

: PRESS RELEASE

***schlott gruppe* confirms preliminary results for Q1 2009/10**

- **Business develops in line with expectations**
- **Market environment remains challenging**
- **Implementation of capacity downsizing and cost streamlining on target**

Freudenstadt, 3 February 2010. *schlott gruppe* today confirmed its preliminary results for the first quarter (October to December) of the 2009/10 financial year, as published on 27 January 2010.

Conditions within the printing industry as a whole remain challenging. In a market already plagued by excess capacity, sluggish demand has led to additional pressure on prices. Despite this, *schlott gruppe's* business developed in line with expectations over the course of the first quarter of the new financial year.

Extensive measures implemented in the past with the express purpose of bringing the company into line with an evolving market produced tangible benefits with regard to the Group's earnings performance in the first quarter. Within this context, major items such as personnel and other operating expenses were scaled back significantly. Further capacity adjustments and cost-reduction measures are currently underway and will have a positive effect on the Group's future results.

In the first three months of the 2009/10 financial year, *schlott gruppe* generated value-added sales (VAS) of €46.8 million, compared to €56.9

million in the same period a year ago. Compared to this 17.8 per cent year-on-year decline total tonnage fell by 13.6 per cent, from 153.2k tonnes a year ago to 132.4k tonnes. As a result of the current trend among customers towards thinner, i.e. lighter, paper, the average area density, i.e. grammage, has fallen. Total tonnage has thus declined at a more pronounced rate than the actual area of paper printed. The pressure exerted on prices within the printing industry as a whole remains high.

Revenues for the first quarter stood at €87.0 million, down 18.4 per cent on last year's figure for the first quarter.

When it comes to assessing the operating performance of *schlott gruppe* for the quarter just ended, EBIT is considered a more useful indicator than EBT, the figure usually applied for the purpose of gauging performance. This is due to the fact that last year's net finance result was buoyed by foreign currency gains as a result of reporting-date factors. EBIT before restructuring expense amounted to €1.0 million in the first quarter, down from €3.4 million in the same period last year. Restructuring expenses totalled €2.6 million, compared to €0.1 million in the same period last year.

EBT for the first quarter of 2009/10 was €-1.7 million before restructuring expense, compared to €2.9 million for the same quarter last year. Including restructuring expense, EBT stood at €-4.3 million, as opposed to €2.8 million a year ago. The Group's post-tax loss was €-3.0 million, compared to a profit of €2.6 last year, and earnings per share stood at €-0.42, down from €0.42 in the first quarter of 2008/9.

The *print* segment generated VAS of €46.5 million in the reporting period, following €55.8 million in the previous year, while EBT before restructuring charges amounted to €-0.5 million, compared to the previous year's figure of €4.2 million. Including restructuring charges, EBT was €-1.3 million in the financial year just ended, as opposed to €4.0 million in the preceding year. The *corporate services* segment, whose activities are restricted to providing intragroup services, remained in line with expectations.

The Management Board anticipates that the current financial year will continue to be dominated by adverse market conditions. With this in mind and in view of the adjustments made to capacity levels within the Group, VAS for the financial year as a whole is expected to decline. EBT is likely to be in negative territory, both before and after restructuring charges.

schlott gruppe is actively engaged in efforts to implement additional measures agreed upon by the company for the purpose of recapturing profitability. By the end of the 2010/11 financial year, the Group will be looking to achieve cost reductions of close to €40 million per annum. Implementation of these measures is on schedule.

Owing to the many years of service of *schlott gruppe* staff – a situation shared with many other enterprises within the printing industry – and the extended periods of notice prescribed in such cases, cost streamlining with regard to human resources will be a gradual process. By contrast, negotiations within the area of purchasing have paved the way for tangible savings that are expected to take effect in the near future. Support for the restructuring process by *schlott gruppe's*

financing partners has been secured within the parameters of expected business development.

The Management Board expresses its conviction that these measures have set the right conditions for *schlott gruppe* to successfully cope with the structural changes within the industry and return to profitability in the future.

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.

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