

1st half 2009: Continued profitability for Loewe - positive EBIT of EUR 1.4 million

- Sales down by 20% to EUR 143.8 million
- Absence of major sporting events changes seasonal picture
- Large screen LCD TVs maintain their high percentage of total LCD sales
- Value-oriented marketing strengthens gross margin
- Targeted measures for the premium positioning of the Loewe brand have impact on earnings
- Positive EBIT of EUR 1.4 million
- Loewe again receives the IFA preview awards

Kronach, August 5, 2009 – At EUR 143.8 million, sales of the Loewe Group in the first six months of 2009 fell short of the high 2008 figure of EUR 179.7 million by 20%. In the first half of 2008, Loewe benefited strongly from positive stimuli from the UEFA 2008 European Football Championship, initial inventory effects and the production of high-end electronic modules for automotive and consumer electronics products. Despite the significantly lower sales and production volume, the greater strength of the U.S. dollar than in 2008 and continued measures for the premium positioning of the Loewe brand, the Group achieved positive EBIT of EUR 1.4 million compared to EUR 14.2 million in the first six months of 2008. "Our company has continued to operate in the black in the first six months of the current fiscal year. However, the first six months of 2009 also demonstrate to us that the current economic crisis continues to have a negative impact on the general market environment in Europe," was how Frieder C. Löhner, Loewe CEO, summed up the first half of 2009.

At EUR 71.0 million, sales of the Loewe Group were 21% lower than the high 2008 figure of EUR 89.5 million. In comparison, the first three months of 2008 had been favorably influenced by positive stimuli from the UEFA 2008 European Football Championship and initial inventory effects from the market launch of the Connect product line. In the first six months of 2009, Group sales declined by 20% from EUR 179.7 million in H1 2008 to EUR 143.8 million. "Lower sales in the first six months of 2009 were no surprise to us because on an annual basis, Loewe expects greater growth in the second half of 2009 – supported by

significant product launches, the International Consumer Electronics Fair (IFA) in Berlin and the Christmas shopping season," said Löhner. The continued stability of the percentage of large-screen and highly profitable LCD TVs 37 inches and larger in Loewe's total sales is pleasing. As a percentage of overall TV sales, sales of large-screen TV sets with screen diagonals of 37 inches and larger at 57% in the first six months of 2009 were thus unchanged from the high 2008 level.

Despite the clearly reduced sales and production volume and the greater strength of the U.S. dollar compared to the same period of 2008, Loewe achieved a gross margin of 27.7% in the first half of 2009 which is only 1.4 percentage points lower than the very high 2008 figure of 29.1%. In the second quarter of 2009, Loewe generated a gross margin of 29.1% compared to 30.7% in 2008. The value-based marketing of its sophisticated home entertainment systems at more consistently stable prices than the competition as well as more favorable procurement costs enabled Loewe to compensate partially for the negative exchange rate effects from the stronger U.S. dollar and achieve a gross profit of EUR 39.9 million in the first six months of 2009. "Due to the strong gross margin, we have deliberately continued our targeted measures for the premium positioning of the Loewe brand in the second quarter of 2009. This does have a dampening effect on EBIT; however, it will provide momentum for the start of the Christmas shopping season and furthermore support Loewe's sustained and long-term growth," explained Oliver Seidl, CFO of Loewe AG. In the second quarter of 2009, EBIT declined to EUR 0.7 down from EUR 7.9 million a year earlier. In the first six months of 2009, EBIT came to EUR 1.4 million, down from EUR 14.2 million a year earlier, reflecting an EBIT margin of 1.0%.

The big IFA PreView events leading up to this September's International Consumer Electronics Fair in Berlin were a highlight a few days ago. Around 250 media representatives from the most prominent daily newspapers, trade journals and magazines presented the IFA Preview Awards. In addition to the best presentation of the entire IFA PreViews, they also selected the outstanding innovation and the best design accomplishment in consumer electronics. Loewe was the winner in all three categories.

The media representatives saw the new Reference Mediacenter as an exceptional innovation. This intelligent Mediacenter makes it easy to use a great

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variety of multimedia content and distributes it individually and flexibly throughout the house, even wirelessly if desired. The new Loewe Reference integrated home cinema system was designated the best design accomplishment. The high-definition LCD set with an impressive 52 inch screen diagonal, 200Hz technology and overall depth of no more than 60 millimeters, the audio system with ultrathin electrostatic speakers, and the Mediacenter as the central switchpoint for digital home entertainment once again set standards for technology and design. With the new Reference Line, Loewe is forcefully underscoring the brand's premium character.

Despite the currently poor fundamental economic data, Loewe expects the European LCD TV market to continue to develop positively in the current fiscal year due to the high replacement demand, technological innovations and consumers' increased brand awareness. "Assuming that the overall economic climate in Europe, and in Germany in particular, will brighten again in the next few quarters and the product launches planned for the second half of 2009 will be on schedule, our objective for the next few months will be to achieve at least the same level of sales for all of 2009 as in the previous year as well as a margin exceeding the industry average," said Löhner. Moreover, Loewe's sound capital structure and long-term financing agreements position the Company very well for the future.

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