

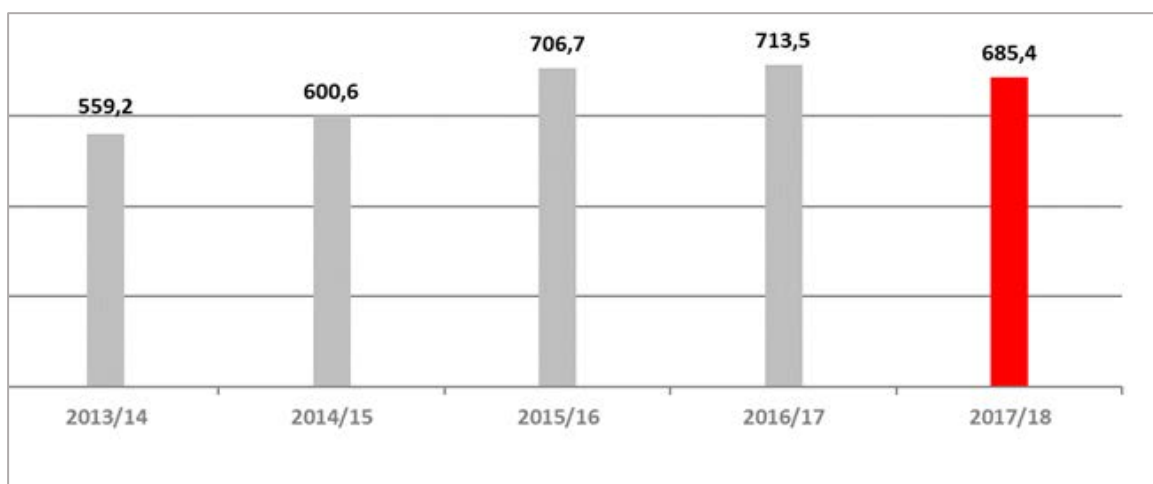
PRESS RELEASE

Stability through farsighted diversification**The Schwan-STABILO Group achieves solid results**

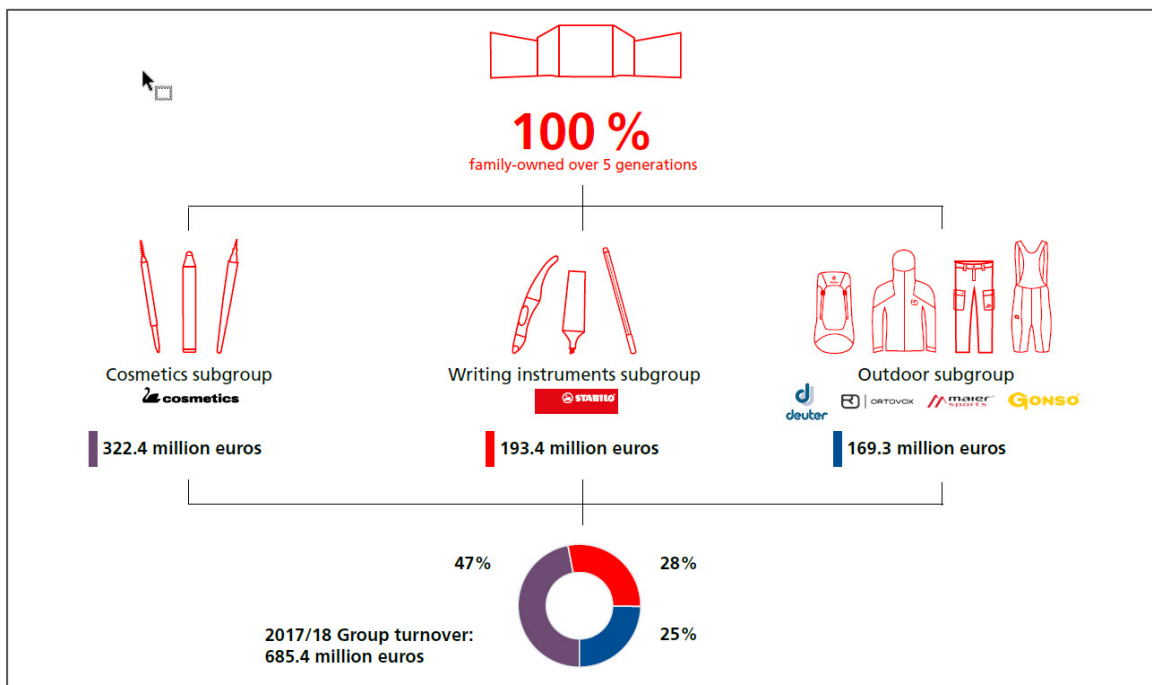
Pleasing growth achieved in the Writing Instruments and Outdoor subgroups,
decline in Cosmetics subgroup – High investments in new developments – Difficult
framework conditions in international markets

- STABILO BOSS PASTEL takes over Europe
- ORTOVOX becomes a “rock star” in the outdoor market
- Trend reversal in international cosmetic markets

Heroldsberg, 20 November 2018. The Schwan STABILO Group has achieved a solid overall result in the 2017/18 fiscal year (ending 30 June, 2018), under at times difficult framework conditions on the international markets. After many years of growth, the turnover of the family-owned company, which is now in the fifth generation, is 685.4 million euros – slightly lower than the previous year’s excellent result of 713.5 million euros.

Turnover Group in MIO EUR

Developments in the Writing Instruments and Outdoor divisions have been particularly encouraging. The STABILO subgroup in particular was able to increase sales by 4.9 percent to 193.4 million euros (previous year: 184.4 million euros) in a stagnating Writing Instruments' market. Developments in the Outdoor subgroup have also been positive. The turnover increased by 3.1 percent to 169.3 million euros (previous year: 164.2 million euros). The turnover for the Cosmetics division decreased to 322.4 million euros (previous year: 364.7 million euros) due to changing consumer trends, particularly in the American and Asian markets.



Despite the slight decrease, executive shareholder Sebastian Schwanhäüßer is satisfied with the figures: "The cosmetics market has recently become more susceptible to rapidly changing consumer behaviour – not least because of the increasingly growing significance of influencers. Figures from the previous year already indicated this; now they show it clearly. After the boom years a normalisation has established itself. For us, growth is not self-evident! That's why I am all the more pleased with the growth we have achieved in the STABILO and Outdoor subgroups. With three entirely different business segments, our broadly-based position is a guarantee for the high stability of our family business, and once again confirms the farsighted nature of our strategic decisions".

STABILO: Increased market leadership

The STABILO subgroup was able to significantly increase its market shares despite a stagnating overall market. "We are now number one in Germany and have secured second place in Europe referring to our relevant product categories. *) We have achieved this success mainly thanks to our highlighters", says Sebastian Schwanhäußer. "Now one in every two highlighters sold in Europe bears the STABILO brand name". The Writing Instruments branch was able to grow considerably compared to the previous year – by around 5 percent to 193.4 million euros. According to Sebastian Schwanhäußer, this trend is likely to be confirmed in the current fiscal year: "Digital developments will certainly determine the future of the market, but learning to write will continue to be part of our culture. STABILO wants to play a part in both!"

In particular, the high demand for markers in soft pastel shades has set new sales records for STABILO. Compared to the previous year, production at the Weissenburg site has almost doubled in this segment.

The classic school fountain pen has proven to be another major sales driver. The



company has already established a second product on the market in this sector – the STABILO EASYbuddy.

Sebastian Schwanhäußer: "Fountain pens are still very much the ultimate discipline in primary schools. To-date we have succeeded in almost completely preventing ink blots caused due to technical deficiencies."

The STABILO EduPen, which has been specifically designed for primary school teach-



ers, is also an aid in learning to write. The pen and app combination is a new tool that allows teachers to measure and sustainably improve their pupils' writing motor skills from a very early age.

*) Source: Tradepanel EU6 GfK October 2017 – September 2018)

OUTDOOR - Individual brands grow unchecked

The global Outdoor market is shaped by two key factors. On the one hand, competition has intensified and on the other, the US market has stagnated significantly. Despite these conditions, with its Deuter, ORTOVOX, Maier Sports and Gonso brands the outdoor subgroup was able to generate an increase of 3.1 percent to 169.3 million euros in the past fiscal year.



Sebastian Schwanhäußer: “Our **ORTOVOX** brand in particular has shone here. It has become the ultimate trend-setting brand name for ambitious mountaineers; its brand appeal is incredibly strong.” The product range encompasses functional clothing, backpacks and avalanche protective equipment.



Deuter is still the leading backpack brand in Europe with a market share of 60 percent in German-speaking countries alone. The core product range in the trekking and hiking categories continues to develop very successfully.

As a specialist in trousers, the **Maier Sports** brand caters for virtually all the needs of hikers in terms of fit.

Functional cycling clothing brand **Gonso**, which was re-designed the previous year, gained further market share.

“Our outdoor brands all stand for outstanding functionality combined with a high ecological standard and social working conditions,” says Sebastian Schwanhäußer. “We believe in the importance of these factors for outdoor brands, for achieving continued customer success. This trend has been confirmed in the first few months of the 2018/19 fiscal year.”

Cosmetics: Changing consumer behaviour

Following years of exceptional growth, Schwan Cosmetics faces fundamental



changes in the global cosmetics markets. This is due to the increasing speed of changes in markets and the major trend of individualisation. This exists worldwide and leads to huge differentiation in all segments: one differentiates himself increasingly less through owning luxury items – individuality is the new luxury.

For the market this means that brands are looking for a distinct possibility for differentiation. Schwan Cosmetics' longstanding innovation driver – high quality of the pens and performance of the texture – no longer plays the sole decisive role for brands and consumers. The pencil in basic form, as it is available on the mass market, creates only a minor level of differentiation for the brands: "Following the boom phase of recent years, there has been a decline in turnover of 11.6 percent to 322.4 million euros", Dr Jörg Karas explains. Schwan Cosmetics already anticipated market requirements during the boom phase and took measures to meet the changes: "We know what the market requires of us and we are convinced that we have launched the right initiatives," says Karas.

On the one hand, internal processes have been revised for increased agility and to



more efficiently translate changing trends into innovative products. On the other hand, platforms have been developed in order to better address customers' desire for individuality, while ensuring profitability. "Schwan Cosmetics is moving into the future with platform strategies to serve all of our customers' individual requirements. Whether it be luxury packaging, eye-catching designs, special contents or accessories: everything is

possible quickly and efficiently."

For Karas, the market situation is challenging but also positive: "In a situation where many companies are talking about threats, we are primarily focussing upon the opportunities".

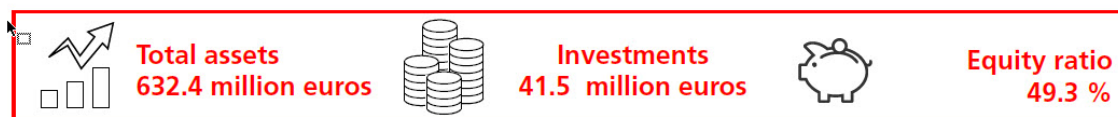
Flexibility and agility are fuel for progress

“The Schwan-STABILO Group stands on a very solid foundation.” This is how Sebastian Schwanhäüßer sums up the operating results for 2017/18. “We need this stability in order to promote new developments. However, it will now be more important than ever before to remain close to the customer and to bring products on the market that cause them to have genuine Eureka moments”, continues the executive shareholder. But I am convinced that Schwan-STABILO will always be good for a surprise – in all three sectors!”

Investments, total assets, equity ratio, employees

The investment volume for the past fiscal year was 41.5 million euros (previous year: 69.2 million euros). Around half of this was invested in Germany. Investments abroad primarily affected production expansion in the Czech Republic. “As in previous years, all investments were made using our own resources, despite the current interest rate,” says Martin Reim, Chief Financial Officer / Group Executive Board member. There are more and more political developments that we are becoming increasingly aware of, from Brexit to currency fluctuations and trade wars in the three major economic regions. But as a family-run business, we have a strong equity capital base and can cope with such challenges well!”

The equity ratio has increased slightly to 49.3 percent (previous year: 48.9 percent). Total assets amount to 632.4 million euros (632.0 million euros).



The number of employees declined slightly in the reporting period. As of the reporting date, 4,899 people (previous year: 5,019) worked for the Schwan-STABILO Group worldwide, of which 1,956 were working at the two Franconian locations of Heroldsberg (1551) and Weissenburg (405).

