



Back on the Path to Success: Giesecke & Devrient Breaks Through the 2-Billion Euro Revenue Mark for the First Time

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Giesecke+Devrient

Munich, April 12, 2016 – Giesecke & Devrient (G&D) was back on the road to success in fiscal 2015, surpassing the two-billion euro sales mark for the first time in the company's history. Overall, the G&D Group achieved strong growth of 9.7 percent last year, far exceeding its own expectations. All three business units – Banknote, Mobile Security, and Government Solutions – contributed to this growth. Not including the 2014 provision for restructuring costs, the EBIT operating result increased by around 40 million euros to almost 102 million euros. G&D has overcome the decline in earnings it experienced in previous years.

- 2015 sales up by 9.7 percent to 2.01 billion euros
- At 101.6 million euros, EBIT significantly better than previous year
- Consolidated net income back in the black at 54.5 million euros
- Free cashflow positive at 164.3 million euros and far above budget

Sales by business unit (in millions of euros) in 2015:

Banknote: 919.8 (2014: 887.5 | Difference as %: 3.6 | Absolute difference: 32.3)

Mobile Security: 863.3 (2014: 777.8 | Difference as %: 11.0 | Absolute difference: 85.5)

Government Solutions: 227.8 (2014: 167.8 | Difference as %: 35.8 | Absolute difference: 60.0)

Total: 2,010.9 (2014: 1,833.1 | Difference as %: 9.7 | Absolute difference: 177.8)

"Giesecke & Devrient is back on the path to success. We have managed to make the most of our opportunities in a difficult environment and start making money again," says Walter Schlebusch, Chairman of the Management Board of Giesecke & Devrient GmbH. "The Group also fared well in the last fiscal year because we were able to consistently and successfully complete our restructuring project."

The cost reduction program referred to as P100 launched back in mid-2014 will improve the company's earning power by around 100 million euros by the end of 2016. The program was continued in 2015 and will be completed on schedule in 2016. Key elements of this are adjusting capacities, optimizing purchasing, and reducing overhead costs. The banknote printing site in Munich was closed on December 31, 2015. The Card Service Center, used primarily for personalizing German payment and health cards, moved from Munich to Neustadt near Coburg. Administration has also been streamlined. Despite around 950 job losses worldwide, the number of employees fell only slightly from around 11,500 the previous year to 11,400, due to new appointments primarily in the growing regions of Asia and America.

Business Units

The **Banknote** business unit along with the former divisions "Paper", "Printing", and "Processing" continues to provide the majority of the Group's revenue with 919.8 million euros. The unit was restructured with effect from April 1, 2015. In accordance with G&D customers' requirements, the "Banknote Solutions" division brings together the design, production, and finishing of banknotes. The "Currency Management Solutions" division covers banknote processing systems, services, software, and solutions right through to plant engineering. The Security Features and Printing divisions also contributed to the growth in sales within the Banknote business unit.

In order to continue building on success with innovative products for telecommunications and payments on an international level, G&D reorganized the **Mobile Security** business unit last year, focusing it more closely on product solutions and the client structure. Continued EMV migration in China and early phases of EMV migration in the US played a particularly important role in the business unit's increased sales. Strong growth in the Asian SIM insertion business was equally well received. In 2015, the business unit boosted its revenue by 11 percent to 863.3 million euros.

On January 1, 2015, the **Government Solutions** business unit began a new joint venture between G&D and the Bundesdruckerei (the German Federal Printing Office) in Berlin. As part of the new joint venture, which is to operate under the name Veridos GmbH, the partners bundle their international business with solutions for secure identification, such as passport and ID systems for governments. G&D holds a 60 percent stake in the joint venture. Integrating the Bundesdruckerei business enabled the business unit to increase sales significantly, not just through organic growth.

The Government Solutions business unit's second division – a listed company secunet Security Networks, in which G&D holds a 79.43 percent stake – once again increased its revenue and contribution to profits, particularly in light of strong domestic demand.

In 2015, Government Solutions recorded total revenue of 227.8 million euros, which represents 35.8 percent growth over the previous year.

Outlook

Order levels are good for 2016. Incoming orders are a good 10 percent above revenue levels and have increased in comparison to the previous year. "We are confident that Giesecke & Devrient will continue its success in 2016," comments Walter Schlebusch. Overall, the company once again expects to achieve very positive EBIT in 2016, exceeding the figure for fiscal 2015. "Furthermore, the company is increasing its investment this year in a bid to retain its position as a force for innovation and technological excellence in the high-security sector," says Walter Schlebusch. In addition, plans are underway to modify the Group structure into a holding company with legally independent operating business units. In doing so, the company will increase efficiency in terms of customer proximity, market access, speed, and utilization of growth opportunities.