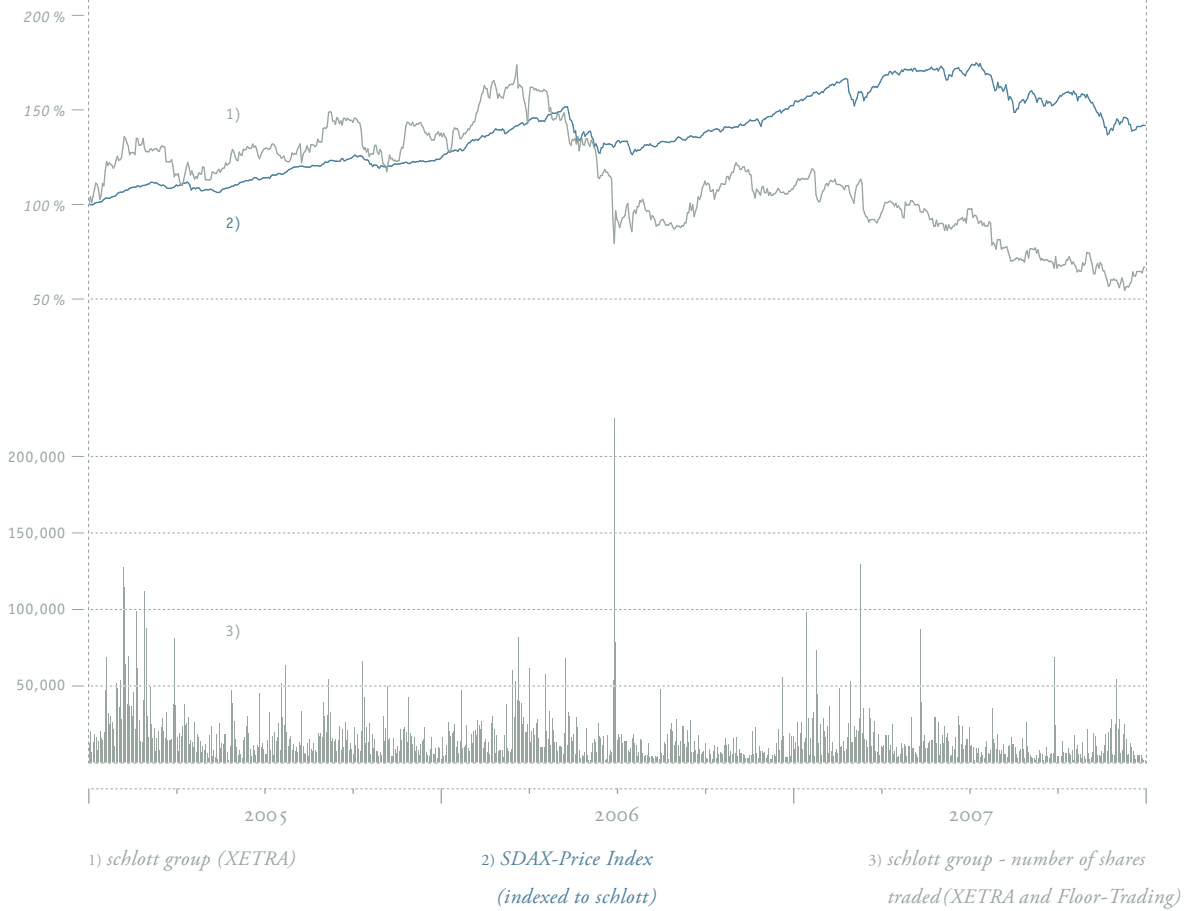


SCHLOTT GRUPPE AND SDAX

*in comparison*



01/01/2005 - 31/12/2007



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# THE SHARE

SCHLOTT GRUPPE AG

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## SHARE PERFORMANCE

The share performance of *schlott gruppe AG* was impacted by accelerated price erosion facing the European printing industry as a whole and the associated downward pressure that this trend exerted on short-term sector earnings prospects as well as on the economic situation of some competitors. Overall, the *company's* share price thus receded by 21.6 per cent over the course of the 2006/7 financial year, down from €24.55 to €19.25. In relation to the SDAX index, however, stock has been *holding* its ground since March 2007, thus mirroring – with minor deviations – the overall trend seen within the market for small caps. Until the end of 2007 the general uncertainty on capital markets led to a decline of our share price to € 18.06.

*Performance of schlott gruppe AG shares in relation to SDAX index during 2007*



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#### DIVIDEND POLICY

The capital-intensive nature of *schlott gruppe's* business, together with a strategy centred around corporate acquisitions, calls for a sufficiently strong equity base created with the help of *company*-generated funds. At the same time, we are firmly committed to an investor-driven dividend policy that reflects the interests of our shareholders in the form of attractive dividend payments. Potential disparities between these objectives are eliminated on the basis of a clearly defined decision-making process: the distribution of profit is determined by three core parameters – continuity of dividend payments, earnings performance and cashflow in relation to net debt.

For the 2006/7 financial year, the Management Board and Supervisory Board of *schlott gruppe AG* propose to the General Meeting of Shareholders a dividend payment of €1.00 per share, unchanged from the previous financial year. Thus, as was the case in the previous year, the *company* has again accorded particular importance to the continuity of dividend payments despite the earnings development in the print division. Within this context, both the Management Board and the Supervisory Board are of the firm belief that shareholders should benefit adequately from the successful sale of the group's *direct marketing* division. The dividend payable continues to be covered fully by the net profit generated by *schlott gruppe AG*. In addition, *schlott gruppe* remains committed to the objective of reining back consolidated net debt with the help of the proceeds from the sale and further strengthening its balance sheet.

The proposed dividend payment also reflects our confidence in the optimisation programme recently initiated by *schlott gruppe* and the reinvigorated earnings associated therewith.

#### INVESTMENT CASE

Alongside the focus on dividend payments, the generation of free cashflow and the growth of the *group* as a whole are considered to be two important aspects when it comes to positioning *schlott gruppe AG's* stock within the capital markets.

Beyond the relatively meagre capacity changes to be achieved as part of re-investments, the only way in which to drive growth in the highly transparent, competitive and capital-intensive printing industry is by pursuing a focused policy of corporate acquisitions over the long term. Embracing this strategy, *schlott gruppe* can look back on a highly successful track record of acquisition-generated growth in recent years. In addition to focusing on large-scale acquisitions aimed at significantly extending our reach within the marketplace, we are also interested in supplementing our current service portfolio in individual areas as well as regions where this is deemed appropriate.

The takeover of the Czech-based *reus group* in 2005/6 and the acquisition of *biegelaar* in the Netherlands at the beginning of the financial year are prime examples of the two directions taken by our *company*. It goes without saying that we also remain committed to our strategic goal of actively shaping the process of market consolidation in the years ahead.

#### INVESTOR RELATIONS

The format of reporting chosen by *schlott gruppe* has generally been more comprehensive in scope than required under statutory provisions. Within this context, the high level of transparency associated with our quarterly and annual reports has been particularly well received. Beyond this, we are committed to maintaining a close line of communication with investors and analysts.

Our website, *www.schlottgruppe.de*, offers a wealth of information of relevance to the capital markets. We set out our objectives and strategies in great detail and promptly furnish additional information that may be required for investment decisions, thus supplementing the data already provided as part of statutory disclosure. All information is compiled in an easily accessible, reader-friendly format, focusing on individual areas of interest. Additionally, we offer downloadable files containing extensive data relating to current and previous financial periods – the perfect tool for analysts and investors. Finally, a regularly updated catalogue of answers to frequently asked questions is made available to the general public.

#### STOCK BUY-BACK

The Management Board is of the opinion that the share price achieved by *schlott gruppe AG* at the end of the 2006/7 financial year does not reflect fully the opportunities presented to the group by the consolidation process within the European printing industry. Therefore, subsequent to the financial year just ended the Management Board of *schlott gruppe AG* announced on November 9, 2007, and disclosed in the form of an ad hoc release, its intention to purchase via a stock buy-back up to 620,420 of the *company's* own shares. This corresponds to up to ten per cent of the number of shares outstanding (6,204,200) at the end of the 2006/7 financial year.

The term stipulated for the reacquisition of shares via the stock exchange began on November 12, 2007. In accordance with statutory provisions, *schlott gruppe* will regularly disclose details on its website about any transactions executed as well as other requisite information.

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*Schlott gruppe AG – Our shares in FY 2006/7*

Financial indicators per share at end of FY 2006/7

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Value-added sales per share:	40.57 €
EBITDA per share:	7.88 €
EBT per share:	1.77 €
Earnings per share from continued operations:	3.04 €
Consolidated earnings per share:	5.42 €
Dividend per share (proposed):	1.00 €
Book value per share as at 30/09/07:	29.26 €

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Market data 2006/7

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Bloomberg symbol:	SHT
Reuters symbol:	SHTG
ISIN:	DE0005046304
Exchange segment:	Official Trading (Prime Standard)
Relevant indices:	Prime All Share, Classic All Share, CDAX-Industrials
Designated sponsor:	Commerzbank
Market capitalisation as at 30/09/07:	119.4 Mio. €
Trading volume in FY 2006/7:	10,317 shares/day

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*schlott gruppe AG's shares are traded on XETRA as well as on the Frankfurt exchange.*

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