Hawesko Holding AG
Hamburg

ISIN DE0006042708
Reuters HAWG.DE, Bloomberg HAW GR

Six-month financial report to 30 June 2018

Hamburg, 2 August 2018

Highlights in € (millions)	Six months (1.1.–30.6.)			Second quarter (1.4.–30.6.)		
	2018	2017	+/–	2018	2017	+/–
Consolidated sales	**237.8**	**231.2**	**+2.9%**	**125.7**	**121.5**	**+3.4%**
Result from operations (EBIT)	**10.7**	**11.4**	**–6.5%**	**5.7**	**6.6**	**–12.8%**
Consolidated net income excluding non-controlling interests	**6.6**	**7.3**	**–9.3%**	**3.5**	**4.3**	**–16.9%**

Dear shareholders,
Dear friends of the Hawesko Group,

Before we discuss the business performance in the first six months and in the second quarter, we'd like to share some news with you: we recently signed an agreement for the full acquisition of the Austrian market leader Wein & Co as of 1 October 2018. This complements our activities in Austria, where we have enjoyed two decades of success in the wholesale segment with the *Wein Wolf* brand, with an established supplier to the end-customer segment. In fiscal year 2016/17, Wein & Co achieved sales of € 43 million, excluding VAT. This acquisition is an important milestone in the ongoing strategic development of the Hawesko Group!

Now let's take a look at the existing business: In current operations we continued the organic growth of the first quarter with an increase of 3.4% in the second quarter. However, the growth-related activities and higher IT expenses temporarily put pressure on the result. All three sales channels contributed to growth: The digital/distance selling segment grew by just under 1%, sales at *Jacques'* increased by 3% and the B2B segment grew by 6%.

Sales of our distance-selling brands, i.e. in the digital segment, rose during the quarter by a total of 0.7%. When we put this apparently low figure into perspective, however, it is obvious that it results from an atypically high basis for comparison: In the same quarter of the previous year – just as in the first quarter of 2017– our specialist in Spanish wines *Vinos* posted very strong growth in sales due to special anniversary promotions, which naturally did not continue at that level in the quarter under review. Sales at our online marketplace *WirWinzer* rose by 37%, while the ultra-premium distance-selling unit *Carl Tesdorpf* likewise posted very strong sales growth at just under 9%. Our traditional *HAWESKO* brand achieved sales at the level of the comparable quarter in the previous year.

In the omni-channel segment (*Jacques' Wein-Depot*), our growth initiatives in digitalisation and enlargement of the branch network continued to have a positive impact: quarterly sales rose by 3.1% (on a like-for-like basis: +1.7%). The successful “Hereinprobiert” (“Come in and taste!”) campaign is generating a lot of attention for the unique concept of *Jacques'* and enhancing its positioning in the market still further. The progress of the campaign in the second quarter encourages us to initiate additional activities over the course of the year.

Sales in the B2B segment (wholesale/distribution) grew by 6.3% in the second quarter. On the one hand, the core business performed solidly, and on the other, the delivery of the 2015 Bordeaux subscription wines took place in the quarter under review due to the weather. In the previous year, the subscription wines had been delivered for the most part in the first quarter. At *WeinArt*, acquired in early 2017, sales of rare wines provided a strong boost, and sales at *Deutschwein Classics* once again rose percentually by double digits as well. In contrast, the quarterly sales declined at *Weinland Ariane Abayan*, our B2B specialist for Italian wines in Germany, due to a baseline effect from the high additional sales generated in the wake of the company's anniversary in the previous year.

With regard to the second-quarter operating result (EBIT), we were unable to maintain the pace of growth from the first quarter of 2018: at € 5.7 million, it was below the previous year's figure of € 6.6 million. The B2B segment maintained its EBIT at the level of the same quarter in the previous year. Due to the final readjustments of the ERP system, implemented at the end of 2017, and expenses brought forward that by nature will not be incurred in the second half of 2018, EBIT at *Jacques'* declined by 12.4% from the previous year. In the digital segment, the quarterly EBIT declined overall by 25.5%. The reasons for this included higher IT and logistics costs, and the lower quarterly sales due to the baseline effect of *Vinos* were also reflected in a correspondingly lower EBIT. We expect that profitability at *Jacques'* as well as in the digital segment will recover during the further course of the year.

We are satisfied with the 2.9% increase in sales to € 237.8 million and the stable trading margin in the first half of the year. The temporary decline in EBIT in the first six months from € 11.4 million to € 10.7 million is annoying, but it results primarily from the snapshot on the reference date of 30 June. We remain optimistic about achieving the planned increase in EBIT to € 32-33 million without Wein & Co, as the strong quarters with the all-important holiday business, during which more than 60% of the annual result is traditionally achieved, are still ahead of us.

Dear shareholders,

We'd like to say a brief word about the key issues at the halfway point of fiscal year 2018. Our strategy of generating decentralised, high growth via centralised platforms has been validated by its success. The design and implementation of these structures is not yet completed - it is a process that takes several years, particularly with regard to the development of a logistics system that efficiently utilises synergies and centralised data structures. Our investments will focus on this area in the future as well. At the same time, we are focusing on the growth areas of the Hawesko Group, particularly with regard to digital trading concepts. This includes monitoring the market in a targeted manner for attractive opportunities for acquisitions that fit well in our group - like the agreed takeover of Wein & Co currently. We are also testing a new and uncomplicated concept for Italian wines known as *Enzo*, which is already looking very promising. Both *Enzo* and *WirWinzer*, our online marketplace for German wines, are currently still producing the typical start-up losses, but we are optimistic that these new formats will develop successfully and contribute to sales in the future.

Finally, we'd like to take a brief look at the current fiscal year, without going into detail on the impact of the acquisition of Wein & Co as of 1 October 2018, as this cannot be completely defined yet. For 2018, we still expect organic growth of approximately 3% in consolidated sales and assume that all three segments will be within this range. Consolidated EBIT is expected to be in the range between € 32-33 million in 2018 (likewise unchanged on an organic basis excluding Wein & Co), corresponding to an EBIT margin of approximately 6.2%, and thus an increase of about 0.2 percentage points over 2017. With the initial consolidation of Wein & Co we expect an EBIT reduced by the non-recurring integration costs - an amount of a mid-range, single-digit million-euro figure. On an organic basis, excluding the initial consolidation of Wein & Co, consolidated earnings after deductions for taxes and non-controlling interests are currently expected to be in the range of € 19–20 million (after € 18.5 million in 2017), with free cash flow between € 16 million and € 18 million (previous year: € 2.8 million); with these figures as well, we cannot currently quantify the impact of Wein & Co and will do that in the next quarterly financial report to 30 September 2018.

Kind regards

Thorsten Hermelink	*Alexander Borwitzky*	*Raimund Hackenberger*	*Nikolas von Haugwitz*

• • • • • • • • • • •

INTERIM MANAGEMENT REPORT

GENERAL SITUATION

The domestic and international economic outlook has clouded over significantly in recent weeks, caused by uncertainty regarding possible escalation of trade wars initiated by the United States with the European Union and China. Accordingly, both the German Institute for Economic Research (DIW) and the ifo Institute are assuming that the German economy will also shift into a lower gear this year. They have each revised their GDP forecasts downwards by half a percentage point. In contrast, the current situation is still very positive. The German federal government most recently expected a slight acceleration of the current upswing but pointed out the “sword of Damocles hanging over international trade”. The ifo business climate index responded accordingly: in recent months the expectations in the retail sector in particular have significantly declined. The index itself is still moving within the “boom” quadrant but has been weakening for months. According to the Gesellschaft für Konsumforschung (GfK), the consumer mood in Germany was clouded by the trade war between the European Union and the United States in June and optimism about the economy has diminished. Consumers’ economic expectations dropped by 14.1 points to 23.3 points in June. However, at the same time the key indicators income expectation and propensity to consume continued to grow at an “excellent level”. The actual conditions - record employment and rising income - therefore still support development and let the growing fears for the future recede into the background at present.

BUSINESS PERFORMANCE

Financial performance

Second quarter

In the period from April to June 2018, consolidated sales rose by 3.4% from € 121.5 million to € 125.7 million. All three brand units (segments) experienced growth. Sales in the omnichannel brand unit (*Jacques’ Wein-Depot*) increased by 3.1% to € 37.5 million (previous year: € 36.4 million), in the B2B brand unit (wholesale) by 6.3% to € 45.8 million (previous year: € 43.1 million), and in the digital brand unit (distance selling) by 0.7% to € 42.3 million (previous year: € 42.0 million). The consolidated operating result (EBIT) in the second quarter of 2018 amounted to € 5.7 million. (previous year: € 6.6 million). The EBIT margin was 4.6% in the quarter under review (previous year: 5.4%).

Sales at *Jacques’ Wein-Depot* (the omnichannel brand unit) rose by 3.1% compared to the same quarter of the previous year. Thanks to successful marketing campaigns, June was a particularly strong month. At the end of the quarter there were 309 *Jacques’* outlets, all in Germany (previous year: 300). On a like-for-like basis, sales rose by 1.7% compared to the second quarter of 2017. While the average receipt remained at the level of the previous year, customer frequency increased again, as did the number of active customers. The EBIT for the segment at € 3.5 million was below the figure for the previous year (€ 4.0 million), due primarily to higher IT expenses as well as expenses brought forward. Profitability will be pressured by the expansion, which has accelerated since 2016.

The B2B brand unit achieved sales of € 45.8 million, an increase of 6.3% over the same quarter of the previous year. The rise in sales in the second quarter was due primarily to the delivery of the Bordeaux subscription wines, which in 2018 took place almost exclusively in the quarter under review due to weather conditions. Excluding this effect, sales would have been slightly above the previous year's level. Domestic business was lacking the strong stimulus of the *Abayan* anniversary in the previous year; the performance of foreign operations (Switzerland and Austria) was stable. The EBIT of the B2B brands amounted to € 2.0 million, as in the previous year.

With growth of 0.7% in the quarter under review, the digital brand unit maintained the level of the previous year. Normalisation at *Vinos* after the anniversary promotions in the same quarter of the previous year, sales at the previous year's level at *HAWESKO* and solid growth rates for the other brands in the digital segment balanced each other out. As of 30 June 2018, the number of active customers remained constant. Fifty-four percent of sales were made online (previous year: 53%). The segment EBIT in the brand unit declined to € 1.6 million (same quarter in the previous year: € 2.2 million). This was due primarily to the lower EBIT contribution from *HAWESKO* resulting from higher IT and logistics expenses, as well as the start-ups *Enzo* and *WirWinzer.*

Consolidated gross profit rose by € 0.6 million to € 51.7 million in the second quarter, corresponding to a margin of 41.2% (previous year: 42.1%). The reduction of the trading margin resulted primarily from a temporarily shifted product mix resulting from the delivery of the Bordeaux subscription wines. The other operating income of € 5.6 million (same quarter of the previous year: € 5.8 million) consisted for the most part of rental and leasing income at *Jacques'* as well advertising allowances. Personnel expenses in the second quarter at € 13.9 million remained at the level of the previous year (€13.8 million) and accounted for 11.1% of sales (previous year: 11.3%).

Other operating expenses and other taxes compared to those in the same period of the previous year as follows:

In € millions Rounding differences are possible	1.4.– 30.6.2018	1.4.– 30.6.2017
Advertising	10.1	10.0
Commissions to partners	9.4	9.2
Delivery costs	6.0	5.6
Rental and leasing	3.3	3.2
Other	6.7	6.7
	35.5	34.7

Advertising expenses at € 10.1 million were slightly above the level of the previous year (€ 10.0 million), accounting for 8.0% of sales (previous year: 8.2%). Expenses for commissions rose to € 9.4 million (previous year: € 9.2 million), accounting for 7.5% of sales, as in the previous year. Expenses for delivery increased to € 6.0 million (previous year: € 5.6 million), accounting for 4.8% of sales (previous year: 4.6%). Overall, other operating expenses and other taxes amounted to € 35.5 million (previous year: € 34.7 million), thus accounting for 28.3% of sales in the quarter under review (previous year: 28.5%).

The consolidated operating result (EBIT) in the second quarter of 2018 was € 5.7 million (previous year: € 6.6 million). The EBIT margin was 4.6%, compared to 5.4% in the same quarter of the previous year. Corporate costs of € 1.4 million (same quarter in the previous year: € 1.6 million) were deducted from the contributions of the brand units described above to the operating result and posted in the "Miscellaneous/Consolidation" column in the table on page 14.

The financial result amounted to € –0.1 million, as in the previous year. The result before taxes on income amounted to € 5.7 million (€ 6.5 million). The tax result is € –1.9 million (previous year: € –2.1 million). Consolidated net income paid out to the shareholders of Hawesko Holding AG amounted to € 3.5 million (previous year: € 4.3 million). Earnings per share amounted to € 0.39, after € 0.47 in the preceding year. This was based on the figure of 8,983,403 shares in the reporting period (unchanged from the previous year).

First six months

In the first six months of fiscal year 2018 (1 January to 30 June), sales rose by 2.9% to € 237.8 million (€ 231.2 million). The consolidated gross profit margin at 41.9% of sales remained almost unchanged from the same period of the previous year (42.1%). Other income and expenses added up to 37.4% (previous year: 37.1%) of sales. In the first half of 2018 the operating result (EBIT) amounted to € 10.7 million and 4.5% of sales (previous year: € 11.4 million and 5.0% of sales).

The financial result amounted to € –0.0 million, compared to € –0.2 million in the previous year. The result before taxes on income amounted to € 10.7 million (first six months of the previous year: € 11.2 million). Consolidated net income for the first six months after deductions for non-controlling interests amounted to € 6.6 million, compared to € 7.3 million in the same period of the previous year. The profit per share amounted to € 0.74 compared to € 0.82 for the first six months of the previous year. The number of shares in the reporting period was 8,983,403 as in the previous year.

Net worth

Structure of the consolidated balance sheet
in € millions, rounding differences are possible

Assets	30.06.2018		31.12.2017		30.06.2017	
Long-term assets	74.9	*31%*	75.6	*29%*	69.7	*30%*
Short-term assets	169.4	*69%*	184.1	*71%*	165.8	*70%*
Balance sheet total	244.3	*100%*	259.7	*100%*	235.5	*100%*
Liabilities and shareholders' equity						
Shareholders' equity	99.0	*41%*	104.8	*40%*	92.2	*39%*
Long-term provisions and liabilities	14.8	*6%*	14.8	*6%*	11.9	*5%*
Short-term liabilities	130.7	*54%*	140.2	*54%*	131.4	*56%*
Balance sheet total	244.3	*100%*	259.7	*100%*	235.5	*100%*

Changes since the reference date on 31 December 2017

The balance sheet total at 30 June 2018 was € 244.3 million, down from the total at 31 December 2017 (€ 259.7 million). While total long-term assets remained practically unchanged, short-term assets were reduced by € 14.7 million compared to the reference date at the end of the year. The primary reason for this was a reduction in trade receivables (trade receivables typically reach their highest level at 31 December.)

Total equity capital declined from € 104.8 million at 31 December 2017 to € 99.0 million; this figure includes the payment of the dividend of € 11.7 million. Long-term provisions and liabilities amounted to € 14.8 million (31 December 2017: € 14.8 million). Short-term liabilities declined by € 9.4 million to € 130.7 million (trade receivables typically reach their highest level at 31 December).

Changes from the previous year's reference date 30 June 2017

Compared to the previous year's reference date (30 June 2017), the balance sheet total increased from € 235.5 million to € 244.3 million. From this standpoint, the increase in the long-term advance payment for inventories to € 7.6 million was particularly noticeable; the figure was € 1.4 million at the reference date in the previous year. With regard to liabilities, advances received rose by € 1.7 million to € 5.2 million at the reference date in the previous year. Overall, long-term provisions and liabilities amounted to € 14.5 million (reference date in the previous year: € 11.9 million).
At € 130.7 million, short-term assets remained roughly at the level of the previous year (€ 131.4 million).

The working capital requirement at 30 June 2018 rose in comparison to the reference date in the previous year.

Financial performance

Liquidity analysis

The cash flow from current operations for the Hawesko Group in the six-month period amounted to € –13.3 million, compared to €–14.2 million in the same period of the previous year. Due to the seasonal nature of the business, cash flow from ongoing business activity is usually negative in the first half of the fiscal year. The funds employed for investment activities amounted to € 2.3 million in the first six months of 2018 (same period in the previous year: € 6.6 million).

Consolidated cash flow in € millions, rounding differences are possible	1.1.– 30.06.2018	1.1.– 30.6.2017
Cash flow from current operations	–13.3	–14.2
Cash flow from investment activity	–2.3	–6.6
Cash flow from financing activities	14.7	15.5

Free cash flow amounted to € –15.7 million in the first half of 2018, compared to € –20.9 million in the same period of the previous year. It was calculated from the net outflow of payments from current operations (€ –13.3 million), less funds employed for investment activities (€ –2.3 million) and net interest received and paid out (€ –0.2 million). Free cash flow excluding investments in acquisitional growth amounted to € –17.6 million in the first six months of the previous year.

Investment analysis

Investments were divided into those in intangible assets (€ 0.8 million; previous year: € 1.6 million), which were related primarily to software in the digital (distance selling) and omnichannel (*Jacques'*) brand units, and those in tangible assets of € 1.6 million (previous year: € 1.8 million). The latter were related to the expansion and modernisation of the depots in the omnichannel brand unit (*Jacques'*) as well as the investments for expansion and replacement equipment in the digital and B2B brand units. Cash flow from investment activity was influenced in the previous year by the acquisition of the majority interests in *WeinArt* and *Grand Cru Select* as well as the introduction of ERP software in the omnichannel brand unit.

REPORT ON POST-BALANCE SHEET DATE EVENTS

On 27 July 2018, Hawesko Holding AG signed an agreement to acquire 100% of Wein & Co Handelsgesellschaft m.b.H., Vösendorf/Austria. Wein & Co is a leading supplier of high-quality wines and champagnes in Austria and achieved € 43 million in sales in fiscal year 2016/17. Initial consolidation is likely to take place as of 1 October 2018. The Hawesko management board reckons with non-recurring integration costs in the amount of a mid-range, single-digit million-euro figure, which has not so far been included in the planning for 2018. The transaction is subject to the approval by the relevant regulatory authorities as well as to other customary terms of conclusion. The conclusion of the transaction is expected at the beginning of the fourth quarter of 2018.

Other 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 RISK

There were no significant changes in the risks and opportunities of Hawesko Holding AG compared to the situation described in the 2017 annual report.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

There have been no significant changes in the forecast for fiscal year 2018 of the Hawesko management board compared to the situation described in the 2017 annual report. The general economic and business conditions in Germany are still classified as good. The Hawesko management board notes that the earnings figures for the first six months of 2018 are at the lower end of the originally expected range, but the sales and gross profit figures exceeded expectations.

The management board of Hawesko Holding AG will continue to pursue sustainable, long-term and profitable growth. The following assessments do not take into account the potential acquisition of shares in subsidiaries. For fiscal year 2018, the board expects consolidated sales growth of approximately 3%. Consolidated EBIT is expected to be in the range between € 32-33 million in 2018, corresponding to an EBIT margin of approximately 6.2% (2017: 6.0%). For the financial result, the management board expects a net expenditure of between € 0.2–0.5 million (2017: € 1.6 million). Profit due to non-controlling interests is expected to be between € 0.8-1.2 million (2017: € 0.7 million). Consolidated earnings after deductions for taxes and non-controlling interests are currently expected to be in the range of € 19–20 million (2017: € 18.5 million). The management board expects free cash flow in 2018 to be in the range of € 16–18 million (2017: € 2.8 million), while the ROCE is expected to be on the order of 20%, as in the previous year.

With regard to the more precise effects of the acquisition of Wein & Co as of 1 October 2018 on the full-year forecast for 2018, we refer you to the comments in the interim report to 30 September 2018, which will be published on 8 November 2018.

Hawesko Holding AG

Profit and loss statement for the first six months of 2018 (as per IFRS)

(in € millions, unaudited, rounding differences possible)	1.1.–30.6. 2018	1.1.–30.6. 2017
Sales revenues	**237.8**	**231.2**
Increase in finished goods inventories	–0.0	0.1
Other production for own assets capitalised	0.1	0.3
Other operating income	11.1	10.8
Cost of purchased goods	–138.2	–133.9
Personnel expenses	–27.7	–27.4
Depreciation and amortisation	–4.2	–4.2
Other operating expenses and other taxes	–68.2	–65.4
Result from operations (EBIT)	**10.7**	**11.4**
Financial result		
Interest earnings/expenditures	–0.2	–0.2
Other financial result	0.2	–0.4
Income from long-term equity investments	–	0.3
Result before taxes on income	10.7	11.2
Taxes on income and deferred tax expenses	–3.6	–3.6
Consolidated net income	**7.1**	**7.7**
of which is		
– shareholders' equity in Hawesko Holding AG	6.6	7.3
– allocable to non-controlling interests	0.4	0.3
Earnings per share (in €, undiluted = diluted)	0.74	0.82
Average number of shares in circulation (Numbers in thousands, undiluted = diluted)	8,983	8,983

Hawesko Holding AG

Profit and loss statement for the second quarter of 2018 (as per IFRS)

(in € millions, unaudited, rounding differences possible)	1.4.–30.6. 2018	1.4.–30.6. 2017
Sales revenues	**125.7**	**121.5**
Increase in finished goods inventories	–0.0	0.1
Other production for own assets capitalised	0.0	0.1
Other operating income	5.6	5.8
Cost of purchased goods	–73.9	–70.4
Personnel expenses	–13.9	–13.8
Depreciation and amortisation	–2.1	–2.1
Other operating expenses and other taxes	–35.5	–34.7
Result from operations (EBIT)	**5.7**	**6.6**
Financial result		
Interest earnings/expenditures	–0.1	–0.1
Other financial result	0.1	–0.2
Income from long-term equity investments	—	0.2
Result before taxes on income	5.7	6.5
Taxes on income and deferred tax expenses	–1.9	–2.1
Consolidated net income	**3.8**	**4.4**
of which is		
— allocable to shareholders' equity in Hawesko Holding AG	3.5	4.3
— allocable to non-controlling interests	0.2	0.1
Earnings per share (in €, undiluted = diluted)	0.39	0.47
Average number of shares in circulation (Numbers in thousands, undiluted = diluted)	8,983	8,983

Hawesko Holding AG

Consolidated statement of comprehensive income *for the period from 1 January to 30 June*

(in € millions, unaudited, rounding differences are possible)	1.1.–30.6. 2018	1.1.–30.6. 2017
Consolidated net income	**7.1**	**7.7**
Amounts that may not be rebooked in the profit and loss statement in the future	—	—
Actuarial gains and losses resulting from remeasurements of defined-benefit pension plans including deferred tax liabilities	—	—
Amounts that may be rebooked in the profit and loss statement in the future		
Effective portion of losses from cash flow hedges including deferred tax liabilities	0.0	0.0
Currency translation differences	0.0	–0.0
Other comprehensive income	**0.0**	**0.0**
Total comprehensive income	**7.1**	**7.7**
of which is		
– shareholders' equity in Hawesko Holding AG	6.7	7.4
– allocable to non-controlling interests	0.5	0.3

Hawesko Holding AG
Consolidated statement of comprehensive income *for the period from 1 April to 30 June*

(in € millions, unaudited, rounding differences are possible)	1.4.–30.6.2018	1.4.–30.6.2017
Consolidated net income	**3.8**	**4.4**
Amounts that may not be rebooked in the profit and loss statement in the future	—	—
Actuarial gains and losses resulting from remeasurements of defined-benefit pension plans including deferred tax liabilities	—	—
Amounts that may be rebooked in the profit and loss statement in the future		
Effective portion of profits/losses from cash flow hedges including deferred tax liabilities	–0.0	0.0
Currency translation differences	0.0	–0.1
Other comprehensive income	**0.0**	**–0.1**
Total comprehensive income	**3.8**	**4.3**
of which is		
– shareholders' equity in Hawesko Holding AG	3.5	4.2
– allocable to non-controlling interests	0.3	0.1

Hawesko Holding AG
Consolidated balance sheet (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	30.6.2018	31.12.2017	30.6.2017
Assets			
Long-term assets			
Intangible assets	40.4	41.9	41.4
Tangible assets	20.1	20.5	20.2
Investments accounted for using the equity method	3.4	3.4	3.6
Other financial assets	0.1	0.1	0.2
Advance payments on stocks	7.6	6.3	1.4
Receivables and other assets	0.8	1.2	1.2
Deferred tax liabilities	2.5	2.2	1.8
	74.9	75.6	69.7
Short-term assets			
Inventories	112.6	110.8	115.1
Trade receivables	35.4	52.0	33.4
Receivables and other assets	3.9	4.7	3.7
Receivables from taxes on income	7.5	6.0	5.3
Cash in banking accounts and cash on hand	9.9	10.7	8.3
	169.4	184.1	165.8
	244.3	**259.7**	**235.5**
Liabilities			
Shareholders' equity			
Subscribed capital of Hawesko Holding AG	13.7	13.7	13.7
Capital reserve	10.1	10.1	10.1
Retained earnings	66.1	71.2	59.8
Other reserves	–0.1	–0.1	–0.1
Shareholders' equity in Hawesko Holding AG	**89.8**	**94.8**	**83.4**
Non-controlling interests	9.2	9.9	8.8
	99.0	**104.8**	**92.2**
Long-term provisions and liabilities			
Provisions for pensions	1.1	1.1	1.1
Other long-term provisions	0.7	0.6	0.8
Borrowings	0.4	0.5	0.7
Advances received	5.2	4.7	1.7
Other liabilities	4.4	5.0	4.7
Deferred tax liabilities	2.7	2.7	2.8
	14.5	14.8	11.9
Short-term provisions and liabilities			
Non-controlling interests in the capital of unincorporated subsidiaries	0.2	0.2	0.1
Borrowings	48.0	20.1	41.0
Advances received	4.8	8.4	8.6
Trade accounts payable	45.8	64.4	47.3
Income taxes payable	—	2.6	1.2
Other liabilities	32.0	44.5	33.2
	130.7	140.2	131.4
	244.3	**259.7**	**235.5**

HAWESKO HOLDING AG

Hawesko Holding AG

Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	1.1.–30.6. 2018	1.1.–30.6. 2017
Result before taxes on income	10.7	11.2
Depreciation and amortisation of intangible and tangible assets tangible and intangible assets	4.2	4.2
Other non-cash expenses and income	–0.1	–0.3
Interest result	0.0	0.5
Result from the disposal of intangible and tangible assets	–0.1	–0.1
Income from companies reported at equity	—	–0.3
Dividend payments received from investments	—	0.3
Change in inventories	–3.1	–12.0
Change in borrowings and other assets	17.8	14.4
Change in provisions	0.0	0.6
Change in liabilities (excluding borrowings)	–34.9	–28.9
Taxes on income paid out	–7.7	–3.9
Net outflow of payments from current operations	**–13.3**	**–14.2**
Acquisition of subsidiaries net of funds acquired	—	–3.4
Outpayments for tangible and intangible assets Other assets	–2.3	–3.4
Inpayments from the disposal of financial assets intangible and tangible assets	0.1	0.2
Net funds employed for investing activities	**–2.3**	**–6.6**
Outpayments for dividends	–11.7	–11.7
Outpayments to non-controlling interests	–1.2	–1.2
Payment of finance lease liabilities	–0.2	–0.0
Change in short-term borrowings	27.9	28.6
Interest received	0.0	0.1
Interest paid out	–0.2	–0.3
Inflow of net funds from financing activities	**14.7**	**15.5**
Effects of changes in foreign exchange rates on funds (period of up to three months)	0.0	0.0
Net decrease of funds	**–0.8**	**–5.3**
Funds at start of period	10.7	13.6
Funds at end of period	**9.9**	**8.3**

Hawesko Holding AG, Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Other reserves: Balancing items from currency translation	Other reserves: Revaluation components of pension obligations	Other reserves: Reserve for cash flow hedge	Ownership of interest of Hawesko Holding AG shareholders	Non-controlling interests	Total
Status at 1 January 2017	13.7	10.1	64.1	0.0	–0.2	–0.0	87.7	6.7	94.4
Change in the consolidation group	—	—	—	—	—	—	0.1	3.0	3.0
Dividends	—	—	–11.7	—	—	—	–11.7	–1.2	–12.9
Consolidated net income	—	—	6.2	—	—	—	6.2	0.3	6.5
Other result	—	—	—	0.0	—	0.0	0.1	–0.0	0.0
Deferred tax on other result	—	—	—	—	—	–0.0	–0.0	—	–0.0
Status at 30 June 2017	13.7	10.1	58.6	0.1	–0.2	0.0	82.3	8.8	91.1
Status at 1 January 2018	13.7	10.1	71.2	0.1	–0.2	0.0	94.8	9.9	104.8
Change in the consolidation group	—	—	—	—	—	—	—	—	—
Dividends	—	—	–11.7	—	—	—	–11.7	–1.2	–12.9
Consolidated net income	—	—	6.6	—	—	—	6.6	0.5	7.1
Other result	—	—	—	–0.0	—	0.0	0.0	0.0	0.1
Deferred tax on other result	—	—	—	—	—	–0.0	–0.0	—	–0.0
Status at 30 June 2018	13.7	10.1	66.1	0.1	–0.2	0.0	89.8	9.2	99.0

Quarterly segment results
(in € millions, unaudited, rounding differences possible)

1.4.–30.6.2018	Omni-Channel	B2B	Digital	Miscellaneous/ Consolidation	Group
External sales	**37.5**	**45.8**	**42.3**	**0.0**	**125.7**
Operating result (EBIT)	**3.5**	**2.0**	**1.6**	**–1.4**	**5.7**

1.4.–30.6.2017	Omni-Channel	B2B	Digital	Miscellaneous/ Consolidation	Group
External sales	**36.4**	**43.1**	**42.0**	**0.0**	**121.5**
Operating result (EBIT)	**4.0**	**2.0**	**2.2**	**–1.6**	**6.6**

Six-month results of the segments
(in € millions, rounding differences are possible)

1.1.–30.6.2018	Omni-Channel	B2B	Digital	Miscellaneous/ Consolidation	Group
External sales	**72.3**	**86.0**	**79.6**	**0.0**	**237.8**
Operating result (EBIT)	**6.2**	**3.9**	**3.3**	**–2.6**	**10.7**

1.1.–30.6.2017	Omni-Channel	B2B	Digital	Miscellaneous/ Consolidation	Group
External sales	**68.3**	**83.8**	**79.1**	**0.0**	**231.2**
Operating result (EBIT)	**6.5**	**3.2**	**4.3**	**–2.6**	**11.4**

Notes to the six-month report to 30 June 2018

General principles: This interim 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 2018 have been applied to the interim financial statement.

The present six-month report does not contain all of the information and data required for a consolidated financial statement and is therefore to be read in conjunction with the consolidated financial statements for 2017.

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 consolidation group of Hawesko Holding AG remains unchanged from that listed in the 2017 financial statements.

Accounting and valuation principles: (1) The accounting and valuation methods used correspond as a rule to those applied in the last consolidated financial statements at the end of the fiscal year. A detailed discussion of these methods was published in the annual report for 2017. (2) With respect to the content regarding new standards and interpretations as well as changes in existing standards, please refer to the comments on pages 87 to 88 in the 2017 annual report. The application of the revised standards and interpretations has no significant influence on the net worth, financial situation, earnings or cash flow of the Hawesko Group. (3) Cyclical events which occur during the year, insofar as they are important, are delimited based on corporate planning.

Other information: (1) *Events after the conclusion of the reporting period:* On 27 July 2018 Hawesko Holding AG signed an agreement to acquire 100% of Wein & Co Handelsgesellschaft m.b.H., Vösendorf/Austria; please refer to the section above entitled "Report on post-balance sheet date events". Other 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 2017:* The annual general meeting of shareholders on 11 June 2018 decided to appropriate the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 12,431,636.12 as follows: (a) Payout of an ordinary dividend of € 1.30 per entitled share. With a total number of 8,983,403 shares entitled to dividends, this amounts to a total of € 11,678,423.90. b) The remaining amount of € 753,212.22 will be carried forward to new account. (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 and the supervisory board to the date of the writing of this report. (6) *Business with closely associated persons:* As disclosed in the Notes to the financial statements for 2017 under point 46, 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. Important 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 is 6,522,376, all of them held by the supervisory board chairman Detlev Meyer. The members of the management board hold no shares and have no votes. (7) *Treasury shares:* Hawesko Holding AG holds no treasury shares as of the date of writing of this report.

Other information	1.1.–30.6. 2018	1.1.–30.6. 2017
Employees (average during the period)	964	945

Declaration of the legal representatives

To the best of our knowledge, we affirm that, in accordance with the applied principles of proper consolidated interim reporting, the consolidated interim financial statement conveys an overview of the actual earnings and financial situation of the Group, the consolidated interim management report accurately depicts the course of business including the net operating profit and situation of the Group and that the significant opportunities and risks of the anticipated development of the Group in the remaining fiscal year are described.

Hamburg, 1 August 2018

/s/ Hermelink /s/ Borwitzky /s/ Hackenberger /s/ von Haugwitz

Calendar:

Nine-month report to 30 September 2018	8 November 2018
Preliminary report on fiscal year 2018	Early February 2019

Published by: Hawesko Holding AG
– Investor Relations –
Elbkaihaus
Grosse Elbstrasse 145d
22767 Hamburg

Phone +49 40 / 30 39 21 00
Fax +49 40 / 30 39 21 05
www.hawesko-holding.com