

Dear Shareholders,

Loewe has made a good start into fiscal year 2010 – our Company is within the scope of its budget and our figures for sales and EBIT slightly exceed those of the previous year. The Olympic Winter Games and the associated launch of high-definition television have produced positive stimuli for the market. Nonetheless, we continue to see the impact of the global financial crisis in some parts of Europe.

As expected, Loewe Group sales rose moderately by 1% from EUR 72.8 million to EUR 73.4 million in the period under review. Business development in the different markets showed divergent trends. While sales in Germany at EUR 42.2 million in the first quarter of 2010 were slightly lower than in the previous year, export sales grew by 7% to EUR 31.2 million. Due to its consistent positioning in the premium segment and its attractive and individual product portfolio, Loewe has been able to keep sales prices constant over the long term although the average market prices in Europe have trended sharply downwards. To secure strategically reasonable price premiums for the Company and to create additional sales incentives for high-quality Loewe products, we took this market development into account in the first quarter, particularly in the entry level TV segment. This was also included in our budget for fiscal year 2010. The Audio/DVD product group performed especially well in the period under review. The very successful market launch of the new Mediacenter audio/video system nearly doubled the previous year's revenues to EUR 9.7 million. The launch of the Mediacenter has brought us much closer to achieving our goal of making Loewe the most significant international premium brand in home entertainment systems.

With a moderate rise in sales and production volume, Loewe generated EBIT of EUR 0.8 million compared to EUR 0.7 million in the first quarter of 2009. Despite the budgeted price adjustments in the entry level TV segment and the somewhat lower sales volume in Germany, Loewe generated a gross margin of 24.8% in the first three months of 2010. It is accordingly only 1.6 percentage points lower than the high level of the previous year of 26.4%. Our value-based marketing and the continued good product mix have generally been instrumental in safeguarding our earnings situation. The increase by 5 percentage points in the percentage of large-screen LCD TV sets 37 inches and larger in overall TV sales to 63% in the first quarter of 2010 also supported earnings.

We have now started making intensive preparations for the most important market launch of the year. Just in time for the FIFA World Cup in South Africa, we will launch our new Individual product line with the most advanced LED backlighting in a few weeks. Loewe Individual presents individuality in a unique form. Loewe Individual offers the customer more than a million different alternatives for configuring his or her personal TV system, including colors, materials, placement solutions or technical features. This makes every Individual Entertainment System almost unique. Furthermore, the current year will see a systematic continuation of the product offensive with the launch of large-screen, high-definition LCD TVs with LED backlighting.

Loewe expects sales to grow moderately in the current 2010 fiscal year. Loewe's innovative home entertainment solutions put it in a very good position for repeating its high level of sales in Germany in 2010. Profitable double-digit growth in sales will be realized in the other key European markets. As a premium brand, Loewe will continue to focus systematically on results with cost discipline and value-based marketing. EBIT in the current year is expected to be at the 2009 level. Moreover, Loewe's sound capital structure and wide-ranging financing agreements put the Company in an optimal position for future growth.

Sincerely yours,



Frieder C. Löhner

Chief Executive Officer of Loewe AG