schlott gruppe
AKTIENGESELLSCHAFT

: PRESS STATEMENT

schlott gruppe confirms preliminary results for third quarter and first nine months of FY 2008/9

- **Industry impacted by excess capacities and substantial pressure on prices**
- **schlott gruppe benefits from previous cost-reduction measures**
- **Operating development in line with current planning**
- **Capacity streamlining provides solid base for future**

Freudenstadt, 5 August 2009. *schlott gruppe* today publishes its interim report for the third quarter and first nine months of its 2008/9 financial year, confirming its preliminary results announced on 22 July 2009. The full interim financial report can be accessed from the company's website at "www.schlottgruppe.de / Investor Relations / Financial Reports".

Demand for printed products has fallen dramatically during the current recession. With the printing industry already dogged by excess capacities, the general market climate has deteriorated markedly.

schlott gruppe recorded a year-on-year decline in its value-added sales (VAS) over the course of the first nine months. However, after a substantial year-on-year slump in VAS in the second quarter, the contraction in third-quarter VAS was less pronounced. Benefiting from the positive effects of cost-reduction measures already implemented by the company, *schlott gruppe* was able to cushion the impact of the prevailing market crisis.

In line with previous reporting, the value-added sales of prior periods have been adjusted for the *sachsendruck* subsidiary that was deconsolidated effective from 1 November 2008.

In the third quarter, *schlott gruppe* generated revenue of €83.0 million, compared to €102.2 million a year earlier, and VAS of €44.7 million, down from €50.5 million in the previous year. The cost-reduction measures already implemented by the company helped to drive down staff costs and other operating expenses by a considerable margin, thus providing additional relief in terms of earnings performance. Overall, EBIT before restructuring charges receded from €-1.6 million last year to €-2.5 million in the reporting period.

In contrast with earnings before taxes, EBIT provides the basis for a more transparent assessment of operating performance, as the net finance result for the first half was buoyed by non-cash currency effects from the measurement of hedging transactions; this situation returned to a more normal level in the third quarter and produced charges of €2.1 million that impacted on the quarterly result. This explains the disproportionately large contraction in EBT before restructuring charges to €-6.4 million in the third quarter, down from €-3.5 million in the same period a year ago.

Restructuring charges amounted to €1.5 million, compared to €3.5 million in the previous year. Including these expenses as well as the adjustment of deferred tax assets, the net loss for the period was €5.5 million, compared with a net loss of €4.4 million a year ago; the loss per share was €0.88, after last year's loss of €0.71.

In the first nine months, revenue totalled €278.6 million, compared to €324.9 million, while VAS stood at €146.0 million, after the previous year's figure of €165.7 million. EBIT before restructuring charges was €-1.2 million, compared with €1.9 million; EBT amounted to €-7.1 million, as opposed to €-3.0 million a year earlier. Restructuring charges amounted to €2.0 million, compared to €9.8 million. The net loss for the period was €6.4 million, compared to a net loss of €8.9 million in the same period a year ago, while the loss per share stood at €1.03, after positive earnings per share of €1.44 a year ago.

The *print* segment generated VAS of €44.2 million in the third quarter of 2008/9, following €50.3 million a year ago; segment EBT before restructuring charges was €-5.2 million, compared to €-3.7 million; including charges, EBT was €-5.3 million, compared to €-6.8 million. In the first nine months, the *print* segment achieved VAS of €143.6 million, compared to €163.7 million; EBT before restructuring charges was €-4.2 million, as opposed to €-1.1 million last year, and including restructuring charges it amounted to €-4.8 million, compared to €-10.4 million in the first nine months of 2007/8. The *corporate services* segment, whose activities are restricted to providing intragroup services, remained in line with targets.

In view of the continued uncertainties as to the future direction of both the economy as a whole and the printing industry as well as in view of shorter lead times of our customers, the Group is as yet unable to provide concrete projections for VAS and EBT in the current financial year. Overall, however, *schlott gruppe* takes an extremely restrained view of its prospects for the fourth quarter. On this basis, before and after restructuring charges, EBT is expected to be in negative territory for the 2008/9 financial year as a whole.

In order to be able to react flexibly to the various market scenarios, the company is currently negotiating with staff representatives about a possible extension of short-time work within the Group as from August and also beyond the end of the current financial year.

schlott gruppe has drawn up an extensive programme aimed at adjusting its operations in line with prevailing market conditions and is reducing its capacities within the area of gravure printing and post-press by twenty per cent. In pursuing this approach, the company will create a solid foundation from which to reinvigorate its earnings performance, enhance its competitiveness and emerge reinvigorated from the crisis engulfing the European printing industry. The company reported in detail about these measures in a press release on 7 July 2009.

Notes to financial data:

Alongside “revenue/sales”, schlott gruppe uses so-called “value-added sales” as a financial indicator – both in its external communications and as part of its internal controlling mechanisms. Revenue is subject to fluctuations that are beyond the company’s sphere of influence. These fluctuations 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 2007/8 financial year, the so-called paper provision ratio was 72.0 per cent. As a financial indicator, “value-added sales” eliminates fluctuations relating to paper supplied by customers, thus reflecting the actual business performance.

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