

Hawesko Holding AG Hamburg

ISIN DE0006042708

Reuters HAWG.DE, Bloomberg HAW GR

Six-month report to 30 June 2016

Hamburg, 4 August 2016

Highlights in € (millions)

	Six months (1.1.–30.6.)			2nd quarter (1.4.–30.6.)		
	2016	2015	+/-	2016	2015	+/-
Consolidated sales	217.8	217.3	+0.3%	113.0	111.5	+1.4%
Result from operations (EBIT, adjusted)*	11.0	9.0	+22.4%	6.2	4.8	+28.6%
<i>-EBIT (reported separately)</i>	<i>13.2</i>	<i>2.2</i>	<i>+501.2%</i>	<i>8.4</i>	<i>4.8</i>	<i>+75.0%</i>
Consolidated net income excluding non-controlling interests	8.4	1.1		5.4	3.1	

*) Adjusted for special effects, in particular for changes in the reserves

Dear shareholders,

Our focus on profitable sales is making progress and is paying off: while sales performance has improved throughout the year up to now, earnings are rising at decent - and increasing - double-digit rates. Accordingly, the EBIT margin adjusted for special effects rose by 0.9 percentage points to 5.0% during the first six months of the year, even reaching 5.5% in the second quarter. We are particularly pleased that quarterly sales at *Jacques' Wein-Depot* rose by 5.5% and our distance selling brands by 11.5%. The six-month figures show correspondingly higher growth as well. *Jacques'* benefited from the good start of newly opened outlets, the progress in the online shop and the new shopping option optimized for smartphones. Among the distance-selling brands, *Hawesko.de*, *Wein & Vinos* and *The Wine Company* in Sweden performed particularly well in the second quarter.

Sales at our B2B brands in the first six months were 7.1% below the figures for the previous year. This decline likewise resulted from our focus on profitable sales, as we intentionally refrained from low-profit wholesale transactions with a total volume of € 6.9 million in the wake of this shift. From this perspective, it is clear that our basic business in the B2B segment is healthy. The EBIT development of our B2B brands is, like that of the retail segment, positive compared to the first half of the previous year.



Accordingly, the overall picture is positive: the results of all three segments rose proportionately higher than their respective sales figures. In addition to the positive sales and merchandise effects, we made progress in reducing costs as well, so that the picture is even better. Thus, the coverage of fixed costs was optimised at *Jacques'*, structures of the foreign brands were streamlined in the B2B segment and advertising efficiency was improved for the distance-selling brands. At the parent company (holding), there were also several non-recurring effects relevant to the result. In particular, the release of provisions played a significant role. The sad reason behind this was the sudden death of the former CEO Alexander Margaritoff, which came as a devastating shock to all of us, and resulted in the elimination of claims to remuneration.

Dear shareholders, the first half-year of the current fiscal year 2016 shows that our new direction is the right one. However, we still have a ways to go in this regard. We are in the midst of transforming ourselves from a largely decentralised corporate group into a more powerful organisation in which we can take better advantage of our strengths. The envisaged improvements in performance and cost advantages are already taking shape and will become considerably clearer over time - particularly because our B2C and B2B brands will thus each be able to focus entirely on its own individual market image and offer. What will not change is the common goal we all share: to outperform the growth of the market significantly overall - with high profitability.

With this in mind, we confirm our expectations for the current fiscal year 2016. The sales figures should correspond to the demanding level of the previous year. We will make up for the sales of the terminated operations as well as those restructured in 2015, as shown by our business development in the first six months of this year. With regard to earnings – keyword: profitable sales – we expect a strong rise in the EBIT to € 28–29 million, and including non-recurring effects to € 30.2-31.2 million. Here as well, the performance during the year to date has laid the foundation.

Finally, we must announce a change in personnel. Our colleague of many years, Chief Financial Officer Ulrich Zimmermann, has resigned with effect from 31 July and leaves the Hawesko Group in amicable mutual agreement. We all thank him for his great commitment and successful work over the past 18 years and wish him all the best for his future. CEO Thorsten Hermelink will take over the duties of the chief financial officer until a successor is named.

Best regards,

Your Management Board

*Thorsten
Hermelink, CEO*

*Alexander
Borwitzky*

*Nikolas
von Haugwitz*

*Bernd G.
Siebdrat*

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INTERIM MANAGEMENT REPORT

GENERAL SITUATION

Since the beginning of the year, the growth prospects for Europe have dimmed and the result of the referendum in the United Kingdom (Brexit) have further reduced expectations. In general, it must therefore be assumed that the forecasts will again be revised downwards. The International Monetary Fund (IMF) has taken a leading role in this regard. However, the perspectives for the German economy are still considered good. Thus, the German federal government, based on domestic demand, but also on the surprisingly dynamic exports, expects the economic upswing to continue. Moreover, the commercial business climate has brightened considerably since spring, particularly with regard to performance expectations. In addition, the significant rise in wages and salaries due to the good situation in the job market as well as the high increases in pensions together with the extremely low inflation rate in 2016 has resulted in increased buying power in real terms. This positive effect will continue, even though private spending on