

First three months of 2008:

Premium strategy continues to pay off for Loewe

- **EBIT improves by 30% to EUR 6.3 million**
- **EBIT margin rises significantly to 7.0%**
- **Sales rise 10% to EUR 90.2 million**
- **Sales of large-screen LCD TVs rise by 44%**
- **The UEFA Euro 2008 provides initial positive impact**

Kronach, May 7, 2008 - The Loewe Group increased its earnings before interest and taxes (EBIT) to EUR 6.3 million in the first three months of 2008, representing a 30% growth compared to the first three months of 2007. Sales in the reporting period rose 10% to EUR 90.2 million. The consistent marketing of Loewe products at stable prices and the improved product mix caused the EBIT margin to increase significantly from 6.0% to 7.0% in the reporting period. "Loewe is off to a good start in the new 2008 fiscal year and our attractive and individual home cinema solutions made it possible to further expanding our position of market leadership in home entertainment systems in Europe," underscored Dr. Rainer Hecker, Loewe CEO.

In the first quarter of 2008, Loewe improved EBIT significantly by EUR 1.4 million, from EUR 4.9 million to EUR 6.3 million, reflecting an EBIT margin of 7.0%, up from 6.0% in the previous year's period. The again definite improvement 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 which are partly attributable to the weakness of the U.S. dollar.

"In the first three months of 2008, Loewe once again largely avoided the general market trend toward lower prices, enabling us to further improve the Company's earnings position," said Dr. Hecker. By systematically implementing its premium strategy, Loewe was even able to increase the average price per LCD TV set sold compared to the same period in 2007.

In the first quarter of 2008, Loewe's sales were up by 10% from EUR 82.0 million in Q1 2007 to EUR 90.2 million. "The continuing dynamic market growth for LCD TVs in Europe and initial positive impact from the upcoming 2008 UEFA European Football Championship in Austria and Switzerland are the primary causes for Loewe's sales growth. Compared to Q1 2007, sales of LCD TVs were up by 16%," explained CFO Oliver Seidl. Sales of large-screen LCD sets (≥ 37 inches) increased by 44%. The percentage of these highly profitable TV sets in overall sales of LCD televisions again increased robustly from 45% in Q1 2007 to 55% in the first three months of 2008. "From a seasonal perspective, Loewe's growth will be greater in the first half of 2008 due in particular to the UEFA Euro 2008," continued Seidl.

In addition to numerous test wins, design awards and the highest distinction of the German marketing industry – the brand award 2008 – a highlight of Q1 2008 was the widespread market launch of the new product family Loewe Connect. With its youthful design and 32, 37 and 42 inch screen sizes, Connect appeals to modern, tech-savvy buyers, and it introduces completely new options in terms of connectivity to portable devices, including digital cameras, game consoles and MP3 players.

Loewe's focus in fiscal 2008 will be on targeted investments. "We will systematically push ahead with the qualitative and quantitative expansion of distribution within and outside of Germany and continue to steadily increase our presence at qualified retailers in international urban centers," said Dr. Hecker. Loewe will also invest in a production line of the most advanced technology, in a comprehensive customer relations management (CRM) system and in a competence offensive among its employees and retail partners. In addition, the product portfolio will in the future be even more closely oriented to customers' individual wishes and all large-screen LCD TVs will be converted to the highest quality level of Full-HD 100Hz.

Due to the sustained high demand for large-screen flat-panel TVs, major sporting events such as the UEFA Euro 2008 and the Olympic Games, new digital products and the increased brand awareness of consumers, the European home cinema TV market will continue to show positive development in 2008. "In order to systematically realize Loewe's premium positioning and the associated improvement of the margin, we will stand by our successful strategy of value-based marketing," said Seidl. For 2008 as a whole, Loewe anticipates that sales will grow by 7% to approximately EUR 400 million and that EBIT will improve by 14% to approximately EUR 24 million.

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