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## PATTERNS OF MOVEMENT

SCHLOTT GRUPPE FORGES ITS PATH

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Every journey has its own distinctive character. From the tracks left behind, an expert eye can identify at a glance who made them, where they were going and at what speed. *The tracks left by schlott gruppe are equally revealing.* Anyone following our journey within the area of printing and direct marketing services will notice a consistent pattern emerging. It is this pattern that uniquely identifies us in the competitive environment.

*We're always on the move.* A business with all its internal mechanisms geared towards profitability is free to act independently. It is for this reason that the efficient use of our resources and continuous improvement of all our processes are vital to the implementation of our corporate strategy. One example from the year under review: as our direct marketing specialist meiller direct failed to meet our expectations

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“meiller direct is on the right track again.”

*Werner Reiser, Member of the Management Board*

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during the last two years, we systematically restructured the company, making it faster, more flexible and more efficient. With a brand-new team on board, meiller direct is on course to re-establish itself as one of Europe’s leading direct marketing specialists. Functioning under the new structure since the end of the reporting year, the company is now reaping the first rewards within the marketplace.

*We tread new ground.* The current digital services division has not made enough progress to continue as an independent segment in the future. That is why we have integrated its services with the two business divisions of printing and direct marketing.

*This focus on two business divisions has also enabled us to streamline our value chain.* In the high-performance printing sector, schlott print provides services in gravure printing,

web offset, sheet-fed printing and post-production, while in the field of direct marketing, meiller direct delivers high-quality finishing, lettershop and interactive media services.

*We keep things moving.* We have long been a driving force behind the consolidation of the European gravure printing market. With wwk, Sebald and Broschek, we have successfully integrated traditional, high-profile companies – and moved into third position within the European gravure printing market. Our thirst for progress has spurred others into action. And now that our competitors also plan to merge, we are gathering our forces to prepare for fresh advances. *As always, when the right opportunity presents itself, we act with conviction* in order to consolidate our position within the European printing and direct marketing market.

*We accompany our customers on their journey.* Our clients

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“High productivity, extreme flexibility and efficient organisation are the basis of unequalled customer satisfaction.”

*Adam Valeri, Member of the Management Board*

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expect us to deliver perfection when it comes to end-customer communications – and that means fast responses, punctuality and high quality. This applies to mail-order companies and advertisers in retail and manufacturing, as well as magazine publishers. Our customers’ world is in constant flux. Many are testing new waters, venturing into the unknown.

*It is in this climate of change that our customers expect us to remain a constant, reliable partner* – for example, if a mail-order business alters the cycle in which it contacts its target group or a publisher wants to shorten the time between the editorial deadline and shipment. We have the right structures and expertise to respond flexibly to new requirements. While we often identify future challenges in advance, *we are always ready to forge new paths and seek out short cuts*. Ultimately, we take the most direct route to customer satisfaction and our own business success.

*We are straight with our customers.* Whatever happens, we remain accountable, reliable and transparent. This approach is appreciated by customers, employees and investors alike. So far, we have been known mainly for our positive surprises. We want it to stay that way.

*We achieve our milestones.* We are pleased that our excellent market position and earnings power is reflected in stock-market performance. This is also an indication that the tireless effort we put into Investor Relations is paying off. In recent years, we have steadily increased our communications and ensured *maximum transparency* across schlott gruppe. Since the end of the reporting year, investors have been paying more attention: our SDAX listing on December 20, 2004, is further proof of our progress.

*We extend our reach.* We have always provided our gravure printing services throughout Europe – our customer

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“Committed to a highly transparent and targeted approach, we shall consider the interests of all our shareholders in everything we do.”

*Dr. Uwe Hack, Chief Financial Officer*

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base ranges from Scandinavia and the Benelux countries to Southern Europe. Our direct marketing operations with meiller direct are *equally European*. And with the recent EU expansion into Eastern Europe, the territory is growing. However, the new EU countries do not offer the sales potential for our business that many predicted. Although the Eastern European market is not yet large enough for our services in printing and direct marketing, cost considerations make it worthwhile – indeed necessary – to set up additional facilities there.

*We stay on course.* Naturally, we are forging ahead with one clear aim in mind: success. Our group’s business model is founded on one strategic objective – to increase enterprise value.

*If we don't increase our value, we will not meet the expectations of our customers, shareholders and employees. We can only be an attractive partner to our customers and satisfy their growing and ever more complex requirements if we retain a stable market presence in the long term. In the same way, we will only remain an attractive proposition to our shareholders if we continue to increase the value of their investment. And we can only be a reliable employer to our staff if we constantly build on our strengths and attract the best specialists in the industry.*

We are confident we will continue on our successful journey, orientated as always by the values we described in our recent annual report. *Essentially, the principle of partnership shapes the patterns of movement of schlott gruppe.*

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“We shall continue to play a proactive role when it comes to driving consolidation within the gravure printing market.”

*Nikolaus Broschek, Member of the Management Board*

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In our day-to-day activities, we nurture our relationships with customers, employees and investors by living our values: transparency, commitment, openness, honesty, personal communication, and a dedication to meeting individual needs.