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Ladies and Gentlemen,

Welcome to Loewe, where television was invented,
and welcome to Loewe's 2011 Financial Statements Press Conference.

We all thought 2010 would turn out differently. New technologies and the FIFA World Cup in South Africa were meant to make it a good and successful year for Loewe. As you know, unfortunately we were not able to achieve what we set out to do, especially not in the first half of 2010. Business relating to the World Cup in particular was lower than expected due to the delayed launch of the new Individual TV family. The traditionally weaker summer months July and August were additionally burdened by the amount of early purchases in advance of the World Cup. As a consequence, at EUR 307.3 million, Loewe's Group sales were 5% lower than in the prior year in 2010. EBIT came to minus EUR 5.3 million, after EUR 13.5 million in the same period of the previous year.

Loewe responded quickly. As early as June 2010, we launched the "Fast Forward" future strategy program with the objective of systematically reinforcing Loewe's key strengths: speed, flexibility, and a unique innovative position. We are starting to see the benefits of "Fast Forward" in many areas. Nonetheless, in the first weeks of the current year we were lagging behind the prior year in terms of sales and earnings. There were a few reasons. First of all, retailers' inventories of televisions with standard backlighting are relatively high, and this is still impacting sales of the new, highly attractive sets. Another factor was the even tougher price competition than usual due to the temporarily weak market in general towards the end of last year.

And now for the details of the Company's development.

But first, I'd like to emphasize that the basis of our work is the premium brand Loewe. It has a strong reputation, both in Germany and internationally. We achieved this by consciously concentrating on our central brand values: sensible innovation, minimalist form, and exclusive individuality. We further strengthened this position last year with a product offensive involving three new LED TV lines.

High quality brand products demand a consistent experience across all consumer touch points – from premium communication to premium sales and premium service. Our customers should perceive the premium brand as consistent and uniform, including on an international scale. This is what makes Loewe distinctive and what makes the brand readily recognizable anytime and anywhere. We have achieved a lot in this area, but in the international arena in particular we have a lot of plans for the future.

On the product side, test awards and design prizes confirm that we are on the right track, and on the sales side we are validated by leading positions in retail surveys such as the market intern and rf-brief studies.

Let's take a closer look at the Company's performance in 2010. What was the market environment around us like?

The European market for televisions grew by 1% to EUR 30.2 billion in 2010. The only market segment with declining sales was DVDs, which was down 9%. Televisions are still the most important product group in European entertainment electronics. In this segment, the market gained 4% in 2010, with the strongest growth recorded in the first half of the year due to the FIFA World Cup. The market growth by value for LCD TVs was 5%.

For Loewe, the market trend in the television segment is especially important because televisions represent by far the largest proportion of our sales volume. We concentrate on the most important market segment, LCD TVs. In this area, large-screen LCD TVs over 37 inches are particularly significant for Loewe and exhibited exceptionally dynamic growth. Their share in the total LCD market increased from 47% to 51%. The price declines slowed considerably in 2010. Due to the persistent trend toward large-screen sets with better features, the average price per LCD TV was only 5% lower than in the prior year at EUR 503.

On the whole, the European LCD market by value was 5% higher than 2009, increasing by 14% in the first half of the year due to the FIFA World Cup in the prior year and declining by 3% in the second half of the year. Broken down by country, the development showed significant disparities. In the LCD TV segment, Loewe's market growth by value in European retail declined by 0.5 percentage points to 3.7% in 2010. In Switzerland, where the emphasis is on high quality brand sets, Loewe was able to increase its market share as in the prior year, gaining 0.5 percentage points to 8.5%. In Belgium, Italy, and France, Loewe was just under the prior-year level. In the Netherlands, Spain, and Germany, however, it recorded declines.

Loewe was once again particularly successful in the European market for speakers, where the market share rose by 0.8 percentage points to 4.6%. This puts Loewe in sixth place among the top ten brands. In Germany, the increase in market share was even more impressive, rising from 10.4% to 12.1%. This makes Loewe the second most important brand on the basis of sales in the overall market for speakers. Loewe's individual speaker products are particularly instrumental in this positive trend.

In order to reinforce our position and reestablish our strength in the television segment, expanding our premium position for individual television sets in all areas remains a central concern. This is why we will continue to actively pursue our "Fast Forward" future strategy program.

With these factors in mind, what did Loewe achieve in fiscal 2010? To illustrate, permit me to present the most important key figures individually:

At EUR 307.3 million, Loewe's Group sales in fiscal 2010 were 5% lower than the value of EUR 324.0 million in the prior year. While sales in Germany were 7% lower than in the prior year at EUR 179.7 million, export sales declined by only 3% to EUR 127.6 million. However, the percentage of total TV sales contributed by large-screen TVs 37 inches and larger increased from 58% in the prior year to 66%.

After the negative repercussions of the worldwide financial and economic crisis in 2009, fiscal 2010 was characterized by a normalization and economic recovery in most European countries. Even though nearly all important markets exhibited

positive growth by value in the LCD TV segment, both in Germany and in the export markets the tendency to buy durable premium products has not yet returned to the anticipated level.

In the following I would like to give you a brief overview of the sales trend in the course of the fiscal 2010.

Even though Group sales were 3% higher year on year in the first two quarters, they fell significantly short of our expectations since the FIFA World Cup in South Africa caused most of the market growth to take place in the first half of 2010. Unfortunately, we were unable to take advantage of this major sales opportunity due to the delayed launch of the new Individual TV family. Accordingly, sales of LCD TVs as a whole were 5% lower than in the prior year in the first six months. Only LCD TVs in the screen size categories of 40 inches and larger recorded an increase. In this segment, the newly launched 40- and 46-inch Individual sets with LED backlighting had a positive effect despite the delays. Boosted by the launch of the highly innovative Mediacenter multiroom solution, the Audio/DVD segment achieved substantial growth in sales, increasing by 81%. As a consequence, it was possibly to slightly outweigh the declines in TV sets in the first half of 2010.

In the third and fourth quarters, sales were significantly lower than in the same period in 2009. In particular, the traditionally weaker summer months July and August were further burdened by the amount of early purchases in advance of the World Cup. While Audio/DVD sales stagnated, sales of LCD sets declined. Despite the launch of additional new sets with LED backlighting in the Individual, Connect, and Art lines, in the third and fourth quarter of 2010, buying restraint was particularly noticeable in the market relevant for Loewe. This is why we deliberately initiated targeted measures in the fourth quarter to sell off TV sets with CCFL backlighting.

In the year 2010 as a whole, sales of LCD TVs fell by 11% to EUR 249.8 million. In Audio and DVD/Blu-ray, on top of the launch of the Mediacenter, additional innovative multiroom and speaker solutions contributed to the positive sales growth by 33.6% to EUR 31.4 million. Other sales increased by 31% to EUR 26.1 million. This item above all reflects the strong growth of the accessories segment with its attractive placement solutions. Moreover, the first-time consolidation of MacroSystem Digital Video AG also had an effect on Group sales. By acquiring a majority interest in MacroSystem, we noticeably strengthened our competence in the product-related multimedia software segment.

Due to the lower sales and production volume, necessary price adjustments, and higher procurement costs, Loewe 2010 recorded negative EBIT of minus EUR 5.3 million, down from EUR 13.5 million in 2009. After a slightly positive first quarter in 2010, the following two quarters posted losses. Accordingly, at the end of September we once again had to record negative EBIT in the cumulative amount of minus EUR 9.1 million. Thanks to higher sales, an improved product mix, and the first successes of our "Fast Forward" future strategy program, we were able to generate positive EBIT of EUR 3.8 million again in the fourth quarter, and as a consequence partly offset the losses that had arisen until then.

In particular as a result of the lower earnings and increased financing requirements in comparison to the prior year due to the change in net current assets, we posted

negative free cash flow of minus EUR 23.1 million. Nonetheless, cash and cash equivalents were positive at EUR 8.2 million.

Because the sales volume was lower while procurement costs were higher, the absolute gross margin declined from EUR 94.5 million in 2009 to EUR 69.9 million in 2010. In relation to sales, the gross margin was therefore significantly lower than in 2009, falling from 29.2% to 22.8%.

Selling expenses declined by EUR 5.3 million to EUR 68.7 million in 2010 due to the even more selective use of funds. The continuation of our vigorous efforts aimed at further expanding the brand position was associated with corresponding expenses for communications and the expansion of retail shop-in-shop systems. However, specific measures to cut costs had a favorable effect and allowed us to reduce our selling expenses in relation to sales from 22.8% in 2009 to 22.3% in the year under review.

Administrative expenses remained nearly constant in comparison to the prior year. In relation to sales, they were roughly the same as in 2009 at 2.8%.

Net interest expense, the balance of interest income and interest expenses, came to EUR 2.4 million in 2010, a EUR 0.6 million decline from the year before. The reduction was predominantly a result of the less attractive investment opportunities for overnight money and term financial investments.

The significant drop in the gross margin by EUR 24.6 million ultimately led to a net loss in the amount of EUR 7.0 million in 2010. The distributable profit of EUR 2.0 million as of December 31, 2010, was positive as a consequence of the Group profit carried forward from 2009. Total equity including minority interests was EUR 80.1 million. Due to the lower balance sheet total, the equity ratio changed only slightly, down from 38.0% in the prior year to 37.1% in 2010. This demonstrates our solid capital structure, which is supported by a syndicate agreement with a volume of EUR 50 million that is still available to us until mid-2012. The new factoring agreement in effect since July 1, 2010, with a volume of EUR 35 million, was concluded until mid-2015 with improved conditions. In addition, in the next few days we will be paying the last installment of a long-term loan, and from that point on no more long-term bank liabilities will exist. Our good capital structure, in connection with wide-ranging financing agreements, thus forms a solid and reliable basis for Loewe's growth targets in the coming years.

Ladies and gentlemen, the catastrophes and human tragedies in Japan make it difficult for me to talk about the capital market, the shareholder structure, and the performance of the Loewe share in any detail. As you know, our shareholder Sharp is Japanese, but so far it has remained relatively unscathed by the catastrophe.

On the whole, the Loewe share experienced an eventful year in 2010. Despite a 23.9% decline for the entire year, it has gained more than 21% and recovered from its lows. Supported by the consistent implementation of the restructuring, the share closed the trading year 2010 at EUR 6.85. Until the dramatic events in Japan, fiscal 2011 was off to a good start, with the share gaining 8.7%. We are therefore convinced that the Loewe share still represents a good investment for the medium to long term. We were especially pleased that our 2009 annual report won an award. It

received the coveted red dot design award 2010. An international jury on behalf of the Design Zentrum Nordrhein-Westfalen paid tribute to the high quality of this primary instrument of capital market communication.

What were the most important highlights in our operational business last year?

Loewe international distribution was enhanced and expanded. Together with our qualified retail partners, we opened a total of twenty-one new Loewe galleries. The emphasis was on the European markets, among other things including France, the United Kingdom, Spain, Russia, and Austria, and on Australia. We opened five new galleries in Germany alone, our most important market.

The marketing highlight of the year was our presence at the IFA 2010 in Berlin. Under the slogan "Standard isn't for everyone," Loewe once again proved its cutting edge and thrilled retailers and end consumers with attractive, individual product and system solutions.

We presented comfortable video distribution throughout the house as a global innovation. With this technology, the central TV's hard disk recorder becomes a server from which content such as films can be distributed into other rooms. A particularly attractive feature is the "Follow me" function that makes it possible to pause a television program at any time and then continue it on another television.

Loewe launched a total of three new television lines with state-of-the-art LED backlighting in 2010. All three lines – Individual, Art, and Connect – receive high accolades in the trade press, achieve test wins, and get top grades for their design. We have summarized the most important test reports in a special publication for you. You will find it among the materials you received. Here are just a few headlines: "Perfect television enjoyment guaranteed" and "Worth every cent of the price tag" (*Satvision* about Loewe Art); "The multimedia miracle machine..." "...leaves nothing to be desired" (*HD+TV* about Loewe Connect); "Loewe's latest stroke of genius" (*Video Home Vision* about Loewe Connect); and "Highest standards" (*Heimkino* about Loewe Art).

Nearly all new Loewe sets received important design prizes both in Germany and the export markets. In addition to the iF award and red dot, they included the Good Design Award in the USA and the Observateur du design award in France.

In the development department, we successfully completed our work on the SL 150 electronics platform. It makes even flatter set design possible and also creates the conditions for a number of new applications. It has an integrated network interface, making it easy to establish a connection between the home network and the Internet.

As part of the "Prime" research project, Loewe collaborated with partners to develop important 3D television technology. Our partners included the renowned Fraunhofer Institutes in Erlangen and the Heinrich Hertz Institute in Berlin. As a result, we were able to further optimize our 3D development activities in order to offer the best 3D solution, as customers would expect from Loewe. In a few days, we will start launching a number of high quality 3D television sets at a time when 3D has become a strong trend in the market.

Loewe is participating in a number of other technology projects that are supported by institutions such as the German Federal Ministry of Economics and Technology. Topics include home networking, intuitive use, and energy efficiency.

Our “Fast Forward” future strategy program is still one of the most important projects for making Loewe more successful again.

After the highly unsatisfactory year in 2010, Loewe will once again expand its position as a leading European premium brand for individual consumer electronics. To do so we need innovative products with attractive unique selling points. In the area of basic technologies, we must not be too far behind the first competitor. In all areas of our Company, we can and must become faster acting and more efficient. These necessary changes are challenges that we will meet with passion.

By launching “Fast Forward” in June 2010, Loewe has initiated a comprehensive and sustainable future strategy program. The objective 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 effectively streamlining the organizational structure and strengthening it in important areas. Managers with responsibility for product development were given an expanded range of competence across divisions. Furthermore, we have restructured the central divisions of development, marketing, and sales. This will continuously increase the effectiveness of the Company as a whole and enable it to bring new products to the market faster and create additional customer benefit. All of the product lines announced for the Christmas shopping season were launched on the market in good time and with success. Moreover, about EUR 6 million in income-relevant savings were realized, especially in the area of purchasing. Additionally, as part of the future strategy program we also intensified our focus on retailers so that with their participation we can even more actively increase contact to our end customers.

Innovation has tradition at Loewe, and we are committed to this tradition. As you know, exactly 80 years ago, in 1931, Loewe invented television. Siegmund Loewe showed the first public electronic television broadcast as a world premiere. Our Company’s milestones include many other pioneering achievements, among other things the first cassette recorder in 1951, the first European video recorder in 1961, the first stereo television in 1981, and, as early as 1995, the presentation of the first TV to combine Internet and television – well ahead of all our competitors.

Ladies and gentlemen, how do we view the development for the coming months? As the economic environment continues to improve, the LCD TV market in Europe will experience further growth, in particular due to replacement demand and an increase in ownership of more than one set. After a 5% increase in market share by value in 2010, from the present perspective this market is expected to grow at the same rate in the current year, in particular on the strength of new technologies like 3D television and the convergence of Internet and television, where Loewe has the leading position. Looking ahead to 2012, there will also be the UEFA European Football Championship in Poland and the Ukraine.

We base our forecasts for the Loewe Group on these economic expectations, in particular with regard to moderate growth of the European gross domestic product in the next two fiscal years. Assuming that the price of the euro in relation to the U.S.

dollar remains relatively stable and that the cost structure does not change significantly, Loewe forecasts profitable growth for fiscal years 2010 and 2012. From the present perspective, the number of employees will also not significantly exceed the figure for 2010. Capital expenditure is at the level of the previous year and in 2011 will mainly be focused on tools for new products, efficient production facilities, and presentation systems for adequate presentation of the brand.

Our most important tasks and challenges in 2011 will be to expand Loewe's position as an innovative premium company and accelerate our innovation speed while continuing to strengthen the premium brand and still keeping costs under control. In order to achieve the turnaround in sales and earnings, we will continue to pursue targeted strategic acquisitions.

This is why Loewe will keep focusing on securing its future through the "Fast Forward" program. The emphasis will be on the continuation of the measures initiated in 2010. After the reorganization of product development, we will further optimize internal processes in order to support the current product offensive with the introduction of numerous 3D televisions and innovative speaker and multiroom solutions. Additionally, product costs will be reduced, new products will be launched faster, and the range will be enhanced to even more effectively target customers in the European premium market. Furthermore, Loewe will continue to systematically implement its targeted measures in strategically important areas, such as the qualitative and quantitative expansion of distribution in selected European core markets like France and Italy. In these two markets alone, we plan to open eight new premium points of sale. We will intensify our longstanding close partnership with qualified retailers and sustainably profile the premium brand with a communication campaign that is not only aimed at the IFA 2011.

Although sales and earnings have not yet quite recovered from the first months of 2011, we still anticipate that sales will grow by approximately 10% to EUR 340 million in the current fiscal year, and that EBIT will be positive. All this is subject to the condition that the current situation after the natural disasters in Japan does not have a long-term effect on demand for durable premium products and the availability of production material.

By continuing to implement our "Fast Forward" future strategy program, we have laid the groundwork for a successful future. In addition, Loewe's sound capital structure and wide-ranging financing agreements put the Company in a good position for the future from this perspective as well.