

PRESS RELEASE

Record year for Schwan STABILO: The Schwan STABILO group exceeds the previous year's result by 17% with a turnover of 462 million euros.

Heroldsberg, October 2011.

For the Schwan STABILO group, the fiscal year which ended on June 30, 2011 was once again extremely successful. Once more, the company was able to significantly grow in all business areas. Compared to the previous year, the Group increased its sales by 17% to 462 million euros (previous year: 396 million euros). All three divisions contributed to the growth: cosmetics climbed to 24.9%, STABILO grew by 5.3%, and outdoor gained by 19.6% with the Deuter brand.

The Schwan STABILO group's sales growth is based on two factors: mainly on organic growth across all business areas but also on growth through acquisition. In July 2011, another important company in the outdoor sector joined the Schwan family with the acquisition of ORTOVOX Sportartikel GmbH.

Cosmetics

Cosmetics sales surged above average in all markets worldwide as the division achieved its highest ever sales result. The growth was achieved with classic products such as sharpenable cosmetic pencils, twist mechanisms, and liquid liners.

After the takeover of Cosmolab in the USA in 2010, Schwan STABILO strengthened its presence in the emerging Asian market in the past fiscal year with a holding in its long-standing production and sales partner in Indonesia.

STABILO

The STABILO division also flourished above the sector average, rising to 4.35% in Europe and 4% in Germany. In Eastern Europe, sales even reached double digits. Customers have shown great interest in the mix of tried-and-tested and new products. They bought both ergonomic pens and pencils from the new product range for easy writing (learning to write), and classic products, such as fiber-tip pens and highlighters. STABILO BOSS – the best-selling highlighter in Europe – celebrates its 40th birthday in 2011.

Outdoor

USA sales for Deuter leapt ahead and improved on the previous year's result by 52%. Child carriers and child backpack sales rose significantly, followed by hiking and trekking backpacks, and sleeping bags.

With the acquisition of ORTOVOX, Schwan STABILO has established a third mainstay in the outdoor sector. For Sebastian Schwanhäußer, corporate management, the ORTOVOX brand represents an ideal complement to Deuter: "Firstly, we can benefit from our existing backpack expertise, secondly, the strong ORTOVOX brand also offers a lot of potential for us in additional fields in the outdoor market."

Investments

In the previous fiscal year 2010/11, capital expenditure in the Schwan STABILO group totaled 23 million euros.

The majority of these investments were in Heroldsberg, Germany for renovating the cosmetics production site and capacity expansion. Almost 11 million euros were allocated to improving production for new products.

At its Weißenburg site in Germany, Schwan STABILO invested in new production machinery, a new factory building which is currently being built, and a new canteen for employees. In addition, three quarters of a million euros were also invested in new IT infrastructure.

"This fiscal year was extremely positive. Product innovations meant we were able to succeed once again in significantly increasing our high market shares in almost all regions across the world," said group managing director Ulrich Griebel. "We were also able to secure a large number of new employees and make important investments for the future in new products, factory infrastructure, automated manufacturing, and in our IT systems. The integration of our recently acquired subsidiaries is also well underway."

More employees in Germany and worldwide

At the end of the fiscal year, the group hired 4,280 employees worldwide (previous year: 3,879), an increase of 10%. In Germany alone, 120 new jobs were created during the year.

Figures for the 2010/2011 fiscal year:

	2010/11	% change	2009/10
Sales (in million euros)	462	16.7	396
Writing implements	160	5.3	152
Cosmetics	241	24.9	193
Outdoor	61	19.6	51
Capital expenditure*	23	-	38
Equity (in million euros)	163	-	118
Equity ratio (in %)	47	-	46

*Included in the previous year among capital expenditure: Acquisition of Cosmolab Inc., USA by Schwan Cosmetics and takeover of Armand Ugon S.r.l by Schwan STABILO.

Cosmetics

Best result in the company's history – Worldwide growth

Schwan Cosmetics achieved the best result in the company's history – which dates back to 1927 – in the fiscal year 2010/2011.

Innovations in virtually all key products drove high growth in all markets. Eyeliner market share was increased by existing customer sales and new customer acquisition.

In this way, the Western European markets including Germany were clearly consolidated with a rise in sales of 16%.

In North and Central America, Schwan Cosmetics was also able to further enhance its position with a 30% leap in sales.

In Eastern Europe, the Middle/Far East and Latin America, sales were 33% higher than previous year and eye make-up was the best-selling product.



From Heroldsberg for the entire world: Cosmetic pencils in the latest fashionable colors

Photo: Schwan Cosmetics

Asia-Pacific sales increased in light of the strong Japanese, Chinese and Pacific markets, rising 13% compared to the previous year. This growth was mainly driven by core products. Customers in the Far East particularly value Schwan STABILO products for their durability and excellent water resistance.

Positive outlook

Schwan Cosmetics adopts a dual approach to marketing strategy: While product and technology development remains a central focus at the Heroldsberg site with now well over 150 employees, the sales and production activities are increasingly organized on a regional basis. Close proximity to markets and customers, innovations, and efficient processes remain a key success factor for the future growth of Schwan Cosmetics.

An example of this is the holding in Kirana Amindita PT, a long-standing distributor and manufacturing partner in Jakarta, Indonesia, finalized at the start of 2011.

A slow down in the current growth is expected in 2012. However, current order levels indicate that a further positive trend can be expected for the 2011/2012 fiscal year.

www.schwancosmetics.com

STABILO

Sustainability in the future

Since 2010, the company's sustainable development has been a central part of STABILO's management strategy with a balance of ecological, economic and social objectives. In practice, this includes various measures such as the development of "green" products, the changeover to renewable energies, and certification of all three production sites (Germany, Czech Republic and Malaysia) with the environmental management standard ISO 14000.

On a social level, the cooperation with the German association "Workshops for adapted work" (WfbM) has been revised. The previously outsourced positions are now partly integrated into the Weißenburg factory. "This is a significant step against the social exclusion of disabled people", a WfbM representative commented.

Four decades of BOSS - a highlighter full of history

Innovation, a wealth of ideas and successful marketing keep the STABILO brand young and encourage customers to buy the product in the shops. "Our new product share is 15%, however, we are carefully focusing on a mixture of new and tried-and tested products", says Sebastian Schwanhäuber. "The STABILO BOSS highlighter which my father, Günter Schwanhäuber, invented in 1971, celebrates its 40th birthday this year and it still generates a significant amount of our revenue. Its market share has even increased in the European Union. According to market research figures, every second euro is spent on a STABILO highlighter – which we still produce at the Weißenburg site today. Nobody was able to predict this success."

To date, 1.8 billion STABILO BOSS highlighters have been sold worldwide. All of the highlighters lined up together would cover the world one and a half times. Almost 110 million liters of ink have been consumed since 1971. This is sufficient to highlight 675 million kilometers with the STABILO BOSS or to mark the journey from the earth to the sun four and a half times.

A pen for reading

During a trip to the USA at the end of the 1960s, the pen manufacturer, Günter Schwanhäuber, saw American students marking parts of a text with a brown pen. Convinced he could do better, Schwanhäuber set out to prove his idea to the world. The luminous ink, shape, name and the marketing strategy were all novel ideas at the time.

A BOSS for bosses

Even the name is short and easy to understand throughout the world. The inventor personally sent BOSS highlighters to 1000 political and economic leaders, asking for their review. Only later were samples sent out to secretaries and retailers. As the product's characteristics and benefits were completely unknown in Europe, researchers carried out a study at the start of the 1970s. At the time, such research was an unusual approach, although it raised two important concerns: Is the highlighter ink non-toxic and can it damage the eyes? Fortunately, these concerns were unfounded and just the start of many small stories spanning four decades.

The BOSS handshake

The radical shape of the BOSS highlighter has been copied countless times to date. However, it came about purely by chance. The designer had turned, kneaded, shaped and discarded rectangular, round, short fat shapes, and long flat shapes. After becoming frustrated, he pounded the clay with the flat of his hand and accidentally produced the prototype.



Designed in Weißenburg and celebrating its 40th birthday in 2011: STABILO BOSS

Photo: Schwan STABILO

A generic name

In France, the word "stabilotér" soon became a generic name and is always used to refer to highlighters. One of the most famous "stabilotér" fans is the French president Sarkozy. However, it is not clear whether the special anniversary pens presented to him really arrived on his desk. During an international competition, the highlighters had special messages printed on them such as 'I am your BOSS!' or 'Who is the BOSS?'

Helping prisoners to escape

It also remains unknown how many STABILO BOSS highlighters were needed by the English prisoner who completely colored himself luminous yellow a few years ago in order to be admitted to a hospital as jaundiced. Copycats should note that they don't have to rush their artistic work. The latest design means that the cap can now be left off for at least four hours without the highlighter drying out.

www.stabilo.com

Outdoor

In the outdoor division with its Deuter brand, sales climbed sharply upwards once again. Total sales amounted to 61.3 million euros (previous year: 51.4 million euros) – a growth of 19.3%, far beyond the market trend which was very conservative in Europe from January 2011.

The sales trend for Deuter USA, the company's sole subsidiary was also dynamic. USA sales soared by 52% in the second largest outdoor market outside Europe. Child carriers were the best selling product in the American market. Deuter USA introduced child carriers in its product range 20 years ago and they are valued as extremely successful and well-engineered.

In Germany – where Deuter has been a market leader for years – sales advanced by 17%. Germany is by far the largest outdoor market in Europe and outdoor products have become the most important revenue driver overall for specialist sports retailers. Traditional hiking – which was seen as outdated and boring for decades – is currently enjoying a revival among young people and families.

In all countries, child carriers and backpacks were the most popular products, closely followed by hiking or climbing backpacks. Sleeping bags secured third place – a product group which is still very new for Deuter. This breakthrough was achieved over the last three years with innovative manufacturing concepts.



*Also a bestseller this year:
Deuter sleeping bags*

Photo: Deuter

At the outdoor trade fair in Friedrichshafen in mid July, Deuter showcased the fully revised Aircontact range which has been the heart of the trekking collection for years – the second most important revenue driver in the Deuter product range after hiking backpacks.

The ACT Trail range is also new with young and colorful multifunctional backpacks for everyday use, even in urban locations.

Despite rather sluggish sales figures for outdoor products in the European markets, Deuter also expects increasing sales in the coming fiscal year. The trend of people in industrial countries visiting natural areas for a rest will continue. Values such as health, winding down and self-discovery continue to be popular as a retreat from hectic everyday life and sedentary office jobs.

With the acquisition of ORTOVOX, another company with an excellent reputation has joined the Schwan STABILO outdoor division.

ORTOVOX – based in Taufkirchen near Munich in Germany – has been part of the Schwan STABILO family since July 1, 2011. ORTOVOX is a market leader in products for landslide safety and an expert for winter backpacks and functional sports clothing made from merino wool.

ORTOVOX also remains an independent company at the Taufkirchen site after the takeover by the Schwan STABILO group. Currently, 19 members of staff are employed here. There are ORTOVOX subsidiaries in Austria, USA and Canada. ORTOVOX is represented globally in 30 countries.

ORTOVOX's success story began in 1980 with its presentation of the revolutionary F2 avalanche search device. Since then, ORTOVOX has been at the cutting edge of developments and is the market leader for avalanche safety products. Thanks to its unique designs, the ORTOVOX backpack division has significantly expanded over the last few years. The highest sales increases were in functional clothing. Here, the brand focuses on merino wool in all clothing layers and thus offers a clothing system which is unique in the outdoor market.

www.deuter.com
www.ortovox.com

Contact:

Schwanhäußer Industrie Holding,

Ursula Jenkner, Public Relations, Schwanweg 1

90562 Heroldsberg, Germany Tel. 0911-567-4014,

E-mail ursula.jenkner@schwan-stabilo.com

www.schwan-stabilo.com

Background information:

Swan: The swan has been part of the company's logo since the company was founded. The logo is not only a graphical representation of the family name – the swan stands for purity and beauty.

1865 Gustav Adam Schwanhäußer buys the heavily indebted pencil factory Bleistiftfabrik Großberger & Kurz in Nuremberg.

1909 First idea of manufacturing cosmetic pencils for thickening eyebrows.

1927 The world's first cosmetic pencil is developed and produced. The first eyebrow pencil developed from the "dermatograph" which surgeons use for marking skin for operations.

1925 The chemist August Schwanhäußer succeeds in creating a pencil with an extremely sturdy lead. The STABILO brand is launched.

1970 The best-selling STABILO Boss and the STABILO Point 88 fiber-tip pen are introduced.

At the same time, the previously small cosmetics division becomes a second mainstay for the group.

1976 New name: The Schwan pencil factory becomes Schwan STABILO.

1995 Relocation to the new headquarters in Heroldsberg near Nuremberg

1996 Reorganization of the company under a holding company.

2006 Acquisition of the backpack manufacturer Deuter. The group's structure is expanded by a third division with its entry into the outdoor sector. The group's focus shifts from production competence to brand competence. The acquisition of Deuter as a market leader for backpacks fits perfectly with Schwan STABILO's strategy of brand development based on a quality product – identical to its strategy for pencils, pens and cosmetics.

2010 The group turnover was 396 million euros in the 2009/10 fiscal year (as of June, 30). Globally the group employs 3,879 people, 1,645 of these are employed in Germany. Ulrich Griebel and Sebastian Schwanhäußer are responsible for the corporate management of the Schwan STABILO group.

2011 The Schwan STABILO group achieves the highest sales in the company's history with 462 million euros. The number of employees increases to 4,280. On July 1, 2011, ORTOVOX Sportartikel GmbH, a market leader in products for avalanche safety and an expert for winter backpacks and functional sports clothing with merino wool, is another renowned outdoor sector company acquired by the Schwan STABILO group.