

FIGURES. FACTS.  
*Fiscal Year 2003/04*

SCHLOTT GRUPPE AND SDAX

*In comparison*



1) schlott gruppe (XETRA)

2) SDAX Price Index  
(indexed to schlott)

3) schlott gruppe –  
number of shares traded  
(XETRA & Floor-Trading)

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# THE SHARE

OF SCHLOTT GRUPPE AG

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## PERFORMANCE

The share price of *schlott gruppe AG* performed very well in the 2003/04 financial year. From a base of EUR 13.62, it was propelled upwards to EUR 20.30 at the end of the financial year, an increase of around 49%. In the same period, schlott's benchmark, the SDAX Small Cap Price Index, rose by a mere 16.6%, while the DAX strengthened by 19.5%. The initial price recorded at the beginning of the period under review (1 Oct. 2003 to 30 Sept. 2004) also marked the nadir of schlott's share performance. Subsequently, schlott's shares rose to a high of EUR 24.95 on April 22, 2004. This impressive upward drive of over 80% was followed by a period of consolidation, which was concluded at the end of summer when schlott's share price regained its forward momentum.

Schlott's shares also outperformed relevant benchmark indices in long-term comparisons. From the initial listing of schlott's shares on October 28, 1997, to the end of September 2004, the SDAX and the DAX recorded a performance of +0.2% and -16.3% respectively. In contrast, schlott's shares registered a gain of +8.5% over the same period of time.

## DIVIDEND POLICY

The attractive dividend yield associated with schlott's shares remains an important decision-making criterion for investors. It is for this reason that we are committed to a dividend policy that is oriented strongly towards shareholders. Within this context, we accord great importance not only to investor interests concerning dividend payments but also to an appropriate allocation to revenue reserves, thus taking into account the capital-intensive nature of our business.

Benefiting from a dividend policy that is focused on continuity, financial return as well as cash flow/capital structures, schlott has positioned itself as an investment which combines continuous income with attractive growth potential.

For the 2003/04 financial year, the Management Board and Supervisory Board of *schlott gruppe AG* propose a dividend payment of €0.90 per share. This corresponds to a year-on-year dividend increase of €0.10, or 12.5%. The decision to raise dividend payments reflects our confidence in the sustainability of earnings performance far beyond the current financial year.

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#### INVESTMENT CASE

Alongside a strong commitment to dividend payments, growth and free cash flow represent two important aspects of our shares' positioning within the capital market. Our Company's growth over the course of the financial year just ended is reflected in a pronounced upturn in earnings generated almost entirely from internal sources. In the coming financial year, the aspect of "growth" is to be underpinned by "sustainability": we intend to maintain the higher levels of profitability now achieved by the Company, despite the fact that external market conditions remain volatile.

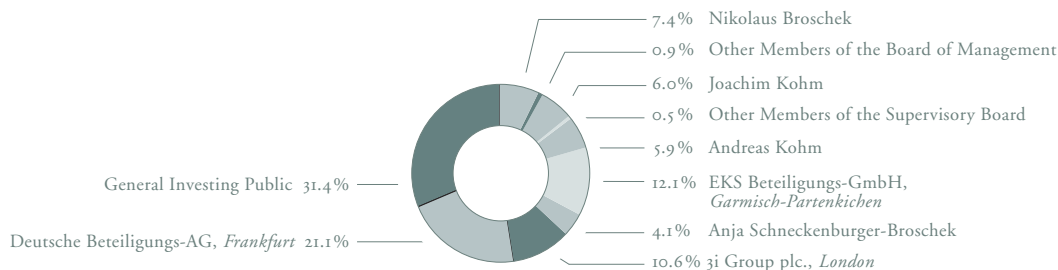
We are committed to enhancing organic growth with a strategically orientated policy of acquisitions that is centred around a long-term approach. The gradual process of consolidation witnessed within our industry in recent years has been shaped to a large extent by the activities of *schlott gruppe AG*. Indeed, the acquisition of *brotschek* two years ago serves as evidence of our proactive involvement in this area. In Germany, this process of consolidation has recently been taken to the next level. As the third-largest player within the European gravure printing industry and one of Europe's leading providers of direct marketing services, we remain well positioned in terms of our ability to shape future market consolidation.

In addition to providing the basis for extended operations, the acquisitions spearheaded by our Company deliver outstanding potential with regard to cost and process optimisation, the ultimate prize being the prospect of higher earnings. Thus, benefiting from cost and operational synergies, *schlott gruppe AG* is in a position to unlock additional organic growth potential by pursuing an approach of external growth.

The process of implementing acquisitions in a manner that is commercially viable calls for demonstrable self-financing capabilities. After all, internally generated equity is the most promising basis for access to external financing – both in terms of shareholder and borrowed funds. While our self-financing capabilities were restricted by large-scale capital expenditure in the last few years, this situation was reversed in the financial year just ended. Indeed, we recorded a substantial increase in free cash flow during this period. These internally generated resources were deployed in such a manner as to reduce net indebtedness and strengthen the overall structure of our balance sheet. This approach will be continued in the current financial year. Thus, we will be able to create more scope in terms of share performance and provide the necessary room to manoeuvre with regard to future acquisitions.

## CURRENT SHAREHOLDER STRUCTURE

Based on 6,190,020 shares



## INVESTOR RELATIONS

Our share price – and therefore also the overall value of *schlott gruppe AG* as an entity – is considered to be one of our key strategic instruments when it comes to shaping pan-European consolidation within our industry. In line with this approach, our Investor Relations activities are directed at a European audience. These activities include financial reporting that extends far beyond statutory requirements, numerous roadshows as well as investor presentations. As in previous years, our Management Board took part in a number of investor and analyst conferences in 2003/04, as well as several tailor-made roadshows. In addition, we succeeded in adding to the list of institutional investors by attracting several European players. In doing so, we raised awareness levels among potential investors – on an international scale.

In the 2003/04 financial year, we attained one of our key strategic goals in terms of heightening capital market awareness: we met the listing criteria for inclusion in the SDAX. In fact, *schlott gruppe AG*'s shares exceeded the minimum requirements as regards free-float market capitalisation and average trading volumes. The fruit of our labours was our inclusion by Deutsche Börse AG in the SDAX index, on December 20, 2004.

Our Investor Relations activities in the current financial year will reflect the Company's more prominent position and, in particular, the increased level of interest shown by institutional investors. One of the latest strategic objectives within the area of capital market communication is centred around establishing *schlott gruppe AG* permanently in the SDAX and becoming a benchmark for the entire industry.

Our website at [www.schlottgruppe.de](http://www.schlottgruppe.de) offers a comprehensive range of information for key stakeholders within the capital market. Within this context, the data provided is by no means limited to the field of Investor Relations. Committed to providing a high degree of transparency and an in-depth description of our corporate goals and strategies, we aim to deliver pertinent information as a basis for targeted decision-making within the investment sector – compiled and categorised according to various subjects and also made available in a comprehensive electronic format for analysts and investors. A regularly updated catalogue of frequently asked questions about *schlott gruppe AG* offers a summary of key issues and targeted responses for the benefit of the general public. These publications are designed to provide those interested in *schlott gruppe AG* with efficient and timely access to relevant information.

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*schlott gruppe AG – Our shares in FY 2003/04*

Total number of shares outstanding and registered as at September 30, 2004	6,190,020
Weighted average number of shares in FY 2003/04 <i>basic and diluted</i>	6,187,412
Total number of shares eligible for dividends, <i>incl. 31,300 employee shares, issued in October 2003</i>	6,190,020
Class of shares	no-par-value shares
Arithmetic par value	€ 3.00
Bloomberg symbol	SHT
Reuters symbol	SHTG
ISIN	DE0005046304

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Key data for FY 2003/04

Equity ratio	25.9%
Return on equity (basis EBIT / net profit)	27.7% / 11.5%
Return on value-added sales (basis EBIT/net profit)	11.0% / 4.6%
Value-added sales per share	€ 55.07
EBITDA per share	€ 11.71
EBIT per share	€ 6.06
Earnings per share	€ 2.51
Dividend per share (proposed)	€ 0.90
Book value per share as at Sept. 30, 2004	€ 21.89
Accounting standards	IAS / IFRS

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Market Data 2004

Exchange segment	Official Trading (Prime Standard)
Relevant indices	Prime All Share, Classic All Share, CDAX-Industrials, SDAX (since 12-20-2004)
Designated sponsor	Landesbank Baden-Württemberg
Market capitalisation as at Sept. 30, 2004	€ 125.66 million
Trading volume in FY 2004	6,656 shares / day

schlott gruppe AG's shares are traded on XETRA as well as on the Frankfurt and Stuttgart exchanges.

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