

PRESS RELEASE

Schwan-STABILO: staying calm in the crisis

Satisfactory annual results for 2008/09

Heroldsberg, August 2009. The Schwan-STABILO Group has successfully concluded the fiscal year ending 30 June 2009. Compared to the previous year and in spite of continuing economic and financial crisis, the group has kept revenue stable. Schwan-STABILO's consolidated revenue of 370m euros remained virtually unchanged year-on-year (previous year: 372m euros).

The strategy of focusing business activities on the three business units STABILO (writing instruments), Cosmetics and Outdoor (Deuter brand) has proven highly advantageous. A minor drop in sales by the STABILO (-3.3%) and Cosmetics (-2.7%) units was more than compensated for by significant growth in the Outdoor unit (+21.0%).

Earnings also developed correspondingly satisfactorily, slightly exceeding the previous year's level. Group liquidity continued to develop in a positive manner. The company was able to increase its operating result slightly and to improve key balance sheet ratios. As a consequence, net bank debt was further reduced during the reporting period.



New building belonging to Schwan-STABILO Cosmetics' injection moulding plant in Weißenburg completed at the end of 2008

Despite the strong trend towards consolidation in the markets, the company kept investment at a high level (total: 23m euros; previous year: 26m euros). The main emphasis was on investment in new and extended product lines and, above all, in the new plastics technology plant in Weißenburg belonging to the Cosmetics business unit.

At the end of the fiscal year, the group had 3,519 employees world-wide (previous year: 3,615), 1,731 of whom are in Germany.

	2008/09	Change in %	2007/08
Revenue (in million euros)	370	-0.5	372
of which Writing Instruments	146	-3.3	151
of which Cosmetics	178	-2.7	183
of which Outdoor	46	21.0	38
Investments	23	-11.5	26
Equity (in million euros)	110	5.8	104
of which limited liability capital	60	9.0	55
Equity ratio (in %)	37	5.7	35

Cosmetics

Natural cosmetics is a global growth market

The market for natural cosmetics is a major growth market that shows no signs of saturation. Double-digit growth rates are expected in Europe, North America and Asia over the coming years. New, undogmatic consumer behaviour, combined with high affinity to health and sustainability values, forms the basis for this development. Schwan-STABILO Cosmetics recognised this trend at an early stage and responded innovatively by developing a wide range of appropriate decorative cosmetics products.

Using the crisis to grow



The Cosmetics business unit concluded the fiscal year with revenue of 178m euros (previous year: 183m euros). The challenging market development in this sector can be seen particularly in the high consumer reticence affecting the premium segment and persisting in the North American market as a whole. The crisis is having a significant impact on order intake in these areas, with knock-on effects on the employment situation in the German production plants. This autumn, short-time working will be introduced for selected product divisions at the Heroldsberg site.

By using this instrument, the company aims to retain long-serving and skilled staff in order to be able to return to full capacity without delay when the economy recovers.

Despite the economic crisis, Schwan-STABILO Cosmetics looks to the future with confidence. "We are taking advantage of the current market situation to intensify the dialogue with our customers and are taking action where we can best contribute to improving our customers' value added. Our mission is not merely to fulfil orders, but jointly to develop tailor-made solutions with our customers", explains Ulrich Griebel, Managing Director of Schwan-STABILO Cosmetics and member of the Schwan-STABILO Group Executive Board.

STABILO

The STABILO business unit's revenue amounted to 146m euros (previous year: 151m euros). During the crisis, STABILO is investing heavily in order to present the brand more clearly in the shops and support demand by means of TV commercials.

The strategy is a success: private consumption in Europe developed positively, although there were some setbacks in the office sector. Some countries recorded lower revenues due to currency effects, but were still able to maintain market share. The medium-term



STABILO concept store in Vienna

Photo: Schwan-STABILO

strategy of developing more ergonomically designed products with a focus on learner writers is paying off. In April, the first STABILO concept store opened in Vienna and developments there have been promising.

One of the attractions in the store is a system that allows children and parents to have their handwriting movements scientifically analysed.

Business in Germany has remained unchanged year on year, particularly during the current school season. Discounters have profited very little from the crisis.

Outdoor

The Outdoor business unit, represented by outdoor specialists Deuter, primarily produces rucksacks for a wide range of uses and sleeping bags. The outdoor sector is enjoying brisk demand even in these times of crisis. As a result of this positive trend, this business unit has again been able to record above-average growth. Revenue rose to 46m euros (previous year: 38m euros).

In 2008/2009, the company based in the Bavarian town of Gersthofen produced 1.6 million rucksacks and distributed them to 45 different countries. Even the domestic market, which has been a Deuter stronghold for years, registered a 14-per-cent rise in revenue. Managing Director Bernd Kullmann was pleasantly surprised by this success, having assumed that the growth potential in the home market had been exploited to its full. The figures from the USA sales subsidiary were equally positive – the team there made a profit for the first time after years of investment.



Founded in 1898, Deuter is a company with a strong tradition and has profited mainly from the long-term orientation of its brand. An important factor in their success has been the continuous and always well thought-out extension of their product range.

This includes innovative new developments in the sleeping bag segment, the luggage line, which was well received by the market, and the well-established line of rucksacks designed specifically for women.

In the coming year, the rucksack specialist is turning its attention to tall people, presenting rucksacks specially designed for those with long backs.

The company's long-term orientation is reflected in its approach to sustainability and in its membership of the Swiss ›bluesign‹ association. With the help of its production subsidiary in Vietnam and all its raw material suppliers, Deuter aims to eliminate harmful substances to a degree far exceeding statutory regulations and to save resources in all processes. This step underlines the Deuter philosophy that successful long-term brand orientation can only be maintained through active ecological commitment.

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