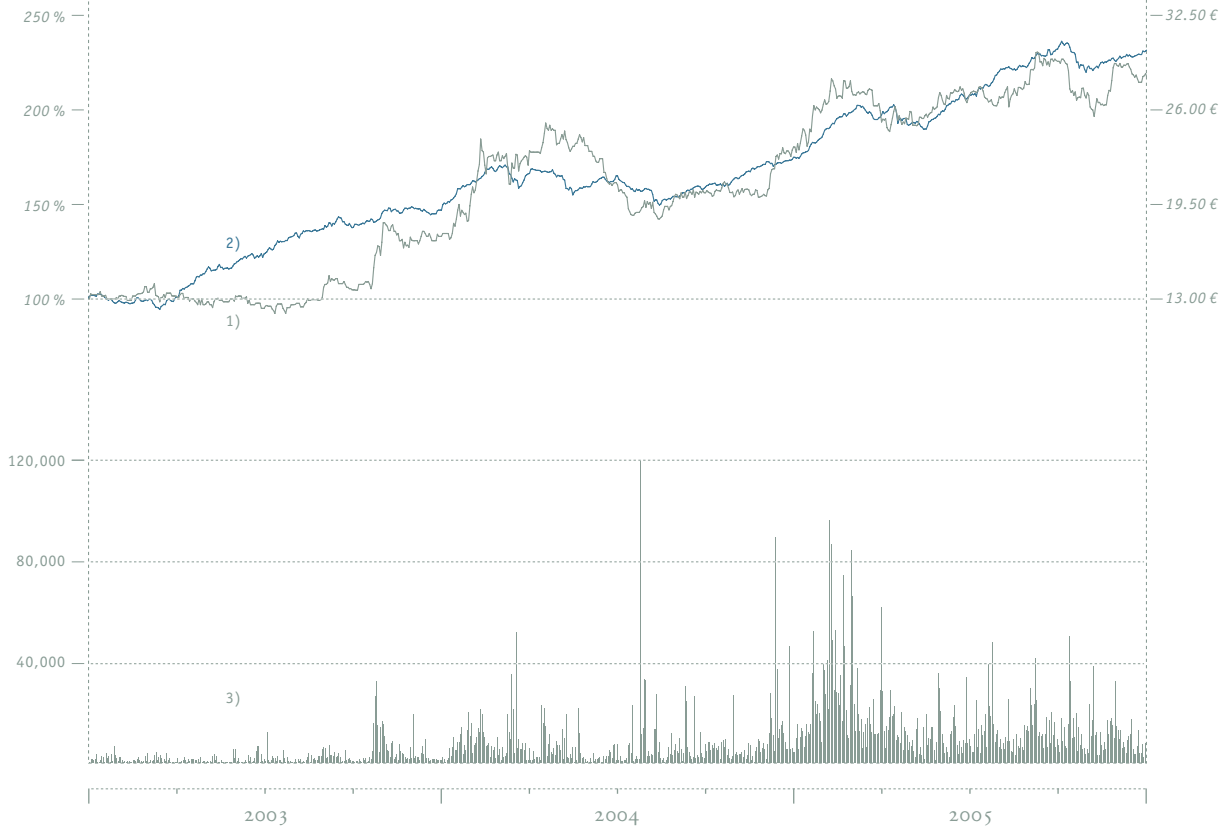


THE SCHLOTT GRUPPE AND SDAX

In comparison



01-01-2003 – 12-31-2005



1) schlott group (XETRA)

2) SDAX Price Index
(indexed to schlott)

3) schlott group – number of shares
traded (XETRA and Floor-Trading)

THE SHARE

SCHLOTT GRUPPE AG

MARKET TRENDS

During the fiscal year 2004/05, the share price of *schlott gruppe AG* was closely correlated with the SDAX Index. The share price rose by 44.6 percent to €29.35 at the end of the reporting year from €20.30 at the end of the previous year. During the same time frame, the SDAX Price Index rose by 47 percent, while the DAX Index increased by 29.6 percent. The share price ranged from a low of €20.00 on November 24, 2004, to a high of €29.98 on September 8, 2005.

Thus, following the 49 percent increase in the previous year, the share price developed very positively for the second year in a row and has more than doubled within the last 24 months from €13.71 to €29.35. In addition to the positive operating results of the Corporation and the improved and enhanced investor relations initiatives, the development of the share price has been materially influenced by the inclusion of the share in the SDAX Index in December 2004, thereby attracting the attention of numerous additional shareholders, particularly institutional investors.

DIVIDEND POLICY

We subscribe to a shareholder-friendly dividend policy. We are guided by our investors' interest in an attractive dividend, but also by the necessity to fund earnings reserves in line with the capital-intensive nature of our company. The attractive dividend yield continues to be an important decision parameter for our shareholders.

With a dividend policy that is geared toward continuity, earnings and the relationship between cash flow and net liabilities, the share of *schlott group AG* is positioned in the capital markets as an investment that generates income as well as provides attractive growth potential.

For fiscal year 2004/05, the Board of Management and the Supervisory Board of *schlott gruppe AG* propose a distribution of €1.00 per share. The approval of this proposal would increase the dividend by the same amount as in the previous year, i.e. €0.10. With the increase in 2003/04, we documented our conviction that the earnings levels achieved can be sustained in future years. The proposed increase in this year's distribution is not only based on the material improvement in earnings by the parent company, *schlott gruppe AG*, but also on the significant reduction in net liabilities: as a consequence, the requirement to fund earnings reserves in line with sound financial planning was reduced, allowing shareholders to benefit from it.

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THE CASE FOR INVESTMENT

When positioning the share of *schlott group AG* in the capital markets, the dividend policy is one important aspect; growth and free cash flow generation are the other two pivotal factors. During the reporting year, we have again generated a high level of free cash flow of € 33.2 million, which is only slightly below the level of the previous year (€ 35.1 million). This result was achieved despite a large increase in capital expenditures compared to the previous year - such expenditures of € 32.4 million more than doubled.

The level of capital expenditures reflects the investment cycles of the past years: in the course of constructing the new site in Nuremberg during the fiscal years 2001 to 2002/03, high levels of expenditures were required; during the fiscal year 2003/04, capital expenditures were very modest, while during the reporting year these were again increased.

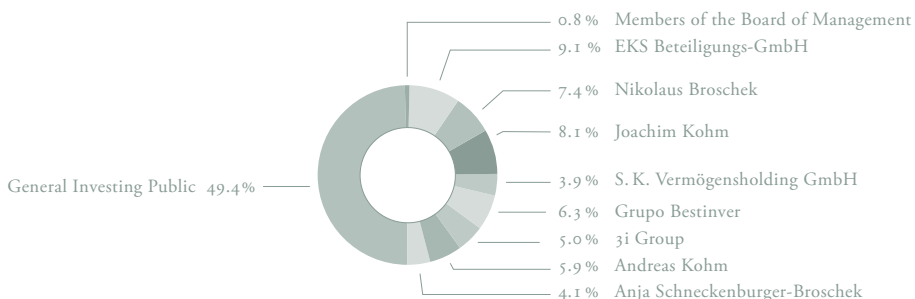
Based on the high levels of internal financing sources of the *schlott group*, the ratio of net liabilities to EBITDA was again significantly reduced during the past year. Despite high levels of capital expenditures and the acquisition of the broschek group two years ago, this ratio was reduced from 3.3 at the time of initial consolidation to 2.5 at the end of the reporting year.

In the highly transparent and competitive printing industry, internal growth can essentially only be generated by increasing capacity through the replacement of fixed assets. Internally generated growth is being strategically accompanied by a consistent policy of acquisitions over the long-term. The consolidation that has taken place for many years in the European intaglio printing industry, the pace of which has increased lately in Germany, has been influenced and shaped to a large extent by the *schlott group* over the past ten years.

As one of the three largest suppliers in European intaglio printing and as one of the leading suppliers in *direct marketing*, we are well positioned to continue influencing the ongoing market consolidation. Major successes in our acquisition policy, aside from the growth in volume, are the documented substantial cost and process optimizations and the resultant synergies generated from the integration of acquired companies. Consequently, we have significant additional earnings potential and are generating internal growth via acquired growth.

STRUCTURE OF SHAREHOLDERS

Based on 6,204,200 shares on December 31, 2005



INVESTOR RELATIONS

The *schlott group* subscribes to a reporting format that widely exceeds standard requirements. The inclusion of the share in the SDAX Index on December 20, 2004, by Deutsche Börse AG, confirms the appropriateness of our investor relations philosophy and has resulted in attracting additional investors on a European scale. In this connection, we have further increased the number of our road shows, contacts and presentations with private and institutional investors during the reporting year.

We have by now achieved our most important short-term goal after the inclusion of the share in the SDAX Index, i.e. the sustained establishment of our share as a member of the Index: the rankings of the *schlott group* in terms of market capitalization and turnover have markedly improved in the course of the year and are significantly above the minimum criteria.

The structure of the shareholders of *schlott group AG* has changed materially during the past year: with the investment of currently 6.4 percent by the Spanish investment firm Grupo Bestinver, we are welcoming a value-oriented European investor. Our investor relations initiatives were instrumental in successfully placing larger blocks of shares in the general market following the divestiture of Deutsche Beteiligungs AG and the reduction of shareholdings of the 3i Group. At the beginning of 2005, EKS Beteiligungs-GmbH has slightly reduced its holdings in the course of a private asset re-allocation. Moreover, Members of the Supervisory Board of *schlott group AG* have acquired shares during the course of the reporting year. The Board of Management welcomes these activities as these confirm the confidence the Supervisory Board has in the strategy and success of the Corporation. As a result, the free float of the share of *schlott group AG* grew strongly from 31.4 percent at the end of 2004 to 49.4 percent at the end of 2005.

Our website www.schlottgruppe.de offers in-depth information to capital markets and investors. Details about our goals and strategies are provided in a timely fashion beyond what is normally required so that our investors have the necessary information for their decision-making. This information is organized in such a way that analysts and investors can conveniently access and work with the data provided. A further feature of our website is a constantly updated FAQ section dealing with questions posed by the broad investing public.

The share of schlott gruppe AG in the fiscal year 2004/05

Total number of shares outstanding and registered as per September 30, 2005:	6,190,020
Weighted average number of shares during 2004/05 (undiluted):	6,190,020
Weighted average number of shares during 2004/05 (diluted):	6,191,202
Total number of shares eligible for dividends (including 14,180 employee shares):	6,204,200
Type:	bearer shares without par value
Arithmetic par value:	3 €
Bloomberg symbol:	SHT
Reuters symbol:	SHTG
ISIN:	DE0005046304

Key figures for the fiscal year 2004/05 (Base 6,204,200 shares)

Total value-added turnover per share:	€ 54.03
EBITDA per share:	€ 11.54
EBIT je Aktie:	€ 5.88
Net income per share:	€ 2.55
Dividend per share (proposal):	€ 1.00
Book value per share as per September 30, 2005:	€ 23.35
Accounting standards:	IAS/IFRS

Market data 2005

Exchange segment:	Official Trading (Prime Standard)
Indices:	SDAX, Prime All Share, Classic All Share, CDAX-Industrials
Designated sponsor	Commerzbank, Landesbank Baden-Wuerttemberg
Market capitalization as per September 30, 2005:	€ 182.1 million
Turnover of shares during 2005:	14,750 shares/day

The share is traded on XETRA as well as the exchanges in Frankfurt and Stuttgart.
