

## First half of 2007:

### Loewe's value-based marketing is successful

- **Sales of EUR 155.1 million in line with expectations**
- **Large-screen LCD-TVs more than double their share in total sales**
- **EBIT of EUR 7.9 million nearly at the 2006 level**
- **EBIT margin rises to 5.1%**

**Kronach, August 8, 2007** – The sales of the Loewe Group were 9% lower in the first half of 2007, declining to EUR 155.1 million from EUR 171.3 million a year earlier. This was related to the strong boost in demand in the first half of 2006 from the FIFA World Cup in Germany. Despite the lower sales and production volume in the first six months of 2007, the EBIT of EUR 7.9 million was only slightly below the 2006 level. The higher percentage of highly profitable LCD sets in sales improved the EBIT margin by 0.3 percentage points to 5.1%. “The first half of 2007 has met our expectations. As a premium brand, Loewe will in the future focus even more on value-based marketing of its products. By continuing our product offensive with large-screen, high-definition LCD-TVs and the strong expansion of our audio segment in the second half of 2007, we intend to become the leading brand for individual home entertainment systems in Europe in the medium term,” commented Dr. Rainer Hecker, CEO of Loewe AG.

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The 9% decline in sales to EUR 155.1 million in the first six months of 2007 was due in large part to the sales of picture-tube sets and OEM-TV deliveries to

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Sharp included in the results for H1 2006 with EUR 11.4 million. In addition, H1 2006 benefited from purchases in advance of the FIFA World Cup in Germany. LCD televisions continue to be the main source of sales for Loewe. At EUR 124.5 million, sales of LCD-TVs in the first half of 2007 nearly equaled the high level of the same period in 2006. The percentage of large screen TV sets (37" and above) doubled from 22% in H1 2006 to 47% in H1 2007.

Despite the lower sales and production volume, earnings before interest and taxes (EBIT) of EUR 7.9 million in the first six months of 2007 nearly reached the high figure of EUR 8.1 million achieved in the same period of the previous year. The higher percentage of highly profitable LCD sets in sales improved the EBIT margin to 5.1%, after 4.8% in H1 2006.

With EBIT of EUR 3.0 million in the second quarter of 2007, the value-based marketing of Loewe products made it possible to again reach the high figure of Q2 2006. "Our deliberately stable price policy and the further improvement of the product mix have made an essential contribution to strengthening our earnings situation. At times, we deliberately forego increases in sales and market share in order to realize Loewe's premium positioning and the associated increase of the margin," continued Dr. Hecker.

As part of the major IFA preview events in Hamburg and Munich leading up to this year's International Consumer Electronics Fair in Berlin, Loewe presented a unique TV concept. The Connect TV family in screen

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sizes 32", 37" and 42" represents a completely new direction for Loewe in connectivity with mobile devices including, e.g. digital cameras, MP3 players and even PC networks. The integrated media player enables the new LCD-TVs to have direct access to photos, images and videos on a PC or a network storage device – all in high-definition picture quality through the integrated HDTV receiver. The Individual Sound Projector is another IFA highlight that we presented to the public. With only one component, the Sound Projector delivers perfect 5.1 surround sound. In the second half, Loewe will also concentrate on the launch of large-screen, high-definition LCD-TVs with full HD and 100 HZ technology in screen sizes 42", 46" and 52".

Prices for LCD-TVs continued their downward slope in the first six months of 2007. Nonetheless, the European TV market will continue to develop positively. This will be due to the continued dynamic market growth for large-screen flat panel TVs in Europe, new attractive digital products, the annually occurring International Consumer Electronics Fair (IFA) in Berlin and the increased brand awareness of consumers. "For fiscal year 2007 as a whole, we continue to expect that sales will grow by approximately 10% to EUR 380 million and EBIT will improve by at least 20% to EUR 16 to 18 million," said Dr. Hecker.

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Press release

Communiqué de presse

Persinformatie

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