

PRESS-RELEASE

Schwanhäußer Industrial Group: New figures for the business year 2006/07

Strong growth and record investments in locations in Germany

Heroldsberg, August 2007. Schwanhäußer Industrial Group can look back on an extremely successful year. The business year 2006/07 (June 30) saw an increase in Group turnover of 19% to Euro 340 million (previous year Euro 286 million)

Core business achieved double digit growth to Euro 315 million, with the Cosmetics Division (Private Label) showing a rise of more than 11% and the STABILO Division (Writing Instruments) growing by almost 10%. The integration of the new Outdoor business sector gave growth a further boost. The acquisition of rucksack specialist Deuter Sport GmbH & Co. KG in October 2006 has fully met the high expectations placed in it, the company is integrating smoothly into the Schwan-STABILO Group.

Despite ongoing expansion of facilities throughout the world, the main focus of the company's production and development activities remains in Germany. Thanks to steady investment in product and process innovation, number of worldwide workforce could be increased by 6 percent to a total of 3,300 employees. Also the investment budget for the current 2007/08 business year is expected to reach a record level of Euro 31 million (plus 74 percent to previous year).

	2006/07 (provisional)	Deviation in %	2005/06
Turnover (mio EUR)	340	19	286
thereof Writing Instruments	132	9	121
thereof Cosmetics	183	11	165
thereof Outdoor	25		0
thereof EU	191	25	153
thereof outside EU	149	12	133
Employees (as of end of June)	3.300	6	3.105
thereof domestic	1.750	-3	1.810
thereof abroad	1.550	20	1.295
Shareholders' equity (mio EUR)	90	15	78
thereof share capital	55	10	50
Equity capital base (in %)	37		35,7

Cosmetics Division

Growth well above sector average Record investments in German facilities

With consolidated proceeds from turnover of Euro 183.3 million the Cosmetics Division achieved a new record. There was an above-average increase on all global markets, the growth rate of 11.4% was almost double that of the international cosmetics industry as a whole. Latin America led the field, but all other market regions also showed good growth.

These positive results were not only attributable to the buoyant world economy. The many successful new products created by the 120 members of the R&D sector in Heroldsberg also made a major contribution. The biggest hits are currently pencils for new or improved applications for eye cosmetics – eyebrow pencils, eyeshadows and liquid eyeliners.

The increasingly close networking of production in the subsidiaries in the US, China, the Czech Republic, Brazil and Colombia with head office in Heroldsberg is also making a growing contribution to success.

Managing director Ulrich Griebel's only worries at the moment concern trends on raw materials markets and the price of the dollar. "The economic upturn in many parts of the world has left its mark on raw materials markets. For months now, the prices of major raw and primary materials have been moving in only one direction – upwards. And, unfortunately, trends in currency prices are not in our favour either. Over 1,100 of our worldwide workforce of almost 1,900 work in Germany. An export share of over 95% naturally makes us very much more exposed than most of our competitors, who mostly produce in dollar markets or emerging markets. Nevertheless we are confident of being able to compensate for this disadvantage through product innovations and an excellent level of service.

Workers at the German facilities in Heroldsberg and Weissenburg benefit from this. Although the company concluded a works agreement in 2004 on the relocation of particularly labour-intensive processes to a new, ultra-modern factory in the Czech Republic, it has now proved possible to put an early end to the job losses at head office connected with the relocation.

Parallel to this the Cosmetics Division has agreed a record-breaking investment programme. Almost Euro 19 million are to be invested in the current business year 2007/08, more than Euro 14 million of this in the German facilities in Heroldsberg and Weissenburg.

STABILO Division

STABILO's value to consumers increases

With an increase in turnover of Euro 132 million (previous year Euro 121 million), the STABILO Division showed exceptional success on a market which has been declining for years and regards this as confirmation of the value of its strategy. STABILO again succeeded in rising in consumers' favour thanks to its focus on a young target group with growing spending power, its development of scientifically approved, ergonomic writing and drawing products accompanied by clear improvements in its presentation of goods in the store.

In Germany there was a pleasing increase on an already high level. Turnover grew here by about eight percent. On a European level STABILO actually achieved the highest growth in value terms on the writing instruments market (source: GfK).

The exceptionally high proportion of new products (over 20%) provided a major incentive to buy. "Thanks not least to this wealth of innovations, many major trading partners have agreed to provide us with valuable sales areas and to use a method of goods presentation quite new for our sector: modern, well structured and with many test possibilities," as managing director Sebastian Schwanhäuser explains. His conclusion: "To be successful in giving the sector new stimulus you have to dare at times to take a completely new approach."

Outdoor Division

Outdoor is in

The acquisition of outdoor specialist Deuter Sport GmbH & Co. KG last autumn has proved a valuable investment so far. Turnover in the nine months since the purchase has been Euro 25 million. The decision to add this third section to the Schwanhäuser portfolio was based primarily on the potential of the outdoor sector on an international growth market which, according to Deuter managing director Bernd Kullmann, will "continue to show moderate growth".

Over the past months business has profited from the relatively warm winter which meant an early start to the rucksack season. In the future, too, the sustained trend among the public to more open air activities should prove just as beneficial as a steadily growing customer base and products designed specifically for women.

“Hard-line sportsmen” have long since been joined by increasing numbers of people who can afford fashionable, functional outdoor equipment without ever testing it to the limits of its endurance. The development of special rucksack models for women is aimed at providing greater comfort. Somewhat smaller rucksacks with a shorter back and narrower shoulder straps are more comfortable and fit the female shape better – making them more attractive to women buyers.

Increased marketing activities are planned for the future to ensure that this renowned brand becomes better known at an international level.

Deuter has had a subsidiary in the US since 2002.