



REPORT FOR THE PERIOD FROM  
1 JANUARY 2002 TO 31 MARCH 2002

## ECONOMIC DEVELOPMENT

—Despite the ongoing general weakness of the economy as a whole, and in particular in the retail trade, the Essanelle Hair Group AG increased its sales revenues in the first quarter of the year. Following on from a figure of EUR 27.6 million in the first quarter of the previous year, in the first three months of 2002 the company attained an increase in sales of 4.7%, to EUR 28.9 million, above all thanks to new openings. On a comparable floor space the Essanelle Hair Group was able to maintain its sales revenues at a stable level, thus performing better than many of the rental partners in the retail trade. With a view to the prognoses for the entire 2002 financial year, the sales revenues are on target.

Among the salon concepts the essanelle Ihr Friseur concept traditionally made the largest contribution to sales with a sum of EUR 21 million. The largest growth rates were posted at Super Cut however, with sales rising over the comparative period for the previous year by some 35 %, to EUR 3.4 million. With revenues of EUR 1.3 million, the growth rate of 23 % posted by HairExpress was also outstanding. The premium brand Jürgen Tröndle saw sales of EUR 1.4 million. Mod's hair, the franchise concept of the Essanelle Hair Group, contributed EUR 1.2 million to consolidated revenues. Sales revenues at the franchisees

in the first three months amounted to EUR 3.1 million.

In the business segments sales by the Service division were EUR 23.7 million, following on from EUR 24.4 million in the same quarter of the previous year, and thus accounted for 84.4 % of total revenues. The Franchise division accounted for 3.5 % of sales with earnings of EUR 1.0 million. The sale of products specific to hairdressers again saw a considerable increase in its contribution, with major portions of this increase coming from the sales share of the salons and the faster pace of expansion of the Beauty Hair Shops since the second half of 2001. In total the sales revenues increased to EUR 3.5 million, and the sales share thus rose from 11.2 % to 12.1 %.

Despite the generally difficult economic situation, the Essanelle Hair Group was also able to improve its earnings. In this respect the company posted a return of 4.0 % at salon level (comparative quarter previous year: 6.1 %). The EBITDA rose from EUR 0.7 million in the first quarter of 2001 to EUR 0.9 million. The EBIT improved from EUR -0.9 million to EUR -0.8 million in the first three months of 2002, and earnings before taxes increased from EUR -1.5 million in the same quarter of the previous year to EUR -1.2 million.

The Essanelle Hair Group was able to achieve the improvement in earnings through the implementation of various measures which had been initiated in October of last year. Among these are consistent cost management at both salon and overhead level, as well as the spin-off of the Polish business in January. The development of concepts with high returns and which are more resistant to economic developments will – on the basis of current general economic prognoses – allow for a positive result for the year as a whole.

#### DEVELOPMENT OF COSTS AND PRICES

Within the first three months prices and costs developed as expected within the framework of overall economic developments. In this respect the launch of the euro only caused slight price rises for supplier products. The cost factors products and rents developed as the company had expected. The Essanelle Hair Group did not raise prices for hairdressing services in the first quarter.

#### EMPLOYEES

As of 31 March 2002 the Essanelle Hair Group AG employed some 4,596 staff (comparative quarter previous year: 4,768 staff). The portion of part-time staff amounts to some 30 %, a figure that is typical for the industry.

#### INVESTMENT

In the first three months of the current financial year the Essanelle Hair Group AG invested some EUR 1.2 million, with the bulk of this sum accounted for by the fitting out of new salons.

#### FIGURES, FIRST QUARTER 2002/2001 (IAS)

	2002	2001	CHANGES
	EUR	EUR	EUR
IPO-costs	0.00	133,344.00	-133,344.00
EBT	-1,215,896.00	-1,341,003.00	125,107.00
EBT after IPO-costs	-1,215,896.00	-1,474,347.00	258,451.00
EBIT	-808,897.00	-791,453.00	-17,444.00
EBIT after IPO-costs	-808,897.00	-924,797.00	115,900.00
EBITDA	903,764.00	837,775.00	65,989.00
EBITDA after IPO-costs	903,764.00	704,431.00	199,333.00

CONSOLIDATED BALANCE SHEET (IAS) AS AT 31 MARCH 2002

ASSETS

	31 MAR 2002	31 MAR 2001
	EUR	EUR
<b>LONG-TERM ASSETS</b>		
<b>Intangible assets</b>		
Industrial property and similar rights and licences for such rights	274,128.52	215,083.76
Goodwill	14,932,032.85	13,191,248.64
Brand names	9,029,112.03	9,579,108.59
	24,235,273.40	22,985,440.99
<b>Property, plant and equipment</b>		
Equipment and fittings including leasehold improvements	23,869,054.29	23,708,448.95
Advance payments	650,000.00	296,999.23
	24,519,054.29	24,005,448.18
<b>Investments</b>		
Investments in other companies	4,954.59	4,954.59
Loans to subsidiaries	33,157.62	16,578.98
Other loans	15,552.15	41,543.75
	53,664.36	63,077.32
<b>Tax deferrals</b>	2,025,657.84	517,938.68
	50,833,649.89	47,571,905.17
<b>SHORT-TERM ASSETS</b>		
<b>Inventories</b>		
Merchandise	5,161,377.36	4,521,113.66
Advance payments	480.00	0.00
	5,161,857.36	4,521,113.66
<b>Accounts receivable and other assets</b>		
Accounts receivable	343,611.32	300,879.74
Tax rebate claims	285,946.00	202,239.62
Other assets	1,763,210.00	1,142,376.40
	2,392,767.32	1,645,495.76
<b>Cash in hand and cash at banks</b>	6,562,906.30	6,560,011.50
	14,117,530.98	12,726,620.92
<b>PREPAID EXPENSES</b>	411,361.15	597,457.96
	65,362,542.02	60,895,984.04

LIABILITIES AND SHAREHOLDERS' EQUITY

	31 MAR 2002	31 MAR 2001
	EUR	EUR
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	4,500,000.00	2,631,410.02
Share premium account	15,136,074.22	5,892,650.60
profit reserve	0.00	147,858.24
Profit/loss carried forward	-4,142,516.67	-807,089.83
Consolidated profit/loss	-813,543.02	-975,484.59
	14,680,014.53	6,889,344.44
<b>MINORITY INTEREST</b>	0.00	6,250.00
<b>LONG-TERM LIABILITIES</b>		
Interest-bearing liabilities to banks	20,881,694.55	9,129,256.80
Interest-bearing liabilities to shareholders	0.00	11,663,757.36
Interest-bearing liabilities from lease contracts	2,630,903.96	2,982,406.82
Other long-term interest-bearing liabilities	5,533,203.64	1,683,568.62
Pension accruals	206,870.00	169,768.84
	29,252,672.15	25,628,758.44
<b>CURRENT LIABILITIES</b>		
Interest-bearing liabilities to banks	234,415.73	4,991,148.44
Accounts payable	3,575,513.81	5,334,392.24
Other current interest-bearing liabilities	5,613,241.18	5,313,287.33
Other current liabilities	8,225,253.38	8,914,788.55
Accrued taxes	56,064.98	217,824.72
Other accruals	3,725,366.26	3,599,506.95
	21,429,855.34	28,370,948.23
<b>DEFERRED REVENUE</b>	0.00	682.93
	65,362,542.02	60,895,984.04

CONSOLIDATED INCOME STATEMENT IN ACCORDANCE  
WITH IAS FROM 1 JANUARY 2002 TO 31 MARCH 2002

	1 JAN - 31 MAR 2002	1 JAN - 31 MAR 2001
	EUR	EUR
Revenue	28,858,699.75	27,639,280.35
Other operating income	583,576.18	252,852.81
Cost of materials		
Cost of goods purchased	-2,377,447.10	-2,351,913.08
Cost of trades purchased	0.00	-551.04
Personnel expenses		
Wages and salaries	-14,663,673.93	-13,712,043.19
Social security, pension and other benefit costs (pensions)	-3,313,351.44 (-9,833.61)	-3,062,933.49 (-7,669.38)
Depreciation and amortisation	-1,736,123.57	-1,629,227.79
Other operating expenses	-8,184,039.81	-8,060,812.42
<b>Profit/loss from operating activities</b>	<b>-832,359.92</b>	<b>-924,796.81</b>
Income from long-term investments	23,462.62	0.00
Other interest and similar income	52,040.42	96,003.05
Depreciation on investments	0.00	0.00
Interest and similar expenses	-459,039.17	-645,553.30
Investment income	-383,536.13	-549,550.25
<b>Profit/loss from ordinary activities</b>	<b>-1,215,896.05</b>	<b>-1,474,347.06</b>
Income tax	403,504.40	489,086.30
Other tax	-1,151.37	-600.34
<b>Consolidated net loss for the year</b>	<b>-813,543.02</b>	<b>-985,861.10</b>
Portion of loss allocated to third-party shareholders	0.00	10,927.55
<b>Consolidated loss</b>	<b>-813,543.02</b>	<b>-974,933.55</b>
Profit/loss carried forward	-4,142,516.67	-807,089.83
<b>CONSOLIDATED ACCUMULATED LOSS</b>	<b>-4,956,059.69</b>	<b>-1,782,023.38</b>

CONSOLIDATED CASH FLOW STATEMENT (IAS) AS AT 31 MARCH 2002

	1 JAN - 31 MAR 2002	1 JAN - 31 MAR 2001
	'000 EUR	'000 EUR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Consolidated net loss for the year	-814	-976
<b>Adjustments for transference of result for the year to receipts/(expenses)</b>		
Amortisation of goodwill	673	592
Depreciation of other fixed assets	1,126	1,037
Increase (decrease) in accruals	-153	263
Profit/loss from disposals of fixed assets	1,218	152
Interest expense	407	550
Income tax	-404	-489
Income tax paid	-12	-10
Interest paid	-174	-289
<b>Decrease (increase) in assets and increase (decrease) in liabilities</b>		
Inventories	-431	-694
Accounts receivable and other assets	-206	-162
Accounts payable and other current liabilities	-1,757	3,554
	<b>-527</b>	<b>3,528</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Receipts from disposals of fixed assets	10	-21
Expenditure on investment in fixed assets	-1,250	-2,087
Acquisition of subsidiaries net of cash acquired	0	0
	<b>-1,240</b>	<b>-2,108</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from increase in capital	0	3,163
Receipts from flotation	0	0
Flotation costs paid	0	-84
<b>Change in financial liabilities</b>		
Expenditure on discharge of liabilities	-3,397	-5,337
Receipts from new loans taken up	868	5,561
	<b>-2,529</b>	<b>3,303</b>
<b>CHANGE IN FUNDS HELD</b>	<b>-4,295</b>	<b>4,723</b>
Funds held at start of year	10,858	1,837
<b>FUNDS HELD AT END OF YEAR</b>	<b>6,563</b>	<b>6,560</b>

\*Totals may vary due to roundings

**OUTLOOK**

\_\_In the course of the 2002 financial year the Essanelle Hair Group intends to push ahead with the development of salon concepts with high returns. In this respect the focus will be on the opening of additional Super Cut salons, with which the company addresses the young target group of 16 to 30-year-olds. Last year Super Cut posted an increase of around 60% in its sales, and on a comparable floor area attained sales revenues that were over 20% higher than the planned figures. The price-oriented salon concept HairExpress, which has displayed great resistance to the economic weaknesses in recent months, is also being expanded. Ultimately the overriding goal of the company is a further increase in the sales portion. This is to be achieved through an increase in sales of products exclusive to hairdressers in the salons as well as through the development of the Beauty Hair Shop concept.

Through these measures the Essanelle Hair Group will increase its sales, and also improve its earnings. In the second quarter the company expects to see its results again develop positively. Above all in the third quarter, which was unusually weak last year in comparison with previous years, earnings are to be much higher than those seen in the previous year. The main objective for 2002 is a positive result before taxes. In this respect it is intended that an increase in sales comparable to that seen in the previous year be achieved.

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