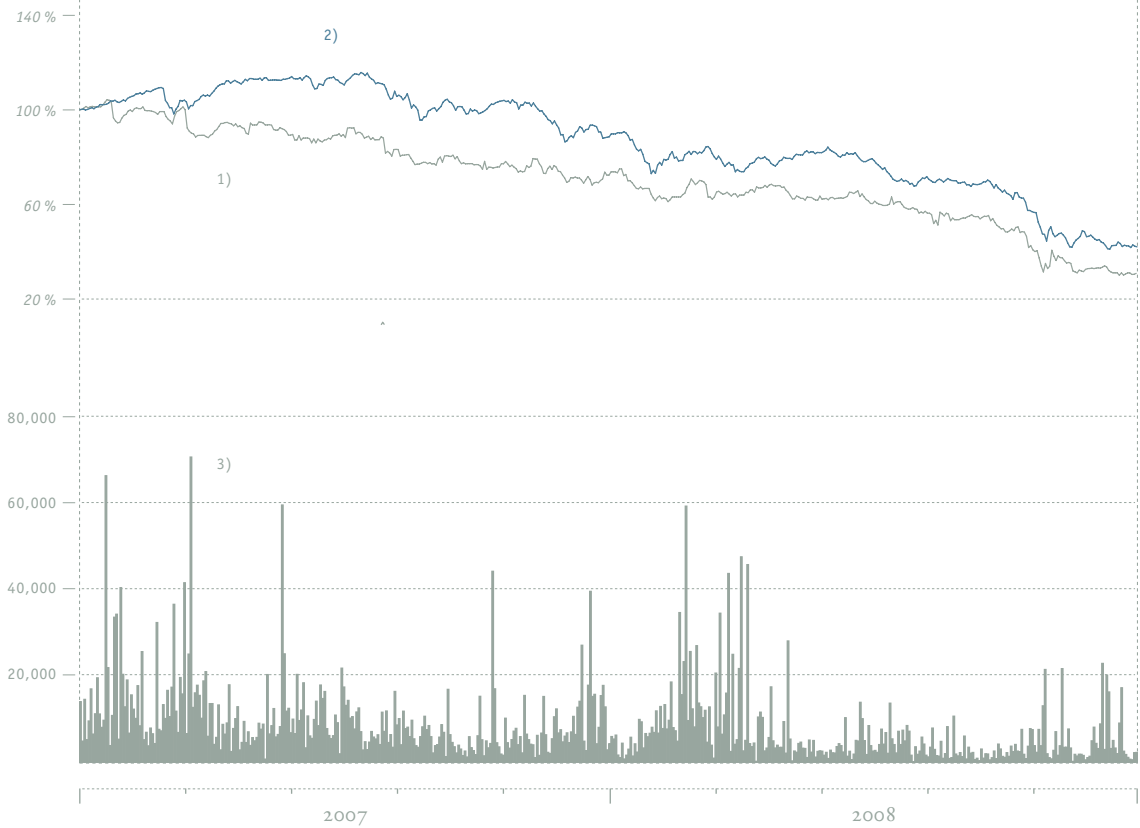


SCHLOTT GRUPPE AND SDAX

*In Comparison*

SHT

01/01/2007–15/12/2008



1) schlott gruppe (XETRA)

2) SDAX price index  
(indexed to schlott)

3) schlott gruppe – number of shares  
traded (XETRA & Floor Trading)

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# THE SHARE

SCHLOTT GRUPPE AG

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## SHARE PERFORMANCE

During the financial year 2007/08, movements in *schlott gruppe AG* stock closely reflected those in the SDAX with only minor differences (see chart). While the company's share price fell by 44.0 per cent from € 18.56 at the start of the financial year on October 1, 2007, to € 10.39 at the end on September 30, 2008, the index lost 42.5 per cent over the same period. During the first three months of the current financial year 2008/09 (i.e. the fourth calendar quarter of 2008), there has been little change in this trend. The chart also shows that, relative to the SDAX, *schlott gruppe* stock has not lost any further ground since spring 2007. For over twenty months it has followed the overall market for small cap shares without any major variations.

*Performance of schlott gruppe AG stock relative to SDAX*



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#### DIVIDEND POLICY

The dividend policy adopted by *schlott gruppe AG* must take account of the capital-intensive nature of the company, which requires it to generate its own funds in order to strengthen its equity base. At the same time, we are committed to an investor-driven dividend policy that attaches a great deal of importance to the justified interests of our shareholders in the form of attractive dividend payments as a return on their capital. The distribution of profit is determined with reference to three parameters – continuity of dividend payments, earnings performance and cash flow in relation to net debt.

For the financial year 2007/08, the Management Board and Supervisory Board of *schlott gruppe AG* intend to propose a dividend payment of € 0.50 per share to the General Meeting of Shareholders. This is a reflection of the unsatisfactory level of earnings for the year under review. However, both the Supervisory Board and the Management Board are confident that the path we are taking will be successful thanks to the comprehensive cost-reduction programme implemented in the last financial year and that this, together with other efforts to achieve sustained improvements in our financial situation, will assure that the company remains competitive over the long term. For this reason, it is the view of the company's governing bodies that the continuity element of our dividend policy should also be applied to the financial year 2007/08 despite the high level of uncertainty in the wider economy

#### INVESTMENT CASE

At *group* level, there is a clear focus on creating value. This is achieved partly by generating free cash flow after capital expenditure on replacement assets. In this context, it is important above all to make the point that we generate a high level of cash flow even during periods of weaker earnings.

In addition, acquisitions traditionally form part of our corporate strategy. Alongside our shareholder-driven dividend policy, these are the key factors that determine the positioning of *schlott gruppe* stock on the capital market.

*schlott gruppe* invested heavily in the equipping and efficiency of its production sites up to the financial year 2005/6. This has given us an excellent technical foundation for our operations in the European gravure printing sector, backed up by our web-offset business and a wide range of post-press services. To complete our portfolio, we offer upstream media services covering the pre-printing stage. As one of the best performers in the industry, we are extremely well placed to meet all our customers' requirements in the fields of printed and digital media.

We are one of the top three companies in the gravure printing sector. Over many years, we have systematically built up our position in the European printing industry through a series of strategic takeovers. The key to success in our markets, which are characterised by intense competition and a high level of price transparency, lies

in the optimisation of internal processes and costs. For this reason, ongoing efficiency improvements form part of our business programme and will remain at the heart of our corporate management strategy. In the last few years, *schlott gruppe* has brought about many gains in productivity across the entire *group* and in doing so has permanently strengthened its ability to compete.

#### INVESTOR RELATIONS

The format of reporting chosen by *schlott gruppe* has traditionally been much 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. By way of example, the Management Board held a number of question-and-answer sessions with analysts and investors during the year under review at venues throughout Germany and in other European countries. As in previous years, *schlott gruppe* also gave a presentation at the Frankfurt Equity Forum.

Our website, [www.schlottgruppe.de](http://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 to help potential investors make 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 and Supervisory Board are of the opinion that the share price of *schlott gruppe AG* does not fully reflect the opportunities presented to the *group* by the consolidation process within the European printing industry. It is for this reason that, shortly after the beginning of the financial year 2007/08, the Management Board of *schlott gruppe AG* took the decision, disclosed in the form of an ad hoc release, to purchase up to 620,420 of the company's own shares on commencement of the stock buy-back programme. This corresponds to up to ten per cent of the number of outstanding shares (6,204,200). The designated period for the buy-back via the stock exchange began on November 12, 2007. The stock buy-back programme was continued on the basis of a resolution adopted by the General Meeting of Shareholders on February 26, 2008, to allow the company to buy back its own shares. By December 17, 2008 inclusive, 138,435 shares representing 2.23 % of the company's share capital had been reacquired.

The book value of each share as at September 30, 2008, was € 25.50. This figure is well above the XETRA level of € 10.39 on that date. Since then, this gap has widened still further as a result of the widespread correction of the share market. In the view of the company's governing bodies, the share price during the financial year 2007/08 and up to the completion of this annual report represents only a minor part of the stock's intrinsic value. Consequently the buy-back programme was and will be continued. The Management and Supervisory Boards intend once again to request the approval of shareholders at the General Meeting on March 3, 2009, to buy back additional company shares.

In accordance with the terms of the buy-back programme, *schlott gruppe* regularly publishes details of the transactions and provides other information where required on its website.

#### *schlott gruppe AG stock in FY 2007/08*

##### Key figures per share for FY 2007/08 (based on 6,204,200 shares)

Value-added sales per share:	38.57 €
EBITDA per share:	6.14 €
EBT per share before cost-reduction programme:	0.08 €
EBT per share:	(2.82) €
Consolidated earnings per share:	(2.71) €
Dividend per share (proposed):	0.50 €
Book value per share as at 30/09/08:	25.50 €

##### Market data 2007/08

Bloomberg symbol:	SHT
Reuters symbol:	SHTG
ISIN:	DE0005046304
Exchange segment:	Official trading (Prime Standard)
Relevant indices:	Prime Media, Prime All Share, Classic All Share, CDAX Industrials
Designated Sponsor:	Commerzbank
Market capitalisation as at 30/09/08 (XETRA):	64,461,638 €
Trading volume in FY 2007/08:	7,265 shares per day

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