Annual General Meeting of Shareholders

Hawesko Holding AG

on 14 June 2001

Curio-Haus, Hamburg

(The spoken word is valid.)

Herr Alexander Margaritoff, CEO

Ladies and gentlemen,

I cordially welcome you to this year´s shareholders´meeting of Hawesko Holding AG. My colleagues – Mr. Bernd Hoolmans, responsible for the stationary specialist retail segment under *Jacques' Wein-Depot*, and Mr. Sven Ohlzen, Chief Financial Officer, – and I are pleased to take this opportunity to inform you about fiscal year 2000 as well as the first three months of the current fiscal year.

You have received the annual report for 2000, and in this regard I would like to mention two significant developments which had a formative influence on our company in the past year:

First of all, particularly in the first half of 2000, we had to confront the aftermath of the millennium. In the euphoria surrounding the turn of the millennium, trade customers as well as private wine lovers laid in very generous stocks of wine and champagne at the end of 1999. Too generous, as it later turned out.

In the first months of 2000 the cellars were still full, and sales dropped drastically and painfully. For instance, the demand for champagne in Germany during the first six months declined by more than 30% percent. The sales of high-quality Bordeaux wines fell by half.

We were not able to avoid this development completely: in the first quarter of 2000, sales in the mail-order division – ie, in the segment in which premium wines and champagnes comprise a main pillar of business – dropped by 18%. A setback due to the market, from which we were unable to recover by the end of the year.

Secondly, we energetically accelerated our investments in the expansion and continuing development of the Group in 2000. Last year, through great advertising efforts, we nearly doubled the sales of *Carl Tesdorpf – Weinhandel zu Lübeck,* which we acquired in 1999. In stationary retail we expanded Jacques' depot network by twenty-five stores to a total of 188. We supplemented our foreign operations by successfully launching the *The Wine Company* in the mail-order segment in Austria and opened five *Jacques' Wein-Depots* in Vienna and Innsbruck. In France, we acquired the wine merchant *Le Monde des Grands Bordeaux*. In the e-commerce segment we increased sales to nearly DM 11 million – almost six times more than the previous year. Overall, we succeeded in acquiring more than 100,000 new customers throughout the Group in the year 2000 alone – a tremendous investment in the future of the Group!

Both developments are reflected in the figures that Mr. Ohlzen will now present in detail.

Mr Sven Ohlzen, Chief Financial Officer:

Good morning, ladies and gentlemen, I would also like to welcome you warmly to today's shareholders´meeting.

First I would like to direct your attention to the fact that the Hawesko Group drew up its year-end financial statement for fiscal year 2000 in accordance with International Accounting Standards – IAS – for the first time. We did this in the spirit of the SMAX guidelines in order to provide greater transparency for the capital market and improved comparability in the international arena. We view the admission of the Hawesko shares to the London Stock Exchange last week and their listing with 44 other German stocks as recognition of this effort. Preparing our financial statements according to IAS gives us a two-year lead over other market participants, as the SMAX guidelines do not require the changeover to IAS until the financial statements for 2002.

The main differences from the HGB accounts for the Hawesko Group can be summarized in the following points:

1. Our balance sheet total is approximately DM 60 million higher. This is due to the new position for a deferred-tax asset in our Group balance sheet.

2. The *Wein Wolf Group,* acquired in 1999, appears in the comparison figures of the previous year for a period of four months, so that the previous year's Group 1999 sales are shown at DM 392 million.

3. In general, the explanations in the IAS notes to the accounts are considerably more comprehensive than under HGB.

I would now like to discuss the figures for fiscal year 2000.

Group sales rose to DM 454 million compared to DM 392 million under IAS in the previous year; that's an increase of 16%. This rise is primarily due to the full-year consolidation of *Wein Wolf*; excluding *Wein Wolf* an increase of 6% was posted. As Mr. Margaritoff mentioned at the beginning, 2000 was a difficult year for the wine business: that is the background against which this 6% organic growth must be viewed.

Sales developed in the various business segments as follows:

> In the mail order/e-commerce division, sales declined by 1%. After a difficult start in the first quarter of 2000, when the sales of this division declined by 18% compared to the first quarter of the previous year, the sales growth in the remaining three quarters could not compensate for this decline. The first quarter of 2000 was, as we reported a year ago, characterized by a clear restraint in consumption, particularly in champagne and the 1997 Bordeaux, which was just being introduced to the market at that time. During the course of the year, business continued to stabilize: the fourth quarter of 2000 almost reached the sales level of the fourth quarter of 1999, which was under the spell of the changing millennium.

In the first three months of 2001 we have also noticed a significant normalization, which Mr. Margaritoff will discuss during his presentation shortly.

In stationary specialist wine retail – *Jacques' Wein-Depot* – sales rose by 14%. This development is due on the one hand to a rise in like-for-like sales of 8%, and on the other to the expansion of the Depot network by 25 stores in Germany. A further six store sites were under lease at the end of the year.

The wholesale division posted an increase of 67% over the previous year and sales of DM 117 million, due in large part to the inclusion of *Wein Wolf* for the entire year. Excluding the *Wein Wolf Group*, which was included in the previous year's balance sheet for only four months, sales increased by 16%.

The operating result (EBIT) of the Hawesko Group declined from DM 36 million in fiscal year 1999 to DM 17 million in fiscal year 2000.

The main reason for this development is found in the mail order/e-commerce segment, which – after operating profits of DM 17 million in the previous year – posted merely a slight profit in fiscal year 2000. On the one hand, considerable start-up and expansion costs had to be supported: the expansion of the e-commerce segment, the market entry in Austria and the continuing development of the ultra-premium marketing under *Carl Tesdorpf – Weinhandel zu Lübeck* together accounted for most of the pressure on results. But the moderate business development in the post-millennium year 2000 also caused the operating result to fall, after the structures were partially oriented to higher growth.

In stationary specialist retail – *Jacques' Wein-Depot* – the operating profit rose by 7% – to DM 17 million – despite the higher rate of expansion.

The wholesale division had to take a decline in operating profits by approximately DM 1 million to below DM 6 million. You must hereby take into account that non-recurring profit in the amount of DM 2 million overall were posted in 1999. So the wholesale division result for fiscal year 2000 is quite positive and was within the expected range.

Headquarter costs and consolidating positions are deducted from the total operating result. In fiscal year 2000 these deductions amounted to DM 5 million, compared to the DM 4 million in the previous year due to the complete year of amortization of the *Wein Wolf* goodwill and higher consulting fees.

From the point of view of the entire Group, the items gross profit, personnel expenditures and other operating expenditures have developed as follows in the profit and loss statement:

– Gross profit declined compared to the previous year from 44.1% to 42.3% of sales: this is due primarily to the complete year of inclusion of the *Wein Wolf* Group, which as a wholesaler has a different price structure than other Group companies whose business focuses on the end consumer.

– The personnel expenditure quota rose from 8.6% to 9.3% due to start-up and expansion costs.

- Other operating expenditures rose from 28.6% of sales in 1999 to 31.5% of sales in 2000. Here the higher advertising costs must be mentioned first and foremost, which are set against low sales figures in the start-up periods, but which must be viewed as investments over the long term.

We had already communicated our expectations with regard to these developments during 2000, so that the pre-tax result at just over DM 11 million is completely within the range of our latest prognosis.

I would like to spend some time on the item tax expenditures, because the effects of the changes in the tax law and in the implementation of allowable tax deductions
are noticeable: under IAS, we post tax expenditures of DM 9 million, which is very high compared to the pre-tax result. On the one hand, this takes into account that due to the reduction of the tax rates on earnings in Germany, the value of our tax relief potential which is capitalized as an asset declined; this resulted in an extraordinary income tax charge of DM 6.5 million. On the other hand, a tax refund claim of DM 3.6 million was successfully asserted, as tax losses arising from a change in legal form of the company (at the time of creating the Hawesko Group) have become allowable to reduce income in the calculation of trade tax. The net effect of these two items led to a non-recurring increase in tax expenditures of DM 2.9 million in fiscal year 2000.

Corresponding to this one-off high tax expenditure, the Group result is lower than expected at just over DM 2 million, and amounts to earnings per share of DM 0.48
(€ 0.24). If you add the DM 2.9 million net effects of the non-recurring effects to the Group result, it amounts to DM 5 million, or DM 1.14 (€ 0.58) per share.

Upon examination of the Group balance sheet at 31 December 2000, you will notice that it has increased by 8% over the balance sheet total of the previous year, which was likewise drawn up according to IAS, to DM 345 million. As I just mentioned, for structural reasons this balance sheet total is higher than in the HGB balance sheet due to the deferred-tax asset. Fixed assets remain unchanged from 1999 at DM 42 million.

In the IAS balance sheet, Group equity amounts to DM 116 million, corresponding to 33% of the balance sheet total before dividend payment; in the previous year it amounted to 40% of the balance sheet total. Bank financing – "borrowings" in the IAS balance sheet – rose from DM 93 million to DM 117 million. After the year-end closing date we reduced borrowings by DM 10 million.

In fiscal year 2000, the Group's cash flow from current operations improved noticeably compared to the previous year: the cash flow from current operations rose by 21% to DM 17 million. This is due primarily to the fact that the inventory build-up and the other short-term assets were not as strong as in the previous year.

With regard to cash flow for investment activities, the biggest difference from the previous year is that no larger acquisitions were made in the year under review. In the previous year we had acquired *Wein Wolf*, which led to an outflow of funds amounting to DM 18 million. In fiscal year 2000, there were payments for the acquisition of our own shares in the amount of DM 3 million; in summer 2000 we acquired 76,000 shares.

Cash flow from financing activities in fiscal year 2000 revealed an influx of funds of DM 7 million, up slightly from the previous year. The payments to minority interests, which were influenced in 1999 by the completion of the *Wein Wolf* acquisition, declined considerably in the year under review. The outflow due to dividend payment amounts to DM 12 million, as in 1999.

The rise in liquid funds at 31 December 2000 by DM 13 million to DM 19 million is a snapshot at the closing date. In the first quarter of the current year they were reduced to the previous year's level and used, among other things, to discharge financial debt.

Ladies and gentlemen, the companies of SMAX stand for solidity, constancy, proven long-term profitability – and not least regular dividend payments. Hawesko does not wish to make an exception, even though our business in 2000 was influenced by many non-recurring events. Throughout the entire year we warned that in view of the expected decline in profit – I refer once more to the start-up costs for new operations and the "millennium hangover" – a dividend payment at the level of the previous year (DM 2.65 per share) would not be realistic. Estimates in the market ranged between DM 0.70 and DM 1.95. For 2000, the supervisory board and management board propose a dividend of DM 1.65 per share will be paid, plus a tax credit of DM 0.11 for German taxpayers. We view this proposal as a middle road between the continuity of the last two years and the reality that the Group simply earned less in fiscal year 2000. It also reflects the fact that we are already one step further on our path to increasing profitability. Over the longer term we will commit ourselves to a normal dividend ratio of approximately 50%.

Aside from the regular items and a renewed authorization to purchase our own shares, the agenda of this year's general meeting includes the conversion to the Euro. Within the framework of this conversion, we will increase the capital from company funds in order to raise the fictive nominal value of our shares from € 2.56 to an even

€ 3.00. Because we have capital reserves of more than DM 116 million in the parent-company balance sheet of Hawesko Holding AG, this capital increase of DM 4 million can be easily accomplished.

In conclusion I would like to name the longer-term financial goals towards which we are striving in the Hawesko Group. Each company must at least meet its capital costs, but must if at all possible exceed them: that is vital in the long term. Shorter periods – even measured in years – in which profits do not cover the capital costs can be tolerated – but they must be compensated by better years. We believe that splitting the equity returns into a return on sales and a capital turnover is useful. Over the medium term we are aiming for approximately a 7% return on sales, i.e. the operating profit as a percent of sales. We are working towards a sustained improvement in capital turnover, that is the ratio of sales to the balance sheet total. The figure "return on sales" is already anchored solidly in the consciousness of our operations managers and is the first thing we want to improve. In view of the 3.7% return in the past fiscal year, this is where we can get the most out of it in the shortest time. We will have more work internally with the capital turnover, which amounted to 1.4 in fiscal year 2000, because it has not yet been completely internalized by the operative decision-makers. In the coming year we will work more intensively with a model that should contribute to increasing the shareholder value. Remuneration will then be linked to this increase.

Thank you for your attention. I will now turn the presentation back over to Mr. Margaritoff.

Mr. Alexander Margaritoff

Ladies and gentlemen,

Before I discuss the development of the Hawesko Group in more detail, I would like to comment briefly on the world wine market and the positioning of the Group in this market.

According to estimates of various studies, the worldwide volume of trade in wine amounts to DM 150 to 200 billion. If we consider only the wines with a sales price of more than DM 7, worldwide sales of wine and champagne amount to approximately DM 30 billion. This market segment, in which Hawesko is active, has undergone significant development in the past several years.

First, wine production and wine consumption has become more international. In the developed industrial nations, we are experiencing a globalization of the wine trade, like that in other sectors of the economy with which we are familiar. The optimization of grape species, modern cultivation methods and the latest winemaking techniques are all used across international borders. The knowledge of wine is becoming more universal, and the products are experiencing an advance in quality that has never been seen before. Together with this development we are also experiencing a convergence of qualities. In blind tastings it is becoming increasingly difficult to differentiate between a top Bordeaux and a first-class cabernet sauvignon from Napa

Valley, or to tell the difference between a top-quality wine from Tuscany and one from Australia.

In addition, consumer behavior has undergone major changes worldwide. In the developed industrial nations, more and more people are willing to spend a lot of money for a good bottle of wine. Premium wine and champagne are rapidly increasing in popularity. They belong to the increasingly important culinary pleasures and to an elegant lifestyle.

These developments are accompanied by the internationalization of purchasing behavior. For the wine lover with more demanding tastes it is now acceptable to have a Bordeaux wine next to one from Argentina, a sparkling wine from the Champagne region next to one from Israel, or a chardonnay from Chablis next to one from Australia – what counts is the quality.

The second significant development in the international wine market, in addition to the globalization of supply and demand, the consolidation of the markets. For several years we have experienced a change in the wine landscape from small local producers to ever larger multi-national corporations – an increasingly rapid horizontal as well as vertical integration of independent wine companies.

For instance, in the last year alone, Fosters bought the wine producer Beringer for DM 3 billion, the Rothschilds are working with the multi-billionaires Rupert in South Africa, LVMH is active in New Zealand, and the Australian company Southcorp is interested in Oddbins in England.

The market for premium wines and champagnes has been discovered by the large corporations as an exceedingly lucrative investment opportunity. Hawesko is playing an increasingly significant role in this development of the international wine and champagne market.

Two thirds of all high-quality wines are produced and consumed in Europe. Germany is the largest market in Europe, and here Hawesko is by far the market leader with sales of nearly half a billion DM. Furthermore, Hawesko is the only wine company worldwide that plays a leading role in all three distribution channels – mail order, specialist retail and wholesale. Thanks to this diversification in the various distribution channels, Hawesko possesses a unique expertise in the sale of premium wines and can create and utilize synergies not available to other firms.

Through the segmentation of the different companies, Hawesko profits from supplier relationships that are unique worldwide. With 1,000 suppliers and 2,500 exclusive articles, Hawesko undoubtedly has the most comprehensive and best wine assortment in the world. Finally, Hawesko has a pool of nearly 1.5 million customers and their purchasing histories – an incalculable advantage in the sale of premium wines and champagnes in this core market.

Within the framework of the globalization and consolidation of the international wine market, Hawesko is becoming an increasingly interesting partner for international wine groups, because our long-term strategy, which we already formulated last year at our general meeting, remains unchanged and fits seamlessly into the trend I have just described.

Our declared goals are to become the leading supplier of high-quality wines and champagnes worldwide within the next ten years, and to increase significantly our market share in this segment.

It is clear that the continuing expansion of our business can be accomplished only from this position of strength. For this reason we will continue to expand and reinforce our leading market position in Germany. In 2001, this means in particular the consolidation of the companies acquired in the past few years as well as the exploitation of the numerous Group synergies. The acquisition of new customers likewise remains an important cornerstone of our efforts to strengthen the ties to individual customers. If we approach all this properly, we will achieve growth in profits in 2001 that will exceed the target sales growth of 9%.

This has the following concrete implications for the current fiscal year:

We want to acquire at least 60,000 new customers in the mail order/e-commerce division. Through new advertising initiatives, an improved product assortment and the development of even more own brands, we hope to achieve an impetus for growth with stable or even slightly increasing margins. Our recently introduced new product from Spain, *Marques de Sandoval*, is a good example of how we can find an unknown wine which provides good value for money and introduce it professionally to the market.

For us, mail-order and the Internet stand in a close relationship to each other. We are very proud that our e-commerce under “winegate” achieved so much in fiscal year 2000: at just under DM 11 million our online sales were nearly six times what they were in 1999. As a result, we have built up our market leadership in Germany and put ourselves into the group of the world´s top e-commerce companies. We have received numerous awards, two of the most recent being the “Internet retailer of the Year” in Germany and the inclusion in the “Internet Hall of Fame”. This is the basis which we want to build up upon as we begin to look at e-commerce and mail-order more and more as two sides of the same coin. Synergies for the Hawesko Group will arise because not only the logistics and order-fulfillment of both business converge: marketing and advertising will support each other in the online and offline worlds.

We expect to gain new customers and significant additional sales for the Hawesko Group this year from the activities of *Carl Tesdorpf – Weinhandel zu Lübeck.* As mail-order specialist this subsidiary covers the so-called “ultra-premium” segment of the market, in which the absolutely top-class wines are sold, mostly above DM 50 per bottle. Thus our marketing spectrum has been made complete.

In the stationary specialist retail segment – *Jacques´ Wein-Depot* –, we plan to open another 30 new depots this year. At the same time we are working towards reducing advertising costs through better analysis of our customer data and increasing like-for-like sales. With the *Jacques'* loyalty card as a direct marketing instrument, this is now possible and demonstrates how fruitful the exchange of knowledge between the divisions of the Group can be.

In the wholesale division we are working on increasing our customer base and on the integration of the newly-acquired *Antinori* exclusivity in the existing wine assortment. The achievement of this partnership demonstrates the strength of the Hawesko wine trading group, which unites the wholesale, stationary specialist retail and mail order/e-commerce segments under one roof.

For all three distribution channels, 2001 will be a year of consolidation and exploitation of Group synergies as well as a year of increasing profits. Through targeted measures designed to increase margins and reduce costs, we plan to achieve a sustained operating margin of 7% in the medium term. The year 2001 will see the first steps in this direction.

The first quarter of 2001 puts us in a very optimistic mood. In the first three months of the current fiscal year we increased Group sales by a total of 21%. This development was very positive in all business segments.

Sales of the mail order/e-commerce segment rose by 28% from DM 37 million to more than DM 47 million. At the *Hanseatisches Wein- und Sekt-Kontor*, for which the market environment in 2000 was especially difficult, nearly 30% more orders were received from existing customers in the first three months of the year than in the comparable period of the previous year. At *Carl Tesdorpf – Weinhandel zu Lübeck* sales rose by 46% in the first three months.

In the specialist retail segment –*Jacques' Wein-Depot* – sales rose by 12% to DM 35 million. With like-for-like growth of 5% we experienced positive development in this segment as well.

In the wholesale segment, sales rose in the first quarter by 21% to DM 29 million.

The profit situation is even more positive. In the first quarter, the Group operating result rose from DM 3 million by 33% to DM 4 million. The developments in all three distribution channels were positive here as well: in the mail order/e-commerce segment, the operating result rose from DM 0.1 million to DM 0.9 million. Development at *Carl Tesdorpf – Weinhandel zu Lübeck* was especially positive: it posted a positive quarterly result for the first time. At *Jacques´ Wein-Depot* the operating result rose by 20% to DM 3.5 million. In the wholesale segment as well, the result was very positive with an increase of 26% to DM 1.3 million.

After the improvement in the fourth quarter of 2000, the first quarter of 2001 leads us to be optimistic about the further development of the Group – much more so, because the growth trend has continued into the second quarter. For the five months to the end of May we showed a sales increase of 22% against last year, and profits have risen to an even greater degree than sales.

However, we see by the current share price that the long-term sales and profit potential of Hawesko are not being recognized. The strategic importance of the Hawesko in the consolidating world market for premium wines and champagnes has not been taken into account. The uniqueness of the Group as the leading supplier in all three distribution channels – mail order, stationary specialist retail and wholesale– with its extraordinary expertise, the strategically important supplier relationships and the tremendous customer potential – this uniqueness is not reflected in the share price.

I am convinced that the Hawesko Group is on the right course – and that we will succeed in significantly improving profitability even in the current year. The stock markets will rapidly recognize and reward our success. Thus I consider the present share price to be a clear signal to buy and have accordingly acted upon my conclusion: in the past months I have increased my share in Hawesko from 30% to over 40%.

Based on the operative measures we have introduced, we are optimistic that sales in the current fiscal year will rise by 9% to DM 495 million and that we will achieve an above-average increase in profits. We are confident that we are pursuing the right strategy.

Thank you very much for your attention!