

# Financial Press Conference of Loewe AG: Loewe Posts Record Earnings for 2008

- Leadership expanded in European premium market for consumer electronics
- Dividend of EUR 0.50 per share proposed
- Slow start to the year based on seasonal and market factors
- Slight growth in sales and above-average margin expected for 2009 as a whole
- Product offensive continues

Kronach/Munich, March 25, 2009 – “Loewe has generated the highest earnings in the Company’s history,” said Frieder C. Löhner, Chief Executive Officer of Loewe AG, when commenting on the Company’s favorable performance at the financial press conference in Munich. “Our consistent focus on the European premium market for consumer electronics has paid off.”

In 2008, Loewe’s brand positioning at qualified retailers in Germany and other countries was systematically expanded and the profile of the home networking product range was further sharpened. In addition, Loewe invested a total of EUR 2.5 million in a new production line for large-screen LCD televisions. “As a consequence, we have further strengthened our leading market position,” commented CEO Löhner. Due to the Company’s very strong performance, the Executive Board will propose the payment of a dividend of EUR 0.50 per share at the Annual Shareholders’ Meeting this May.

In the fiscal year ended December 31, 2008, the Loewe Group again significantly increased its earnings before interest and taxes, reaching EUR 28.5 million. This translates into an increase of 35% year-on-year. At EUR 374 million, sales in the same period were slightly higher than in the previous year. The European Football Championship represented a special economic factor in the first half of 2008. The strong growth in earnings is primarily due to the value-oriented marketing of products at stable prices, the further improvement of the product

mix, and lower procurement costs, partly attributable to the weakness of the U.S. dollar. "For a premium brand, price stability can take precedence over growth in sales and market share. Margin has a priority over sales," Löhner emphasized.

"Due to the difficult macroeconomic situation, we have noted a change in behavior among a large number of retailers in Germany with respect to television inventory planning. For example, after the very successful Christmas business in December 2008, retail inventories were substantially reduced in January and February 2009," said Löhner. "This is why Loewe also had a slow start to fiscal 2009. But we see indications that due to low inventories, retailers' ordering behavior has been returning to normal since the beginning of March."

In terms of sales, Loewe posted a noticeable decline in the first quarter of 2009 from the same period in the previous year. This was expected, since early 2008 was favorably influenced by the European Football Championship and initial inventory effects. "Because of the lower sales, our EBIT will also be considerably lower in the first quarter of 2009 than the very high figure we achieved in the prior year. This is in keeping with our seasonal business planning. For the year as a whole, we expect to see most of our growth in the second half of 2009 due to factors such as the Christmas business."

According to Frieder C. Löhner, the customer interest in entertainment electronics is still strong. "But we are poised to act flexibly and proactively at any time as market conditions change. The first months of 2009 have demonstrated to us that we have to expect a weaker market trend this year than in 2008." Loewe is preparing itself accordingly. The Company pays special attention to cost discipline and is selectively investing in strategically important areas. This includes a renewed product offensive in the high-end sector, a brand offensive in partnership with qualified retailers, and the dedicated continuation of its internationalization efforts.

For the current year, the Company expects a slight increase in sales. As a premium brand, Loewe continues to focus on earnings and an above-average

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margin. “Loewe’s sound capital structure and long-term financial agreements continue to put the Company in a good position for the future,” emphasized Chief Financial Officer Oliver Seidl.

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