schlott gruppe
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schlott gruppe announces preliminary results for third quarter and first nine months of 2009/10

- **Printing sector fails to benefit from upturn**
- **Execution of restructuring programme remains on track**
- **Positive effects at operating level**

Freudenstadt, 21 July 2010. *schlott gruppe* today announces its preliminary results for the third quarter ended 30 June 2010 as well as the first nine months of the 2009/10 financial year.

In contrast to other segments of the manufacturing sector, the economic upturn has yet to reach the printing industry. In fact, the sentiment within the sector as a whole has deteriorated markedly in recent weeks. Within this context, the market for printed products continues to be dominated by anaemic demand and relentless pressure on prices. Despite the more confident mood in the advertising sector, the market for classic print products currently remains lacklustre.

Business during the third quarter of the 2009/10 financial year was again dominated by these challenging market conditions. Encouragingly, the restructuring programme currently being implemented by *schlott gruppe* has been producing the positive earnings effects predicted by the company. Overall, business developed at the lower end of expectations.

In the third quarter, *schlott gruppe* generated revenue of €66.7 million, compared to €83.0 million in the same period a year ago. Value-added

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sales (VAS) fell from €44.7 million last year to €37.1 million in the reporting quarter. As regards this year-on-year decline, it is important to note that *schlott gruppe* scaled back its gravure printing capacities by 20 per cent during the second quarter of the current financial year as part of its extensive restructuring programme. These measures came to full effect in the third quarter.

Total tonnage processed fell by 14.5 per cent to 105.0 thousand tonnes in the third quarter, down from 122.8 thousand tonnes in the same period a year ago and 8.3 per cent lower than in the second quarter of the current financial year.

The positive effects of the current restructuring programme are reflected in the Group's operating result for the third quarter: despite the decline in VAS compared to the second quarter of the current financial year, EBIT before restructuring charges improved to €-3.4 million, after €-4.1 million posted for the second quarter of 2009/10 (Q3 2008/9: €-2.5 million). Including restructuring charges of €6.0 million, EBIT for the third quarter of 2009/10 stood at €-9.4 million, compared to €-8.3 million in the second quarter (Q3 2008/9: €-4.0 million). EBT for the reporting quarter was €-7.0 million before restructuring expenses, compared to €-6.8 million in the previous quarter (Q3 2008/9: €-6.4 million). Including these expenses, EBT totalled €-13.0 million, as opposed to €-11.1 million in the second quarter (Q3 2008/9: €-7.8 million).

In the first nine months, *schlott gruppe* generated revenue of €231.5 million, compared to €278.6 million a year earlier, and VAS of €124.9 million, down from €146.0 million in the previous year. In total, the Group printed 352 thousand tonnes of paper, compared with 395 thousand tonnes in the same period a year ago. EBIT before restructuring expenses was €-6.5 million, down from €-1.2 million in the previous year. EBT before restructuring expenses was €-15.5 million, after €-7.1 million a year ago; including restructuring expenses, EBT was €-28.3 million, compared to €-9.2 million.

The *print* segment generated VAS of €36.8 million in the third quarter, down from €44.2 million a year ago; EBT before restructuring expenses was €-5.4 million, compared to €-5.2 million, while EBT after restructuring expenses stood at €-8.7 million, compared to €-5.3 million.

In the nine-month period, the *print* segment achieved VAS of €123.6 million, down from €143.6 million, and EBIT of €-8.2 million, compared to €-2.9 million a year ago; EBT before restructuring expenses was €-11.5 million, compared to €-4.3 million a year ago, while EBT after restructuring expenses stood at €-16.8 million, compared to €-4.8 million a year ago. The *corporate services* segment, whose activities are limited to providing intragroup services, performed in line with expectations.

The definitive results will be presented by *schlott gruppe* on 4 August 2010 in its report on the third quarter and first nine months. This report will also include details of the current competitive environment and ongoing restructuring measures.

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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