



Hawesko Holding AG Hamburg

ISIN DE0006042708

Reuters HAWG.DE, Bloomberg HAW GR

Three-month report to 31 March 2009

Hamburg, 29 April 2009

Highlights in € (millions)	1st quarter		+/-
	1.1.–31.3. <u>2009</u>	1.1.–31.3. <u>2008</u>	
Group sales	73.0	80.7	–9.5%
Result from operations (EBIT)	3.1	4.6	–31.9%
Consolidated earnings	1.9	2.7	–30.6%

Dear shareholders,

The experts are expecting a severe recession in 2009. There's no question about it; things will get more difficult for Hawesko as well. This is the view of the stock market, too, because 2008 was the best year ever in the history of our company and the basis for comparison is thus very high. But would it really be a problem if we achieved "only" the second best result in our history in 2009?

At first glance the figures for the first quarter are rather sobering: consolidated sales dropped by 9.5 percent and EBIT by 31.9 percent. However, when you take a closer look there is a lot of positive news. Adjusted for the extremely strong subscription business in the previous year, the decline in sales is only 6 percent, and our *Jacques' Wein-Depot* and mail order segments, which cater to end consumers, both achieved their levels of the previous year and even a bit more; the EBIT figures are slightly above the previous year's level when adjusted for the subscription business. The wholesale segment still posted a decline, but after the dramatic growth of the preceding years, this is tolerable.

Thus, the beginning of 2009 was not nearly as negative as it first appeared. There is no reason to view the current situation only negatively, especially as the crisis also offers us opportunities. Highly profitable and debt-free, we are the strongest company in the wine sector. I am firmly convinced that we will have more opportunities than ever in the still extremely fragmented wine market to gain further shares in it.

Still, due to the general economic uncertainties, I would not like to give a precise forecast with regard to the results of the Group for 2009. We do not expect to beat the successful 2008 fiscal



year – the best in our company's history – but from today's standpoint we have a good chance that 2009 could be the second-best year in the history of the company.

Furthermore, the medium-term market prospects remain attractive. For example, a recent study by the International Wine and Spirit Record concludes that the consumption of mid-market and upscale wines in the German wine market will rise by 22 to 25 percent by 2012. Since we focus on the upscale segment, we should reap abundant benefits from this development.

Of course, we also work hard within the Group day in, day out to increase sales and profits with new ideas, products and concepts. Even in difficult times we maintain our proven strategy and invest every year in new customers and new depots. In 2009 the Group plans to acquire nearly 200,000 new customers and open 5 to 7 new depots.

In the mail order segment, we are working on several very promising marketing ideas and collaborations with renowned partners, through whom we will gain access to extraordinarily interesting new customer groups. At *Jacques' Wein-Depot* we recently activated our nationwide Internet platform. Now customers can also order from *Jacques'* via the Internet and will receive their goods delivered directly to their home. In the wholesale segment we are rigorously expanding our range of exclusive products. We also have new agreements with producers in Austria and France. Thus we continue to maintain our outstanding position in the market as market leader in the high-end segment in all three sales channels – in stationary specialist retail as well as mail order and wholesale.

All in all, I believe that our Hawesko Holding AG has a good chance of achieving the second-best year in its company history in 2009. The management board expects a significantly positive free cash flow in 2009. Based on this, we are truly optimistic about the future, even with regard to the share price. The Hawesko share price did not escape unscathed from the current bear market, but it has proven to be more stable than the DAX and SDAX. With a proposed dividend of € 1.20 – which still corresponds to a dividend yield of more than 7 percent – it is also well supported.

Best regards

Alexander Margaritoff
Chief Executive Officer

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INTERIM MANAGEMENT REPORT

GENERAL SITUATION

The economic situation in the first quarter of 2009 was difficult. In their monthly report for April 2009, the German Bundesbank wrote that the basic tendency towards recession in the German economy had intensified after the real gross domestic product had already fallen by 2.1% due to seasonal and calendar-based reasons in the fourth quarter of 2008. The only positive news was the consumer spending in private households, which stabilised the macroeconomic demand in the first quarter.

According to the assessment of the European Central Bank (ECB), the economy will remain very sluggish throughout the current year. "However, a gradual recovery is expected for the coming year," wrote the ECB in its monthly report for April 2009. The sharp fall in raw materials prices, the economic program and the support measures for the financial system are expected to take effect by 2010. Nevertheless, the growth forecast remains characterised by uncertainty.

In contrast, the economic expectations of the Center for European Economic Research (ZEW) were surprisingly considerably brighter in April 2009. The Ifo business climate index also rose slightly and the GfK consumption climate index posted a stable value at the end of April 2009 as well. According to ZEW, the decline in the economic situation is gradually coming to an end, so that there is a justified hope that a stable base will be formed; they even stated that a tentative revival in the second half of the year could not be excluded as a possibility. The ZEW economic prognosis benefited from the government economic packages, which were increasingly taking effect. Furthermore, low inflation rates supported consumption.

The Hawesko management board bases its evaluation of the situation on a scenario which assumes that the general economic conditions will not improve before autumn 2009 and that formation of a stable base will take place subsequently.

According to data of the Gesellschaft für Konsumforschung (GfK), the German wine market declined in value by a total of 0.8% in the first quarter of 2009. In terms of sales it declined by 1.3%.

BUSINESS PROGRESS

Financial performance

First quarter

In the period from January to March 2009, consolidated sales declined compared to the figure for the previous year by 9.5% to €73.0 million, down from €80.7 million in the same quarter of the previous year. The figure for the comparable quarter of the previous year includes additional sales of € 2.8 million from the delivery of the 2005 Bordeaux vintage, which was in great demand. Subject to exclusion of these revenues, sales in the end-consumer segments (*Jacques' Wein-Depot* and mail order) in the first quarter of 2009 rose by a total of € 0.3 million or 0.6% to €44.8 million.

In the quarter under review, sales developed in the various business segments as follows: The stationary specialist wine retail segment (*Jacques' Wein-Depot*) achieved sales of €23.6 million, a decline of 0.3% compared to the same quarter of the previous year (just under €23.7 million). The wholesale segment posted sales of € 26.5 million, 16.1% less than in the same quarter of the



previous year (€ 31.6 million). Mail order sales amounted to € 22.9 million, 9.8% and € 2.5 million less than the previous year's figure of € 25.4 million. The additional sales achieved via the 2005 Bordeaux wines were accomplished in this segment.

Business performance in the stationary specialist wine retail segment (*Jacques' Wein-Depot*) was particularly positive in January; in March, on the other hand, sales were below the level of the same month in the previous year due to fewer sales days during the late Easter holidays. There were 273 depots, of which 269 were in Germany (reference date in the previous year: 265) and four in Austria (previous year: four). In addition to the optimisation of the store network, the plan for 2009 includes up to seven new openings in Germany. On a like-for-like basis, sales declined by -0.8% compared to the first quarter of 2008. Compared to this period, customer frequency in particular rose in the quarter under review. The number of active customers increased once again.

In the wholesale segment the decline in sales was due mostly to the sales development of the Bordeaux-based subsidiary company *Château Classic – Le Monde des Grands Bordeaux*, which was caused by the global decline in the market for Bordeaux wines after the boom in the years 2005 to 2007. In addition, lower champagne sales and restraint in the gastronomy and catering sector were primarily responsible for the business development. In contrast, sales of Italian wines increased. The subsidiary company *Deutschwein Classics*, which specialises in selling German wines, also posted sales growth.

In the mail order segment, the subscription business with Bordeaux wines declined by € 2.8 million in the first quarter of 2009 compared to the unusually high figure for the comparable quarter of the previous year. For this reason in particular, sales in this segment declined by 9.8%. Adjusted for the Bordeaux subscription sales both in the reporting period and the comparable period of the previous year, however, sales revenues increased by 1.6%. This is due primarily to the very good response to an anniversary offer on the occasion of the 45th anniversary of the *Hanseatisches Wein- und Sekt-Kontor* together with simultaneously higher sales and gross profit per order. On the other hand, the more upscale product range of *Carl Tesdorpf — Weinhandel zu Lübeck* did not enjoy such a good response. The *VinoSelect!* wine club program at *Hanseatisches Wein- und Sekt-Kontor* likewise continued its positive development. The number of active mail order customers as well as the number of orders increased. On the other hand, the average number of bottles ordered declined slightly. Sales achieved via the Internet increased by more than 20% throughout the first quarter of 2009 compared to the same quarter in the previous year, thus achieving a share of 15% of sales in the segment.

Consolidated gross income declined underproportionally to sales by € 1.2 million, achieving a gross margin of 40.4% (previous year: 38.1%). Other operating income of € 2.9 million (same quarter in the previous year: € 3.1 million) consisted primarily of rental and leasing income at *Jacques'* as well as advertising allowances. Personnel expenses increased in the first quarter by € 0.2 million; as a percent of sales, these declined by 1.2 percentage points to 10.4%. The other operating expenses included primarily advertising, delivery costs and commissions. Advertising expenses corresponded to 8.5% of sales, which rose due to the lower sales compared to the previous year (7.9%). The same effect was true for commissions (8.0% of sales compared to 7.4% in the previous year), and for shipping (3.4% compared to 3.0% in the previous year). Overall, other operating expenses in the quarter under review amounted to € 20.6 million (previous year: € 20.9 million). Consequently, they accounted for 28.1% of sales in the quarter under review, up from 25.8% in the same quarter of the previous year. The Group's operative (EBIT) margin was 4.3% in the first quarter, compared to 5.7% in the previous year.

The consolidated result of operations (EBIT) amounted to a good € 3.1 million in the first quarter of 2009 (previous year: € 4.6 million). The contributions of the business segments to the operating result were as follows: Stationary specialist retail segment (*Jacques' Wein-Depot*) amounted to € 2.2 million (same quarter in the previous year: € 2.6 million), while the operating result for the



wholesale segment amounted to €1.0 million (same quarter in the previous year: €2.0 million). The mail order segment maintained its operating result at the previous year's level of €1.0 million; despite the decline in sales, profitability improved in this segment, due to the product mix as well as increases in efficiency.

The financial result amounted to €−0.3 million, compared to €−0.5 million in the same quarter of the previous year; the interest expenses included therein amounted to €0.2 million (same period of the previous year: €0.3 million). The impact of the application of the International Financial Reporting Standards (IFRS, primarily International Accounting Standards IAS 39 and IAS 32) amounted to €−0.2 million (same quarter in the previous year: likewise €−0.2 million). The result before income tax amounted to €2.8 million (€4.2 million). As in the previous year, the tax expenditure corresponded to a ratio of 33%. The consolidated earnings after taxes and deductions for minority interests thus amounted to €1.9 million (previous year: €2.7 million). The profit per share amounted to €0.21, down from €0.31 in the previous year. This was based on the number of 8,834,834 shares for the period under review (previous year: 8,785,557).

Net worth

As per 31 March 2009, the balance sheet total amounted to €150.0 million, a reduction of €20.1 million compared to the total at 31 December 2008. The difference is due primarily to the decline in trade receivables – these decreased by €17.2 million to €23.0 million. (Trade receivables typically reach their highest level at 31 December). Compared to the figure of €146.6 million as at 31 March of the previous year, the balance sheet total at the end of the first quarter of 2009 increased to €150.0 million.

The equity capital declined by €7.7 million compared to the end of 2008, due primarily to the reclassification of the funds for the proposed dividends as miscellaneous liabilities.

Financial position

Liquidity analysis

Cash flow from current operations in the three-month period amounted to €1.8 million, a significant increase over the figure for the same period of the previous year (€0.4 million). With regard to the cash flow from financing activities for the period in the previous year, it must be noted that funds in the amount of €1.8 million were used for the buyback of treasury shares. Free cash flow in the first three months of 2009 of €0.4 million (previous year: €−0.5 million) was calculated from the net inflow of payments from current operations (€1.8 million), less funds employed for investment activities (€1.3 million) and interest paid out (€0.2 million).

Investment analysis

In the first three months of fiscal year 2009, investments amounted to €0.8 million (same period of the previous year: €0.6 million). These were related primarily to expansion and modernisation in the stationary specialist retail segment. Furthermore, €0.4 million was spent on shares of Majestic Wine PLC, which is domiciled in the United Kingdom.

REPORT ON POST-BALANCE SHEET DATE EVENTS



Events of particular significance for the evaluation of the assets, finances and earnings of Hawesko Holding AG and the Group did not occur after the conclusion of the period under review.

REPORT ON OPPORTUNITIES AND RISKS

There were no significant changes in the risks and opportunities of Hawesko Holding AG compared to the situation described in the 2008 annual report.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

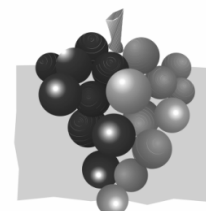
There were no significant changes in the forecast for fiscal year 2009 of the Hawesko management board compared to the situation described in the 2008 annual report. The general economic and business conditions continue to be seen as very difficult and the wine business as relatively stable even in times of crisis. The Hawesko management board notes that the figures for the first quarter of 2009 are within the expected range of its financial planning, considering that the outstanding performance in the previous year's quarter is a very high basis for comparison. In view of the extremely difficult economic situation the management board expects a decline in sales in 2009 in the mid-single-digit percentage range (Group sales 2008: € 339 million). It makes no forecast for the 2009 result, but a clearly positive result as well as free cash flow significantly in the positive range for the year overall are expected.

Hawesko Holding AG

Profit and loss statement for the first three months of 2009 (as per IFRS)

(in € millions, rounding differences are possible)

	1.1.–31.3. 2009	1.1.–31.3. 2008
Sales revenues	73.0	80.7
Decrease (increase) in finished goods inventories	0.1	0.1
Other operating income	2.9	3.1
Cost of purchased goods	–43.5	–50.0
Personnel expenses	–7.6	–7.4
Depreciation and amortisation	–1.2	–1.1
Other operating expenses and other taxes	<u>–20.6</u>	<u>–20.9</u>
Result from operations (EBIT)	3.1	4.6
Financial result		
Interest earnings/expenditures	–0.2	–0.3
Remaining financial result	<u>–0.2</u>	<u>–0.2</u>
Result before taxes on income	2.8	4.2
Taxes on income and deferred tax expenses	<u>–0.9</u>	<u>–1.4</u>
Result after taxes	1.9	2.8
Profit due to minority interests	<u>0.0</u>	<u>–0.0</u>
Consolidated earnings	<u>1.9</u>	<u>2.7</u>
Earnings per share (in €, undiluted)	0.21	0.31
Average number of shares in circulation (Numbers in thousands, undiluted)	8,835	8,786



HAWESKO
HOLDING AG

Hawesko Holding AG

Consolidated balance sheet (as per IFRS)

(in € millions, unaudited,
rounding differences are possible)

Assets

Long-term assets

Intangible assets	8.8	8.9	9.6
Tangible assets	20.4	20.6	21.7
Financial assets	3.9	2.3	0.3
Advance payments on stocks	4.8	4.5	6.8
Receivables and other assets	1.0	1.1	1.1
Deferred tax assets	<u>6.8</u>	<u>7.3</u>	<u>9.4</u>
	45.6	44.7	49.0

Short-term assets

Inventories	70.1	72.3	66.2
Trade receivables	23.0	40.2	25.0
Miscellaneous assets	1.9	1.7	1.4
Receivables from taxes on income	0.6	1.0	1.2
Cash in banking accounts and cash on hand	<u>8.8</u>	<u>10.1</u>	<u>3.9</u>
	104.3	125.4	97.6

150.0 **170.1** **146.6**

Shareholders' equity and liabilities

Equity

<i>Subscribed capital of Hawesko Holding AG</i>	13.5	13.5	13.2
<i>Group adjustment according to IFRS</i>	<u>-4.4</u>	<u>-4.4</u>	<u>-4.4</u>
Subscribed capital	9.1	9.1	8.9
Capital reserve	6.5	6.5	6.1
Revenue reserves	45.3	38.2	35.5
Remaining cumulative equity	-0.5	-1.6	0.0
Unappropriated group profit	8.5	24.4	12.6
Minority interests	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>
	69.5	77.2	63.7

Minority interests in the capital of unincorporated subsidiaries

1.3 1.4 3.2

Long-term provisions and liabilities

Provisions for pensions	0.6	0.6	0.6
Other long-term provisions	0.3	0.3	0.3
Borrowings	6.7	7.0	8.3
Advances received	1.8	0.9	4.5
Other liabilities	0.2	0.1	0.7
Deferred tax assets	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
	9.7	9.0	14.6

Short-term provisions and liabilities

Miscellaneous short-term provisions	0.1	0.1	0.1
Borrowings	8.7	8.0	9.3
Advances received	2.6	6.8	3.1
Trade payables	34.3	45.6	33.4
Liabilities from taxes on income	2.4	2.5	0.8
Other liabilities	<u>21.5</u>	<u>19.6</u>	<u>18.5</u>
	69.5	82.5	65.0

150.0 **170.1** **146.6**

Hawesko Holding AG

Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited,
rounding differences are possible)

	1.1.–31.3. 2009	1.1.–31.3. 2008
Result before taxes on income	2.8	4.2
Depreciation of intangible and tangible assets	1.2	1.1
Financial result	0.3	0.5
Result from the disposal of fixed assets	0.0	–0.0
Change in inventories	1.9	1.1
Change in other short-term assets	17.1	23.3
Change in provisions	0.0	0.0
Change in liabilities (excluding borrowings)	–21.5	–28.9
Taxes on income paid out	<u>–0.1</u>	<u>–0.8</u>
Net inflow of payments from current operations	1.8	0.4
Outpayments for tangible and intangible assets	–0.8	–0.6
Outpayments from the acquisition of other financial assets	–0.4	?
Inpayments from the disposal of intangible and tangible assets	0.0	0.0
Inpayments from the disposal of financial assets	=	<u>0.0</u>
Net funds employed for investing activities	–1.3	–0.6
Outpayments for dividends	?	?
Outpayments to minority interests	–0.3	–0.6
Outpayments from the acquisition of treasury shares	?	–1.8
Payment of finance lease liabilities	–0.3	–0.3
Change in borrowings	0.8	–1.3
Interest paid and earned	<u>–0.2</u>	<u>–0.3</u>
Outflow of net funds for financing activities	<u>–0.0</u>	<u>–4.3</u>
Net decrease of funds	0.5	–4.5
Funds at start of period	7.4	8.4
Funds at end of period	8.0	3.9

Hawesko Holding AG

Consolidated comprehensive income statement for the period from 1 January to 31 March 2009

(in € millions, unaudited,
rounding differences are possible)

	1.1.–31.3. 2009	1.1.–31.3. 2008
Result after taxes on income	1.9	2.8
Result from financial instruments available for sale	1.1	—
Currency translation differences	–0.0	0.0
Earnings and expenditures recorded directly in equity	1.1	0.0
Comprehensive income	3.0	2.8
<i>of which:</i> – due to shareholders of Hawesko Holding AG	3.0	2.7
– due to other shareholders	–0.0	0.1

Hawesko Holding AG

Consolidated statement of changes in equity

in € millions, unaudited,
Rounding differences are
possible

	Sub- scribed capital	Capital reserve	Revenue reserves	Adjustments resulting from currency translation	Reserve for changes in value	Unappro- priated group profit	Minority interests	Total
Status as of 1 January 2008	8.9	6.1	34.9	0.0	—	20.9	0.6	71.4
Comprehensive income	—	—	—	0.0	—	2.7	0.1	2.8
Dividends	—	—	—	—	—	–8.7	–0.0	–8.7
Appropriation to revenue reserves	—	—	2.4	—	—	–2.4	—	—
Treasury shares	—	—	–1.8	—	—	—	—	–1.8
Status as of 31 March 2008	8.9	6.1	35.5	0.0	—	12.6	0.6	63.7
Status as of 1 January 2009	9.1	6.5	38.2	–0.0	–1.6	24.4	0.6	77.2
Comprehensive income	—	—	—	–0.0	1.1	1.9	–0.0	3.0
Dividends	—	—	—	—	—	–10.7	–0.1	–10.7
Appropriation to revenue reserves	—	—	7.2	—	—	–7.2	—	—
Status as of 31 March 2009	9.1	6.5	45.3	–0.0	–0.5	8.5	0.5	69.5

Three-month segment results

(in € millions, rounding differences are possible)

1.1.–31.3.2009	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
External sales	23.6	26.5	22.9	0.0	73.0
Operating result (EBIT)	2.2	1.0	1.0	–0.9	3.1
1.1.–31.3.2008	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
External sales	23.7	31.6	25.4	0.1	80.7
Operating result (EBIT)	2.6	2.0	1.0	–1.0	4.6

Appendix to the three-month report to 31 March 2009

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 and the German Accounting Standard (DRS) 16. The standards and interpretations valid from 1 January 2009 have been applied to the interim financial statement. In particular, the revision of IAS 1 "Presentation of Financial Statements" relates primarily to the presentation of the income and expenses recognised directly in equity. Such income and expenses are now to be shown in a reconciliation statement from the result according to the income statement to the comprehensive result of the relevant period. Such a reconciliation statement is included in the current three-month interim report for the first time. Beyond that, IFRS 8 requires a section on "business segments", which presents segment information in accordance with the internal reporting to the primary decision-makers ("management approach"). As Hawesko Holding AG already uses this approach, no changes were required in the presentation of the segment information.

The interim financial statement and interim management report have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Consolidation: The consolidated group of Hawesko Holding AG remains unchanged from that listed in the 2008 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 2008. An exception is the reconciliation statement from the result according to the income statement to the comprehensive result of the relevant period i.a.w. IAS 1; cf. the above paragraph. (2) Cyclical events which occur during the year, insofar as they are important, are accrued based on corporate planning.

Other information: (1) *Events after the conclusion of the reporting period:* 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) *Resolution for the appropriation of earnings for 2008:* The annual general meeting of shareholders on 15 June 2009 will propose that the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 10,954,054.50 should be appropriated as follows: (a) Payout of a

dividend of € 1.20 per entitled share. With a total number of 8,834,834 shares this amounts to € 10,601,800.80. (b) The remaining amount of € 352,253.70 should be carried forward. (3) *No unforeseen development costs* were incurred during the period under review. (4) *The order situation remains* satisfactory. (5) No changes have occurred in the *composition* of the management board or the supervisory board to the date of the writing of this report. (6) *Business with closely associated persons*: As disclosed in the appendix to the 2008 consolidated financial statement under note 44, the management board and the supervisory board are considered to be closely associated persons in the sense of IAS 24.5. Material changes since the closing date of the annual accounts have not taken place. Material business transactions were not conducted with closely associated persons in the reporting period. The number of shares and/or the number of votes held by members of the supervisory board and the management board has not changed since 31 December 2008. (7) *Treasury shares*: Hawesko Holding AG holds 9,902 treasury shares as of the date of writing of this report.

Other information	1.1.–31.3. 2009	1.1.–31.3. 2008
Employees (average during the period)	624	607

Calendar:

Annual shareholders' meeting 2009	15 June 2009
Six-month report to 30 June 2009	30 July 2009
Interim report to 30 September 2009	29 October 2009
Preliminary report on fiscal year 2009	End of January 2010

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