Hawesko Holding AG
Hamburg

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Quarterly financial report to 30 September 2018

Hamburg, 8 November 2018

Highlights in € (millions)	Nine months (1.1.–30.9.)			3rd quarter (1.7.–30.9.)		
	2018	2017	+/–	2018	2017	+/–
Consolidated sales	**346.1**	**341.9**	**+1.2%**	**108.3**	**110.7**	**–2.2%**
Result from operations, adjusted***)**	**12.4**	**15.6**	**–20.1%**	**1.8**	**4.1**	**–57.7%**
Consolidated net income excluding non-controlling interests adjusted***)**	**8.6**	**9.9**	**–13.8%**	**1.9**	**2.6**	**–26.5%**

*) *EBIT and consolidated net income:* Gross value excluding charge of € 1.0 million (EBIT) and € 0.7 million (net income) due to provision for pending losses from a case of fraud

Dear shareholders,
Dear friends of the Hawesko Group,

The past extraordinarily long summer may have given the winegrowers in Germany grapes of best quality and high yields. However, this long summer cost our running business sales and margins. After sales growth of 2.9% in the first six months, sales in the third quarter declined by 2.2%. Moreover, the demand all the way to the end of September shifted to cheaper, light white and rosé wines. Usually the demand towards the end of the third quarter moves significantly towards more substantial wines with higher margins. As a result, sales and EBIT in the third quarter of 2018 did not reach the level of the same quarter in the previous year.

This development had the strongest impact in the B2B brand unit, where quarterly sales declined by 6.4%. Sales at the digital brand unit were 2.9% below the figure for the same quarter in the previous year. In contrast, the omni-channel brand unit (*Jacques')* increased its third-quarter sales primarily through expansion by 3.6% compared to the same period in the previous year. Overall, consolidated quarterly sales fell by 2.2%. As decent growth was achieved in the first six months, an increase of 1.2% was posted for the nine-month period over the previous year.

The result from operations (EBIT) in the third quarter was significantly influenced by the decline in sales as well as the likewise lower gross profit. In addition, the higher cost structure in the course of our investments in growth is also reflected in the result. Primarily for this reason, the digital brand unit (distance selling) concluded the third quarter with an EBIT at € 0.1 million (previous year: € 1.1 million). In the B2B brand unit, the operating result amounted to € 0.9 million (previous year: € 1.5 million). Due to a charge of € 1.0 million arising from an unexpected provision for impending losses caused by a case of fraud that was uncovered, a negative quarterly EBIT of € 0.1 million was reported for this segment. As a result of the higher pace of growth at *Jacques'* with eleven newly opened shops, the quarterly EBIT for the omni-channel brand unit was below that of the previous year, namely € 2.5 million (previous year: € 3.1 million). In the first nine months of the year, the unadjusted consolidated EBIT amounted to € 11.4 million (previous year: € 15.6 million).

Even though the weather sometimes disrupts our calculations, the Hawesko Group remains very well positioned in strategic terms. Thus, *Jacques'* is currently operating the largest store network in Germany with 312 locations, and we will continue its steady expansion. We have a different approach for our B2B brand unit, which already has outstanding product ranges and serves the best and most sophisticated customers accordingly. Here we want to carefully develop particular groups of products with growth potential, such as spirits.

The digital brand unit faces another set of challenges: rapidly changing customer preferences necessitate proactive adaptation and continuous adjustment. Our centralised platforms are becoming increasingly important for efficient implementation. The areas of focus in the next two years are the coordination of Group logistics and the creation of centralised data structures.

With the initial consolidation of the Austrian market leader *Wein & Co.* from 1 October 2018, we have welcomed another premium brand in the end-customer segment of the Hawesko brand alliance. The Group's foreign operations will thus rise from approximately 9% to approximately 16% of sales. Prior to this, we were active only in the wholesale segment in Austria. *Wein & Co.* takes an approach based on enjoying a premium lifestyle with specialist shops, wine bars, sophisticated culinary experiences and events. Complemented by the online shop, *Wein & Co.* has an integrated omni-channel offering in pure form and is thus a viable platform that can be scaled internationally. In the fourth quarter of 2018, we expect a sales contribution of approximately € 13 million and EBIT of approximately €–3 million; the latter is due primarily to non-recurring integration expenses of approximately €4 million, which will no longer be incurred from 2019.

We've already announced our revised forecast for the current fiscal year: we now expect – excluding the initial consolidation of the subsidiary *Wein & Co* – an increase of approximately 2.5% over the previous year's sales (€ 507 million) and an operating result (EBIT) between € 28–30 million (previous year: € 30.4 million). Until now we had anticipated sales growth of roughly 3% and an EBIT rising to € 32–33 million. Including the initial consolidation of *Wein & Co.*, we expect sales growth of approximately 5% and EBIT of € 25-27 million. Consolidated earnings after deductions for taxes and non-controlling interests are currently expected to be in the range of € 16 million. Until now, a range between € 19–20 million had been anticipated (previous year: € 18.5 million). We expect free cash flow excluding expenditures for acquisitional investments to be on the order of magnitude of € 10–12 million (previously € 16–18 million).

Dear shareholders, in the Hawesko Group we experience wine as a very special product that arouses emotions and that can enhance our lives on a daily basis. We want to combine our high level of expertise and our knowledge of wine with entrepreneurial foresight in order to make our customers and shareholders happy in the future as well.

Kind regards

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

HAWESKO HOLDING AG

INTERIM MANAGEMENT REPORT

GENERAL SITUATION

The consumers remain the most important support for the German economy and continue to assume that it will experience solid growth both this year and next. Accordingly, their propensity to consume is at a very high level. The outlook remains good in this regard as well: the unemployment rate fell below five percent in October 2018 and thus to the lowest level since reunification. In addition, the German Federal Office of Statistics cited the number of employed people to the end of the third quarter at 45.2 million, an increase of more than half a million over the previous year. These macroeconomic data are good for the Hawesko Group and are not noticeably clouded by the otherwise rather dim outlook for the global economy. Not least due to increasing concerns about international free trade, demand for German exports is weakening due to the global economic environment. Yet thanks to the robust domestic economy, the German federal government expects the upswing to continue according to its fall projections and anticipates growth of 1.8% in the gross domestic product for this year as well as next year.

BUSINESS PERFORMANCE

Financial performance

Third quarter

In the period from July to September 2018, consolidated sales amounted to € 108.3 million, about 2.2% lower than in the same quarter of the previous year (€ 110.7 million). Sales in the omni-channel brand unit (*Jacques' Wein-Depot*) increased by 3.6% to € 35.2 million (previous year: € 34.0 million). In the B2B brand unit (wholesale), sales declined by 6.4% to € 37.9 million (previous year: € 40.5 million). In the digital brand unit (distance selling), sales decreased by 2.9% to € 35.2 million (previous year: € 36.2 million). The consolidated operating result (EBIT) in the third quarter of 2018 was € 0.8 million, including the charge of € 1.0 due to the recognition of a provision for impending losses from a case of fraud at the subsidiary *Gebrüder Josef und Matthäus Ziegler GmbH*, Freudenberg. In the previous year EBIT amounted to € 4.1 million. In the quarter under review, the EBIT margin was 1.6%, excluding the provision (previous year: 3.7%); including the provision it amounted to 0.7%. The decline in the EBIT was due primarily to the operational shortfall in sales and gross profit in the same quarter of the previous year as well as the expansion of the Group's structures with an eye to future growth.

Sales at *Jacques' Wein-Depot* (the omni-channel brand unit) rose by 3.6% compared to the same quarter of the previous year. Sales development in July and August was in line with the forecast, but far below expectations in September. At the end of the quarter there were 312 *Jacques'* outlets, all in Germany (previous year: 301). On a like-for-like basis, sales rose by 1.8% compared to the third quarter of 2017. While the average receipt declined, customer frequency rose and the number of active customers increased once again as well. The EBIT for the segment at € 2.5 million was below the figure for the previous year (€ 3.1 million), due primarily to the costs of expansion.

Quarterly sales at the B2B brand unit were 6.4% lower than in the previous year. The decline in sales in the third quarter was due primarily to the extraordinarily warm weather at the end of the quarter; moreover, domestic business lacked a strong impetus such as the *Abayan* anniversary in the previous year. Foreign operations (Switzerland and Austria) experienced a decline like the rest of the segment. The EBIT of the B2B brands amounted to € 0.9 million (previous year: € 1.5 million) excluding the provision for the subsidiary *Gebrüder Josef und Matthäus Ziegler GmbH*; including the provision it amounted to €–0.1 million. With regard to the provision, claims to compensation are being examined.

The digital brand unit had to post a decline of 2.9% in the quarter under review. Sales development at *Vinos* recovered as expected in July and August, but the decline in sales due to the unseasonably warm weather in September pushed the quarterly sales figures below the level of the previous year. At *HAWESKO* sales were likewise below the level of the previous year due to the heat in the month of September. *WirWinzer* once again increased its sales by approximately 65%. As of 30 September 2018, the number of active customers remained constant. Fifty-seven percent of sales were made online (previous year: 56%). The segment EBIT in the brand unit declined to € 0.1 million (same quarter in the previous year: € 1.1 million). This was due mainly to the shortfall in sales and gross profit of the profitable *HAWESKO* and *Vinos* brands.

Consolidated gross profit declined based on sales by € 1.2 million to € 45.4 million in the third quarter, corresponding to a margin of 41.9% (previous year: 42.0%). The other operating income of € 5.4 million consisted for the most part of rental and leasing income at *Jacques'* as well as advertising allowances (in the same quarter of the previous year the figure was € 5.3 million). Personnel expenses in the third quarter at € 13.9 million remained at the level of the previous year (€ 13.9 million) and accounted for 12.9% of sales (previous year: 12.5%).

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	1.7.–30.9.2018	1.7.–30.9.2017
Advertising	9.0	8.8
Commissions to partners	8.8	8.5
Delivery costs	5.3	5.0
Rental and leasing	3.4	3.1
Other	8.2	6.7
of which is from recognising a provision for impending losses arising from a case of fraud	*1.0*	—
Total	34.7	32.2
adjusted for the provision	*33.7*	*32.2*

Advertising expenditures amounted to 8.3% of sales, compared to 8.0% in the previous year. Expenses for commissions increased from 7.7% to 8.1%, while expenses for shipping rose from 4.5% to 4.9%. In total, other operating expenses and other taxes amounted to € 34.7 million. Excluding the provision for impending losses from the fraud case, they amounted to € 33.7 million (previous year: € 32.2 million). Excluding the provision recognised, these expenses thus accounted for 31.1% of sales in the quarter under review; in the third quarter of 2017 they amounted to 29.1%.

The consolidated result of operations (EBIT) amounted to € 1.8 million in the third quarter of 2018, excluding the provision recognised for impending losses (previous year: € 4.1 million). On this basis, the EBIT margin was 1.6%, compared to 3.7% in the same quarter of the previous year. Including the provision, the EBIT in the quarter under review amounted to € 0.8 million. Corporate costs of € 1.7 million (same quarter in the previous year: € 1.5 million) were deducted from the contributions of the individual brand units described above to the operating result and posted in the "Miscellaneous/Consolidation" column in the table on page 14.

The financial and investment result amounted to € 0.6 million, compared to € –0.2 million in the previous year. The result before taxes on income amounted to € 1.4 million (previous year: € 4.0 million). Consolidated net income after taxes and non-controlling interests amounted to €1.2 million (previous year: € 2.6 million). The profit per share amounted to € 0.14, after € 0.29 in the previous year. This is based on the number of 8,983,403 shares for the period under review, as in the previous year.

<u>First nine months</u>

In the first nine months of fiscal year 2018 (1 January to 30 September), sales rose compared to the previous year (€ 341.9 million) by 1.2% to € 346.1 million. Consolidated gross profit increased from € 143.8 million in the same period of the previous year to € 145.0 million in the reporting period, while the consolidated gross profit margin amounted to 41.9% of sales, compared to 42.1% in the previous year.

Personnel expenses amounted to € 41.6 million and 12.0% of sales (previous year: € 41.3 million and 12.1% of sales). During the nine-month period, other operating expenses and other taxes developed as follows:

In € millions Rounding differences are possible	1.1.–30.9.2018	1.1.–30.9.2017
Advertising	27.9	27.4
Commissions to partners	26.7	25.6
Delivery costs	16.6	15.7
Rental and leasing	10.0	9.4
Other	21.7	19.5
of which is from recognising a provision for impending losses arising from a case of fraud	*1.0*	—
Total	102.9	97.6
adjusted for the provision	*101.9*	*97.6*

In the first nine months, the operating result (EBIT) amounted to € 11.4 million and accounted for 3.3% of sales. In the previous year, EBIT amounted to € 15.6 million, accounting for 4.6% of sales.

In the review of the individual brand units, it must be noted that the EBIT of the omni-channel unit (*Jacques'*) at € 8.7 million was below that of the previous year (€ 9.6 million). This was due to expansion costs as well as newly opened outlets that have not yet reached their normal earning levels. In the B2B segment, the EBIT of € 4.8 million (excluding the provision recognised of € 1.0 million) remained at the previous year's level of € 4.7 million. The EBIT of the digital brand unit was reduced from € 5.4 million to € 3.4 million, due primarily to higher IT costs and weaker earnings in the first six months, which were due to extremely attractive anniversary offers at *Vinos* in the same period of the previous year.

The financial and investment result amounted to € 0.6 million, after € –0.4 million in the previous year. The result before taxes on income amounted to € 12.0 million (same period in the previous year: € 15.2 million). Consolidated net income for the period after tax and non-controlling interests amounted to € 7.9 million, compared to € 9.9 million in the same period of the previous year. The profit per share amounted to € 0.88, after € 1.10 for the same period 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	30.09.2018		31.12.2017		30.09.2017	
Long-term assets	75.7	*31%*	75.6	*29%*	72.4	*30%*
Short-term assets	169.7	*69%*	184.1	*71%*	172.9	*70%*
Balance sheet total	245.5	*100%*	259.7	*100%*	245.4	*100%*
Liabilities and shareholders' equity						
Shareholders' equity	100.0	*41%*	104.8	*40%*	94.8	*39%*
Long-term provisions and liabilities	14.3	*6%*	14.8	*6%*	13.5	*6%*
Short-term liabilities	131.2	*53%*	140.2	*54%*	137.0	*56%*
Balance sheet total	245.5	*100%*	259.7	*100%*	245.4	*100%*

Changes since the reference date on 31 December 2017

The balance sheet total at 30 September 2018 was € 245.5 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 € 14.4 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 € 100.0 million; this figure includes the payment of the dividend of € 11.7 million. The long-term provisions and liabilities amounted to € 14.3 million (31 December 2017: € 14.8 million). Short-term liabilities declined by € 9.0 million to € 131.2 million (trade receivables typically reach their highest level at 31 December).

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

Compared to the previous year's reference date (30 September 2017), the balance sheet total at € 245.5 million remained almost unchanged. From this standpoint, the increase in the long-term advance payment for inventories to € 8.5 million was particularly noticeable; the figure was € 3.5 million at the reference date in the previous year. With regard to liabilities, long-term advances received rose from € 3.6 million at the reference date in the previous year to € 5.5 million. Overall, long-term provisions and liabilities amounted to € 14.3 million (reference date in the previous year: € 13.5 million). Short-term liabilities declined from € 137.0 million as of the reference date in the previous year to € 131.2 million.

The working capital requirement at 30 September 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 nine-month period amounted to € –13.6 million, compared to € –20.2 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 nine months of the fiscal year. The funds employed for investment activities amounted to € 2.8 million in the reporting period (same period in the previous year: € 9.2 million).

Consolidated cash flow in € millions, rounding differences are possible	1.1.– 30.09.2018	1.1.– 30.9.2017
Cash flow from current operations	–13.6	–20.2
Cash flow from investment activity	–2.8	–9.2
Cash flow from financing activities	15.7	22.7

Free cash flow amounted to € –16.6 million in the nine-month period. It was calculated from the net outflow of payments from current operations (€ –13.6 million), less funds employed for investment activities of € 2.8 million and net interest received and paid out (€ –0.2 million). Free cash flow excluding investments in acquisitional growth amounted to € –26.4 million in the same period of the previous year.

Investment analysis

Investments were divided into those in intangible assets (€ 0.7 million; previous year: € 3.0 million), which were related primarily to software in the digital (distance selling) and omni-channel (*Jacques'*) brand units, and those in tangible assets of € 2.2 million (previous year: € 3.1 million). The latter were related to the expansion and modernisation of the depots in the omni-channel 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 investment in ERP software in the omni-channel brand unit.

REPORT ON POST-BALANCE SHEET DATE EVENTS

The subsidiary *Wein & Co Handelsgesellschaft m.b.H.*, Vösendorf/Austria, was initially consolidated on 1 October 2018. *Wein & Co* is a leading purveyor of premium wines and champagnes in Austria.

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

The Hawesko management board had announced a change in the full-year forecast in a statutory ad hoc notice on 19 October 2018. Compared to the forecast in the 2017 annual report, the management board now expects – excluding the initial consolidation of the subsidiary *Wein & Co* acquired on 1 October 2018 – an increase of approximately 2.5% over the previous year's sales (€ 507 million) and an operating result (EBIT) between € 28–30 million (previous year: € 30.4 million). Prior to this, sales growth of roughly 3% and an EBIT rising to € 32–33 million had been anticipated.

The management board of Hawesko Holding AG will continue to pursue sustainable, long-term and profitable growth. In the fourth quarter of 2018, a sales contribution of approximately € 13 million and EBIT of approximately € 1 million are expected for *Wein & Co.,* less integration costs of about € 4 million; the latter are due primarily to one-off integration expenses that will no longer be incurred from 2019. Including the initial consolidation of *Wein & Co.*, the management board expects sales growth of approximately 5% and an EBIT of € 25–27 million. Consolidated earnings after deductions for taxes and non-controlling interests are currently expected to be in the range of approximately € 16 million. Previously, a range between € 19–20 million had been anticipated (previous year: € 18.5 million). Free cash flow excluding expenditures for acquisitional investments is expected to be on the order of magnitude of € 10–12 million (previously € 16–18 million, in fiscal year 2017: € 2.8 million).

HAWESKO HOLDING AG

Hawesko Holding AG

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

(in € millions, unaudited, rounding differences possible)	1.1.–30.9. 2018	1.1.–30.9. 2017
Sales revenues	**346.1**	**341.9**
Increase in finished goods inventories	0.4	0.4
Other production for own assets capitalised	0.3	0.6
Other operating income	16.5	16.0
Cost of purchased goods	–201.1	–198.1
Personnel expenses	–41.6	–41.3
Depreciation and amortisation	–6.2	–6.3
Other operating expenses and other taxes	–102.9	–97.6
Result from operations (EBIT)	**11.4**	**15.6**
Financial result		
Interest earnings/expenditures	–0.3	–0.4
Other financial result	0.3	-0.5
Income from long-term equity investments	0.6	0.5
Result before taxes on income	12.0	15.2
Taxes on income and deferred tax expenses	–3.8	–4.9
Consolidated net income	**8.2**	**10.3**
of which is		
– shareholders' equity in Hawesko Holding AG	7.9	9.9
– allocable to non-controlling interests	0.3	0.4
Earnings per share (in €, undiluted = diluted)	0.88	1.10
Average number of shares in circulation (Numbers in thousands, undiluted = diluted)	8,983	8,983

Hawesko Holding AG

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

(in € millions, unaudited, rounding differences possible)	1.7.–30.9. 2018	1.7.–30.9. 2017
Sales revenues	**108.3**	**110.7**
Increase in finished goods inventories	0.4	0.3
Other production for own assets capitalised	0.2	0.3
Other operating income	5.4	5.3
Cost of purchased goods	–62.9	–64.2
Personnel expenses	–13.9	–13.9
Depreciation and amortisation	–2.0	–2.1
Other operating expenses and other taxes	–34.7	–32.2
Result from operations (EBIT)	**0.8**	**4.1**
Financial result		
Interest earnings/expenditures	–0.1	–0.2
Other financial result	0.1	–0.2
Income from long-term equity investments	0.6	0.2
Result before taxes on income	1.4	4.0
Taxes on income and deferred tax expenses	–0.3	–1.3
Consolidated net income	**1.1**	**2.6**
of which is		
— shareholders' equity in Hawesko Holding AG	1.2	2.6
— allocable to non-controlling interests	–0.1	0.0
Earnings per share (in €, undiluted = diluted)	0.14	0.29
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 September*

(in € millions, unaudited, rounding differences are possible)	1.1.–30.9. 2018	1.1.–30.9. 2017
Consolidated net income	**8.2**	**10.3**
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	–0.1	0.0
Currency translation differences	0.1	–0.0
Other comprehensive income	**0.0**	**–0.0**
Total comprehensive income	**8.2**	**10.3**
of which is		
– shareholders' equity in Hawesko Holding AG	7.8	10.0
– allocable to non-controlling interests	0.4	0.3

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

(in € millions, unaudited, rounding differences are possible)	1.7.–30.9.2018	1.7.–30.9.2017
Consolidated net income	**1.1**	**2.6**
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	–0.1	–0.0
Currency translation differences	0.1	–0.1
Other comprehensive income	**–0.0**	**–0.0**
Total comprehensive income	**1.1**	**2.6**
of which is		
– shareholders' equity in Hawesko Holding AG	1.2	2.6
– allocable to non-controlling interests	–0.1	–0.0

Hawesko Holding AG
Consolidated balance sheet (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	30.9.2018	31.12.2017	30.9.2017
Assets			
Long-term assets			
Intangible assets	40.6	41.9	41.7
Tangible assets	19.5	20.5	20.4
Investments accounted for using the equity method	3.4	3.4	3.3
Other financial assets	0.1	0.1	0.1
Advance payments on stocks	8.5	6.3	3.5
Receivables and other assets	0.8	1.2	1.2
Deferred tax liabilities	2.8	2.2	2.1
	75.7	75.6	72.4
Short-term assets			
Inventories	117.3	110.8	122.0
Trade receivables	31.0	52.0	34.3
Receivables and other assets	3.7	4.7	4.7
Receivables from taxes on income	7.4	6.0	5.1
Cash in banking accounts and cash on hand	10.2	10.7	6.8
	169.7	184.1	172.9
	245.5	**259.7**	**245.4**
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	67.4	71.2	62.0
Other reserves	–0.2	–0.1	–0.1
Shareholders' equity in Hawesko Holding AG	**91.0**	**94.8**	**85.7**
Non-controlling interests	9.1	9.9	9.2
	100.0	**104.8**	**94.8**
Long-term provisions and liabilities			
Provisions for pensions	1.1	1.1	1.1
Other long-term provisions	0.6	0.6	0.8
Borrowings	0.2	0.5	0.6
Advances received	5.5	4.7	3.6
Other liabilities	4.2	5.0	4.6
Deferred tax liabilities	2.7	2.7	2.8
	14.3	14.8	13.5
Short-term provisions and liabilities			
Non-controlling interests in the capital of unincorporated subsidiaries	0.3	0.2	0.2
Borrowings	49.3	20.1	48.8
Advances received	7.0	8.4	9.6
Trade accounts payable	41.4	64.4	40.5
Income taxes payable	0.2	2.6	2.1
Other liabilities	33.1	44.5	35.9
	131.2	140.2	137.0
	245.5	**259.7**	**245.4**

Hawesko Holding AG

Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	1.1.–30.9. 2018	1.1.–30.9. 2017
Result before taxes on income	12.0	15.2
Depreciation and amortisation of intangible and tangible assets tangible and intangible assets	6.2	6.3
Other non-cash expenses and income	–0.3	–0.6
Interest result	0.0	0.9
Result from the disposal of intangible and tangible assets	–0.1	–0.1
Income from companies reported at equity	—	-0.5
Dividend payments received from investments	0.6	0.3
Change in inventories	–8.8	–21.0
Change in borrowings and other assets	21.6	12.7
Change in provisions	–0.1	0.5
Change in liabilities (excluding borrowings)	–37.7	–28.8
Taxes on income paid out	–7.1	–5.2
Net outflow of payments from current operations	**–13.6**	**–20.2**
Acquisition of subsidiaries net of funds acquired	—	–3.4
Outpayments for tangible and intangible assets Other assets	–2.9	–6.0
Inpayments from the disposal of financial assets intangible and tangible assets	0.1	0.2
Net funds employed for investing activities	**–2.8**	**–9.2**
Outpayments for dividends	–11.7	–11.7
Outpayments to non-controlling interests	–1.3	–1.2
Payment of finance lease liabilities	–0.2	–0.0
Change in short-term borrowings	29.0	36.0
Interest received	0.1	0.1
Interest paid out	–0.3	–0.4
Inflow of net funds from financing activities	**15.7**	**22.7**
Effects of changes in foreign exchange rates on funds (period of up to three months)	0.1	0.0
Net decrease of funds	**–0.5**	**–6.7**
Funds at start of period	10.7	13.6
Funds at end of period	**10.2**	**6.8**

Hawesko Holding AG, Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Other reserves			Ownership of interest of Hawesko Holding AG shareholders	Non-controlling interests	Total
				Balancing items from currency translation	Revaluation components of pension obligations	Reserve for cash flow hedge			
Status at 1 January 2017	13.7	10.1	64.1	0.0	–0.2	–0.0	87.7	6.7	94.4
Successive acquisitions	—	—	–0.4	—	—	—	–0.4	0.4	—
Change in the consolidation group	—	—	0.1	—	—	—	0.1	3.0	3.1
Dividends	—	—	–11.7	—	—	—	–11.7	–1.2	–12.9
Consolidated net income	—	—	9.9	—	—	—	9.9	0.4	10.3
Other result	—	—	—	0.1	—	0.0	0.1	–0.1	–0.0
Deferred tax on other result	—	—	—	—	—	–0.0	–0.0	—	–0.0
Status at 30 September 2017	13.7	10.1	62.0	0.1	–0.2	–0.0	85.7	9.2	94.8
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	—	—	–0.0	—	—	—	–0.0	—	—
Dividends	—	—	–11.7	—	—	—	–11.7	–1.3	–13.0
Consolidated net income	—	—	7.9	—	—	—	7.9	0.3	8.2
Other result	—	—	—	–0.0	—	–0.0	–0.0	0.1	0.0
Deferred tax on other result	—	—	—	—	—	0.0	0.0	—	0.0
Status at 31 March 2018	13.7	10.1	67.4	0.1	–0.2	–0.0	91.0	9.1	100.0

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

1.7.–30.9.2018	Omni-Channel	B2B	Digital	Miscellaneous/ Consolidation	Group
External sales	**35.2**	**37.9**	**35.2**	**0.0**	**108.3**
Operating result (EBIT)	**2.5**	**-0.1**[1]	**0.1**	**–1.7**	**0.8**

1.7.–30.9.2017	Omni-Channel	B2B	Digital	Miscellaneous/ Consolidation	Group
External sales	**34.0**	**40.5**	**36.2**	**0.0**	**110.7**
Operating result (EBIT)	**3.1**	**1.5**	**1.1**	**–1.5**	**4.1**

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

1.1.–30.9.2018	Omni-Channel	B2B	Digital	Miscellaneous/ Consolidation	Group
External sales	**107.5**	**123.9**	**114.7**	**0.0**	**346.1**
Operating result (EBIT)	**8.7**	**3.8**[1]	**3.4**	**–4.3**	**11.4**

1.1.–30.9.2017	Omni-Channel	B2B	Digital	Miscellaneous/ Consolidation	Group
External sales	**102.3**	**124.3**	**115.3**	**0.0**	**341.9**
Operating result (EBIT)	**9.6**	**4.7**	**5.4**	**–4.1**	**15.6**

[1]) The EBIT contribution of the B2B segment listed for 2018 includes the amount of the provision recognised for impending losses of € –1.0 million.

Notes to the quarterly financial report to 30 September 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 statements.

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

The interim financial statements 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: Compared to the 2017 financial statements, the consolidated group of Hawesko Holding AG has not changed. It will be expanded to include *Wein & Co Handelsgesellschaft m.b.H.*, Vösendorf/Austria, from 1 October 2018.

Accounting and valuation principles: (1) The accounting 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 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:* The subsidiary *Wein & Co Handelsgesellschaft m.b.H.*, Vösendorf/Austria, was initially consolidated on 1 October 2018; in this regard reference is made to the above section 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* had deteriorated in September 2018 and recovered in October 2018. (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 attributable to the supervisory board chairman Detlev Meyer. The members of the management board hold no shares and have no voting rights. (7) *Treasury shares:* Hawesko Holding AG holds no treasury shares as of the date of writing of this report.

Other information:	1.1.–30.9. 2018	1.1.–30.9. 2017
Employees (average during the period)	972	953

Hamburg, 7 November 2018

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

Calendar:

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