

Financial Statements Press Conference of Loewe AG:

"Fast Forward" Future Strategy Program intensified

- **Growth in sales and earnings projected for 2011**
- **Product offensive with 3D televisions**
- **Sustained market growth**
- **EBIT loss in 2010**
- **Sound capital structure**

Kronach/Munich. – "Our "Fast Forward" future strategy program is beginning to take hold in many areas, although Loewe's sales and earnings have been lower than the comparable figures for 2010 in the early weeks of the current year," commented Loewe CEO Oliver Seidl on the current economic development during the Company's financial statements press conference in Munich

"Fast Forward" was initiated in summer 2010 with the objective of again systematically enhancing Loewe's particular strengths of fast action, flexibility and a competitive edge in innovation, and in doing so, strengthening the Company. Loewe's overall objective in this is to create the basis for profitable growth through structural and organizational measures and by stringent cost discipline. To that end, the focus of the last few months was on streamlining the organizational structure. Managers with responsibility for product development were given an expanded range of competence across divisions. Furthermore, Loewe has started the restructuring of the central divisions of development, marketing and sales, which will continuously increase the effectiveness of the Company as a whole and enable it to bring new products to the market faster and accordingly create additional customer benefit. "Our work began to show results already in the fourth quarter of 2010: All of the product lines with the most innovative LED technology were successfully launched in time for the Christmas shopping season," continued Seidl. Moreover, it was possible to realize about EUR 6 million in income-relevant savings, especially in the area of purchasing.

The sales of the Loewe Group in fiscal year 2010, at EUR 307.3 million, were – as reported – 5% lower than the 2009 figure of EUR 324.0 million. While sales in the key German market at EUR 179.7 million were 7% lower than in 2009, export sales declined by only 3% to EUR 127.6 million. The Company increased its percentage of sales of large-screen TV sets from 58% in 2009 to 66% and in doing so expanded its premium position. The reduced sales and production volume led to an EBIT loss for Loewe of EUR 5.3 million in 2010, down from positive EBIT of EUR 13.5 million in the previous year.

Necessary price adjustments and higher purchasing costs (especially for the highly in demand LCD panels) enabled Loewe to achieve a gross margin of only 22.8% in fiscal year 2010 (previous year: 29.2%). Moreover, the business associated with the FIFA World Cup in South Africa fell short of expectations in the first six months of 2010.

Loewe will continue to advance its future viability in fiscal year 2011 through "Fast Forward." The focus will be on systematically continuing the themes initiated in 2010. "After the reorganization of product development, we will further optimize the processes in order to accelerate the current product offensive," said Seidl. "In addition, we will reduce the product costs, launch new products more rapidly on the market and specifically target our product line to the customers in the European premium segment," he continued. Accordingly, Loewe these days will launch the Individual Compose on the market as the first of numerous new 3D televisions. The Company will continue to build up its leading market position in the amalgamation of the Internet and television. Furthermore, Loewe will add innovative speaker and multi-room solutions to its home entertainment systems line in 2011.

In the current fiscal year, Loewe will also optimize the premium-based marketing of Loewe's top quality products within and outside of Germany through closer cooperation with qualified retailers. Another focus of our marketing and sales activities will be on expanding qualitative and quantitative distribution. The international sales organization as a whole will be strengthened further and aligned even more systematically with the requirements of the markets and customers.

"To be sure, the sales and earnings in the early months of 2011 will still be adversely affected; however, we nonetheless expect sales to grow by approximately 10% to EUR 340 million and positive EBIT for the current fiscal year 2011. This is based on the assumption that the current situation after the natural disasters in Japan will not have a lasting impact on demand for durable premium products and the availability of production materials," continued Seidl.

Loewe has set the stage for this with its long-range "Fast Forward" future strategy program. The market also offers good opportunities. In addition to the continued high replacement demand and the increasing ownership of more than one LCD TV in Europe, new technologies like 3D television and even more individual operating concepts offer Loewe growth opportunities that will last beyond the current fiscal year. Moreover, Loewe's sound capital structure and wide-ranging financing agreements put the company in a good position for future growth from this perspective as well.

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