

Hawesko Holding AG

Hamburg

ISIN DE0006042708

Reuters HAWG.DE, Bloomberg HAW GR

Three-month report to 31 March 2004

Hamburg, 28 April 2004

Highlights in € (millions)	1 st quarter		+/-
	1.1.–31.3. 2004	1.1.–31.3. 2003	
Group sales	64.5	63.8	+ 1.0 %
Result from operations (EBIT)	1.8	1.7	+ 8.5 %
Consolidated earnings	0.4	0.6	- 31.3 %

Dear shareholders,

With a slight increase in sales, the Hawesko Group started out in fiscal year 2004 quite satisfactorily – even in view of our extremely strong quarter in the same period of the previous year – especially when we consider the general economic conditions. The mood of the consumers in Germany has not fundamentally improved in 2004, while the upheavals taking place in our country have caused widespread uncertainty as well as more defensive buying behavior. The state of the German retail sector overall is still unsatisfactory.

However, it is exactly in the current situation that the Hawesko Group has demonstrated its strengths – for instance, an overproportionately high rise in the EBIT of 8.5% for the quarter. That shows that our earning power is intact and that the result still has room to grow – even in the course of 2004. Our balance sheet at the end of the quarter shows that we were able to reduce our financial indebtedness by one quarter: that is, by approximately € 9 million to roughly € 26 million. Furthermore, in 2004, for the first time in the history of Hawesko Holding AG, we have achieved a positive free cash flow in the first quarter.

These positive figures were made possible because over the years, throughout the company group, we worked continuously on optimising our business processes, our marketing, our working capital, and many other things as well. The Group has thus constantly increased in stature with regard to its operations, its balance sheet and its financial situation. Thus, we will not only be able to weather the relatively dramatic changes in our market better than others – we will also be able to profit from them.

With regard to the changes taking place on the supply side, we are in a position to seek out the best wines, which are crowding into the market worldwide. Thanks to our well-developed distribution channels and proven, well-differentiated sales structure, we are the first choice for numerous producers. We can offer them the logistics required for large volumes as well as optimal placement of their niche products.

In general, wines in the upper price categories are considerably more difficult to sell than they were only a few years ago. We have proven in the past several years that the Hawesko Group can also grow and acquire market share even in shrinking markets. The small and mid-sized suppliers in the upper price segment are under considerable pressure, so that a process of fundamental market

adjustment is underway. As a major player and market leader, we will profit from this process through the acquisition of further market share.

Against the background of the business and financial results of the quarter, which have once again considerably strengthened our balance sheet figures, our outlook for fiscal year 2004 overall remains optimistic. We expect that the Hawesko Group will once again achieve growth in sales and an increase in the EBIT in 2004.

Best wishes,

Alexander Margaritoff
CEO

Sales and Result

In the first three months of 2004, the Hawesko Group increased its sales by 1.0% to € 64.5 million; in the first quarter of the previous year, the figure was € 63.8 million. Sales were distributed among the individual segments as follows: Mail order/e-commerce achieved sales of € 24.3 million, compared to € 25.0 million in the previous year (-2.6%). At the beginning of 2004, the subsidiary *Château Classic – Le Monde des Grands Bordeaux* was transferred from the mail order segment to the wholesale segment, and the comparison figures for the previous year were adjusted accordingly. The specialist wine-shop segment (*Jacques' Wein-Depot*) posted sales of € 21.2 million in the quarter under review (up 4.8% over the previous year). Sales in the wholesale segment amounted to € 18.9 million, compared to € 18.5 million in the previous year (+1.8%; the figure was adjusted due to the transfer of *Château Classic – Le Monde des Grands Bordeaux*).

Business development in the mail order/e-commerce segment must be viewed against the background of the strong quarter in the previous year, in which a sales increase of 27.5% was achieved, due primarily to the extensive sales of subscription Bordeaux wines and the special promotions in the context of active inventory management. Sales in the first quarter of the current year were characterized on the one hand by the lower demand for the 2001 Bordeaux vintage, and on the other hand by the success of a marketing promotion for the anniversary of the *Hanseatisches Wein- und Sekt-Kontor*.

In the specialist wine-shop segment (*Jacques' Wein-Depot*), business was particularly successful in the month of March. As per 31 March 2004, there were 252 *Jacques' Wein-Depots*, (unchanged from the previous quarter). Of these, five were in Austria. In addition, four more new locations had been leased but not yet opened. Like-for-like sales rose by 2.8% compared to the first quarter of 2003. The decline in the average value per purchase observed over the course of 2003 has stabilized over the past twelve months. The high customer frequency in the quarter under review indicates that the high level of interest in our offers is continuing.

The slight increase in sales in the wholesale segment this year is particularly noteworthy because a producer has taken some exclusive products sold in the previous year now into his own distribution. The distribution of the wines from Baron Philippe de Rothschild S.A. will not begin until the second quarter.

The gross profit of the Group rose in absolute terms as well as relative to sales. This is due primarily to the different composition of the products sold. Compared to the previous year, fewer subscription Bordeaux wines were sold, and there were fewer special promotions in the context of active inventory management in the mail order/e-commerce segment. The advertising expenditures and delivery costs rose proportionately lower, so that the operating (EBIT) margin rose over that of the previous year.

The result of the Group's operations (EBIT) thus increased to € 1.8 million, up 8.5% over that of the comparable period in the previous year (€ 1.7 million). The mail order/e-commerce segment posted an increase of € 0.3 million to € 0.8 million (the figure for the previous year has been adjusted for the transfer of *Château Classic – Le Monde des Grands Bordeaux* to the wholesale segment). Here the shifts in the merchandise mix as well as the drop in the advertising costs compared to the

previous year exerted the most noticeable influence. Based on the increased gross profit, the specialist wine-shop segment *Jacques' Wein-Depot* achieved an operating result of € 1.6 million (previous year: € 1.5 million). The operating result in the wholesale segment declined to € 0.3 million (previous year: € 0.6 million, adjusted for the transfer of *Château Classic – Le Monde des Grands Bordeaux* to the wholesale segment). This is due to the lower gross margin as well as the increase in personnel expenditures related to the pending commencement of distribution of the Philippe de Rothschild wines.

The reduction in borrowings also resulted in lower expenditures for interest compared to the previous year. However, the application of IAS 39 (change in fair values) increased the overall charge from the financial result to € 0.9 million (previous year: € 0.3 million). The result before taxes on income thus declined by a good € 0.4 million to € 0.9 million, while consolidated earnings after deductions for taxes and minority interests declined by € 0.2 million to € 0.4 million. The undiluted earnings per share amounted to € 0.10, compared to € 0.14 in the previous year. This was based on the number of 4,405,496 shares in circulation in the period under review as well as in the same period of the previous year. The diluted earnings per share, for which the exercise of option rights in full scope is assumed, likewise amounted to € 0.10 (previous year: € 0.14).

Balance Sheet

Compared to the figure at 31 December 2003, the balance sheet total declined by € 22.2 million to € 136.3 million. This is due primarily to the decline in trade receivables and other assets of € 12.5 million. This item typically reaches its highest level at 31 December. The inventories declined by € 2.1 million.

Compared to the figure at 31 December 2003, shareholders' equity declined by € 4.4 million; this is due mainly to the shift of the proposed dividends to other liabilities. The borrowings were further reduced by a good € 8.6 million in the period under review and, at € 25.8 million, are now at the lowest level since 1999.

Capital spending in the first quarter of 2004 amounted to € 0.8 million. (previous year: € 1.0 million). These are related mainly to equipment replacement in the Group.

Cash Flow Statement

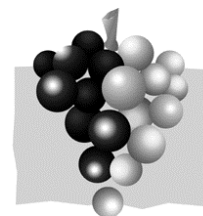
Cash flow from current operations amounted to € 2.7 million for the period under review and was thus significantly higher than in the same period of the previous year (€ -0.2 million). This is due primarily to the reduction of inventories and the correspondingly lower net outflow of funds for liabilities.

Segment Report

Deviating from the previous year, from 2004 our Bordeaux subsidiary *Château Classic – Le Monde des Grands Bordeaux* is no longer included in the mail order/e-commerce segment, but has been transferred to the wholesale segment. The previous year's figures have been adjusted accordingly.

Outlook

The management board expects that the Group will increase its sales as well as the EBIT in fiscal year 2004, despite the continuing difficulties in the market. If an economic upswing also occurred, Hawesko could benefit proportionately higher. Regardless of the outlook for improvement in the general conditions, the management board will focus this year on the continued refinement of marketing in all segments, the optimisation of business processes, particularly in the mail order/e-commerce segment, and on the opening of approximately 10 new *Jacques' Wein-Depot* outlets. Especially in the second half of the year, the management board anticipates stimulus for growth, not least due to the exclusive distribution rights acquired for the wines of Baron Philippe de Rothschild.



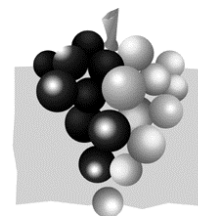
HAWESKO
HOLDING AG

Hawesko Holding AG

Profit and loss statement (as per IAS)

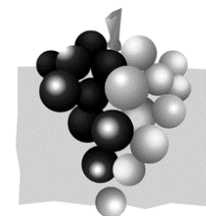
(in € million; rounding differences are possible)

	1.1.–31.3. 2004	1.1.–31.3. 2003
Sales revenues	64.5	63.8
Decrease (increase) in finished goods inventories	0.0	–0.0
Other operating income	2.5	2.6
Cost of purchased goods	–38.1	–38.0
Personnel expenses	–6.9	–6.5
Depreciation and amortisation	–1.0	–1.0
Other operating expenses	<u>–19.2</u>	<u>–19.2</u>
Result from operations (EBIT)	1.8	1.7
Financial result		
Interest earnings/expenditures	–0.3	–0.5
Earnings/expenditures from changes in fair value	<u>–0.5</u>	<u>0.2</u>
Result before taxes on income	0.9	1.4
Taxes on income and deferred tax expenses	<u>–0.5</u>	<u>–0.7</u>
Result after taxes	0.5	0.7
Profit due to minority interests	<u>–0.0</u>	<u>–0.1</u>
Consolidated earnings	<u>0.4</u>	<u>0.6</u>
Earnings per share (in €, undiluted)	0.10	0.14
Earnings per share (in €, diluted)	0.10	0.14
Average number of shares in circulation (Numbers in thousands, undiluted)	4,405	4,405
Average number of shares in circulation (Numbers in thousands, diluted)	4,416	4,416



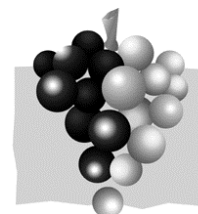
HAWESKO
HOLDING AG

Hawesko Holding AG Consolidated balance sheet (as per IAS) (in € million, rounding differences possible)	31.3.2004	31.12.2003
<u>Assets</u>		
Fixed assets		
Intangible fixed assets	6.9	7.1
Tangible fixed assets	13.7	13.7
Financial assets	<u>0.7</u>	<u>0.2</u>
	21.2	21.0
Current assets		
Inventories	63.5	65.6
Receivables and other assets	21.8	34.3
Cash in banking accounts and cash on hand	<u>7.0</u>	<u>14.3</u>
	92.3	114.2
Deferred tax assets	22.5	22.9
Prepaid expenses	0.2	0.3
	<u>136.3</u>	<u>158.5</u>
<u>Liabilities</u>		
Shareholders' equity		
<i>Subscribed capital of Hawesko Holding AG</i>	13.2	13.2
<i>Group adjustment i.a.w. IAS</i>	<u>-4.4</u>	<u>-4.4</u>
	8.9	8.9
Capital reserve	5.8	5.8
Revenue reserves	30.5	25.7
Adjustment resulting from currency translation	-0.0	-0.0
Unappropriated group profit	<u>16.5</u>	<u>25.8</u>
	61.6	66.1
Minority interest	1.1	1.3
Provisions		
Provisions for pensions	0.5	0.5
Provisions for taxation and deferred taxes	2.3	2.5
Other provisions	<u>6.2</u>	<u>7.6</u>
	9.0	10.6
Liabilities		
Borrowings	25.8	34.4
Advances received	4.1	7.2
Trade payables	24.3	29.9
Other liabilities	<u>10.4</u>	<u>8.9</u>
	64.6	80.5
	<u>136.3</u>	<u>158.5</u>



HAWESKO
HOLDING AG

Hawesko Holding AG		
Consolidated Cash Flow Statement (as per IAS)		
(in € million, rounding differences possible)	1.1.–31.3. 2004	1.1.–31.3. 2003
Result before taxes on income	0.9	1.4
Depreciation of fixed assets	1.0	1.0
Interest result	0.9	0.3
Change in inventories	2.1	2.2
Change in other short-term assets	13.2	12.2
Change in provisions	–2.0	–0.8
Change in liabilities (excluding borrowings)	–12.5	–15.5
Taxes on income paid out	<u>– 0.9</u>	<u>– 0.9</u>
Net inflow of payments from current operations	2.7	–0.2
Outpayments for loans issued	–0.4	—
Outpayments for tangible and intangible assets	–0.8	–1.0
Inpayments from the disposal of financial assets and tangible assets	0.1	0.1
Inpayments from the disposal of financial assets	<u>0.0</u>	<u>0.0</u>
Net outflow of funds for investment activities	– 1.1	–0.9
Outpayment for dividends	—	—
Outpayments to minority interests	—	—
Change in borrowings	–8.6	–1.0
Interest paid out	<u>– 0.3</u>	<u>– 0.6</u>
Net in-/outflow of funds for financing activities	<u>–8.9</u>	<u>–1.5</u>
Net decrease in cash and cash equivalents	– 7.3	–2.6
Cash and cash equivalents at the beginning of the period	14.3	8.4
Cash and cash equivalents at the end of the period	7.0	5.8

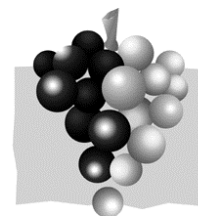


Hawesko Holding AG

Statement of Changes in Group Equity

In million €,
rounding differences possible

	Subscribed capital	Capital reserve	Revenue reserves	Adjustments resulting from currency translation	Unappro- priated group profit	Total
Status as per 1 January 2003	8.9	5.8	20.6	-0.0	29.1	64.3
Valuation of forward exchange transactions i.a.w. IAS 39			-0.0			-0.0
Appropriation to revenue reserves			5.0		-5.0	0.0
Sale of treasury shares						—
Dividends					-4.4	-4.4
Currency translation differences				0.0		0.0
Consolidated earnings					0.6	0.6
Status as per 31 March 2003	8.9	5.8	25.6	-0.0	20.4	60.6
Status as per 1 January 2004	8.9	5.8	25.7	-0.0	25.8	66.1
Valuation of forward exchange transactions i.a.w. IAS 39						—
Appropriation to revenue reserves			4.8		-4.8	0.0
Sale of treasury shares						—
Dividends					-4.8	-4.8
Currency translation differences				0.0		0.0
Consolidated earnings					0.4	0.4
Status as per 31 March 2004	8.9	5.8	30.5	-0.0	16.5	61.6



HAWESKO
HOLDING AG

Segments					
(in € millions, rounding differences are possible)					
1.1.–31.3.2004	Mail order/ E-commerce	Specialist retail	Wholesale	Miscellaneous/ Consolidation	Group
External sales	24.3	21.2	18.9	0.1	64.5
Operating result (EBIT)	0.8	1.6	0.3	- 0.8	1.8
1.1.–31.3.2003	*)Mail order/ E-commerce	Specialist retail	*)Wholesale	Miscellaneous/ Consolidation	Group
External sales	25.0	20.2	18.5	0.1	63.8
Operating result (EBIT)	0.5	1.5	0.6	- 0.9	1.7

*) Adjusted due to the transfer of the subsidiary *Château Classic – Le Monde des Grands Bordeaux* from the mail order segment to the wholesale segment with effect from 2004

Appendix to the Three-month Report to 31 March 2004

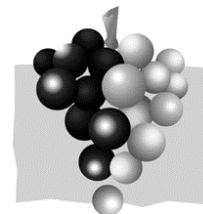
General principles: This report was written in accordance with International Accounting Standard (IAS) 34 according to the requirements of the current guidelines of the International Accounting Standards Board (IASB), London. This report is unaudited.

Consolidation: The consolidated group of Hawesko Holding AG remains unchanged from that listed in the 2003 balance sheet.

Balance sheet and valuation principles: (1) The balance sheet and valuation methods used correspond as a rule to those applied in the last consolidated balance sheet at the end of the fiscal year. A detailed discussion of these methods was published in the annual report for 2003. (2) Cyclical events which occur during the year, insofar as they are important, are delimited based on corporate planning.

Other information: (1) Events of particular significance for the evaluation of the assets, finances and earnings of Hawesko Holding AG and the Group – as defined in IAS 10 – did not occur after the conclusion of the period under review. (2) No unforeseen development costs were incurred during the period under review. (3) The order situation remains satisfactory. (4) No changes have occurred in the composition of the management board to the date of the writing of this report. With effect from 27 February 2004, the Hamburg Municipal Court appointed Professor Dr.(iur.) Dr. (rer. pol.) Dr. (h.c.) Franz Jürgen Säcker to the supervisory board, who has taken the place of Dr. Thomas R. Fischer. (5) The number of shares held by members of the supervisory board and management board as well as the options granted to the members of the management board remain unchanged from 31 December 2003. (6) Hawesko Holding AG does not currently hold any treasury shares.

Other information	1.1–31.3. <u>2004</u>	1.1.–31.3. <u>2003</u>
Employees (average during the period)	565	566



HAWESKO
HOLDING AG

Calendar:

Annual general meeting	3 June 2004
Ex-Dividend	4 June 2004
Second quarter/Six-month report	End of July 2004
Third Quarter/Nine-month-report	End of October 2004
Preliminary report for fiscal year 2004	End of January 2005

Published by:

Hawesko Holding AG
– Investor Relations –
20205 Hamburg

Tel. + 49 40 / 30 39 21 00
Fax +49 40 / 30 39 21 05
Internet: <http://www.hawesko.com>