

Hawesko Holding AG

Hamburg

German Securities Code 604 270

Report on the first quarter of 2000

Hamburg, 26 April 2000

Highlights (in DM millions)	For the three months' ended 31 March:		
	<u>2000</u>	<u>1999</u>	<u>+/-</u>
Group sales	92.3	76.2	+ 21.2 %
- without acquisition	72.0	76.2	- 5.5 %
Operating profit (EBIT)	2.7	7.8	-64.8 %
- without acquisition	1.8	7.8	-77.0 %
Net profit	0.9	4.3	- 80,1 %
- without acquisition	0.8	4.3	- 82.0 %

Dear Shareholders,

The new millenium has started and we are looking upon an exciting development in the world of wine.

More than ever before the wine industry is a global business with new and exciting wines produced throughout the world. As Germany's leading company in the top segment we find ourselves in the midst of a fast-growing trade. With our three existing distribution channels: mail-order business, specialty-shop business, wholesale business and the new E-Commerce channel we are well positioned to take advantage of the trend to higher-quality wines and the lifestyle expression they represent.

With our newly founded Winegate AG we are moreover ideally positioned to take a leading role in the fast growing global internet sale of wine and champagne. With our excellent logistics, more than 4000 wines in our portfolio, four years experience in E-Commerce and state-of-the-art direct marketing we feel confident that our strong expansion in this particular field will support and complement our expansion in Germany and abroad.

In the first quarter the E-commerce business is really taking off, and made higher sales than even the bumper fourth quarter of 1999.

The specialty-shop segment with its Jacques' Wein-Depots has continued to make good progress both in expansion of new outlets and in the acceptance of the Jacques' customer card.

The wholesale segment also showed a generally good performance, whereby it benefited in the year-on-year comparison from the first-time inclusion of the Wein-Wolf Group in this quarter.

The mail-order segment has had a more difficult quarter, firstly because the fourth quarter of 1999 showed an extraordinary amount of order activity which we think depressed the activity in the first quarter of 2000; and secondly because the mail-order bears the structural costs of building up the international and the differentiated marketing activities (Winegate, Carl Tesdorpf) of the Group.

As we look towards the rest of 2000 and beyond, we see many exciting things opening up. Beside our E-Commerce activities we have just started our Austrian operations with a very promising customer-acquisition mailing. We are looking for new opportunities in other European countries and are confident that our efforts in realizing the purchasing, logistics and marketing synergies will soon bear fruit for our entire group.

Yours sincerely

Alexander Margaritoff
Chairman of the Management Board

Sales and earnings

Hawesko Holding AG and subsidiaries achieved sales of DM 92.3 million in the first quarter of 2000 (Q1 1999: DM 76.2 million), which is an increase of 21.2%. This increase is mainly due to the inclusion of the Wein-Wolf Group, which was not in the first quarter figures of 1999. Without the Wein-Wolf Group sales were down by 5.5%. The sales of the individual operating businesses break down as follows: mail-order DM 37.0 million (– 17.8 %), specialty wine stores DM 31.2 million (+ 15,9 %) and wholesale DM 24.0 million (+ 474.3 % including the acquisition of Wein-Wolf; – 11.9 % on a comparable basis without Wein-Wolf).

The negative sales development in mail-order is due to customer orders in the fourth quarter of 1999 which were especially strong on the back of the enlarged winter catalog and a customer reactivation mailing in December. It is likely that some sales, which otherwise would have made in the first quarter of 2000, were shifted up into the fourth quarter of 1999. The delivery of prepaid subscription wines was also well below the previous year's level due to the perceived quality of the vintage. These developments were counterbalanced in part by sales increases in the Winegate E-commerce site, which posted sixfold gains at DM 1.4 million in sales.

The specialty wine stores benefited both from like-for-like sales increases and from new openings. The number of Jacques' Wein-Depots in operation increased by seven in the first quarter to a total of 170, the number of locations secured under lease totalled 185. Like-for-like sales increased by 11.1% against the first quarter of 1999.

Wholesale performed generally well, given that many wholesale customers stocked up in anticipation of the millenium celebrations and thus their inventories were well covered into the first quarter.

At DM 2.7 million the Group's operating profit (EBIT) was below the same period of 1999 (DM 7.8 million). The mail-order segment posted a slight loss in its operating result for the quarter because of lower gross profit on the decrease in sales and because of expenditure to build up the Winegate E-commerce and Carl Tesdorpf ultra-premium businesses. The operating profit of the Jacques' Wein-Depot specialty-wine-store segment increased on higher sales volume, but not exactly in step because of higher advertising expense for the establishment of the customer loyalty card. The operating profit of the wholesale segment benefited from the inclusion of Wein-Wolf; on a comparable basis without Wein-Wolf, a small loss would have been shown due to a decrease in sales.

The financial expense was up against the previous year's quarter mainly because of financing the Wein-Wolf acquisition. Group profit from ordinary activities declined to DM 1.7 million (1999: DM 7.4 million), net profit after minorities on the basis of the accounts under International Accounting Standards reached DM 0.9 million (DM 4.3 million). This represents earnings per share of DM 0.20 (Euro 0.10), against DM 0.98 (Euro 0.50) in the first quarter of 1999 (these figures are based on the total number of 4,405,496 shares). There were no potentially dilutive factors for the earnings per share calculation.

Balance sheet

Total assets in the consolidated balance sheet decreased by 32.8 million against 31 December 1999. The main difference is the reduction in trade accounts receivable as the year-end business is wound up.

Capital spending in the first quarter of 2000 totalled DM 2.2 million (Q1 1999:DM 0.9 million) and pertains mainly to starting to enlarge the distribution center in Tornesch and setting up the Austrian operations.

Cash flow

Cash flow for the period, at DM 3.0 million, is lower than that of the same period of the previous year (DM 8.7million), based on the lower net profit.

Outlook

For the whole 2000 fiscal year we expect sales of between DM 470 million and DM 490 million. The year will be marked by a buildup of Winegate as the leading online-wine site in Germany as well as the start of a Winegate English-language and French-language site, the buildup of business in Austria, the expansion of the Tesdorpf ultrapremium brand in mail-order and the expansion of Jacques' Wein-Depot. We will continue to monitor the development in the classical mail-order business closely and take all necessary actions to maintain its success. The fourth quarter of every year is a major determinant in the results of the entire fiscal year, we will take actions particularly to ensure optimal use of the company's capacities during the peak year-end season.

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.

Hawesko Holding AG		
Profit and loss account		
(in DM millions, unaudited; rounding differences possible)	1 Jan - 31 Mar 2000	1 Jan -31 Mar 1999
Sales revenues	92.3	76.2
Cost of purchased goods	-54.2	-42.7
Gross profit on sales	38.0	33.4
Other operating income	3.7	2.1
Personnel expenses	-9.4	-6.6
Depreciation and amortisation	-1.6	-1.1
Other operating expenses	-28.0	-20.1
Income from operations (EBIT)	2.7	7.8
Financing expense	-1.1	-0.3
Profit from ordinary activities	1.7	7.4
Taxes on income	-0.7	-3.1
Group profit	0.9	4.3
Minority interests	-0.1	0.0
Net profit	0.9	4.3
Earnings per share in DM	0.20	0.98

Hawesko Holding AG**Consolidated balance sheet**

(in DM millions, quarters unaudited)

	31 Mar 2000	31 Dec 1999
Assets		
Fixed assets	46.3	45.3
Inventories	133.0	133.0
Other current assets	39.6	73.6
Deferred taxes	48.2	48.4
Prepaid expenses	1.7	1.3
Total	268.8	301.6
Liabilities and shareholders' equity		
Equity	99.7	110.6
Provisions	7.3	7.6
Financial debts	91.6	92.6
Accounts payable and other liabilities	70.2	89.5
Total	268.8	301.6

Hawesko Holding AG**Group cash flow statement**

(in DM millions, unaudited)

	1 Jan - 31 Mar 2000	1 Jan - 31 Mar 1999
Profit from ordinary activities	1.7	7.4
Depreciation on fixed assets	1.6	1.1
Change in provisions	-0.3	0.2
Cash flow for the period	<u>3.0</u>	<u>8.7</u>
Other in-/outflow of funds from current operations	0.3	-6.4
Inflow of funds from current operations	<u>3.3</u>	<u>2.3</u>
Outflow of funds from investment activities	<u>-2.2</u>	<u>-0.9</u>
Outflow of funds from financing activities	<u>-1.6</u>	<u>-5.6</u>
Change in liquidity	<u>-0.5</u>	<u>-4.2</u>
Funds at start of period	6.1	10.9
Funds at end of period	5.6	6.7

Business segments (in DM millions)

1st Quarter 2000	Mail-order	Specialty wine stores	Wholesale	Other/ reconciliation	Group
Sales	39,8	31,2	24,7	-3,5	92,3
- External	37,0	31,2	24,0	--	92,3
- Internal	2,8	--	0,7	-3,5	--
Income from operations (EBIT)	0,0	2,9	1,0	-1,2	2,7
1st Quarter 1999	Mail-order	Specialty wine stores	Wholesale	Other/ reconciliation	Group
Sales	47,8	27,0	5,7	-4,4	76,2
- External	45,0	26,9	4,2	--	76,2
- Internal	2,8	0,0	1,6	-4,4	--
Income from operations (EBIT)	5,3	2,7	0,4	-0,6	7,8

Other particulars	1.1.-31.3. <u>2000</u>	1.1.-31.3. <u>1999</u>
Employees (average for the period)	438	290

Calendar:

- | | |
|--|-------------------|
| - Annual general meeting | 8 June 2000 |
| - Ex-dividend | 9 June 2000 |
| - Second quarter/ half-year report | End July 2000 |
| - Third quarter / nine-month report | End October 2000 |
| - Preliminary report on fiscal year 2000 | Mid February 2001 |

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