

: PRESS RELEASE

Adoption of financial statements by Supervisory Board

- **Confirmation of preliminary results for financial year 2008/9**
- **Current economic situation prompts proposal to AGM against payment of dividend**
- **Handover from Adam Valeri to Joachim Kühn as Management Board member**

Freudenstadt, 15 January 2010. At today's meeting the Supervisory Board of *schlott gruppe AG* adopted the annual accounts of *schlott gruppe AG* and approved the consolidated financial statements of the company for 2008/9. The preliminary results for the 2008/9 financial year (October to September), as announced on 10 November 2009, have thus been confirmed.

Consolidated revenue reported for the Group as a whole in 2008/9 amounted to €365.4 million, down from €468.8 million a year earlier. Value-added sales (VAS) stood at €194.3 million compared to an adjusted figure of €225.3 million for the previous financial year. The previous year's figure was adjusted for the subsidiary *sachsendruck* disposed of by *schlott gruppe*; *sachsendruck's* VAS had amounted to €14.0 million in the 2007/8 financial year.

Excluding expenses associated with restructuring measures, earnings before taxes (EBT) stood at €-6.2 million, compared to €0.5 million in the previous year. Expenses attributable to restructuring measures totalled €20.6 million in the financial year just ended, compared to €18.0 million a year earlier, as a result of which EBT including

restructuring charges amounted to €-26.8 million, as opposed to €-17.5 million in the previous year. Based on a net loss of €-23.6 million for the annual period, down from €-16.8 million, the loss per share for the financial year just ended stood at €-3.81, compared to €-2.76 in the previous year.

The Group's results are dominated chiefly by business performance within the *print* division. The latter generated a VAS of €191.9 million in the reporting period, compared with €222.2 million (adjusted) in the previous financial year. EBT excluding restructuring measures stood at €-2.5 million, down from €2.3 million. Including restructuring charges of €17.2 million, compared to €17.5 million, EBT was €-19.7 million, after €-15.2 million in the previous year.

EBT generated by the *corporate services* segment, whose activities are limited to providing internal services for the Group, were in line with expectations.

The Group's net debt rose to €170.8 million in the 2008/9 financial year, up from €153.2 million at year-end 2007/8. The consolidated equity ratio was 31.6 per cent, down from 34.9 per cent a year before.

While *schlott gruppe* benefited from cost-reduction measures implemented during the 2007/8 financial year, the Group had to contend with additional pressure exerted by the continued market decline, as a result of which previous cost savings were offset.

What is more, it is unlikely that the market as a whole will recover over the course of the 2009/10 financial year. Against this backdrop, the company has thus initiated additional measures aimed at reducing its

capacity levels and reining back costs; the restructuring charges outlined for the financial year 2008/9 are attributable to this extensive package of measures.

As regards the financial year just started, the company anticipates that the price situation will remain challenging, while volumes are projected to contract yet again, as a result of which VAS is likely to decline. Although the company's overall earnings performance is expected to improve fundamentally on the back of measures introduced to streamline costs, the full effect of this programme will not become apparent until the subsequent years. Within this context, the company will incur further costs associated with the restructuring measures already agreed. Therefore, EBT is again likely to be well below break-even in fiscal 2009/10, both before and after restructuring charges.

In view of the significant strain on the company's finances in terms of earnings performance, a situation induced by the continuing difficulties within the printing industry as a whole and the related restructuring package, the Management Board and Supervisory Board of *schlott gruppe* will put forward a proposal to the company's General Meeting of Shareholders that no dividend payment should be made for the 2008/9 financial year.

The prevailing market situation faced by the printing industry poses a significant challenge for service providers operating within this sector. The necessary streamlining measures are painful, and all those involved will be required to make significant contributions. However, *schlott gruppe* was among the first of the major players within its industry to introduce far-reaching measures aimed at scaling back costs and reducing capacity levels. Therefore, the Management Board is confident

that *schlott gruppe* will be successful in addressing the issue of structural change within the European gravure printing industry and returning to sustainable profitability.

Within the parameters of expected business development, financing with regard to the company's operating activities and restructuring measures has been secured up until the financial year 2011/12. As part of the financing concept drawn up by the company, *schlott gruppe* successfully made a seasoned equity offering at the end of December 2009 for the purpose of raising additional capital.

Further details regarding the financial year just ended and the forecast for 2009/10 will be presented at the financial results press conference and analysts' meeting scheduled for 27 January 2010 in Stuttgart and Frankfurt.

Changes to the Management Board

The handover of Management Board duties performed by Mr. Adam Valeri to Mr. Joachim Kühn has taken place. Over the course of the past ten years, Mr. Valeri has made significant contributions towards efforts to establish *schlott gruppe* as one of the foremost enterprises within the European printing industry. The Supervisory Board and the fellow members of the Management Board have expressed their gratitude to Mr. Valeri for his high level of commitment to *schlott gruppe*.

Mr. Kühn, who can draw on many years of experience in the printing industry and within the field of corporate restructuring, will be responsible for the areas of production, technology, purchasing, quality management and information technology from 1 April 2010 onward. Since joining *schlott gruppe* on 1 November 2008, he has been

accountable for the technical management of the company's gravure printing facilities as well as Group restructuring.

Notes to financial data:

Alongside "revenue/sales", schlott gruppe uses so-called "value-added sales" (VAS) as a financial indicator – both in its external communications and as part of its internal controlling mechanisms. Revenue is subject to fluctuations that are attributable to the volume of paper supplied by customers as raw material for certain projects. In contrast to paper purchased directly by the company, paper supplied by customers is not included in the accounts of *schlott gruppe*. In the 2008/9 financial year, the paper provision ratio stood at 75.2 per cent. As a financial indicator, "value-added sales" eliminates fluctuations relating to paper supplied by customers, thus reflecting the actual sales performance.

For further information, please contact:

schlott gruppe AG	Wittlensweilerstraße 3
Marco Walz	72250 Freudenstadt
Investor Relations & PR	GERMANY
Phone: +49 7441 531-230	marco.walz@schlottgruppe.de
Fax: +49 7441 531-204	www.schlottgruppe.de