Hawesko Holding AG
Hamburg

Securities Code 604 270
Reuters HAWG.F

Nine-month interim report for the period ending 30 September 2001

Hamburg, 30 October 2001

Highlights
in DM millions

	3rd Quarter (1.7.–30.9.)			Nine Months (1.1.–30.9.)		
	2001	2000 *)	+ / –	2001	2000 *)	+ / –
Group sales	**105.1**	**92.3**	**14%**	**333.8**	**278.1**	**20%**
Operating result (EBIT)	**1.9**	**– 4.9**	**– %**	**12,1**	**– 0.5**	**– %**
Group result	**– 0.4**	**– 5.9**	**– %**	**3,1**	**– 4.9**	**– %**

*) Prior year adapted to the certified IAS balance sheet

Dear Shareholders,

The upward trend in sales continued during the third quarter of the current fiscal year (1 July to 30 September 2001). With an increase in sales of 14% over the same period of the previous year, the Hawesko Group posted a positive operating result (EBIT) – something not to be taken for granted in this period, which is traditionally the weakest quarter of our fiscal year.

As in the previous quarters, all three business segments contributed to the strong growth in the quarter. The mail-order segment was thereby influenced by the preparations to integrate e-commerce. This positioning of online activities under the Hawesko name, which is already well-established in the offline sector, promises not only more efficient use of advertising media, but also underscores the lasting authenticity of our more than 35 years of experience in mail-order. In the stationary specialist retail segment, *Jacques' Wein-Depot* continued its expansion to over 200 outlets while profitability remained high in the quarter. In the wholesale segment, we were particularly pleased by the development of the Antinori wines, which have been distributed exclusively by the *Wein Wolf* subsidiary *Weinland Ariane Abayan* since the beginning of the year.

In fiscal year 2001, we have made the improvement of the operating profit margin our top priority, and after nine months we can truly say we have made notable progress on our way to achieving this goal. The forecast for the current fiscal year that we made at the beginning of the year – and which we have repeatedly confirmed since then – predicted a sales increase of 9% and a proportionally higher increase in the operating result (EBIT). We now consider the capital market's expectations of total annual sales of more than DM 510 million in 2001 (fiscal year 2000: DM 454 million) as well as an operating result of at least DM 26 million (fiscal year 2000: DM 17 million) to be realistic, after the successful course of the third quarter. With nine months of this fiscal year behind us, we are very confident about achieving this profit level with a normal course of business in the fourth quarter.

As in every year, the fourth quarter is the most important, due to the Christmas business – and also the most difficult to predict. This is particularly true in this year after the terrible events of September 11. Whether or not at-home wine consumption will be affected – i.e., whether there will be a noticeable influence in the mail order and stationary specialist retail segments – remains to be seen. From today's standpoint, both the possible positive and the possible negative influences are evenly balanced.

As we announced several weeks ago, the start of the coming year will bring a change for me personally: after the Hawesko Group's success in gaining Mr. Paul Smyth as a highly qualified managing director of *Hanseatisches Wein- und Sekt-Kontor GmbH & Co. KG*, I will give up my position as manager of this mail order subsidiary – the company that my father founded more than 35 years ago. I will then be able to focus my energies entirely on the development of the Hawesko Group, which, in my opinion, is an extraordinary company, for which planning and thinking ahead is simultaneously a challenge as well as a pleasure for me.

Best regards,

Alexander Margaritoff
CEO

Sales and results

<u>Third quarter</u>

In the third quarter of fiscal year 2001 (July to September), the Hawesko Group achieved sales of DM 105.1 million compared to DM 92.3 million in the same period of the previous year. This corresponds to an increase of 13.9%. All business segments of the Group posted sales growth, though the growth rates were lower than in the first and second quarters, as expected. Sales were divided as follows among the individual segments: mail order/e-commerce: DM 38.7 million (+12.0%), specialist retail: DM 35.3 million (+10,9%) and wholesale: DM 31.0 million (+19.7%).

In the mail order/e-commerce segment, the subsidiary *Hanseatisches Wein- und Sekt-Kontor,* which is oriented to the German market, and the newly consolidated subsidiary *Le Monde des Grands Bordeaux* were primarily responsible for growth in the quarter under review. The latter, as a specialist in Bordeaux wines domiciled in France, contributed DM 4.1 million (previous year from 1 September: DM 1.0 million) to sales. The e-commerce segment was responsible for DM 2.4 million of sales (same period in the previous year: DM 2.2 million).

The continuing positive response to the *Jacques'* customer card and the measures taken to address the existing customer base which were thereby facilitated once again helped the specialist retail segment (*Jacques' Wein-Depot*) to achieve an increase in sales. Four new outlets were opened in Germany in the third quarter, thus increasing the number of depots to 200 at 30 September 2001. In addition, a new depot was opened in Austria, bringing the number of outlets there to six. Ten additional German outlets had been leased at the end of the quarter, but not yet opened. Like-for-like sales were 5.3% above the third quarter of 2000.

The development of the wholesale segment was characterized primarily by the seasonal sales pattern and by a significant decline in sales in September.

The Group operating result (EBIT) in the third quarter amounted to DM 1.9 million, well over that of the comparable period in the previous year (DM –4.9 million, adjusted to the audited IAS financial statements). The mail order/e-commerce segment experienced the strongest turnaround in results, from DM –7.2 million in the previous year to DM –0.3 million in the quarter under review. The improvement in the results of the *Hanseatisches Wein- und Sekt-Kontor* played the largest role in this regard. The operating result of the specialist retail segment *Jacques' Wein-Depot* amounted to DM 3.1 million, an increase of 3% over the previous year. The wholesale segment remained at the level of the previous year with DM 0.1 million.

<u>Nine-month period</u>

Sales of the Hawesko Group rose to DM 333.8 million in the first nine months of fiscal year 2001, an increase of 20.0% over the same period in the previous year.

The operating result (EBIT) improved from DM –0.5 million in the same period of the previous year (adjusted to the audited IAS financial statements) to DM 12.1 million in the first nine months of the current fiscal year.

Compared to the first nine months of 2000, financial expenditures increased by DM 1.7 million to DM 5.7 million due to the first application of IAS 39 (financial instruments) combined with the turbulence in the international financial markets. The pre-tax result rose from DM –4.6 million by DM 11.0 million to DM 6.4 million. Consolidated net profit after taxes and minority interests amounted to DM 3.1 million (2000: DM –4.9 million). This figure results in an undiluted profit per share of DM 0.72 (Euro 0.37), compared to DM –1.11 (Euro –0.57) in the same nine-month period of 2000.

The figure for 2001 takes into account that an average of 90,000 shares from the share buyback were not in circulation during this period and is thus based on a share count of 4.315.000. The diluted profit per share, assuming the full exercise of all options granted, amounts to DM 0.71 (2000: DM –1.09) per share.

Balance sheet

Total assets at 30 September 2001 declined by DM 26.9 million compared to 31 December 2000, to DM 318.3 million. This is due primarily to the decline in trade accounts receivable by DM 29.3 million (which typically reach their peak at 31 December) and to a reduction in cash and cash equivalents by DM 12.6 million. Offsetting this, inventories amounting to DM 21.3 million were built up as scheduled in preparation for Christmas sales.

On the liabilities side, the value of 149,000 treasury shares were deducted from equity capital. Borrowings (financial debt) traditionally reaches its peak at the balance sheet date on 30 September.

Cash Flow and Investments

For the first nine months of the current fiscal year, cash flow from current operations amounted to DM 9.9 million, thereby surpassing the figure for the same period of the previous year (DM –14.8 million) by DM 24.6 million. This was due primarily to the higher operating result.

The cash flow from financial activities reflects a decline in the financial debt and the payment of the dividend approved at the annual general meeting on 14 June 2001 for fiscal year 2000. The item "Outpayments for treasury shares" in the reporting period applies to the buyback of 73,000 shares.

Investments in this nine-month period amounted to DM 6.5 million (previous year: DM 10.6 million, of which DM 3.8 million was financed by a sale and lease-back program at the end of the year). They relate mainly to the introduction of a new cash register system and to new openings for *Jacques' Wein-Depot*.

Segment report

As of 2001 the item Miscellaneous/Consolidation additionally includes the logistics operations of the Group under the subsidiary company IWL Internationale Wein Logistik GmbH, domiciled in Tornesch near Hamburg. This led to an increase of DM 0.2 million in this item that would otherwise have been included in the mail order/e-commerce and wholesale segments. The figures for the corresponding period of the previous year have been adjusted accordingly.

Outlook

The focus of the Group's efforts remains the improvement of the operating profit margin. The development of business during this nine-month period exceeded the expectations which were held when the full-year forecast was announced. For fiscal year 2001, sales are expected to increase to more than DM 510 million, and the operating result (EBIT) is expected to be at least DM 26 million. This is achievable even if the Christmas business is slightly below average. A further increase in sales as well as in the operating result is expected for fiscal year 2002.

HAWESKO HOLDING AG

Hawesko Holding AG **Profit and Loss Statement** (in millions DM, not certified; rounding differences possible)	1.1.–30.9. 2001	1.1.–30.9. 2000*)	+ / -
Sales	**333.8**	**278.1**	**20.0%**
Cost of purchased goods	–196.3	–162.1	21.1%
Gross profit on sales	**137.5**	**116.0**	**18.5%**
Other operating income	12.7	11.9	7.2%
Personnel expenses	– 33.1	– 29.3	12.8%
Depreciation and amortization	– 6.2	– 5.5	12.6%
Other operating expenses	– 98.8	– 93.6	5.6%
Result from operations (EBIT)	**12.1**	**– 0.5**	**– %**
Financial result	– 5.7	– 4.0	42.1%
Result from ordinary operations	6.4	– 4.6	– %
Taxes on income and deferred tax expense	– 2.8	0	– %
Result after taxes	**3.6**	**– 4.6**	**– %**
Profit due to minority interests	– 0.5	– 0.3	93.0%
Consolidated earnings	**3.1**	**– 4.9**	**– %**
Profit per share in DM	**0.72**	**– 1.11**	**– %**

*) Prior year adjusted to the audited IAS financial accounts

Hawesko Holding AG **Consolidated Balance Sheet** (in millions DM, quarters not audited, rounding differences possible)	30.9.2001	31.12.2000	+ / -
Assets			
Fixed assets	42.3	42.4	– 0.2%
Inventories	162.2	140.9	15.2%
Trade accounts receivable	34.6	64.0	– 45.9%
Other current assets	19.6	36.4	– 46.0%
Deferred taxes	59.1	60.4	– 2.1%
Prepaid expenses	0.4	1.2	– 66.5%
Total	**318.3**	**345.2**	**– 7.8%**
Liabilities			
Equity	107.9	115.5	– 6.6%
Minority interests	1.3	1.6	– 18.4%
Provisions	20.0	16.4	21.5%
Borrowings	115.6	116.8	– 1.0%
Trade accounts payable	44.1	58.2	– 24.1%
Other liabilities	29.3	36.6	– 19.9%
Total	**318.3**	**345.2**	**– 7.8%**

Hawesko Holding AG
Consolidated Cash Flow Statement

(in millions DM, not audited, rounding differences possible)	1.1.–30.9. 2001	1.1.–30.9. 2000*)
Result before taxes on income	6.4	– 4.6
Depreciation of fixed assets	6.2	5.5
Interest result	5.7	4.0
Change in inventories	– 21.1	– 16.8
Change in other short-term assets	37.9	31.6
Change in provisions	2.1	– 7.2
Change in liabilities (excluding borrowings)	– 21.5	– 20.9
Taxes on income paid out	– 5.8	– 6.5
Net inflow of payments from current operations	**9.9**	**– 14.8**
Acquisition of subsidiaries net of funds acquired	– 0.2	– 1.5
Outpayments for tangible assets and intangible assets	– 6.3	– 9.1
Outpayments for treasury shares	– 2.8	– 3.0
Inpayments from the disposal of tangible assets and intangible assets	0.3	–
Inpayments from the disposal of financial assets	0.1	0.5
Net funds employed for investment activities	**– 8.9**	**–13.1**
Outpayments for dividends	– 7.1	–11.7
Outpayments to minority interests	– 0.4	– 0.5
Change in borrowings	– 1.5	38.2
Interest paid out	– 4.8	– 2.6
Outflow / inflow of net funds from financing activities	**– 13.9**	**23.5**
Net decrease in funds	**– 12.9**	**– 4.4**
Cash at start of period	18.7	6.1
Cash at end of period	**5.8**	**1.7**

*) Prior year adjusted to the audited IAS financial accounts

Segments (in millions DM, rounding differences possible)

1.1.– 30.9.2001	Mail order/ e-commerce	Specialist retail	Wholesale	Miscellaneous/ Consolidation	Group
Sales	134.5	109.8	101.3	– 11.8	333.8
- External	**128.5**	**109.5**	**95.5**	**0.3**	**333.8**
- Internal	5.9	0.3	5.9	– 12.1	–
Operating result (EBIT)	**2.4**	**10.6**	**3.8**	– 4.6	**12.1**

1.1-30.9.2000 *)	Mail order/ e-commerce	Specialist retail	Wholesale	Miscellaneous/ Consolidation	Group
Sales	112.5	95.4	80.4	– 10.1	278.1
- External	**106.9**	**95.4**	**75.7**	**–**	**278.1**
- Internal	5.5	0	4.6	– 10.1	–
Operating result (EBIT)	**– 8.5**	**9.3**	**2.3**	– 3.7	**– 0.5**

*) Prior year adjusted to the audited IAS financial accounts

Other data	1.1.–30.9. 2001	1.1.–30.9. 2000
Employees (average during the period)	489	429

Calendar:

–	Preliminary report for fiscal year 2001	Mid-February 2002
–	Balance sheet press conference / Publication of the Annual Report 2001 First quarter 2002 / Three-month report	End of April 2002
–	Annual General Meeting 2002	Mid-June 2002

Published by : Hawesko Holding AG
– Investor Relations –
20205 Hamburg
GERMANY
Tel. + 49 40 / 30 39 21 00
Fax +49 40 / 30 39 21 05
Internet: www.hawesko.com