



# Hawesko Holding AG Hamburg

Securities Code 604 270  
Reuters HAWG.F

## Report for the First Six Months of 2000

Hamburg, 26 July 2000

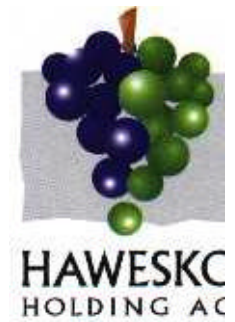
Highlights (in DM millions)	2nd Quarter (1.4.-30.6.) 2000		1st Half-year (1.1.-30.6.)2000	
		+/-		+/-
<b>Group sales</b> – excluding acquisitions	<b>93.5</b>	<b>+ 42.9%</b> + 13.3%	<b>185.8</b>	<b>+ 31.2%</b> + 3.2%
<b>Ordinary result (EBIT)</b> – excluding acquisitions	<b>1.3</b>	<b>– 71.9%</b> – 76.0%	<b>4.0</b>	<b>– 67.4%</b> – 76.7%
<b>Net profit</b> – excluding acquisitions	<b>0.0</b>	<b>– 99.8%</b> – 80.1%	<b>0.9</b>	<b>– 85.8%</b> – 81.4%

Dear Shareholders,

The Hawesko Group expanded its business nicely in the second quarter of the current fiscal year (April to June 2000): compared to the same period in the previous year, sales have risen by 43%. Adjusted for the newly acquired Wein Wolf Group this corresponds to an increase of 13%.

In the first six months of the current fiscal year, sales rose to DM 185.8 million. Simultaneously, the Hawesko Group has continued its successful development of each of its sales divisions through a series of measures:

- *Jacques' Wein-Depot*, our stationary wine retailer, has opened 17 new stores since the beginning of the year, bringing the total number of outlets to 180 as of 30 June 2000. The Depot network increased its sales in the first six months by 17% overall, while like-for-like sales rose by 11%. In Germany the *Jacques'* affinity card is now used by 250,000 customers already, and accounts for 80% of sales. Market entry in Austria is scheduled to take place this autumn, starting with five stores.
- In the classic wine mail-order division, the Hawesko Group has already entered the Austrian market. In the meantime, we have acquired our first customers with an especially attractive offering of Bordeaux wines. – In the ultra-premium product range of the mail-order division, a wine catalogue of more than 100 pages was developed under the logo of *Carl Tesdorpf – Weinhandel zu Lübeck* for the first time, which is unlike any other in format and in product selection, and is directed at new customers in the top market segment.
- In the wholesale division, the Hawesko Group successfully concluded a partnership with one of the most important and respected wine producers in the world, the Italian Marchesi Antinori Srl. Beginning in 2001, we will cooperate in the German market with this company. Furthermore, we were able to acquire Tchibo as an important new customer in the wholesale segment.
- *Winegate.de* consolidated its market leadership in Germany in Internet wine retail. Online sales rose in the first half by 772% overall to DM 4.1 million. At the end of June we launched our new advertising



campaign for *Winegate* with the slogan "What can the Internet do for me?". Our entry into foreign markets – with an English-language website at first – is imminent.

At the end of the first half year our operating result (EBIT) is 67% below that of the previous year. Mail-order sales had been weak in the first quarter due to the subdued demand after the new millennium; here we were able to make up ground in the second quarter. Especially in this latest quarter, we made some investments in the future of our mail order business under *Carl Tesdorpf – Weinhandel zu Lübeck*, the market entry in Austria and the development of the Internet wine business.

The Hawesko Group is thus, as explained at the annual general meeting in June, in the middle of a year of developing the business and investing in the future. This will provide sustained strength for the Group – and boost the development of results already next year.

Best regards,

Alexander Margaritoff  
CEO

•••

## Sales and Results

### Second Quarter

In the second quarter of 2000 (April to June) the Hawesko Group achieved total sales of DM 93.5 million, up from DM 65.4 million in the same period of the previous year. This corresponds to an increase of 42.9%. The rise is due primarily to the integration of the *Wein Wolf Group*, which is not included in the previous year's quarter. Adjusted for the *Wein Wolf Group* sales rose by 13.3%. Total sales were divided as follows among the individual sales divisions: Mail order: DM 35.3 million (+ 3.4%); specialist retail: DM 32.3 million (+ 17.4%) and wholesale: DM 25.9 million (+ 589.1% including the acquisition of *Wein Wolf*, + 72.0% adjusted for *Wein Wolf*).

In the mail order division, sales development was more stable in the second quarter than in the first. Sales of the *Hanseatisches Wein- und Sekt-Kontor* were up by 2.7% over the same quarter in the previous year. *Winegate* again considerably increased its sales; total online sales rose by 915% to DM 2.7 million. Operations were launched in Austria under the logo of *The Wine Company* and market entry was initiated with new-customer acquisition and a special catalogue. The positioning of *Carl Tesdorpf – Weinhandel zu Lübeck* at the upper end of the quality range was reinforced with the first mailing of a catalogue.

The specialist retail division profited again in the second quarter both from higher sales in the existing stores as well as from new openings. The number of *Jacques' Wein-Depot* outlets in operation rose by 10 in the second quarter to a total of 180. Thirteen further locations – four of them in Austria – were secured under lease. Like-for-like sales rose by 10.8% compared to the second quarter of the previous year.

The wholesale division posted the largest increase in sales in the second quarter of all of the business units. This is due to the consolidation of *Wein Wolf* and the acquisition of a new large customer, Tchibo.

The operating result (EBIT) of the Group in the second quarter amounted to DM 1.3 million, below that of the comparable period in the previous year (DM 4.4 million). The mail order division thereby posted a result of DM –1.6 million (comparable period in the previous year: DM +2.0 million). This is due to the increased expenditures for advertising as well as the investment in the development of *Carl Tesdorpf*, the entry into the Austrian market and the development of the e-commerce unit. The operating result in the specialist retail division (*Jacques' Wein-Depot*) rose by 17.5% to DM 3.3 million, proportional to sales. The result of the wholesale segment also profited from the integration of *Wein Wolf*. Adjusted for *Wein Wolf*, the result increased slightly.



## The First Six Months

The Hawesko Group increased its sales in the first six months of fiscal year 2000 over the comparable period in the previous year by 31.2% to DM 185.8 million. Adjusted for the acquisition of *Wein Wolf*, Group sales rose by 3.2%.

The operating result (EBIT) of the first six months, at DM 4.0 million, is 67.4% below that of the comparable period in the previous year. It was decisively influenced by the business development in the first quarter of 2000 as well as the investment expenditures for the development of *Carl Tesdorpf – Weinhandel zu Lübeck*, the Austrian business and the e-commerce unit.

Financial expenditures – due primarily to the acquisition of *Wein Wolf* – rose from DM 0.6 million in the same period of the previous year to DM 2.2 million. The ordinary result (before taxes) thus showed a greater decline to DM 1.8 million (first six months of 1999: DM 11.6 million). After the deduction of third-party interests, based on the International Accounting Standards, the Group result amounted to DM 0.9 million (first six months of 1999: DM 6.1 million). Thus the earnings per share amounted to DM 0.19 (EUR 0.10) compared to DM 1.36 (EUR 0.70) in the first half of 1999. These figures are based on a total number of 4,405,496 shares.

## Balance Sheet

The balance sheet total as at 30 June 2000 declined compared to that of 31 December 1999 by DM 20.4 million to DM 281.2 million. The main factors in this difference are, on the one hand, the decline in receivables from deliveries and services – the high point of which is generally achieved on 31 December – and, on the other hand, decline in prepayments after the delivery of the subscription wines in spring.

In the first six months of 2000, investments amounted to DM 8.4 million (first half of 1999: DM 2.3 million). These consist mainly of expenditures for the enlargement of the logistics center in Tornesch as well as for the expansion of *Jacques' Wein-Depot*. The enlargement of the logistics center is being financed through a sale-and-lease-back procedure that will be completed in the second half of 2000, so that the Group will regain liquidity of DM 3.6 million by the end of the year.

## Cash Flow

Gross cash flow in the period under review amounted to DM 4.7 million, down from the same period in the previous year (DM 13.7 million). This is due to the lower net profit. At the closing date 30 June 2000 there was a negative balance of cash.

## Outlook

Sales of between DM 470 million and DM 480 million are expected for the entire fiscal year 2000. The development of *Winegate* into Germany's leading online site for wine will certainly influence the remaining course of the fiscal year. Other projects of future importance which are currently being implemented include the introduction of the English-language *Winegate* site, the development of the Austrian operations, the accelerated promotion of the premium brand *Tesdorpf* in the mail order division, and last but not least the expansion of the *Jacques' Wein-Depot* network. In order to optimize the position of the mail order division, measures to ensure its business results will be implemented. With regard to the fourth quarter, which has a decisive influence on the results of every fiscal year, the required measures will be taken to ensure that the capacities of the Group correspond optimally to the peak loads of year-end sales.

## Accounts under International Accounting Standards (IAS)

Effective 1 January 2000 Hawesko is drawing up its accounts under the principles of the International Accounting Standards Committee. The clearer information that they provide for the international financial markets will satisfy our investors' information requirements more fully.

The comparative numbers for 1999 have been adjusted accordingly. The main differences concern the treatment of taxes on income under IAS. The capitalisation of conversion losses in fiscal supplementary accounts results in deferred taxes which, according to IAS standards, lead to a higher income-tax burden. Also of material significance are different goodwill valuations from first-time consolidation, which lead to lower amortisation charges. The changeover to IAS produces a significantly higher total in the consolidated balance sheet. This is mainly due to deferred taxes

booked to assets and allocated directly to revenue reserves from the contribution of subsidiaries to Hawesko Holding AG at 1 January 1998. Further details about the accounts under IAS may be found in our 1999 annual report, pp. 64 ff.



<b>Hawesko Holding AG</b>		
<b>Profit and Loss Statement i.a.w. International Accounting Standards (IAS)</b>		
(in DM millions, not certified; rounding differences possible)		
	1.1.–30.6. 2000	1.1.–30.6. 1999
<b>Sales revenues</b>	<b>185.8</b>	<b>141.6</b>
Cost of purchased goods	-107.8	-77.6
<b>Gross profit on sales</b>	<b>77.9</b>	<b>64.0</b>
Other operating income	7.4	4.1
Personnel expenses	-19.0	-13.0
Depreciation and amortisation	-3.5	-2.4
Other operating expenses	-58.8	-40.5
<b>Income from operations (EBIT)</b>	<b>4.0</b>	<b>12.2</b>
Financial expense	-2.2	-0.6
Profit from ordinary activities	1.7	11.6
Taxes on income	-0.8	-5.5
<b>Group profit</b>	<b>0.9</b>	<b>6.1</b>
Minority interest	-0.1	-0.1
<b>Net profit</b>	<b>0.9</b>	<b>6.0</b>
<b>Earnings per share in DM</b>	<b>0.19</b>	<b>1.36</b>

<b>Hawesko Holding AG</b>		
<b>Consolidated Balance Sheet i.a.w. International Accounting Standards (IAS)</b>		
(in DM millions, quarters not certified)		
	30.6.2000	31.12.1999
<u>Assets</u>		
Fixed assets	49.8	45.3
Inventories	137.1	133.0
Other current assets	44.5	73.6
Deferred taxes	48.3	48.4
Prepaid expenses	<u>1.5</u>	<u>1.3</u>
Total	281.2	301.6
<u>Liabilities</u>		
Equity	99.6	110.6
Provisions	7.1	7.6
Financial debts	113.4	92.6
Accounts payable and other liabilities	<u>61.1</u>	<u>89.5</u>
Total	281.2	301.6

**Hawesko Holding AG**

**Cash Flow Statement i.a.w. International Accounting Standards**

(in DM millions, not certified)

	1.1.–30.6. 2000	1.1.–30.6. 1999
Profit from ordinary result	1.7	11.6
Depreciation of fixed assets	3.5	2.4
Change in provisions	-0.5	-0.3
<b>Subtotal: Cash flow for the period</b>	<b><u>4.7</u></b>	<b><u>13.7</u></b>
Other outflow of funds from current operations	-8.2	-12.0
<b>Subtotal:</b>		
<b>Inflow/Outflow of funds from current operations</b>	<b><u>-3.5</u></b>	<b><u>1.7</u></b>
<b>Net outflow of funds from investment activities</b>	<b><u>-8.4</u></b>	<b><u>-2.3</u></b>
<b>Net inflow/outflow of funds from financing activities</b>	<b><u>4.7</u></b>	<b><u>-6.6</u></b>
Change in liquidity	<u>-7.2</u>	<u>-7.1</u>
Funds at start of period	6.1	10.9
Funds at end of period	-1.1	3.8

**Business Segments** (in DM millions)

1st half-year 2000	Mail order	Specialist retail	Wholesale	Other/ Transition	Group
Sales revenues	76.5	63.5	52.4	-6.7	185.8
– External	72.4	63.5	49.9	–	185.8
– Internal	4.1	–	2.6	-6.7	–
Income from operations (EBIT)	-1.6	6.2	2.2	-2.8	4.0
1st half-year 1999	Mail order	Specialist retail	Wholesale	Other/ Transition	Group
Sales	83.3	54.5	10.8	-7.0	141.6
– External	79.2	54.4	7.9	–	141.6
– Internal	4.1	0.1	2.8	-7.0	–
Income from operations (EBIT)	7.3	5.5	0.9	-1.5	12.2

**Other Information**

	1.1.– 30.6. <u>2000</u>	1.1.–30.6. <u>1999</u>
Employees (average during the period)	437	323



**Calendar:**

- |  |                     |
|--|---------------------|
| – Third Quarter 2000/ Nine-month Report  | End of October 2000 |
| – Preliminary Report on Fiscal Year 2000   | Mid-February 2001   |
| – Balance Sheet Press Conference /<br>Publication of the Annual Report 2000<br>First Quarter 2001 / Three-month Report | Early May 2001      |
| – Annual General Meeting 2001  | Mid-June 2001       |

Published by: Hawesko Holding AG  
–Investor Relations–  
20205 Hamburg

Tel. +49 (0)40 / 30 39 21 00  
Fax +49 (0)40 / 30 39 21 05  
Internet: [www.hawesko.com](http://www.hawesko.com)