



Hawesko Holding AG Hamburg

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3-month report for the period ending 31 March 2002

Hamburg, 26 April 2002

Highlights

(in € millions)

	1.1.–31.3. <u>2002</u>	1.1.–31.3. <u>2001</u>	<u>+/-</u>
Group sales	56.2	56.9	- 1.3 %
Operating result (EBIT)	1.5	2.0	- 24.2 %
Group result	0.5	0.5	+ 7.8 %

Dear Shareholders,

The first months of the year were not easy for us, or indeed for German retail overall. According to the Hauptverband des Deutschen Einzelhandels (National Association of German Retailers), a crippling slowdown in the economy and the uncertainty created by converting to the euro led to a "refusal to consume" to a previously unheard-of degree, and caused declines in sales of up to 20% in some branches. At Hawesko we had to accept a decline in sales of 1%. Despite this, improvements in the financial result enabled us to achieve a Group result equivalent to that of the previous year. January and February were the most difficult months for us. In March, sales and profits were once again significantly above those of the previous year – a development which has continued throughout April – so that we are optimistic about the coming quarters and expect growth impulses particularly in the second half of the year.

Those who have closely followed our shares over the past several months appear to be just as confident. The positive trend of the past year, in which the Hawesko share price rose by 23%, is obviously continuing this year. While the share price was still at € 17.00 on 1 January 2002, it is now well over € 20.00.

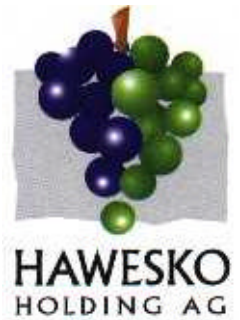
That the share is still immensely undervalued and has strong appreciation potential is not merely my opinion, but that of a steadily increasing number of bankers, analysts and fund managers. In the last six months alone, a dozen analyses and reports on Hawesko have been published – all of them positive. In a weak stock exchange environment it is important to look carefully at the stocks you buy. The Hawesko share is a particularly sound investment as a growth stock with a solid financial foundation and an impressive dividend.

I know very few companies that have the potential of the Hawesko Group. For a dynamic, high-revenue company in a growth market that is strongly fragmented worldwide, it is surely not exaggerated to speak of doubling or tripling sales within the next ten years. But in order to utilize fully the growth opportunities, the full commitment of all staff members and the undivided attention of the executives to the ambitious goals of the company are required.

For this reason, I decided to resign my position as the managing director of the *Hanseatisches Wein- und Sekt-Kontor* as of January 1st of this year – a position that at least one Margaritoff has always

filled since the founding of the company 38 years ago – in order to dedicate myself more fully, as the CEO, to the strategic orientation and continuing development of the Group.

We are pleased that Mr. Paul Smyth, an excellent and experienced expert in direct marketing, joined us on January 1st as the executive manager for purchasing, sales and marketing in the mail order segment. With his assistance and the support of all Group staff members, we will be well on our way to achieving our ambitious goals this year as well.



Best regards

Alexander Margaritoff
CEO

Sales and results

In the first three months of 2002, the Hawesko Group achieved sales of € 56.2 million compared to € 56.9 million in the same period of the previous year. This corresponds to a decline of 1.3%. Sales were divided as follows among the individual segments: mail order/e-commerce € 21.5 million (-11.0%), stationary specialist wine-shop retail (*Jacques' Wein-Depot*) € 19.9 million (+10.8%) and wholesale € 14.8 million (-0.4%).

Sales development in the mail order/e-commerce resulted primarily from the weak demand, which was particularly low in February. The response rates from advertising mailings were low: this purchasing restraint on the part of many consumers was due mainly to uncertainty in dealing with the new currency. Because of this year's early Easter holidays, one advertising mailing was postponed until the second quarter. The operating parameters began to recover in March.

The stationary specialist wine-shop segment (*Jacques' Wein-Depot*) generated higher sales in the existing outlets as well as by opening new depots. In a departure from the same period of the previous year, a customer magazine was mailed out. At 31 March 2002 there were 221 *Jacques' Wein-Depots*, whereby 6 of these were operated in Austria. Nine additional outlets had been leased, but not yet opened. Like-for-like sales were 5% above the first quarter of 2001.

Sales development in the wholesale segment was influenced – like that of the mail order/e-commerce segment – primarily by the uncertain consumer climate resulting from the introduction of the euro.

The Group operating result (EBIT) amounted to € 1.5 million, 24% below that of the comparable period of the previous year (€ 2.0 million). Despite the weak demand, the mail order/e-commerce segment doubled its operating result to € 0.9 million compared to the same period of the previous year. This is first and foremost the result of measures taken and implemented on the basis of an intensive cost analysis. The operating result of the wine-shop segment under *Jacques' Wein-Depot* amounted to € 1.7 million, thus remaining at the level of the previous year due to expansion costs, despite a rise in sales. The operating result in the wholesale segment declined by € 0.6 million to zero, because its capacities could not be fully used due to the weak consumption in the period under review.

Due to a reduction in borrowings, financial expenditures dropped from € 0.9 million in the first quarter of 2001 to € 0.5 million. The pre-tax result at € 1.0 million remained at the level of the previous year, as did the consolidated net profit after taxes and minority interests, which amounted to € 0.5 million. The undiluted profit per share rose slightly to € 0.13, up from € 0.12 in the previous year. The figure for 2002 is based on a share count of 4,246,100. The diluted profit per share, assuming the full exercise of all options granted, likewise amounts to € 0.13 (prior year: € 0.11) per share.

Balance sheet

Total assets at 30 March 2002 declined by € 17.8 million compared to 31 December 2001, to € 153.9 million. This is due primarily to the decline in trade accounts receivable and other assets, which typically reach their peak at 31 December.

Capital spending in the first quarter of 2002 amounted to € 1.1 million (2001: € 1.3 million). They relate mainly to new openings for *Jacques' Wein-Depot* and the introduction of an automated order-fulfillment system at *IWL Internationale Wein-Logistik*.



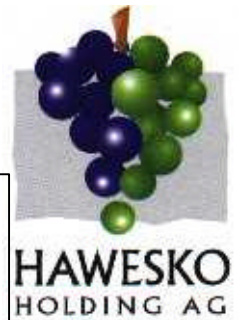
Cash Flow

For the period under review, cash flow from current operations amounted to € –3.6 million, and was thus lower than in the same period of the previous year (€ 0.4 million). This was caused primarily to a reduction in inventories in the previous year, which was not repeated in the period under review.

Outlook

For the current fiscal year overall, the management board expects sales and the operating result (EBIT) to increase by 7%, whereby sales growth is anticipated mainly in the second half of the year. The Group continues to focus on profitability and the build-up of the necessary resources for the continuing growth of the company. Although the first quarter of 2002 was characterized by weak consumption, the upward sales trend in March can be seen as an indication of sustained improvement.

Hawesko Holding AG		
Profit and Loss Statement		
(in millions €, quarters not audited)	1.1.–31.3 2002	1.1.–31.3. 2001
Sales	56.2	56.9
Cost of purchased goods	–32.7	–33.5
Gross profit on sales	23.5	23.4
Other operating income	2.3	2.5
Personnel expenses	– 6.2	– 5.6
Depreciation and amortization	– 1.0	– 1.0
Other operating expenses	–17.1	–17.3
Result from operations (EBIT)	1.5	2.0
Financial result	– 0.5	– 0.9
Result from ordinary operations	1.0	1.0
Taxes on income and deferred tax expense	– 0.4	– 0.5
Result after taxes	0.6	0.6
Profit due to minority interests	– 0.1	– 0.1
Consolidated earnings	0.5	0.5
Profit per share (undiluted)	0.13	0.12
Profit per share (diluted)	0.13	0.11



Hawesko Holding AG Consolidated Balance Sheet (in millions €, quarters not audited)	31.3.2002	31.12.2001
Assets		
Fixed assets	21.8	21.8
Inventories	78.2	77.8
Trade accounts receivable and other assets	21.7	36.9
Cash in banking accounts and cash on hand	3.1	6.1
Deferred taxes	28.3	28.8
Prepaid expenses	<u>0.8</u>	<u>0.3</u>
Total	153.9	171.7
Liabilities		
Equity	54.8	60.5
Minority interests	0.7	1.0
Provisions	11.8	11.9
Borrowings	50.4	46.9
Trade accounts payable	19.1	30.7
Other liabilities	<u>17.1</u>	<u>20.7</u>
Total	153.9	171.7

Hawesko Holding AG Consolidated Cash Flow Statement (in millions €, quarters not audited)	1.1.–31.3. 2002	1.1.–31.3. 2001
Result before taxes on income	1.0	1.0
Depreciation of fixed assets	1.0	1.0
Interest result	0.5	0.9
Change in inventories	– 0.4	3.9
Change in other short-term assets	15.4	14.9
Change in provisions	0.5	0.6
Change in liabilities (excluding borrowings)	–20.6	–20.7
Taxes on income paid out	<u>– 1.0</u>	<u>– 1.2</u>
Net out-/inflow of payments from current operations	– 3.6	0.4
Acquisition of subsidiaries net of funds acquired	?	– 0.0
Outpayments for tangible assets and intangible assets	– 1.1	– 1.3
Outpayments for treasury shares	– 1.3	?
Inpayments from the disposal of tangible assets and intangible assets	0.1	0.1
Inpayments from the disposal of financial assets	<u>0.0</u>	<u>0.0</u>
Net funds employed for investment activities	– 2.3	– 1.2
Change in borrowings	2.7	– 4.9
Interest paid out	<u>– 0.6</u>	<u>– 1.1</u>
In-/outflow of net funds from financing activities	<u>2.1</u>	<u>– 6.0</u>
Net decrease in funds	– 3.8	– 6.8
Cash at start of period	5.6	9.5
Cash at end of period	1.8	2.7

Segments (in millions €)					
	Mail order/ e-commerce	Specialist retail	Wholesale	Miscellaneous/ Consolidation	Group
1st Quarter 2002					
Sales to third parties	21.5	19.9	14.8	0.0	56.2
Operating result (EBIT)	0.9	1.7	0.0	- 1.1	1.5
1st Quarter 2001					
Sales to third parties	24.2	17.9	14.8	0.0	56.9
Operating result (EBIT)	0.4	1.8	0.7	- 0.9	2.0

Other data	1.1–31.3. <u>2002</u>	1.1.–31.3. <u>2001</u>
Employees (average during the period)	507	491

Calendar:

Annual General Meeting	13 June 2002
Ex dividend	14 June 2002
Second quarter/Six-month report	End of July 2002
Third quarter/Nine-month report	End of October 2002
Preliminary report for fiscal year 2002	Mid-February 2003

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