

Business year 2010/11:

**Faber-Castell aims to celebrate its anniversary with sales of half a billion euros
Net sales and earnings confirm long-term business strategy**

Stein, September 16, 2010 – Two-and-a-half centuries after the carpenter, Kaspar Faber, laid the foundations for the present company, Faber-Castell as the world’s leading manufacturer of wooden pencils will be celebrating its 250th anniversary in 2011. While it started off in 1761 by producing pencils, the long-established company today offers a broad range of high quality products for writing, drawing, painting and creative Design as well as for decorative cosmetics. The company plans to expand its market position once more in its anniversary year.

“We want to grow further profitably and exploit the worldwide potential. Sales growth per se is not an objective. Throughout its long history, Faber-Castell has always succeeded in holding its own at difficult times. This is also true of the current situation, which is still not easy as a result of the financial and market crisis in many countries”, says Count Anton Wolfgang Faber-Castell. For the company’s chairman, it is crucial to offer unique products with a clear benefit to customers in order to achieve a long-term success.

2009/10 in review

Faber-Castell is publishing its financial statements for the past business year 2009/10 on September 16, 2010. The Faber-Castell Group generated gross sales of EUR 450.8 million (2008/09: EUR 427.7 million) and therefore achieved growth of +5% compared with the previous year.

In particular the “Playing and Learning” field of competence with high-quality products for children aged between 3 and 12 developed especially positively with +13% growth.

Development by regions

Europe/North America: While exports from Germany fell by -7%, the German domestic business succeeded in maintaining the previous year's level. The sales companies in Austria and Switzerland, which were established in the previous year, developed encouragingly. Faber-Castell USA was able to improve by +32% in USD, thanks to the "Creativity for Kids" brand, which was successfully marketed especially in the toys sector.

The markets in **Latin America** developed diversely. The domestic business in Brazil could be increased by +2%. Exports however fell by -24% as a result of the sharp strengthening of the Brazilian Real against the dollar, so that the Brazilian business closed -6% down overall compared with the previous year. Faber-Castell Peru had to accept a -4% decline in sales mainly due to lower exports to Venezuela. By contrast, the companies in Argentina (+17%) and Chile (+19%) developed very encouragingly. Overall Latin America was able to record a +4% increase in sales.

The **Asia/Pacific** region remained largely unaffected by the financial and market crisis, and maintained the positive development of recent years. The companies in Australia (+10%), Indonesia (+21%) and India (+22%) were especially successful, as were also the smaller companies in Singapore, Hong Kong and New Zealand, which were able to recover strongly, following a weak previous year. In order to achieve greater profitability, the customer structure in Malaysia and China was cleaned up, resulting in calculated declines in sales (-7% and -10% respectively).

The **Cosmetics segment** recorded +2% growth in the past business year. Product innovations, the acquisition of new customers and successful business in Brazil were mainly responsible for this success.

Progress could be achieved not only with the **earnings situation** but also on the key balance sheet ratios, whereby this was affected in the past business year, as in the previous year, by special factors. While currency-related non-recurring effects had depressed the pre-tax earnings in 2008/09 to a loss of EUR 4.1 million, a pre-tax profit of EUR 46.5 million was recorded in 2009/10 due to extensive reversal of the risk provisions set up in the previous year and a refund of overpaid contributions in Brazil. Without these special effects, the pure operating profit would have improved from EUR 25.9 million in 2008/09 to EUR 28.4 million in 2009/10, or by +10%. The equity ratio increased from +38.3% in 2008/09 to +41.7%.

Outlook for the business year 2010/11

In the traditionally low sales first 5 months of the current business year 2010/11, all regions succeeded in recording double-digit sales growth. Europe/North America improved due in particular to the good start in Germany, Italy and the USA by +15% (currency adjusted by +14%), and Latin America and Asia/Pacific grew in each case by +37% (currency adjusted by +14%). In the field of competence Premium, it appears that in particular the crisis-related reluctance of consumers to buy luxury products is declining, resulting to date in significant growth of +24%. The “Playing and Learning” field of competence was able to record similarly positive trends. With an increase of +26% compared with the prior year period, the product range for children of three years and older once again proved to be an important pillar of the global marketing. The worldwide cosmetics business also developed encouragingly with growth of +26%.

The company continues to see great growth potential especially in Asia, and will also concentrate in future on the development of the “Playing and Learning” and “Premium” (high quality writing implements and accessories for demanding consumers) fields of competence. “I believe that we will achieve sales of EUR 500 million in the current business year, naturally accompanied by a further improvement in our profitability”, says board chairman, Count A.W. Faber-Castell. “For me, the following maxim continues to apply for the successful accomplishment of the next decade: We want to do ordinary things extraordinarily well.”

For more information:

Sandra Suppa
Corporate Communications
Faber-Castell AG
Tel: 0911 9965-5532