

QUARTER REPORT
ESSANELLE HAIR GROUP AG

Q1/2009



KEY FIGURES for the three-month periods ended 31 March 2009/2008 (EUR millions – IFRS)

million €	2009	2008	Change
Consolidated sales revenues	31.0	31.3	-0.9%
essanelle Ihr Friseur	15.8	17.3 ¹	-8.8%
Super Cut	5.0	5.1	-2.6%
HairExpress	7.3	6.2	+18.3%
Top Ten	1.3	1.3	+1.6%
Beauty Hair Shop	1.5	1.3	+17.4%
EBITDA	1.6	2.4	-32.9%
EBIT	0.3	1.1	-76.6%
EBT	0.2	1.0	-83.4%
Consolidated net profit	0.1	0.6	-83.8%
EPS, diluted	0.02	0.13	-84.6%

Financial calendar

Annual General Meeting	19 June 2009
Report on the first six months	20 August 2009
Report on the first nine months	9 – 11 November 2009
Analysts conference	9 – 11 November 2009 (Equity Forum)

¹ including JT by essanelle sales of EUR 1.0 million

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BUSINESS TREND

The first quarter of 2009 was clearly marked by spending restraint on the part of German consumers. As a result, retail sales, which were still on the increase in 2008, declined by 1.3% in nominal terms in January. According to the Federal Statistical Office, March retail sales were 1.5% below the previous month in real terms and 1.8% in nominal terms. This means that total first-quarter sales in the German retail sector were down 3.1% and 3.2% on the same period of the previous year in real and nominal terms, respectively.

Sales revenues of the Essanelle Hair Group were not satisfactory as compared to the strong first quarter of the previous year. Apart from the extremely weak overall environment described above, the closure of 10 salons in Hertie department stores also had an impact on the company's sales revenues. The first quarter of 2009 was the first time in many years that the total number of salons declined, as 10 new openings contrasted with 14 closures. Also, the strong Easter business fell into the first quarter (March) in the previous year, compared to the second quarter (April) in 2009. As a result, April sales revenues exceeded the previous year's level. The above makes it very difficult to predict the trend for the full year 2009. The Essanelle Hair Group reported sales revenues of EUR 31.0 million for the first three months of the year, down by approx. 0.9% on the previous year's EUR 31.3 million. The decline in sales revenues also had a noticeable impact on first-quarter earnings. On the revenue side, the company sticks to its target of a 3% – 7% increase over 2008 and roughly 50 new store openings.

A breakdown by salon concepts shows that HairExpress achieved the highest increase in sales revenues, which climbed 18.3% to EUR 7.3 million. Sales revenues of Top Ten rose by 1.6%, but remained constant at EUR 1.3 million in rounded terms. The Super Cut brand generated EUR 5.0 million in sales, compared to EUR 5.1 million in the previous year. First-quarter sales of essanelle Ihr Friseur, the salon concept offering a wide range of services for all customer groups, amounted to EUR 15.8 million, compared to EUR 17.4 million in Q1 2008 (-8.8%). The number of salons operated by this brand declined by 21 as compared to the first quarter of 2008 but remained constant compared to the

year-end figure. 5 salons of the JT by essanelle brand were transferred to this concept in the first quarter, while 14 salons – mainly at Hertie locations – were closed. The Beauty Hair Shops, which specialise exclusively in the sale of salon products, boosted their sales revenues by 17.4% from the previous year's EUR 1.3 million to EUR 1.5 million. The professional advice provided by the Beauty Hair Shops is a key success factor of this brand. Services contributed EUR 26.0 million or approx. 83.9% (previous year: 84.2%) to total first-quarter sales revenues. Sales of salon products in the salons and the Beauty Hair Shops increased in the first quarter and contributed EUR 5.0 million or 16.1% (previous year: EUR 4.9 million or 15.8%) to total sales revenues.

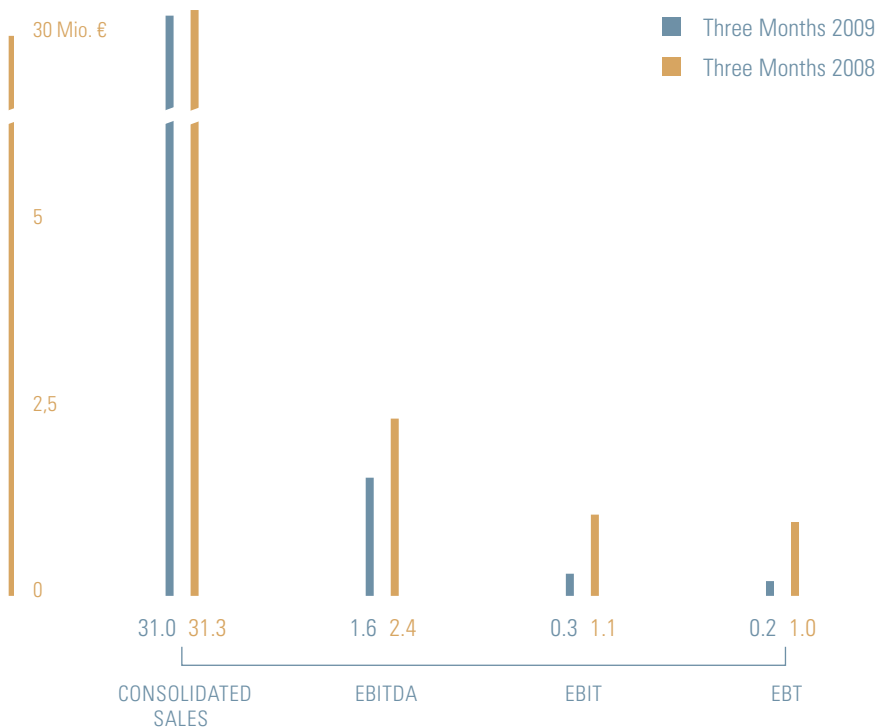
Concepts – Salons – Employees – Sales

Concepts	1st Quarter 2009			1st Quarter 2008		
	Number of Salons	Employees ¹	Sales million €	Number of Salons	Employees ¹	Sales million €
essanelle Ihr Friseur	325	2,312	15.8	346	2,460	17.3
Super Cut	91	536	5.0	88	490	5.1
HairExpress	191	1,049	7.3	153	868	6.2
Top Ten	32	179	1.3	30	173	1.3
Beauty Hair Shop	29	94	1.5	26	89	1.3
Total	668	4,170	31.0	643	4,080	31.3

¹ without Overhead

EARNINGS PERFORMANCE

The earnings performance of the Essanelle Hair Group in the first three months reflects the moderate decline in sales revenues to EUR 31.0 million. While the cost of materials was reduced by 10.9% from EUR 2.9 million in Q1 2008 to EUR 2.6 million in Q1 2009, personnel expenses increased by 4.4% from the previous year's EUR 17.2 million to EUR 18.0 million due to new hirings. As a result, personnel expenses as a percentage of sales climbed from 55.1% to 58%. Rents and ancillary rental expenses rose by 5.5% from EUR 5.8 million to EUR 6.2 million. By contrast, other operating expenses were reduced by 5.6% from EUR 3.1 million to EUR 2.9 million. As personnel and rental expenses clearly exceeded the increase in sales in the first three months of 2009, EBITDA (earnings before interest, taxes, depreciation and amortisation) declined from the previous year's EUR 2.4 million to EUR 1.6 million. At EUR 1.3 million, depreciation and amortisation were at the previous year's level and resulted in EBIT (earnings before interest and taxes) of EUR 0.3 million, down from EUR 1.1 million in the same period of the previous year. The financial result remained unchanged at EUR 0.1 million. Earnings before taxes amounted to EUR 0.2 million, compared to EUR 1.0 million in Q1 2008. Net profit for the first three months of 2009 amounted to EUR 0.1 million, compared to EUR 0.6 million in the first three months of 2008. Earnings per share stood at EUR 0.02 (previous year: EUR 0.13).



BALANCE SHEET, CAPITAL EXPENDITURE AND LIQUIDITY

Only few items in the balance sheet of Essanelle Hair Group AG for the period ended 31 March 2009 changed as compared to the balance sheet for the fiscal year 2008. On the assets side, non-current assets remained unchanged. Cash and cash equivalents, which are included in current assets, declined from EUR 5.6 million on 31 December 2008 to EUR 2.4 million on 31 March 2009, which is typical of this time of year. On the liabilities side, the equity ratio increased from 53.7% at the end of 2008 to 56.7% at the end of Q1 2009. This was primarily achieved thanks to the reduction in total liabilities by approx. EUR 3.0 million. Financial liabilities, which are included in non-current liabilities, were reduced from EUR 5.1 million to EUR 4.3 million. The reduction of current liabilities centred on trade payables, which declined from EUR 4.4 million to EUR 2.8 million. Other liabilities decreased from EUR 3.3 million to EUR 2.6 million. Total assets amounted to EUR 54.1 million on 31 March 2009 (31 December 2008: EUR 57.0 million).

Capital expenditures of Essanelle Hair Group AG totalled approx. EUR 0.8 million in the first three months of 2009, compared to EUR 1.3 million in the same period of the previous year. This reflects the continued growth strategy, in the context of which 10 new salons have been opened in the year to date. A total of EUR 0.7 million was invested in these new salons, while EUR 0.4 million was spent on the renovation of existing salons. Other investments amounted to EUR 0.2 million.

In the first quarter, the cash flow statement of the Essanelle Hair Group traditionally shows a net cash outflow from current operations. In 2009, the outflow amounted to EUR 1.1 million, compared to EUR 0.7 million in the previous year. Due to increased investing activities, cash outflows in Q1 2009 amounted to EUR 1.2 million, up from EUR 0.6 million as of 31 March 2008. As the Essanelle Hair Group continued to repay liabilities, net cash outflows from financing activities reached EUR 0.9 million, compared to EUR 0.6 million in the same period of the previous year. Cash outflows thus totalled EUR 3.2 million (Q1 2008: EUR 1.8 million). As a result, cash and cash equivalents stood at EUR 2.4 million at the end of the first quarter of 2009, compared to EUR 4.3 million as of 31 December 2008.

COST AND PRICE TREND

The costs of Essanelle Hair Group AG have shown no unexpected fluctuations in the year to date. Nor has the company changed its prices materially.

EMPLOYEES

As a result of the new salons opened by the company, the number of employees increased to 4,272, of whom approx. 38.1% work under part-time contracts. At the end of the first quarter of 2008, the company had a headcount of 4,185 people (36.7% part-time workers).

RISK REPORT

The detailed risk report of Essanelle Hair Group AG is published on pages 44 to 46 of the 2008 Annual Report. Potential risks that might jeopardise the company as well as the counter-measures taken as part of the risk management system are described in this report.

THE SHARE

The downward trend at the national and international stock exchanges continued in the first few months of 2009, with share prices hitting new lows at the beginning of March. While this first clear recovery in prices continued into April, the markets remain very volatile.

The share of the Essanelle Hair Group more or less followed the general stock market trend. The share opened the year at EUR 6.70 and then hit a low of EUR 5.50 in the course of March before picking up to the EUR 8 mark in April.

Investor relations activities in the first three months of the fiscal year clearly focused on the preparation and the publication of the Annual Report. In addition, the company regularly published all relevant information and met the high transparency requirements of the Prime Standard.

SHAREHOLDER STRUCTURE (AS AT 31 MARCH 2009)

Saxonia	89.76%
Free float as defined by Deutsche Börse	10.24%

SHARE DATA IN Q1 2009

Highest price (Xetra)	EUR 6.80
Lowest price (Xetra)	EUR 5.45
Performance 1 Jan. – 31 March 2009	-2.5%
Price on 31 March 2009 (Xetra)	EUR 6.53
Capital admitted to trading	EUR 4,595,044
Market capitalisation as of 31 March 2009	EUR 30.0 million
Free float	EUR 3.1 million

OUTLOOK

The outlook for the current fiscal year remains highly uncertain. The relatively weak first quarter was followed by good business in April, which also benefited from the Easter season. This makes a precise and reliable forecast very difficult. Apart from the uncertainty about the future consumer behaviour, the future of several of the company's lessors is difficult to predict. The Essanelle Hair Group continues to aim for a 3% – 7% increase in sales revenues in the current fiscal year. To support this sales growth, the company will open up to 50 new salons in 2009.

On the earnings side, the company sticks to its target of repeating the excellent results of the previous year, including a pre-tax profit of EUR 6.4 million. This will not least be achieved through strict cost discipline. Needless to say, the ultimate result will depend on the sales revenues generated.



CONSOLIDATED BALANCE SHEET (IFRS) as of 31 March 2009

ASSETS

€	31.03.2009	31.12.2008
ASSETS		
Fixed assets		
Property, plant and equipment	23,906,269.84	23,931,881.75
Goodwill	19,558,872.10	19,558,872.10
Other intangible assets	132,064.38	140,952.59
Other loans	69,283.96	72,382.53
	43,666,490.28	43,704,088.97
Current assets		
Other loans	14,874.21	14,874.21
Inventories	6,959,649.39	6,996,124.66
Accounts receivable	144,248.29	176,377.58
Other assets	881,693.82	532,706.00
Cash and cash equivalents	2,410,451.76	5,600,168.26
	10,410,917.47	13,320,250.71
Total assets	54,077,407.75	57,024,339.68

LIABILITIES

€	31.03.2009	31.12.2008
SHAREHOLDERS' EQUITY		
Capital and reserves allocable to the shareholders in the parent company		
Share capital	4,522,841.00	4,522,841.00
Capital reserve	15,701,360.01	15,717,699.17
Revenue reserves	10,453,742.96	10,357,743.59
	30,677,943.97	30,598,283.76
DEBT		
Long-term debt		
Financial debt	4,318,748.56	5,116,349.08
Deferred tax liabilities	3,692,017.90	3,747,354.57
Pension provisions	154,364.00	154,364.00
Other provisions	788,202.54	784,916.10
	8,953,333.00	9,802,983.75
Short-term debt		
Financial debt	3,318,552.70	3,296,851.11
Accounts payable	2,814,155.94	4,399,960.59
Current income tax liabilities	1,851,127.76	1,851,127.76
Other liabilities	2,615,995.90	3,259,874.25
Other provisions	3,846,298.48	3,815,258.46
	14,446,130.78	16,623,072.17
Total debt	23,399,463.78	26,426,055.92
Total shareholders' equity and debt	54,077,407.75	57,024,339.68

CONSOLIDATED INCOME STATEMENT (IFRS)

for the period from 1 January 2009 to 31 March 2009

€	01.01. – 31.03.09	01.01. – 31.03.08
Sales	31,023,347.95	31,294,273.20
Other operating income	283,164.68	217,908.82
Cost of materials	-2,596,151.95	-2,913,899.24
Personnel expenses	-17,991,055.20	-17,234,595.84
Depreciation and amortization	-1,347,816.48	-1,260,477.20
Rental and ancillary rental expenses	-6,165,705.27	-5,845,089.79
Other operating expenses	-2,937,648.72	-3,111,634.87
Operating earnings	268,135.01	1,146,485.08
Financing income	7,841.96	29,443.78
Financing expenses	-109,919.15	-173,444.34
Net financial expenses	-102,077.19	-144,000.56
Earnings before taxes	166,057.82	1,002,484.52
Tax expenses	-70,058.45	-411,018.65
Consolidated net income	95,999.37	591,465.87
Earnings per share		
basic	0.02	0.13
diluted	0.02	0.13

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

as of 31 March 2009

k€	31.03.2009	31.03.2008
1. CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated by ongoing business activities	-782	-394
Interest paid	-159	-148
Taxes on income paid	-125	-120
Net outflow of funds for operating activities	-1,067	-622
2. CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of property, plant and equipment	-1,243	-577
Proceeds from the sale of property, plant and equipment	2	3
Acquisition of intangible assets	-11	-9
Loans repaid	3	2
Interest received	8	29
Net outflow of funds for investment activities	-1,241	-551
3. CASH FLOW FROM FINANCING ACTIVITIES		
Buyback of own shares	-16	0
Receipts from the taking up of financial loans	124	358
Repayment of financial debt	-990	-947
Net outflow of funds for financing activities	-882	-589
Net increase in cash and cash equivalents	-3,190	-1,802
Cash and cash equivalents at the beginning of the year	5,600	6,078
Cash and cash equivalents at the end of the quarter	2,410	4,276

SCHEDULE OF CHANGES IN GROUP EQUITY (IFRS)

as of 31 March 2009

€	Share capital	Capital reserve	Revenue reserves	Total equity
Balance at 01.01.2008	4,535,044.00	15,702,463.44	8,979,264.34	29,216,771.78
Dividend payout			-2,267,521.16	-2,267,521.16
Consolidated earnings			3,646,000.41	3,646,000.41
Purchase of own shares	-12,203.00	-65,647.48		-77,850.48
Value of the services of employees in connection with employee share option programmes		80,883.21		80,883.21
Balance at 31.12.2008	4,522,841.00	15,717,699.17	10,357,743.59	30,598,283.76
Balance at 01.01.2009	4,522,841.00	15,717,699.17	10,357,743.59	30,598,283.76
Consolidated earnings			95,999.37	95,999.37
Purchase of own shares		-16,339.16		-16,339.16
Balance at 31.03.2009	4,522,841.00	15,701,360.01	10,453,742.96	30,677,943.97

CONSOLIDATED ABRIDGED NOTES TO THE INTERIM FINANCIAL STATEMENTS

ACCOUNTING STANDARDS

This three-month report was prepared in accordance with the applicable International Financial Reporting Standards (IFRS). The accounting and valuation standards are the same as those applied in the consolidated financial statements for the 2008 financial year. The interim financial statements should therefore be seen in conjunction with the audited consolidated financial statements and the notes for the year ended 31 December 2008.

The consolidated interim financial statements have not been audited. Various information and notes that are normally included in consolidated financial statements to IFRS have been abridged or omitted.

BASIS OF CONSOLIDATION

There have been no changes in the basis of consolidation in the first three months of 2009.

SEGMENT REPORTING

The requirements for segment reporting are met neither in regional terms nor in factual or organisational terms. Further information can be found on page 74 of the 2008 annual report.

EARNINGS PER SHARE

Basic earnings per share amounted to EUR 0.02 in the first three months of the current financial year (previous year: EUR 0.13). Diluted earnings per share amounted to EUR 0.02 in the same period (previous year: EUR 0.13).

EVENTS AFTER THE BALANCE SHEET DATE

No other material events occurred after 31 March 2009.

RELATED PARTY DISCLOSURES

The business transactions undertaken with closely related companies and persons can be found on page 110 of the 2008 annual report.

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