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Matth. Hohner AG Press Release:

Hohner Group shows significant growth in fiscal year 2010/2011

Business Development

The Hohner Group is pleased to report for fiscal year 2010/2011 that its consolidated sales increased by 10.2% from € 58.0 million to € 63.9 million. The company attributes sales increases to the introduction of new products, improvements in its marketing efforts and stronger sales channel partners. The increase in global sales was driven by growth in South and Central America (+36.1%), North America (+28.7%) and Asia (+22.5%). Currently, 84% of the company's products are exported outside of Germany.

While sales increased, cost management strategies were able to maintain the company's cost structure which resulted in a consolidated net profit of 1.5 million Euro compared to 0.8 million Euro for the previous year.

As a result of the company's improved profitability, the Supervisory Management Boards have proposed a dividend payment for the fiscal year 2010/2011. The proposal has been confirmed in this year's shareholders' meeting.

Success results from global presence and range of product portfolio

The primary factors driving the Hohner Group's success have been the company's extensive product portfolio, its high quality standards and its global market penetration. For decades, the HOHNER and SONOR families of branded products have been among the world's market leaders and currently can be obtained in 97 countries. A key element of the company's success is its focus on altering its product offerings and market positioning to fit local market needs. Currently, Hohner is the market leader in diatonic accordions in Central and South America, for beginner guitars in Russia, for Marching instruments in the German-speaking countries, and for recorders in South Europe. The company's Lanikai brand is the leader in ukuleles in North America. SONOR Orff branded educational instruments are also the market leaders in North America. By having an extensive portfolio of targeted products and brands, the company has been able to successfully manage the risk of fluctuations in demand related to product categories, geographic markets, and seasonality. This strategy of diversification has proven particularly successful during the recent economic downturn and provides a stable platform for the company to build upon in the future.

Cooperation with internationally renowned musicians

An integral part of the HOHNER/SONOR company philosophy is to maintain a close cooperation with outstanding, internationally known artists. Hohner instruments have been developed by and can be heard on hits from legendary icons like Steven Tyler, Little Walter, John Popper, Stevie Wonder, The Beatles, or Johnny Cash. Today, the company is pleased to count musicians such as Dave Langguth (Nelly Furtado), Christoph Schneider (Rammstein), Matt Hensley (Flogging Molly) or Mikkey Dee (Motörhead) among its endorsees and product development partners.

The company's "signature instruments" are developed in direct cooperation with the companies iconic artists. These instruments have included signature snare drums by Phil Rudd (AC/DC) and Danny Carey (Tool), signature harmonicas by Bob Dylan and Steven Tyler (Aerosmith) and signature accordions by Jorge Hernandez (Los Tigres Del Norte).

In 2012, a signature harmonica commemorating John Lennon's play of this instrument will be launched along with a signature snare drum by Mikkey Dee of Motörhead.

Innovative product novelties

In 2011, the Hohner Group launched exciting new products. The Marine Band Thunderbird has set new market standards for low key harmonicas. Essential Roots Guitars are developing Hohner's musical penetration in genres such as blues, country and folk and have met with positive responses from musicians and the trade press. The "Hohner Squeeze Box App" which simulates a Corona Classic Accordion on the iPad, became number 1 in the Colombian iTunes charts.

In the area of Orff / Education SONOR redesigned and FSC™ certified its Primary line of instruments to reinforce SONOR's commitment to social consciousness and ecological standards.

Outlook on the current fiscal year

For the current fiscal year 2011/2012 (April to March), the Hohner Group remains optimistic. Sales orders have remained higher than the previous year with notable improvements in wind and stringed instruments which gives rise to a positive sales outlook.

Unfortunately, factory cost increases coupled with exchange rate fluctuations create uncertainty regarding profitability. Notwithstanding these risks, the company remains optimistic that it will achieve positive earnings for the current fiscal year.

98th Shareholder Meeting of Matth. Hohner AG

The 98th Shareholder Meeting of Matth. Hohner AG took place on 29 November 2011 in the Dr.-Ernst-Hohner Concert Hall in Trossingen.

For further information please see the annual report 2010/2011 (end of fiscal year 31.03.2011) and the websites www.hohner.de and www.sonor.com.

Matth. Hohner AG
Der Vorstand

About Matth. Hohner AG

Enjoy Music – Play Hohner. Since 1857 pleasure and fascination for music are the focus of one of the worldwide leading manufacturers of musical instruments. Today, the Hohner Group employs about 350 employees in the German production and development plants of Hohner Musikinstrumente GmbH & Co. KG in Trossingen and SONOR GmbH & Co. KG in Bad Berleburg as well as in the distribution companies in the USA, France and Switzerland. In more than 97 countries the Group distributes the product segments harmonicas, accordions, recorders, melodicas, guitars and Lanikai ukuleles under the HOHNER brand, and drums, percussion instruments, Concert & Marching drums and Orff instruments under the SONOR brand. With their core range the Hohner brands are world leaders.

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