

# Loewe Annual Shareholders' Meeting for 2009: Premium strategy brings continued profitability for Loewe

- **Record result in fiscal year 2008**
- **Dividend of €0.50 per share proposed**
- **Changed seasonality and weaker market growth contribute to a slower start for 2009**
- **Further investments in the brand, the market and products**

**Kronach, May 26, 2009** – "Our company was very successful in fiscal 2008 and continues to be profitable in the current economic crisis. However the early months of this year also demonstrate to us that we will have to expect slower market growth in 2009," pointed out Frieder C. Löhner, Loewe CEO, during the company's annual shareholders' meeting in Munich. The company improved EBIT by €7.4 million to €28.5 million in 2008, clearly surpassing the 2007 figure of €21.1 million. With moderate growth in sales from €372.5 million to €374.0 million, this reflects an EBIT margin of 7.6% compared to 5.7% in 2007. The significant improvement in earnings is primarily due to the value-oriented marketing of products at stable prices, the further improvement of the product mix and lower procurement costs which are partly attributable to the weakness of the U.S. dollar.

As a result of the very positive development of earnings, a proposal will be made to the annual shareholders' meeting to pay a dividend of €0.50 per share for fiscal year 2008, up from €0.27 per share for 2007.

In line with expectations, demand in the first quarter of 2009 declined following the highly successful Christmas sales in December of 2008. As has been reported, the Loewe Group's sales in the first quarter of 2009 dropped 19% to €72.8 million, down from €90.2 million in Q1 2008, due to the absence of positive stimuli from major sporting events. "In addition, we noted that the difficult macroeconomic situation prompted retailers to change their ordering behaviour with regard to television inventory planning in January and February," continued Löhner. Despite the definitely lower sales and production volume and targeted measures toward the enhancement of the premium position, Loewe succeeded in

generating positive EBIT of €0.7 million in the period under review compared to €6.3 million in the first quarter of 2008.

The process of further differentiating Loewe as a premium brand and strengthening the product range, especially in the areas of home cinema systems and home networking, was continued in 2008. "The basis for our success was the consistent premium strategy. Our products command above average prices on the market because we offer our customers attractive added value. Intelligent advances, minimalistic form, and exclusive individuality characterize not only our entire product line as central brand values, but all areas of our company," said Löhner. In 2008 Loewe launched the new Art SL as the first LCD product line that is not only extremely slim but also integrates all the technologies that are representative of Loewe into the television set. By launching the Connect product line in 2008, Loewe has successfully taken off in completely new directions in "connectivity," the intelligent and simple interaction of mobile devices such as digital cameras, HD camcorders, game consoles, MP3 players and even PC networks. Furthermore, this summer Loewe will ship the Loewe Reference to retailers, a home cinema system at the top of its class. The high-definition LCD set with 200 Hz technology, the audio system with extremely slim electrostatic speakers and the media center as the central switch point for digital home entertainment clearly underscore the premium character of the Loewe brand.

In light of the global recession and consolidation in the consumer electronics market, it is critically important for Loewe to systematically enhance the brand's premium character even more outside of Germany. As part of the qualitative expansion of Loewe's distribution system, 56 new galleries were opened worldwide in 2008. Loewe will continue to strengthen its presence by opening approximately 70 galleries in 2009. In European urban centers such as Brussels and Copenhagen, the brand has a stronger presence where Loewe target groups with high purchasing power spend their time. At the same time, however, Loewe is paying strict attention to cost discipline due to the weaker market development in the early months of 2009. "We are observing the economic development in Europe very closely in order to be able to act flexibly and proactively to changes," points out Löhner.

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. "Our goal for the next few months is to achieve at least the same level of sales in 2009 as in the previous year as well as a margin exceeding the industry average – although it is becoming increasingly apparent to us that this is a very ambitious goal, says Löhner. Moreover, Loewe's sound capital structure and long-term financing agreements position the Company very well for the future.

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