

Frieder C. Löhner

CEO
of Loewe AG

**Speech at the
Annual Shareholders' Meeting of Loewe AG
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Ladies and Gentlemen:

On behalf of the Executive Board, I warmly welcome you to the Shareholders' Meeting of Loewe AG for 2010. Loewe is off to a good start in 2010. Our first quarter sales and earnings are slightly above the comparable figures for 2009. Our large-screen televisions and our new audio products give us a particularly strong competitive edge. At the same time, we have made better headway in the export markets than in Germany. However, before I go into detail regarding current developments, I would like to provide you with a report concerning last year's events.

Our Company again bucked the prevailing sector trend to show a profit in 2009 with EBIT of €13.5 million. We did well in handling the turbulence of the global financial and economic crisis in the premium consumer electronics market. As always, we put margin and earnings ahead of revenue growth. We keep our prices more stable than the competition. We saw the effects of this in our sales revenues, which declined from €374 million in 2008 to €324 million. Based on the earnings achieved, we will propose to the Annual Shareholders' Meeting today to pay a dividend of €0.25 per bearer share. In this way you, as our shareholders, will participate in the Company's success.

In 2009, our steady path of focusing on the premium sector again received much recognition. Our products were the winners in several tests and were given outstanding marks for technology, design, quality, and individuality.

Our success in 2009 also rested on the steady development of our premium strategy. Now more than ever, Loewe is the premium brand in European entertainment electronics. We have achieved this by consistently focusing the entire Company on our core brand values: meaningful technological innovation, minimalistic design, and exclusive individuality. Our new high-end line, Loewe Reference, which we successfully launched on the market last year, is an impressive example of our premium positioning. Trade publications outdid themselves in praising the new product. For example, the spring edition of *Heimkino* states "Loewe manages to integrate a nearly unparalleled number of useful functions into a comfortable overall concept in an extremely elegant and simple manner. The features and the design work together seamlessly, and image and sound quality are convincing all around." You can experience this home cinema system, which is in a class of its own, in our exhibition in the hall.

Premium products require an uninterrupted chain of brand experience: premium communication, premium sales, and premium service. We want our customers' experience with our premium brands to be consistent and uniform all over the world. Only then can Loewe be a true premium brand. Our head start on the competition is based above all on this aim to perfection, which results in Loewe being unmistakable, and our brand clearly recognizable. However, we still have a lot to do in this area, especially on an international level.

Those of you who follow us regularly are familiar with the second pillar that supports our strong brand position: the concept of value-based corporate management. We are convinced that lasting and profitable growth can only be achieved on the basis of a balance of interests between shareholders, employees, customers, and the public. We

have not only set this as an ideal at Loewe, but have consistently acted accordingly for many years.

In what type of market climate did we operate in 2009? Which developments have affected consumer electronics? Following a major slump, the global economy recovered somewhat in the previous year. The European consumer electronics market nonetheless decreased by 5% compared with the previous year to just over €30 billion in 2009. The market segments most heavily affected were the DVD segment, which fell 17%, and the hi-fi segment with a drop of 5%. Televisions continue to constitute the most important product group in European consumer electronics, despite the fact that TV sales declined by 2% year on year. The decline was principally caused by a decrease of 20% in plasma TVs – an area in which Loewe is not active. By contrast, LCD television sales revenues rose by another 3% following the very good results in 2008.

At Loewe, television brand development is particularly important, since TVs make up the greatest portion by far of our sales revenues. Loewe opted for LCD TV technology at an early stage. In the meantime, this has become the dominating TV technology in Europe, making up 88% of the entire television market.

More than 36 million LCD TVs were sold in Europe in 2009 – an increase of 27% year on year. In the main 32 inch display panel category, unit sales increased substantially with a rise of 27%. The sales trend for large-format LCD TVs (37 or more inches), which are important for Loewe, was quite dynamic. Sales rose from just over 7 million units to more than 9 million units in 2009. The revenue share of LCD TVs starting at 37 inches in the overall LCD market expanded to nearly 47% in 2009 versus 45% in the previous year. Despite the sustained trend toward large-format televisions with more and more features, the average price of an LCD TV dropped 19% on the prior-year level to €530 due to sharp price declines.

Loewe's share in the European retail electronics market in terms of value remained nearly stable compared to the prior year, amounting to 3.7% in 2009 across all TV technologies. In LCD TVs, Loewe registered a decline in market share of 0.2 percentage points to 4.2%. In Switzerland, with its high price level, Loewe succeeded in expanding its market share significantly, from 1.7% to 8%. In France, we increased our share slightly by 0.1% to 1.9%. In Austria, our market share fell slightly, and in the Netherlands, Belgium, and Spain it declined more perceptibly. In Germany, the decrease in our market share from 10.1 to 9.7% was primarily attributable to the fact that we kept our prices relatively stable in our most important market for income reasons. We thus deliberately refrained from possible increases in unit sales to safeguard our brand image.

Please allow me to mention an area that is becoming increasingly important for our Company and in which we have seen great success: Loewe had a crucial influence on the audio market for loudspeakers in 2008 and 2009, particularly in Germany. We had already increased our market share considerably in 2008, with Loewe becoming the second-most important brand in terms of revenue with a share of 10.2%. In 2009, we expanded our market share to 10.4%. Loewe's individual loudspeaker products have played the greatest role in this positive trend. In addition to Germany, a very respectable market share in terms of value was also achieved in Belgium and France. Loewe's Individual L1 speaker is the

Company's most successful speaker product line in Germany with a total of four products among the top ten. No other brand has accomplished this.

Loewe continues to focus on strengthening its premium brand in order to continue expanding the Company's market share. Keeping prices stable is a key factor here, even though this could be to the detriment of revenue. For this reason, growth will have to come from international business over the medium term. As in the past, Loewe's most important task will be to expand our international market position while continuing to reinforce the premium nature of the Loewe brand.

What did we, and Loewe as a company, achieve in 2009 in this respect? We succeeded in generating EBIT of €13.5 million in an increasingly difficult market and in spite of declining sales revenues. We were particularly successful in those countries – except for the Netherlands – in which we are able to approach the market systematically and under an ideal brand environment. This applies above all to Germany, Austria, Switzerland, Belgium, and France. Globally, we opened 52 new galleries with qualified retail distributors in the past year. This increased the number of Loewe top distribution points to a total of 216. In the key UK market, another six galleries were established in 2009, after five in 2008. Moreover, the first Loewe gallery opened in Spain in the fourth quarter.

The communication highlight of the past year was the launch of our Loewe Reference home entertainment system on the occasion of the IFA fair at Berlin. The Loewe Reference makes a strong statement underlining our aspiration to occupy the top position in the European consumer electronics market. Loewe Reference is not only a demonstration of our television expertise. The Reference Mediacenter incorporates a variety of multimedia applications throughout the home, and the new electrostatic speakers are another impressive addition to our audio line.

Under our slogan of "Perfection in Home Entertainment," our IFA presentations also included a prototype for three-dimensional television viewing, new iPhone applications, and applications for linking internet and television. In this area, we began collaborating with the Burda Verlag publishing house. As part of this cooperation, we will make a comprehensive portfolio of audio books accessible to our customers.

In 2009, we additionally expanded our comprehensive customer relationship management system. We see an excellent opportunity here to leverage further customer potential together with our retail distributors and to anchor Loewe even more firmly in the minds of demanding customers as a premium brand. This endeavor will result in our contact with customers becoming even more international and multilingual and giving even greater focus to dialogue, along with gaining fresh impetus from regular marketing campaigns.

Loewe again received many awards and accolades in the past year. A particular highlight in this area was the 2009 Design Award bestowed by the Federal Republic of Germany on the Loewe Connect TV. Loewe received the gold ADAM award, the German trade fair sector's most prestigious accolade. Loewe's outstanding brand development was awarded the Golden Branding Iron from the Marketing Club of Frankfurt. In addition, Loewe products received numerous design awards and were also given outstanding ratings in current test reports in trade publications. In the run-up to the IFA, more than 250

journalists for the second time selected the Loewe Reference as one of the most newsworthy IFA innovations. Loewe received all of the existing IFA PreView awards.

Ladies and gentlemen,

2009 was an especially challenging year. During the world's deepest recession in decades, the Loewe Group succeeded in holding its ground, while unfortunately not reaching its significantly higher targets for sales. Despite the clearly lower sales and production volume and continued expenses for the premium positioning, Loewe again generated a positive contribution to earnings and surpassed its own EBIT forecast of October 27, 2009. We furthermore were able to maintain our outstanding equity base at a high level and even increase our equity-to-assets ratio – despite paying a dividend. Together with this further improvement of the financial base, the Loewe Group is very well positioned for the future to successfully meet the risks existing in the overall economy.

In a very difficult market environment, Loewe on the one hand deliberately invested in future growth and quality while at the same time taking the current economic conditions into account and carefully reducing capital expenditure of no relevance to our products and their distribution or the brand. We reduced total capital expenditure by EUR 4.9 million to EUR 19.0 million. This is EUR 1.3 million below the level of depreciation/amortization. In addition to measures to improve production efficiency, we focused on investments in tools for new premium products and the international expansion of the Loewe brand's adequate appearance at dealers.

As in the years before, we continued to safeguard and slightly expand the number of jobs at our location in Kronach in particular and in our European subsidiaries outside of Germany. Moreover, by commissioning the final assembly line, we have increased our production efficiency and clearly demonstrated our commitment to the location and long-term production in Germany. This is certainly not a routine thing in our industry.

At 1,042, the average number of employees in 2009 exceeded the 2008 average by 35 persons. The reinforcements in marketing, sales and development were necessary to support the continued product launches and advance Loewe's brand presence. The proportion of trainees in the entire workforce also continued to develop positively. On an annual average, 8% of the workforce completed in-house training. Thus, the training rate at Loewe significantly exceeds the current national German average of around 5%. In general, the demographic change now occurring demands a strategy-oriented human resources policy to identify and retain qualified employees over the long term. For that reason, we further reinforced our own position in the labor market in 2009. Areas of focus included close cooperation with universities for the development of technical qualifications, increased networking activities between schools and business, our support of the competition Jugend forscht (a German youth science competition) as well as participation in selected career fairs and university projects such as the Bavarian Elite Academy and Campus of Excellence.

Ladies and gentlemen, please allow me now to describe the most important key figures in detail.

Rede von Frieder C. Löhner

At EUR 324 million, sales of the Loewe Group in fiscal year 2009 were 13% lower than the 2008 figure of EUR 374 million. Business development in the different markets showed divergent trends. In our key German market, we were able to maintain the high sales level of the previous year in entertainment electronics. Export sales of EUR 131 million reflected a significant decline of EUR 43.4 million. Nonetheless, highly profitable large-screen TVs with a screen diagonal of 37 inches and larger accounted for 58% of our total TV sales as they did in the previous year.

The negative consequences of the global financial crisis had a substantial impact on Loewe's export business in fiscal year 2009. This applies primarily to our important Spanish and Dutch markets. Sales in these two countries alone declined by almost EUR 30 million year-on-year. Compared with other European countries, the crisis had a particularly severe impact on Spain and the Netherlands. The propensity to purchase durable goods was significantly below the level for Germany in 2009 in those two countries. This was also reflected in the especially negative market trend in euro terms for LCD TVs in 2009. Our export sales declined by a total of 25%. As a result of the incongruous development of growth in these export markets, the international share of total sales declined from 46.6 to 40.4%.

The attractive range of audio components for home entertainment solutions had a positive impact on sales of audio/DVD. Primarily the innovative products such as the AudioVision audio system, the Multiroom Receiver and numerous speakers produced positive stimuli. At EUR 23.6 million, sales of this product group were at the same level as in 2008.

Despite the significantly lower sales and production volume and the ongoing expenses for the premium positioning of the brand, Loewe succeeded in generating positive EBIT of EUR 13.5 million in fiscal year 2009, compared to EUR 28.5 million in 2008. We thus exceeded our EBIT forecast of October 27, 2009 of about EUR 12 million by 13%. The positive contribution to earnings was caused primarily by the marketing of our innovative home entertainment systems at more consistently stable prices than the competition. The sustained high share of large-screen TV sets, more favorable procurement costs and the relatively strong sales in Germany also supported earnings. Compared to the first six months of 2009, we increased our EBIT margin significantly from 1.0 to 6.7% in the second half. We thus again achieved our strategic margin level of 6 to 7% in the second half.

The lower earnings and more stable working capital compared to the previous year (we significantly reduced inventories and receivables in 2008) reduced the free cash flow by EUR 32.1 million to EUR 7.8 million in 2009. Liquidity declined by only EUR 1 million to EUR 36.1 million in 2009, due primarily to the unscheduled payment on the principal of long-term loans.

The lower sales volume caused the absolute gross profit to decline from EUR 111.7 million in 2008 to EUR 94.5 million in 2009. As a percentage of sales, the gross margin declined slightly from 29.9% in 2008 to 29.2%, a reduction of only 0.7 percentage points. The primary causes for the nearly stable margin trend were the continued reduction in procurement costs favored by the weakness of the U.S. dollar, increased efficiency in production and the generally optimized cost structure.

Selling expenses declined in 2009 by EUR 1.9 million to EUR 74.0 million. While vigorous efforts at further expanding the brand position which were associated with correspondingly

high expenses for communications and the expansion of retail shop-in-shop systems were continued, specific measures to cut costs have had an impact. As a percentage of sales, the selling expenses rose from 20.3% in 2008 to 22.8% in fiscal year 2009.

Administrative expenses declined by EUR 0.8 million to EUR 8.7 million. As a percentage of sales, administrative expenses were nearly at the level of the previous year at 2.7%.

Net interest expense (the balance of interest income and interest expenses) in fiscal year 2009 came to EUR 1.8 million, thus declining by EUR 0.8 million compared to 2008. The decline is mainly due to the lower interest rates for the investment of overnight money and term investments.

Net income was lower in 2009, in particular due to the significant reduction in EBIT by EUR 10.9 million to EUR 8.0 million. Due to the profit, shareholders' equity including minority interests was EUR 89.0 million and nearly at the record high level of 2008. Despite the dividend distribution of EUR 6.5 million, the equity-to-assets ratio rose from 36.9% to 38.0% in 2009, illustrating our solid balance sheet structure. The syndicated loan agreement concluded at clearly improved terms until the middle of 2012 with a volume of EUR 50 million provides further support. Our outstanding capital structure together with the far-reaching financing agreements constitute a solid and secure basis for Loewe's growth targets in the years to come.

Loewe was also able to maintain its position in the capital market in fiscal year 2009. In a continued difficult and sometimes turbulent market environment, Loewe stock closed the 2009 trading year on a positive note. After severe price fluctuations throughout the year, our stock closed at EUR 9 at year-end, recovering from its lows by more than 55 percent and posting a modest 4.5% increase on an annual basis. After being reinstated in the SDAX at year-end 2008, Loewe stock proved to be relatively robust compared to many other securities and in the meantime has become firmly established in the German selection index. Fiscal year 2010 has so far also been favorable for the stock with an approximately 5% increase. Therefore, we are convinced that the Loewe share represents a good investment now more than ever.

We have been especially pleased by several awards for our responsible capital market communication activities. Loewe achieved an outstanding second place in the category "SDAX" in the "Capital Investor Relations Prize." The screening performed in 2009 focused on the quality of the investor relations work. Inquiries were made with almost 400 analysts and fund managers in roughly 300 financial institutions within and outside of Germany. The business magazine Capital and the German Association for Financial Analysis and Asset Management (DVFA) award the prominent "Capital Investor Relations Prize" annually to companies for particularly prudent and credible communication with private and institutional investors. Moreover, the Loewe 2008 annual report was awarded the "red dot award for communication design" and the respected "iF communication design award 2009" in the category print media.

Ladies and gentlemen, Loewe's performance in the first months of the current year is in line with expectations. The Winter Olympic Games and the associated launch of high-definition television in Germany have brought new impetus to the market and Loewe alike.

Looking at revenues, our first quarter figures of EUR 73.4 million are slightly higher year-on-year. This trend is expected to continue stabilizing in the coming months, particularly given the FIFA world cup this June – a first-class media event. We are presently introducing our new Individual TV line to the market in plenty of time for the games. This should additionally increase sales.

Based on a moderate increase in revenue and good earnings quality, our EBIT in the first quarter of 2010 at EUR 0.8 million has also slightly exceeded the comparable figures for 2009. Here as well, we are within expectations. Its systematic positioning in the premium segment and its attractive and individual product portfolio have enabled Loewe to keep selling prices at an almost stable level over an extended period of time, although the average market prices in Europe have trended sharply downwards. In order for the Company to secure strategically reasonable price premiums and create additional incentives to buy high-quality Loewe products, we took this market trend into account in the first quarter, in particular in the entry level TV segment.

How do we see the current and future development of the market? The global turbulence resulting from the financial and economic crises has settled somewhat over the past few quarters. In Germany and the rest of Europe, the current economic situation has improved due to fiscal policy measures in particular. In this economic climate, the LCD TV market in Europe will continue to grow in the coming years, based in particular on high replacement purchases and increasing ownership of multiple television sets. After having grown revenues by 3% in 2009, from a current perspective the German market is expected to see revenue growth of approximately 10% in 2010, especially in light of the FIFA world cup and the introduction of HDTV in Germany. Thanks to technological innovations such as LED backlight TVs and the new 3D televisions, we are anticipating sustained market growth in euro terms in the European LCD TV market in 2011 as well. This dynamic growth will continue to be driven by large-format TVs, which are of particular importance for Loewe.

We have based our Company forecasts on the aforementioned economic projections, particularly that of moderate growth in European GDP during the next two fiscal years. Assuming the euro will remain relatively stable against the U.S. dollar and that cost structures will not change significantly, Loewe is forecasting profitable growth for the next two fiscal years (2010 and 2011). Should the euro continue to weaken against the US dollar in the wake of the Greek crisis, this trend would directly impact on our earnings as we pay for LCD panel purchases in US dollars.

From a current perspective, we do not expect the number of employees to significantly exceed the 2009 level. Capital expenditure in fiscal 2010 will remain at the previous year's level and will focus mainly on tools for new products, efficient production facilities, and brand-appropriate presentation systems for retail distributors.

In addition, Loewe will continue to steadily implement targeted measures in key strategic areas, for example expanding our distribution network in terms of both quality and quantity in select core European markets, above all France and Italy.

We are also planning to launch a dazzling array of new products in the current year, including three lines of large-format, high-definition LCD TVs with LED backlighting.

Moreover, in 2010 Loewe will add new and innovative speaker and multi-room solutions to its line of home entertainment systems.

As regards the issue of three-dimensionality, Loewe will present 3D devices at the IFA 2010. These devices will be launched if there is sufficient demand for them. In the mid-term, 3D TVs are set to give new impulses to the market. We are presently introducing our new Loewe Individual line to the market – the sets are on display in our exhibition. Loewe Individual offers individuality in a unique form. There are more than one million options to choose from with regard to colors, materials, placement solutions and technical features. This makes each Individual Entertainment System almost a one-of-a-kind.

In the last few weeks, we presented this new line of sets to our commercial partners in the context of an international retail road show. We also provided comprehensive information to the national and international media in Hamburg, Munich, London, Paris, Milan, Brussels, Amsterdam and Copenhagen. The positive response was overwhelming.

We at Loewe are also noticing that the World Cup is starting to have an impact. The FIFA World Cup again appears to be performing its traditional role as an economic driving force for our industry this year.

Our assumption of a majority interest in the multimedia company MacroSystem was recently completed. The competent court has approved the insolvency plan, opening the way for our investment in this multimedia company. This acquisition will enable us to strengthen our expertise in product related multimedia software and we will also take over production for MacroSystem. In recent years, MacroSystem has systematically built up its home entertainment business line to include innovative product solutions, in particular Blu-ray hard disk recorders for digital television. Loewe now has a great opportunity to benefit from this know-how and build on it. This applies in particular to very powerful and customizable electronic program guides and also the simple editing and archiving of video, audio and image files. In addition, the platform provides the optimal basis for making further progress in the melding of Internet and television applications. The payments for the majority interest in the company operating so far under a self-administered insolvency plan will be in the low single-digit million range.

Ladies and gentlemen,

Loewe expects sales to grow moderately in the current fiscal year of 2010. 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 2010 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 the future.