

## Dear Shareholders,

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Our company has operated in the black in the first nine months of the current fiscal year – Loewe continues to be profitable despite the general trend of the industry. Nonetheless, we have experienced the ramifications of the global financial crisis in the period under review. While the development of business was very satisfactory in Germany; our most important market, the persisting difficult economic conditions in parts of Europe during the last nine months severely strained our export business. This applies especially to our important Spanish market. In addition, the significant delays in production of components by external cooperation partners are likely to postpone the production start of the Loewe “Mediacenter” audio-video center until the second quarter of 2010. These two factors can be expected to reduce our annual sales for 2009 by roughly EUR 25 million.

Against this backdrop, sales of the Loewe Group in the third quarter of 2009, at EUR 76.6 million, were 3% lower than the 2008 figure of EUR 79.3 million. In the first nine months, Group sales declined by 15% from EUR 259.0 million in the first nine months of 2008 to EUR 220.4 million. Business development in the different markets showed divergent trends. While sales in Germany rose 7% to EUR 50.4 million in the third quarter of 2009, export sales of EUR 26.2 million reflected a decline of 18%.

Despite the lower sales and production volume than in 2008 and the ongoing expenses for the premium positioning of the brand, Loewe succeeded in generating a clearly positive EBIT of EUR 3.2 million in the third quarter of 2009, compared to EUR 6.3 million in the same period of 2008. EBIT thus came to EUR 4.6 million in the first nine months of 2009, down from EUR 20.5 million in 2008. The positive contribution to earnings was caused primarily by the marketing of our attractive and individual home entertainment systems at more consistently stable prices than the competition. The increase by two percentage points in the share of large-screen TV sets in total TV sales and the relatively strong sales in Germany also supported earnings. More favorable procurement conditions compensated for some of the negative exchange rate effects.

The highlight of the third quarter of 2009 was the Company’s very successful presence at the International Consumer Electronics Fair in Berlin. With the motto “Home Entertainment in Perfection,” we presented innovative home entertainment solutions to numerous visitors, including retailers from within and outside of Germany as well as national and international media representatives. All of our innovations offer minimalist design, intelligent technology and exclusive individuality – a perfect combination in home entertainment. The new Loewe Reference home cinema system was the center of attention: The high-definition LCD set with an impressive 52 inch screen diagonal, 200Hz technology and overall depth of only 60 millimeters, the ultrathin electrostatic speakers, and the “Mediacenter” as the central switchpoint for digital home entertainment once again set standards for technology and design.

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As explained above, the repercussions of the global economic crisis severely strained our export business in the first nine months of 2009. The definite startup delay for the Loewe "Mediacenter" will further intensify this negative trend in the second half of 2009. These factors now make it unrealistic that we will achieve our previous target of at least matching the 2008 sales level in 2009. The Executive Board of Loewe AG now anticipates that sales will decline to approximately EUR 350 million in the current fiscal year. Despite the difficult economic situation in some European markets, Loewe continues to focus on marketing its high-value home entertainment systems at stable prices in line with the consistent application of its premium strategy and expects an EBIT for the whole of 2009 in the amount of approximately EUR 12 million. Moreover, Loewe's sound capital structure and long-term financing agreements position the Company very well for the future.

Sincerely yours,



**Frieder C. Löhner**

Chief Executive Officer of Loewe AG