

# First nine months of 2008

## Loewe AG: Further significant improvement in earnings

- EBIT improves by 58% to EUR 20.5 million
- EBIT margin up significantly from 5.3% to 7.9%
- Sales increase by 6% to EUR 259.0 million
- Sales of large-screen LCD TVs rise to 56%
- Projected EBIT for 2008 raised to EUR 28 million
- Sales projected to grow to EUR 380 million in 2008

**Kronach, November 5, 2008** – The preliminary key figures for the first nine months of 2008 published in the ad hoc announcement of October 20, 2008 have been confirmed. The Loewe Group increased its earnings before interest and taxes (EBIT) to EUR 20.5 million in the first nine months of 2008, representing a 58% increase compared to the first nine months of 2007. Sales in the reporting period rose 6% to EUR 259.0 million. The value-based marketing of Loewe products as well as the improved product mix caused the EBIT margin to increase significantly from 5.3% to 7.9% in the reporting period. "With our line of attractive and individual home cinema solutions, we have again become significantly closer to our vision of making Loewe the most significant international premium brand," commented Frieder C. Löhner, Loewe CEO.

In the third quarter of 2008, Loewe improved EBIT significantly by 24% to EUR 6.3 million, up from EUR 5.1 million a year earlier. The EBIT margin rose to 7.9%, up from 5.7% in Q3 2007. EBIT for the first nine months of 2008 came to EUR 20.5 million, up from EUR 13.0 million for the first nine months of 2007. The further improvement in earnings is primarily due to the value-based marketing of products at consistently stable prices and the further improvement of the product mix. "Loewe is presently one of the few companies at all to succeed in significantly improving its very good financial performance under the current macroeconomic conditions," said CFO Oliver Seidl. Contrary to the general

market trend toward declining prices and by systematically implementing its premium strategy, Loewe has been able to increase slightly the average price per LCD TV set sold compared to the same period in 2007. "Consistent cost management associated with marketing at stable prices and purchasing successes ensure that we will be the profit leader in the industry for 2008," explained Seidl.

Loewe Group sales were down by 11% to EUR 79.3 million in the third quarter of 2008 compared to the same period in 2007. "As we had anticipated, the generally somewhat weaker summer months of July and August and the changed seasonal business due to the UEFA Euro 2008 had a dampening effect on the third quarter of 2008," continued Löhner. For the first nine months of 2008, Group sales rose by 6% million to EUR 259.0 million, up from EUR 244.5 a year earlier. Compared to the previous year, sales of LCD TVs rose by 12%. The percentage of large-screen LCD TV sets above 37 inches in overall sales of LCD sets increased from 47% in the first nine months of 2007 to 56% in the current year.

As the industry's technology leader, Loewe will remain faithful to its strategy of value-based marketing in the quarters to come. In particular the premium character of the Loewe brand will be further sharpened and at the same time, the Company will have an even stronger international orientation. "The objective for Loewe is to build on the prominent role that the Company is playing in Germany and some key European markets and to extend its clearly structured and brand-adequate product range to all significant European markets and international urban centers," said Löhner. After a successful refurbishment, the relaunch of the Loewe Galerie at Harrods a few days ago was the kick-off event for the roll-out of a whole series of Loewe Galleries in the United Kingdom. Beyond that, Loewe will still open additional flagship stores in Germany, Italy, France and Belgium in the current year.

But in the quarters to come, even Loewe will have to keep a close watch on the impact of the financial markets crisis on economic development in Europe, which may be accompanied by possible consumer buying restraint. "Despite the

currently somewhat dampened fundamental economic data in parts of the eurozone, we expect the European home cinema TV market to continue to develop positively in the current 2008 fiscal year due to the high replacement demand, technological innovations and consumers' increased brand awareness," said Löhner.

The Company's very positive earnings trend has prompted the Executive Board of Loewe AG to raise its previous EBIT forecast of approximately EUR 24 million to now approximately EUR 28 million for the current fiscal year 2008, reflecting an improvement of 33% compared to EUR 21.1 million a year earlier. Due to the lowered economic prospects in parts of Europe in the wake of the current financial crisis and in order to systematically implement its premium strategy and the associated improvement of the margin, Loewe will in the future continue to focus on marketing its individual products at stable prices and now anticipates that sales will grow to EUR 380 million for 2008 as a whole.

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