

## PRESS RELEASE

### **Schwan-STABILO Cosmetics acquires US cosmetics manufacturer**

**Heroldsberg, 9 April 2010. Schwan-STABILO Cosmetics, the international manufacturer of decorative colour cosmetics with headquarters in Heroldsberg, Germany, has acquired the US cosmetics manufacturer Cosmolab, based in Lewisburg, Tennessee.**

With this move, Schwan-STABILO Cosmetics is enhancing its international presence in this region, adding to existing subsidiaries in the USA and Mexico. The managing director of Schwan-STABILO Cosmetics, Ulrich Griebel, sees the Cosmolab acquisition as an opportunity not only to produce cosmetic pencils for the US market directly on-site, thus avoiding currency risks, but also to create additional price points on the cosmetics market, as Cosmolab primarily produces products for the price-sensitive US mass market.

Cosmolab was established in 1910 as a manufacturer of cedar slats. In the 1930s, the

company developed its first eyebrow pencil – and so started the company's history as a cosmetics manufacturer.

Since 1970, the company has been producing under the name Cosmolab Inc. As one of the last companies of its kind in the USA, Cosmolab represents 100 years of tradition in manufacturing cosmetic pencils.



Packing auto-blister Cosmolab Inc., USA  
Photo: Schwan-STABILO

The company encountered financial difficulties at the beginning of 2009 as a result of the world economic crisis.

This led to the company filing for voluntary petitions for reorganisation under Chapter 11 of the U.S. Bankruptcy Code and its eventual acquisition by Schwan-STABILO Cosmetics.

Cosmolab remains an independent business, and its position on the US market will stabilise thanks to its well established customer contacts. A turnover of around 40m USD is expected for 2010. The 300 jobs currently held at headquarters in Lewisburg are to be retained.

Working with a new management team, Schwan-STABILO Cosmetics is aiming to upgrade production technology to meet state-of-the-art technological standards and seek further synergy effects within the Schwan-STABILO Cosmetics production network. This is particularly relevant for areas such as purchasing and logistics.

The manufacture of cosmetic pencils at the German production site will not be affected by the acquisition of this US company with its rich tradition.

There are currently approximately 1,000 employees working in cosmetics production and sales at the Heroldsberg site.

And positive developments are not limited to the cosmetics subgroup: the STABILO subgroup is also continuing to expand during the financial crisis.

At the beginning of January 2010, the writing instruments manufacturer STABILO International acquired the Italian company Armand Ugon S.r.l., which had been working in Italy for STABILO since 1922. This acquisition forwards STABILO International's expansion on the European market, where it now runs 11 national subsidiary companies.

## **About the Schwan-STABILO group**

The Schwan-STABILO group generated €370m in the 2008/09 business year and was responsible for 3,519m employees worldwide on 30 June 2009.

Based on trends in the first 9 months of the current 2009/10 business year, the Schwan-STABILO group is confident of ending the business year on 30 June on at least the same levels as the previous year – or even registering slight growth.

Thanks to its strong equity base, the Schwan-STABILO group was able to finance these acquisitions from its own capital resources.

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