



**Leica Camera Aktiengesellschaft, Solms  
ISIN DE000A0EPU98**

## Interim announcement as of December 31, 2009

Solms, February 15, 2010

### **3rd quarter fiscal year 2009/2010**

#### **Turnaround initiated**

**Sales growth of 17 % compared to the previous year – positive result for the quarter confirms the course adopted at the beginning of the fiscal year**

Leica Camera Group closed the third quarter with sales in the amount of € 48.1 million (previous year: € 41.1 million). The sales increase mainly results from the doubling of sales of the Leica M system, on the strength of the Leica M9 rangefinder camera presented in September 2009. The period under review also saw the start of delivery of the professional camera system Leica S2. In addition, products of the Leica sports optics range also contributed to the increase in sales.

For the third quarter the Company therefore achieved a positive result in the amount of € 4.8 million. This corresponds to an improvement of € 5.4 million vis-à-vis the comparable prior year period. The improved result is due to the increase in sales, higher contribution margins, as well as the success of cost cutting measures relating to other operating expenses. Currently, Leica Camera Group still shows a net loss for the year of € 4.8 million, which will be further reduced during the fiscal year.



Rudolf Spiller, Chairman of the Board of Management of Leica Camera AG: »The positive development of sales and earnings shows that our policy of fostering product innovations and simultaneously implementing restructuring measures was the right choice.«

At the beginning of the fiscal year the Company embarked on an integrated restructuring project, in particular envisaging cost reduction measures, optimisation of the supply chain, reduction of labour cost, reorientation of research and development projects, improvement of the sales concept, acceleration of the introduction of new products, as well as improvements in communications and leadership.

In the camera product line, Leica Camera Group has identified as an opportunity for profitable growth a substantial extension of the portfolio of new digital system cameras, comprising, e.g., the Leica S2, Leica M9 and Leica X1 models, whose delivery started in January 2010. In the lens product line, the Company has marketed new products and has further new products in the preparation stage. In sports optics, some existing products are replaced and some supplemented by complementary product groups.

Leica Camera AG defies the effects of the state of the global economy by stringently adhering to its adopted course. »On the basis of the data at hand, the extremely positive response our system cameras M9 and S2 met with in the international markets and the correspondingly positive order situation we expect, at least, a break-even result (EBIT) for the current fiscal 2009/2010«, said Rudolf Spiller, Chairman of the Board of Management. The same applies for the single-entity financial statements of Leica Camera AG.

In the period under review total assets decreased by 2.2 % on the comparable period in the previous year. This is mainly the result of decreases in inventories and receivables. The Company was able to counteract this trend on the assets side by increasing assets, namely through capitalisation of development costs. The



equity and liabilities side saw a decrease primarily due to the repayment of liabilities to banks.

The equity ratio now stands at 26.9 % (balance sheet date March 31, 2009: 22.8 %). The number of employees in the Group decreased from the prior year's 1,077 to 1,062 due to normal staff turnover.

On November 25, 2009 LEICA CAMERA ASIA PACIFIC PTE. LTD., Singapore, was founded. The company, which emerged from the existing representative office in Singapore, will be responsible for the marketing activities in Southeast Asia and the countries of the Pacific region.

At the General Meeting on November 27, 2009 Franz Jung, Dr. Andreas Kaufmann and Alfred Schopf were appointed members of the Supervisory Board. Prior to this Dr. Klaus Baumüller had declared vis-à-vis the Company his intention to resign from his office as a member of the Supervisory Board for personal reasons after the end of the General Meeting which passes resolutions on fiscal year 2008/2009. Prior to this Supervisory Board members Wulf Matthias and Dr. Wolf Schumacher had resigned from their offices.

### **Outlook**

The encouraging signals in the year of the photokina have persuaded the Board of Management to take an optimistic stance on the fourth quarter of Leica Camera AG's fiscal year, notwithstanding the continuation of restrained economic conditions. In particular, the Company sets out to consolidate in the months to come the innovative strength shown so far during the fiscal year.