

## First nine months of 2009:

### Loewe bucks industry trend by staying profitable - positive EBIT of EUR 4.6 million

#### 1st - 3rd quarter 2009:

- Sales down by 15% to EUR 220.4 million
- Sales share of large-screen LCD TVs in total TV sales surpass previous year's level
- Strong gross margin due to value-oriented marketing
- Targeted measures for premium positioning have impact on earnings
- Positive EBIT of EUR 4.6 million

#### 3rd quarter 2009:

- Sales down by 3% to EUR 76.6 million
  - Sales increase in Germany by 7% to EUR 50.5 million
  - Economic crisis impacts exports
  - Gross margin continues to be strong
  - Clearly positive EBIT of EUR 3.2 million
  - EBIT margin of 4.2%
- 
- EBIT margin increases significantly during the course of the year
  - Forecast for 2009: sales of EUR 350 million, EBIT of EUR 12 million

**Kronach, November 04, 2009** – The preliminary key figures for the first nine months of 2009 published in the ad hoc announcement of October 27, 2009 have been confirmed. In the first nine months of 2009, Group sales declined by 15% to EUR 220.4 million, down from EUR 259.0 million in the first nine months of 2008. Despite the lower sales and production volume than in 2008 and the ongoing expenses for the premium positioning of the Loewe brand, the Company succeeded in generating positive EBIT of EUR 4.6 million in the first nine months of 2009, compared to EUR 20.5 million in the same period of 2008. "Loewe has operated in the black in the first nine months of 2009 and continues to be profitable despite the general trend of the industry. Nonetheless, the persisting difficult economic conditions in parts of Europe have severely strained Loewe's export

business. This applies especially to our important Spanish market," commented Frieder C. Löhner, Loewe CEO.

Sales of the Loewe Group in the third quarter of 2009, at EUR 76.6 million, were only 3% lower than the Q3 2008 figure of EUR 79.3 million. Business development in the different markets showed divergent trends. While sales in Germany rose 7% to EUR 50.4 million in the third quarter of 2009, export sales of EUR 26.2 million reflected a decline of 18%. Group sales of EUR 220.4 million in the first nine months of 2009 reflected a 15% decline from the Q1-Q3 2008 figure of EUR 259.0 million. As a percentage of overall TV sales, sales of large-screen TV sets with screen diagonals of 37 inches and larger, at 58% in the first nine months of 2009, were two percentage points higher than the 2008 level. Loewe expects a noticeable increase in sales for the fourth quarter of 2009 as compared against Q4 2008.

Despite the significantly lower sales and production volume, Loewe achieved a gross margin of 28.4% in the first nine months of 2009, which is only 1.7 percentage points lower than the very high 2008 figure of 30.1%. In the third quarter of 2009, Loewe generated a gross margin of 29.6% compared to 32.3% in Q3 2008. "Due to the strong gross margin, we have deliberately continued our targeted measures for the premium positioning of the Loewe brand in the third quarter of 2009. This initially does have a dampening effect on EBIT; however, it supports Loewe's sustained and long-term growth," explained Oliver Seidl, CFO of Loewe AG.

In the third quarter of 2009, EBIT declined to EUR 3.2 million down from EUR 6.3 million a year earlier. EBIT thus came to EUR 4.6 million in the first nine months of 2009, down from EUR 20.5 million in 2008, reflecting an EBIT margin of 2.1%. The positive contribution to earnings was caused primarily by the marketing of the attractive and individual Loewe home entertainment systems at more consistently stable prices than the competition. The increase by two percentage points in the share of large-screen TV sets, more favorable procurement conditions and the relatively strong sales in Germany also supported earnings. "Compared to the first six months of 2009, we clearly increased our EBIT margin from 1.0% to 4.2% in the third quarter. Taking into account the expected sales increase in the fourth quarter mentioned above we firmly expect to achieve an EBIT margin of almost 6% in the fourth quarter of 2009. In doing so, we will again almost reach our strategic margin level of 6 to 7% in the last three months of 2009," continued Seidl.

Especially in light of the consolidation in the consumer electronics market, it is critically important for Loewe to systematically enhance the brand's premium character even more. Accordingly, Loewe continued to press ahead with the qualitative expansion of distribution in the third quarter of 2009. A total of 17 new galleries were built and opened

throughout Europe including, for example the two galleries in Kensington, UK and Charlottenlund, Denmark. Additional international galleries are in preparation for the fourth quarter of 2009.

The persistently difficult economic conditions in parts of Europe in particular have significantly strained Loewe's export business in the first nine months of 2009. This applies especially to the important Spanish market. In addition, the significant delays in production of components by external cooperation partners are likely to postpone the production start of the Loewe "Mediacenter" audio-video center, originally planned for the third and fourth quarter of 2009, until the second quarter of 2010. These two factors can be expected to reduce our originally projected annual sales for 2009 by roughly EUR 25 million to approximately EUR 350 million.

Despite the difficult economic situation in some European markets, Loewe continues to focus on marketing its high-value home entertainment systems at stable prices in line with the consistent application of its premium strategy and expects an EBIT for the whole of 2009 in the amount of approximately EUR 12 million. Moreover, Loewe's sound capital structure and long-term financing agreements position the Company very well for the future.

Contact:

**Loewe AG**

Industriestraße 11

96317 Kronach

Germany

Phone: +49 (0)9261 99-477

Fax: +49 (0)9261 99-444

<http://www.loewe-int.de>

[presse@loewe.de](mailto:presse@loewe.de)

About Loewe

Outstanding design, innovative technology and superior quality are features of all products sold under the Loewe premium brand. Technological highlights include: home entertainment systems with high-resolution picture quality, an integrated hard disk recorder and a digital TV receiver. The company was founded in Berlin in 1923. Today, Loewe is a listed Group with approximately 1,000 employees. In fiscal 2008, Loewe achieved sales of EUR 374 million and EBIT of EUR 28.5 million; about half of total sales are recorded internationally. Loewe produces and distributes televisions, Blu-ray players, DVD recorders and audio components, which are also offered as complete Home Cinema solutions.

**LOEWE.**