	2.1	2.3	2.6	3.0	3.7	5.7	7.7	9.7
Non-current financial assets	4.6	7.4	7.7	4.3	4.0	4.0	4.0	4.0
Deferred tax assets	2.0	2.2	1.7	1.8	1.4	1.4	1.4	1.4
Current Assets	148.9	115.7	111.7	113.0	126.3	134.2	142.9	152.0
Cash	77.0	75.7	62.5	61.7	66.6	65.4	67.1	73.4
Marketable securities	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Trade account receivables	18.7	16.1	11.3	13.2	17.6	30.0	30.9	32.5
Other receivables	22.2	6.0	8.9	8.8	15.0	15.0	15.0	15.0
Inventories	19.9	15.0	24.4	25.2	22.5	19.1	25.3	26.6
Accrued income and deferred expenses	10.7	2.9	4.5	4.1	4.6	4.6	4.6	4.6
Current liabilities	(62.0)	(38.2)	(41.6)	(42.4)	(48.1)	(50.2)	(50.4)	(50.8)
Trade payables	(11.4)	(5.4)	(8.0)	(5.9)	(6.1)	(8.2)	(8.4)	(8.9)
Other current liabilities	(27.1)	(13.6)	(14.1)	(15.6)	(19.8)	(19.8)	(19.8)	(19.8)
Accrued expenses	(15.4)	(14.2)	(16.8)	(20.0)	(21.5)	(21.5)	(21.5)	(21.5)
Current financial liabilities	(0.3)	(2.2)	(1.9)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Current provisions	(7.7)	(2.9)	(0.9)	(0.8)	(0.5)	(0.5)	(0.5)	(0.5)
Non-current liabilities	(4.6)	(8.9)	(4.0)	(4.1)	(1.9)	(1.9)	(1.9)	(1.9)
Other non-current liabilities	0.0	(3.5)	(1.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Non-current financial liabilities	(2.1)	(4.0)	(1.9)	(1.8)	0.0	0.0	0.0	0.0
Non-current provisions	(1.4)	(0.2)	(0.3)	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)
Deferred tax liabilities	(1.2)	(1.1)	(0.8)	(1.3)	(0.9)	(0.9)	(0.9)	(0.9)
Net Assets	144.5	138.8	133.7	132.1	140.8	153.0	164.9	177.0
Minority interests	(9.0)	(12.8)	(11.5)	(8.3)	(9.2)	(9.2)	(9.2)	(9.2)
Shareholders' equity	135.5	126.1	122.2	123.8	131.6	143.8	155.7	167.9
CASH FLOW								
Net income for the period	15.0	12.1	11.7	14.6	17.5	22.5	23.1	23.9
Depreciation, amortisation and other	9.7	10.0	10.9	11.7	12.6	12.5	12.5	12.5
Change in working capital	(4.2)	25.4	(2.0)	(5.0)	(8.0)	(6.9)	(6.8)	(2.4)
Other	(8.7)	(21.1)	(1.0)	4.8	6.3	0.4	0.4	0.4
Net operating cash flow	11.9	26.4	19.5	26.1	28.2	28.5	29.2	34.4
Capex	(19.0)	(14.7)	(7.9)	(13.5)	(11.8)	(15.0)	(14.5)	(14.5)
Acquisitions/disposals	(4.2)	(10.4)	(11.4)	1.1	(0.7)	(4.3)	0.0	0.0
Net interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(14.3)	(5.9)	(10.5)	(12.3)	(11.1)	(10.3)	(12.9)	(13.4)

Source: Company data, Edison Investment Research

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