

## **Preliminary key figures for 2005:**

### **Profitable growth at Loewe**

- **Sales growth of 19% to EUR 318 million**
- **Operating profit of about EUR 2 million**
- **Flat-panel displays account for over 80% of total sales**
- **Restructuring completed**

**Kronach, January 23, 2006** – In the fiscal year ended December 31, 2005 the Loewe Group increased sales by 19%, from EUR 267.8 million to some EUR 318 million (incl. about EUR 20 million with Sharp). This sales growth led to a positive EBIT (earnings before interest and taxes) of about EUR 2 million, as against a negative EBIT of EUR 25.7 million in the corresponding prior-year period. The financial objectives announced at the beginning of 2005 for the 2005 fiscal year were thus well achieved.

The main reasons underlying sales growth in Germany and the company's most important European core markets were the growing market demand for flat-panel display units and Loewe's substantially broader product portfolio. While flat-screen TVs accounted for only 39% of Loewe's television sales in the previous financial year, the equivalent figure for 2005 was over 80%. "Loewe achieved the turnaround last year", says Dr. Rainer Hecker, Chairman of the Executive Board of Loewe AG. "We are the leading premium brand in the European flat-screen market." In terms of value, the market share of LCD TVs in European electrical retailing

page 2

has more than doubled: from 1.9% (Dec 2003 - Nov 2004) to 4.9% (Dec 2004 - Nov 2005).

The rise in the sales of flat-screen sets, the resulting improvement in the product mix and the implementation of cost-cutting measures generated positive EBIT of about EUR 2 million, following a negative figure of EUR 25.7 million in the 2004 fiscal year. In addition, Loewe's placement of a capital increase in October, resulting in proceeds of EUR 25 million, improved its equity ratio to around 30%.

Christmas business was very successful for Loewe in 2005. In the fourth quarter of 2005 sales rose from EUR 90.4 million in the same period of the previous year to EUR 122 million (incl. about EUR 14 million with Sharp) - a rise of 35%. Substantial volume growth, stable selling prices and the rise in sales of Loewe flat-screen TVs to over 90% of total sales resulted in strong EBIT of about EUR 6 million in the fourth quarter of 2005.

"Loewe will maintain its positive performance in the current financial year", Dr. Hecker continued. "We expect vigorous growth in 2006, especially in the first quarter because of the soccer World Cup in Germany." Apart from that, the annual IFA consumer electronics trade fair in Berlin and the planned increase in VAT in 2007 will provide additional stimuli. But demand will also be kept brisk by new digital products and

.../page 3

Page 3

the market introduction of High-Definition TV.

The bottlenecks in the supply of LCD panels seen in the last few months are expected to recur in the first half of 2006, so it will probably not be possible to satisfy the strong demand for high-quality Loewe products in full. "But profitable growth has a clear priority over increasing volume", says Dr. Hecker. Sales in the current financial year are therefore expected to grow to EUR 330 - 350 million (incl. about EUR 20 million with Sharp), generating earnings before interest and taxes of EUR 5 - 10 million.

January 2006

**Contacts:**

Investor Relations

Axel Gentzsch

Tel.: +49 (0)9261 99240

Fax: +49 (0)9261 99994

Cell: +49 (0)170 7667212

[axel.gentzsch@loewe.de](mailto:axel.gentzsch@loewe.de)

Public Relations

Dr. Roland Raithel

Tel.: +49 (0)9261 99217

Fax: +49 (0)9261 99444

Cell: +49 (0)171 2005476

[roland.raithel@loewe.de](mailto:roland.raithel@loewe.de)