
LETTER TO SHAREHOLDERS

FROM THE CHAIRMAN OF THE MANAGEMENT BOARD, SCHLOTT GRUPPE AG

DEAR SHAREHOLDER, DEAR READER

Our Annual Report 2003/04 outlines the path chosen by schlott gruppe in the financial year just ended – a path that we have followed with unswerving determination. It is a *description* that is designed to provide you, our shareholders, customers, business associates, employees and friends, with as accurate a picture as possible of the tasks accomplished by us on our journey, in addition to highlighting the challenges that lie before us and the route we have charted for the future.

We succeeded in meeting the targets we had set ourselves for the financial year under review. Our latest achievements within this area are the result of several incisive measures that were implemented over the course of the last few years and have now borne fruit. Our performance levels within

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“Our customers’ markets are in a state of constant flux. We are perfectly positioned to meet any new challenge presented to us.”

Bernd Rose, Chairman of the Management Board

the area of gravure printing, our versatility and our ability to react to market requirements have now reached the standards to which we had aspired. *Our lead times are shorter, our manufacturing workflow is faster and, thanks to centralised planning mechanisms, our capacity levels are being utilised to the best possible degree.* Thus, we are perfectly positioned to square up to the challenges placed before us – such as the latest trend towards more target-group-specific media with smaller print runs and a higher frequency – and to meet these new requirements in close cooperation with our customers.

If you retrace the business activities of our group over the year, you will notice several corporate “building sites”: *a sure sign that we are in a state of constant flux.* Indeed, in the year under review we restructured our subsidiary company meiller direct, drawing on the principles that made

our printing operations such a success: *short lines of communication, clearly defined areas of responsibility, proximity to our customers and greater flexibility.* This “building site” – which, by the way, did not distract our attention from other corporate duties – is nearing completion.

At the same time, we channelled our energy into streamlining our group’s overall structure in the financial year just ended. Our former digital services unit was discontinued – its operations were integrated into the two core divisions “print” and “direct marketing”. *In future, we shall be operating with two clearly defined brands: “schlott print” is synonymous with first-class services in high-performance printing, while “meiller direct” reflects our service portfolio within the area of direct marketing.*

Our latest annual report portrays a corporate group that has proven itself in the field – a group that remains

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“Fruitful cooperation is based on personal trust.”

Bernd Rose, Chairman of the Management Board

steadfast and solid despite the general uncertainty to have swept through the economy in the year under review. It presents an entity that has held its ground as the third-largest player in the European gravure printing industry – with excellent prospects for future growth within this arena.

We shall also be revealing a group that, in many ways, has decided to opt for a very individual course of action, with the express purpose of supporting customers more effectively and creating an environment in which employees can perform with confidence, motivation and energy. And finally, our annual report presents a group which has been accompanied on its corporate journey by shareholders and business associates alike. We would like to take this opportunity to thank you for the trust placed in schlott gruppe. Indeed, we hope that you will continue to accompany us on our path to success. It is with this in mind, that we present to you our

annual report for 2003/04, outlining our key milestones and corporate activities.

At the same time, we would like to express our gratitude to all our “travel companions” and to those who have supported us, from business partners and shareholders to the members of our supervisory board. *In particular, we would also like to thank the members of staff at schlott gruppe.* Our accomplishments are a testament to their expertise, their ability to perform and their passion for success. This desire to excel will stand us in good stead when it comes to maintaining our forward momentum and venturing on a path to prosperity.

JANUARY 2005

A handwritten signature in blue ink, appearing to read 'Bernd Rose', with a stylized, looped initial 'R'.

BERND ROSE

Chairman of the Management Board