

beate uhse

Three-Month-Statement 2003



Highlights of the first quarter 2003

- Development of sales and earnings at the upper level of forecasts
- All profit centres carry to positive result development
- New brand passes initial test with distinction

Short Overview

Mio. €	Three Month 03-31-2002	Three Month 03-31-2003	Change in %
Development of sales			
Total sales	65.9	71.4	8.2%
Foreign share of sales in %	50.9%	52.7%	
Earnings			
EBITDA	7.8	8.3	6.2%
EBIT	5.6	6.2	9.2%
EBT	4.9	5.6	14.2%
Net income for period	3.4	3.6	5.2%
Other Earnings income			
Sales margin before tax	7.5%	7.9%	
Sales margin after tax	5.2%	5.0%	
Return on equity	5.3%	5.2%	
Financial situation			
Cash flow fr. operat. activ.	4.6	3.8	-17.4%
Liquid funds	10.5	16.3	55.2%
Investments	2.0	2.0	-1.5%
Depreciations	2.3	2.2	-5.4%
Assets and equity structure			
	(total year)		
Balance sheet total	169.1	171.9	1.7%
Shareholder equity	64.6	68.2	5.5%
Capital ratio	38.2%	39.6%	
Fixed assets	72.1	71.3	-1.0%
Current assets	86.4	92.7	7.3%
Other information			
Employees	1,207	1,264	4.7%
Personal costs ratio	10.0	10.5	5.3%
Shares (Euro)			
Number of shares	47,323,696	47,323,696	
Price (as of quarterly end)	10.39	10.09	-2.9%
Shareprice high	11.10	11.25	1.4%
Shareprice low	10.00	8.90	-11.0%

Letter from the Chairman

Ladies and Gentlemen,
dear shareholders,

The overall economic conditions have not become any easier in the first quarter 2003, neither nationally nor internationally. No company can fully decouple itself from these developments. For us it is thus all the more satisfying that we succeeded in fully meeting our forecasts, in the first quarter as in the previous four quarters.

Beate Uhse has set itself ambitious goals for 2003. Sales are to rise by 6% to EUR 260 million, EBT is to grow by 9% to

EUR 18.8 million. The first three months of the current year prove that we are on the right track. With sales growth of 8% to EUR 71.4 million and a rise in EBT of 14% to EUR 5.6 million over the same period of the previous year, we are slightly above schedule.

It is in difficult times, in particular, that the strategy of the Beate Uhse Group proves correct. We are focusing on our key competence, the trade and marketing of erotic products and contents. Within the clear demarcation of our core business we do, however, aim a very wide-spread diversification. Beate Uhse thus currently operates in 13 countries, achieves approximately 50% of sales on the international markets and is thus increasingly independent of national fluctuations. At the same time Beate Uhse is the only provider to cover all relevant sales channels on the erotic market: mail order, retail, wholesale, internet, TV and telephone services. We opened up the third dimension of diversification in 2002: Beate Uhse now addresses new target groups such as women and couples, previously not greatly taken into consideration by the classic erotic industry. This significantly expanded target group address is the leitmotif extending to all sales channels. The new soft shop concept by Beate Uhse is surely the one which attracted the strongest public attention. However, the strategic positioning does not stop here. Major changes were effected in Mail Order, in the Internet and even in TV, e.g. with regard to the range, in the look and feel or in marketing, to access new target groups and to serve existing ones in an even more targeted manner.

For the first time now, in the context of our quarterly reporting, we can provide information on our US American activities which we have consolidated since December 31, 2002. Why has Beate Uhse dared to enter the market at just this time when the difficult economic climate and bilateral discord accompany this step? First of all, the venture into the USA is by no means an ad hoc decision but part of our long-term strategy. Secondly, the success and the potential of such a measure are demonstrated more significantly and rapidly in difficult times. Beate Uhse has clearly delimited funds. We attentively observed and analysed the US market and the start-up of the American associate for two years. We are well aware that we can suffer setbacks on this new market. However, the results achieved so far by the US subsidiary are promising. Here again we used our strict yield criteria as a benchmark for all further investment decisions. We would be pleased if you decided to accompany us in these exciting and challenging times which, however, also bring with them great opportunities, on the path from our vision "of being the universal provider for sex and erotic products for the whole world" to a reality which bears a strong yield.

Your

Otto Christian Lindemann
CEO, CFO

Gerard Cok
COO

Online study on the new Beate Uhse brand

'The new Beate Uhse brand presence is remarkably well received by women and younger customers and has also achieved a very positive response with existing customers.' This summary is among the most important statements of an online brand study which Beate Uhse AG executed in co-operation with the agency and market research institute 'The Brand Support Company' regarding the new brand presence in the first quarter 2003.

Only six months after launching the new brand, Beate Uhse initially tested the acceptance of the brand image, logo, slogan, image world and shop facades.

The comprehensive online study achieved very satisfactory results and demonstrates that, with the re-branding, Beate Uhse is on the right track to positioning the brand for the future. Thus the image dimensions of the brand were impressively confirmed. Beate Uhse is well-known, competent, erotic, respectable and fun. This image was confirmed by women and men of all age groups.

The new "69" logo is well accepted with established customers and it also enjoys great attention and support with new target groups. In particular people with a high level of education and a higher income as well as women are attracted by the new logo. The special strength of the new logo is in that it is clearly associated with future-oriented adjectives such as modern, young and innovative, thus setting right certain weaknesses of the old logo. Penetration of the new logo must, however, be reinforced. Even after the brief start-up period of six months, survey results demonstrate that the new logo is very well accepted and has potential for development.

At the same time the online study demonstrated that the slogan, image world and ultimately also the new look are very well received in Retail. "Sex up your life", 84% of those questioned like the slogan and 85% thought that it went well with Beate Uhse. The acceptance of the new image world also achieved similar high figures.

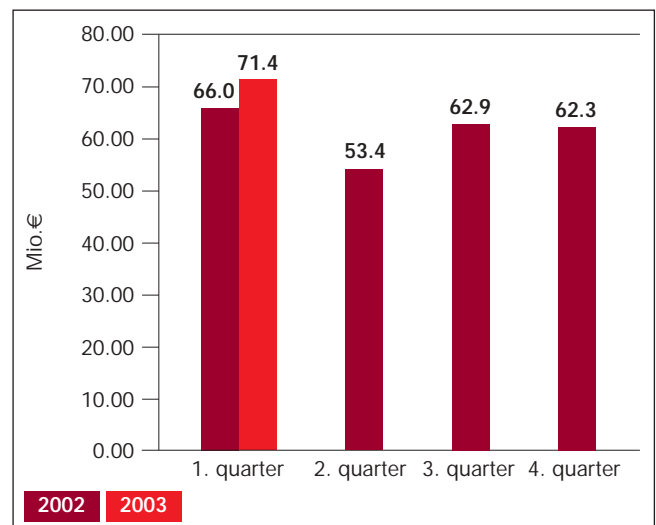
To what extent this positive acceptance can be transferred to operating success was examined in the context of the study with the new shop look. According to the survey approximately twothirds of test persons found the new shop front appealing and would enjoy shopping there.

The first test of the new branding under operating conditions has confirmed the group objective of further pushing the measures introduced to access new target groups via the group's probably most valuable asset.

Sales development

The Beate Uhse Group posted an 8% sales increase in the first three months of the new financial year, reaching EUR 71.4 million, compared with EUR 65.9 million in the same period of the previous year. Beate Uhse recorded significant growth of 14% against the EUR 62.3 million generated in the fourth quarter 2002. Beate Uhse is thus precisely on schedule in meeting its own forecasts which anticipate sales growth of 6% to EUR 260.0 million for the whole of the year.

Sales according to quarters



Sales development by the Beate Uhse company show the seasonal process within the erotic-business

Sales development in the profit centres

The most important sales pillar of Q1 was Mail Order with revenues of EUR 31.6 million or a 44% share of sales. With a plus of 19% over Q1 2002 (EUR 26.5 million) and of 70% over the previous somewhat weak fourth quarter, this profit centre was also the one with highest growth.

Retail achieved a 24% share in sales with revenues of EUR 17.3 million. This corresponds with almost 5% growth against the first three months of 2002 (EUR 16.5 million) and a seasonal decline against the previous quarter of 18% (EUR 21.1 million).

In the first three months Wholesale achieved sales of EUR 17.1 million. This is equivalent to a plus of 3% over the same period in 2002. Sales were virtually the same as in Q4 2002.

Based on the dialer problem, sales in Entertainment declined. Beate Uhse had already taken account of this factor in its overall planning for 2003. Sales were EUR 5.3 million, against EUR 6.2 million in Q1 2002 and against EUR 5.7 million in Q4.

Sales to Profit-Centres		
in Mio. €	Three Month 03-31-2002	Three Month 03-31-2003
Trading	59.7	66.1
Retail	16.5	17.3
Mailorder	26.5	31.6
Wholesale	16.6	17.1
Entertainment	6.2	5.3
Holding Services	0.1	0.0
Total	65.9	71.4

Sales by region

Beate Uhse continued to grow in Germany over the first quarter. At a plus of almost 4% the sales share on the domestic market, however, dropped from 49% to 47%. Beate Uhse achieved 53% of sales or EUR 37.8 million on the international markets. The Netherlands remained the most important foreign market. With a plus of more than 50% or EUR 5.5 million. France became the second largest foreign market for the first time. The clear rise of "Other regions" of 70% to EUR 1.4 million is the result of the newly consolidated activities on the US American market.

Sales to regions		
in Mio. €	Three Month 03-31-2002	Three Month 03-31-2003
Germany	32.4	33.6
Netherlands	12.4	11.9
Belgium	4.9	4.8
France	3.6	5.5
Great Britain	2.5	3.7
Austria	2.0	2.7
Switzerland	1.7	0.7
Scandinavia	2.3	2.9
Miscellaneous europe	3.3	4.2
Other regions	0.8	1.4
Total	65.9	71.4

Earnings development

EBT enjoyed strong growth in the first three months of the year. Year-on-year it climbed 14%, from EUR 4.9 million to EUR 5.6 million. Growth was 18% compared to the previous three months. With regard to EBT Beate Uhse is thus slightly above schedule for the whole of 2003. In 2003, Beate Uhse intends to raise EBT by 9% to EUR 18.8 million.

Earnings after tax improved by 5.2% to EUR 3.6 million, compared to the corresponding period of the previous year when net income of EUR 3.4 million was achieved. Compared to the previous quarter (Q4/2002) this represents a plus of 43%. After three months, there were earnings per share of EUR 0.08.

EBT		
Mio. €	Three Month 03-31-2002	Three Month 03-31-2003
Trading	6.0	6.6
Retail	1.4	1.4
Mailorder	2.5	2.7
Wholesale	2.1	2.5
Entertainment	0.4	0.4
Holding Services	-1.4	-1.4
Total	4.9	5.6

EBIT		
Mio. €	Three Month 03-31-2002	Three Month 03-31-2003
Trading	6.5	7.0
Retail	1.6	1.6
Mailorder	2.5	2.8
Wholesale	2.4	2.6
Entertainment	0.5	0.4
Holding Services	-1.3	-1.3
Total	5.6	6.2

EBITDA		
Mio. €	Three Month 03-31-2002	Three Month 03-31-2003
Trading	8.3	8.8
Retail	2.6	2.7
Mailorder	2.7	3.1
Wholesale	2.9	3.0
Entertainment	0.7	0.6
Holding Services	-1.1	-1.0
Total	7.8	8.3

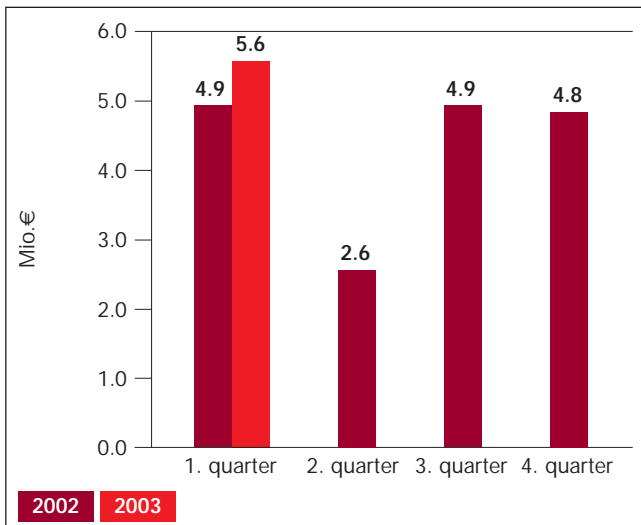
Development of operating result

At a purely operational level Beate Uhse also recorded a significantly improved result. Thanks to improved cost structures, in particular through the clearly below average rise in Materials (+1.7%) and Personnel (+5.2%) and a decline of writedowns by 5.5%, EBIT moved up by 9%, from EUR 5.6 million to EUR 6.2 million. In Q1 2003, Beate Uhse increased other expenditure, in particular for marketing and advertising. With these extra expenses of 18% to EUR 29.1 million Beate Uhse intends to gain market share through greater marketing efforts.

Results of the profit centres

In the first three months, all profit centres contributed to the improvement of result, both the operating units Mail Order, Retail, Wholesale and Entertainment, and Holding Services. Whilst Retail retained a constant EBT of EUR 1.4 million, despite the difficult economic situation for retail, EBT at Mail Order moved up by almost 8% to EUR 2.7 million. Wholesale recorded the largest increase in result. Thanks to even further improved cost structures, this profit centre improved by 19%, from EUR 2.1 to EUR 2.5. In spite of the restrained sales development scheduled for Entertainment, this area met result expectations at EUR 0.4 million (EBT).

Earning before tax (EBT) quarters



Almost 30 percent of the earning before tax for the whole year 2003 was realised within the first quarter.

Development of financial situation

In the first three months the Beate Uhse Group achieved inflows from operating activities of EUR 3.8 million. This is 18% less than in the same period of the previous year (EUR 4.6 million). Outflows for investment activities was EUR 1.2 million over the first three months, 22% lower than for the same period in 2002. Cash flow from financial activities reflects an approximate balance between taking up new loans and paying back old ones. The most important step in this respect was the refinancing of short-term to medium-term liabilities undertaken at the beginning of 2003, largely by means of interest rate swaps and borrowers' note loans.

Overall, in the first three months of 2003 Beate Uhse reduced debt by EUR 0.7 million to EUR 103.7 million (Amounts

due to banks EUR 61.5 million, Trade payables EUR 16.4 million and Other liabilities EUR 9.4 million). The strong decline of Other liabilities by EUR 4.5 million was set off by the rise in Amounts due to banks by EUR 6.2 million to EUR 61.5 million. Beate Uhse has significantly reduced Trade payables which were driven back by almost 18% to EUR 16.2 million.

Rise in equity

At the reporting date of March 31, equity rose to EUR 68.2 million. On December 31, 2002 it was EUR 64.6 million. The good earnings situation of the Beate Uhse Group and the rise in unappropriated retained earnings from EUR 5 million on December 31, 2002, to EUR 8.8 million on March 31, 2003, were responsible for the plus of almost 6%. The equity ratio correspondingly increased by 1.7 percentage points from 38.2% to 39.6%.

Development of assets

The balance sheet total of the Beate Uhse Group increased by EUR 2.8 million to EUR 171.9 million. This comprises 41% Fixed Assets and 59% Current assets. Whilst Fixed assets remained virtually unchanged compared to the reporting date of December 31, 2002, Current assets climbed from EUR 86.4 million to EUR 92.7 million. The most important factor was the rise in Trade receivables which correspond directly with the significant sales growth in Mail Order. Inventories were reduced further. The Liquid funds of the Beate Uhse Group, carried in the balance sheet, were EUR 19.9 million as of the reporting date of March 31. This is equivalent to a 14% increase over three months.

Funds, as the balance of Liquid funds, Securities and Short-term liabilities to banks was EUR 16.6 million at the end of the period. On the corresponding reporting date of the previous year (March 31) this value was EUR 10.6 million.

Development of investments

Investments in the Beate Uhse Group were EUR 2.0 million in the first three months. Cash flow from operations was

Shareholders equity change account

	Capital subscribed	Contributed capital	Capital surplus	Earned surplus		Currency Conversion	Interest of a partner	Retained earnings brought forward	Retained earnings	Shareholders equity total
				Reserve for treasury stock	Other earned surplus					
Stand 01-01-2002	46,970	353	0	2,662	0	-47	269	0	10,075	60,284
Capital increase	353	-353								0
Retained earnings/period									2,571	2,571
Currency changes						117				11
Aquisitions treasury stock				765						765
Stand 03-31-2002	47,324	0	0	3,427	0	70	269	0	12,647	63,737
Stand 01-01-2003	47,324	0	0	3,425	7,919	117	795	0	5,015	64,596
Retained earnings/period									3,806	3,806
Currency changes						35				35
Third treasury stock							-269			-269
Stand 03-31-2003	47,324	0	0	3,425	7,919	152	526	0	8,821	68,168

EUR 3.8 million, thus leading to a clear excess coverage (90%) of investments. The most important areas of investment were Retail in particular due to the investments in the modernisation of the shops and the newly opened shops.

Capital expenditure to Profit-Centres		
in Mio. €	Three Month 03-31-2002	Three Month 03-31-2003
Retail	1.0	1.1
Mailorder	0.6	0.3
Wholesale	0.4	0.4
Entertainment	0.1	0.0
Holding Services	0.0	0.2
Total	2.0	2.0

Personnel

Compared to the first quarter 2002, the number of employees in the Beate Uhse Group rose by 57 to 1,264 in the first three months. In comparison: in 2002 overall, the number of employees averaged 1,251.

Whilst the number of those employed in Germany dropped slightly on a comparison of Q1 2002 and Q1 2003, due to more efficient structures, it rose in other regions, particularly due to the targeted expansion and the market launches, such as those in the USA and Scandinavia. The development of own production in Hungary also resulted in higher employee numbers.

Employees to regions		
absolut	Three Month 03-31-2002	Three Month 03-31-2003
Germany	750	706
Netherlands	342	350
Belgium	31	31
France	28	34
Great Britain	10	14
Austria	8	7
Scandinavia	38	65
Other europe	0	42
USA	0	15
Total	1,207	1,264

Employees to Profit-Centres		
absolut	Three Month 03-31-2002	Three Month 03-31-2003
Retail	601	637
Mailorder	266	269
Wholesale	206	225
Entertainment	86	88
Holding Services	48	45
Total	1,207	1,264

Personnel costs			
		Three Month in 03-31-2002	Three Month 03-31-2003
Personnel costs total	Mio. €	10.0	10.5
Personnel costs employee	T€	8.3	8.3
Employee appointed date	total	1,207	1,264
Employee average	total	1,207	1,264

Share

The shares of Beate Uhse AG have been listed in the Prime Standard at the Frankfurt Stock Exchange since January 1, 2003. Due to the re-organisation of the index world and the reduction of the MDAX, Beate Uhse has been a member of the new SDAX since March 24. The Beate Uhse share also forms part of the Classic All Share and the industry index CDAX Retail.

Performance & liquidity

In the first three months the price of the Beate Uhse share fluctuated between EUR 8.90 and EUR 11.25. In the first quarter the value developed better than the MDAX and the CDAX Retail, although it was slightly negative at -10%. The SDAX developed slightly better. The most important trading platform for the Beate Uhse share in the first quarter was the electronic trading platform Xetra. Here, approximately six times the number of shares was traded than at all other stock exchanges put together. In 2002 the trading volumes of Frankfurt floor trading and Xetra were virtually equal. During the first three months of the year the average daily trading volume was approx. 16,000 shares or EUR 175 k.

Index weighting

On the reporting date of March 31, 2003, the market capitalisation of Beate Uhse AG was EUR 467 million. Calculating market capitalisation on the basis of the free float which is used in the indexes for weighting, results in a value of EUR 163 million, on the basis of a free float of 34.2%. Beate Uhse is thus the third-largest value within the SDAX, with a weighting of 4.3%. Within the MDAX, Beate Uhse AG most recently had a weighting of 0.58%. According to the market capitalisation based on the free float, Beate Uhse was among the 100 largest publicly listed companies and among the 50 largest companies in the Classic All Share as of March 31, thus leaving several companies from the MDAX behind it.

Investor Relations

Beate Uhse AG intends to continue to orient its Investor Relations and Capital Market communications to the requirements of investors in a targeted manner. With its membership in the new SDAX, Beate Uhse believes that it is well prepared to belong to an attractive index for national and international investors. After all, through the new composition of this index, which includes companies such as Fielmann, Gerry Weber and AVA, the new index not only compri-

ses a new range of attractive consumer and retail shares but, with its market capitalisation of approx. EUR 3.7 billion, is also significantly above that of the old SDAX of EUR 1.8 billion. Through the targeted co-operation with its designated sponsors, Beate Uhse will attempt to offer institutional and private investors the best overall conditions for an investment. Based on market capitalisation and low volatility, Beate Uhse is thus currently one of the top 3 stocks in the SDAX and among the 5 best stocks by trading volume.

Apart from the extended publication duties of the Prime Standard, the Management Board of Beate Uhse AG also communicates directly with potential and current investors, as well as analysts and journalists. Thus, the management held various one-on-one meetings in Frankfurt during the first quarter. At the beginning of the second quarter the accounting press conference, one analysts' conference each in Frankfurt and Munich as well as a telephone conference on the Q1 figures were the focus of the work of Investor Relations. The 4th Annual General Meeting will be held in Hamburg on June 23, 2003.

Profit centres

Retail

Within the Beate Uhse Group, Retail is still the profit centre with the strongest orientation to the German market. 75.2% or EUR 13 million were achieved domestically in Q1. Therefore is the restraint in consumption which, in a European comparison, is strongest in Germany for the Retail. In spite of this, Retail partially countered the general trend and pushed up sales by more than 4% to EUR 17.3 million after EUR 16.5 million in Q1 2002. Sales in Q4 2002 were EUR 21.1 million. Whilst sales were thus at the lower end of the schedule, Retail fully confirmed the earnings targets. In the first three months EBT was EUR 1.4 million.

Investments & shops

In the reporting period, Retail invested EUR 1.1 million. The most important projects were the opening of new shops at Hanover Airport and the opening of a shop in Mannheim. Two branches in Munich underwent modernisation. And, the first Beate Uhse shop in Paris was opened.

As of the reporting date of the period Beate Uhse has 115 company-owned branches. At the same time of the previous year it had 100 and 112 at the end of 2002. The number of shops operated as a franchise or under licence has risen against the previous year, from 100 to 105. The number of shops operated via national partners in Italy and Poland and in which Beate Uhse holds a major participation has risen from 3 to 8. Of this, one shop in Poland was opened in Q1 2003.

Beate Uhse Shops to regions				
Own Shops	Three Month		Three Month	
	03-31-2002	in %	03-31-2003	in %
Germany	53	53.0%	59	51.3%
Netherlands	34	34.0%	34	29.6%
Belgium	9	9.0%	9	7.8%
France	4	4.0%	8	7.0%
Norway	0	0.0%	4	3.5%
Great Britain	0	0.0%	1	0.9%
Total	100	100.0%	115	100.0%

Beate Uhse Shops to regions				
Licence & Franchise	Three Month		Three Month	
	03-31-2002	in %	03-31-2003	in %
Germany	48	48.0%	49	46.7%
Austria	21	21.0%	25	23.8%
Switzerland	31	31.0%	31	29.5%
Total	100	100.0%	105	100.0%

Beate Uhse Shops to regions				
Investments	Three Month		Three Month	
	03-31-2002	in %	03-31-2003	in %
Poland	0	0.0%	2	25.0%
Italy	3	100.0%	6	75.0%
Total	3	100.0%	8	100.0%

Mail Order

The development in Mail Order in the first three months of 2003 was extremely dynamic and fully on schedule. Sales increased by 19% from EUR 16.5 million to EUR 31.6 million. The activities in France and Great Britain developed particularly well so that Beate Uhse succeeded in posting significant gains. Here it is of benefit that Beate Uhse is utilising the slack in consumption in a targeted manner, both on the young markets and on the established country markets to gain market share through even more intensive marketing and advertising. At the same time Beate Uhse is keeping an eye on its profitability targets. Thus Mail Order EBT rose by almost 8% to EUR 2.7 million. It was, however seasonal, slightly below the value of the previous three months (EUR 3.3 million).

International trailblazer

Mail Order is not only the strongest area in the Beate Uhse Group currently in respect of growth and earnings but also acts as a trailblazer in the strategy of internationalisation. This profit centre thus achieves 63% of its sales abroad. 37% are generated on the German market. However, Beate Uhse still considers the German Mail Order market to hold great potential.

Beate Uhse currently employs 269 staff in Mail Order. The number of staff has thus remained fairly stable despite the clear increase in sales. The investments in Mail Order were EUR 0.3 million in Q1 and were thus even below the

medium-term investment ratio, after having achieved a significantly higher level in Q4 2002 due to the US investments. These figures are only of limited comparative value.

The number of catalogues sent out is only one expression of the intensified marketing measures. Not only did Beate Uhse send out far more than 8 million catalogues under its Mail Order brand Pabo in Q1, the catalogues were also extended by a total of 16 pages to create even more space for new offers from the range of erotic lingerie. Addressing existing customers and gaining new ones produced very good results, especially at the beginning of the quarter, so that the number of incoming orders rose by 20%.

Wholesale

The profit centre Wholesale achieved sales of EUR 17.1 million in Q1 2003. This area which comprises wholesale activities in Germany, the Netherlands and the group's own production activities is thus on schedule with its restrained development which has a slight time lag on Retail. Despite the difficult general conditions, Wholesale grew by 3% over Q1 2002. In this period of the previous year sales of EUR 16.6 million were achieved. The level of the previous quarter, i.e. Q4 2002 was retained. Although Wholesale is affected by the restraint of its customers in Retail, sales were within expectations. As Beate Uhse forecast this business development at an early stage, the cost structures were well adapted to meet this situation. EBT of EUR 2.5 million is fully on schedule and 18% above the value of the corresponding period of the previous year (Q1/2002: EUR 2.1 million).

In Wholesale Beate Uhse employed an average of 225 people over the first quarter. This is equivalent to 19 more staff against the previous year. This increase is also due to the development of the production site in Hungary. The investments of this profit centre were EUR 0.5 million. This value is thus exactly at the previous year. Liabilities were reduced significantly in Wholesale.

Development of operating activities

The most important project of Wholesale in Q1 and the year overall is the ongoing restructure of this profit centre as a logistics service provider for the entire group, as a second pillar next to the classic wholesale function. Construction in Almere/Netherlands is on schedule and is to be completed in the Autumn of 2003. Trial operations will commence on the completion of construction. The gradual integration into the logistic processes of the individual sales lines in the group is then to commence from 2004. At product level, Q1 proved that DVD sales remained high. However, this applies mainly to volumes as strong pressure on prices has become perceptible in this product segment. In Wholesale the Spring fairs were an important sales indicator for future business. Here customer restraint from Retail was demonstrated through lower visitor figures. At the same time, however, higher sales per customer were achieved. In parallel, the B2B platform in the internet is increasingly establishing itself as an independent sales channel in the direction of retail activity outside the group.

Segment report in Mio. €	Retail March, 31	Mailorder March, 31	Wholesale March, 31	Entertainment March, 31	Holding March, 31	Total March, 31
Sales	17.3	31.6	17.1	5.3	0.0	71.4
	(16.5)	(26.5)	(16.6)	(6.2)	(0.1)	(65.9)
Operating result (EBIT)	1.6	2.8	2.6	0.4	-1.3	6.1
	(1.6)	(2.5)	(2.4)	(0.5)	(-1.3)	(5.6)
Depreciation	1.1	0.4	0.4	0.1	0.2	2.2
	(1.1)	(0.2)	(0.5)	(0.3)	(0.2)	(2.3)
Net assets	33.8	33.8	32.2	5.1	67.1	172.0
	(45.2)	(28.6)	(50.6)	(8.2)	(40.6)	(173.2)
Longterm liabilities	2.0	6.3	5.0	2.0	0.8	16.1
	(1.7)	(5.5)	(5.8)	(2.5)	(0.3)	(15.8)
Accruals	4.8	5.0	2.2	1.8	2.5	16.3
	(3.5)	(3.1)	(2.2)	(1.0)	(3.8)	(13.6)
Liabilities credit institutions	0.0	0.0	5.5	0.0	55.9	61.4
	(0.0)	(0.0)	(11.5)	(0.0)	(37.8)	(49.3)
Current liabilities	1.9	5.5	0.8	0.4	0.8	9.4
	(3.4)	(8.1)	(11.1)	(0.6)	(7.1)	(30.3)

(*Prior-year figures are stated in brackets.)

Entertainment

In the profit centre Entertainment Beate Uhse employed an average of 88 staff in Q1. Yoy this figure has remained virtually constant. The employees of Beate-Uhse.TV are not included in this figure. This subsidiary is not fully consolidated but included in the annual financial statements at equity. It is, however, strategically allocated to the area of Entertainment.

Challenge met

The main challenge for the profit centre Entertainment in Q1 2003 was in meeting the yield targets despite a foreseeable restrained sales development in the online business. Sales developed as expected in Q1 and dropped by more than 14%, from EUR 6.2 million to EUR 5.3 million. Compared to the previous quarter the decline was 7%. EBT yoy remained constant and attained a level of EUR 0.4 million.

In online business, the so-called dialler problem, in particular was responsible for the restrained sales development. Unrespectable providers of content confuse consumers through illegal invoices. Major portals tolerate this approach. This results in customer restraint with regard to the utilisation of pay content. Beate Uhse has counteracted this at an early stage through own developments in the area of payment services and by providing users with the greatest amount of information possible. However, the losses could not be fully cushioned. Timely measures on the cost side led to a significant rise in margins.

Beate Uhse New Media brought several charges against unrespectable competitors in the first three months of 2003, which has partly led to their being switched off.

In the summer of 2003 there is to be a new law against the abuse of diallers which will probably lead to a stronger regulation of the market, entailing benefits for respectable providers such as Beate Uhse.

In online business, Beate Uhse's internet video library developed very well in Q1. "Beate Uhse Movie On" has so far fulfilled all expectations. The offer is being expanded on an ongoing basis and is being supplemented by new features. Special offers in the gay area also started off well. The domain www.sex.nl, which combines numerous international offers by Beate Uhse has also made progress. The start of so-called mobile services was very promising in Q1 2003. Following successful tests in 2002 Beate Uhse is now commencing premium SMS services and other offers for the multi-media mobile phone, such as the downloading of images and text.

In recent months Beate Uhse has also consistently put work into bringing the German online offers in line with the new, stricter Youth Protection Act which came into effect on April 1, 2003. In conjunction with six further important online providers, Beate Uhse is acting as a trailblazer and offers suitable

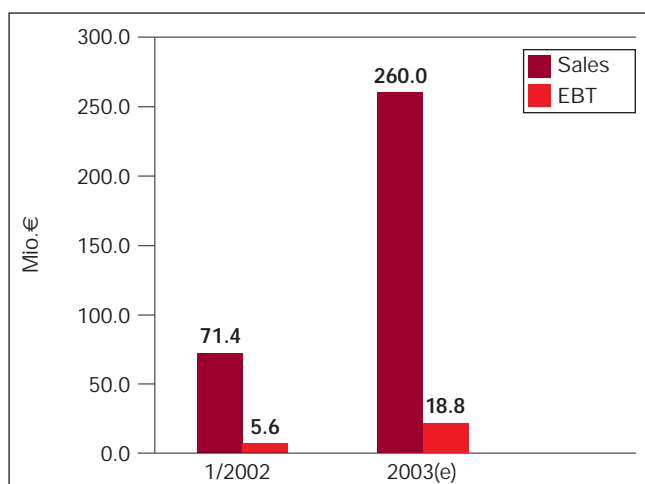
software solutions for coping with the new responsibilities. Beate Uhse New Media is a founding member of Jus-Prog Verein zur Förderung des Kinder- und Jugendschutzes in Telemedien e.V. (Association for the Promotion of Child and Youth protection in Telemedia) The association has as its aim the active protection of youth in telemedia, in line with the stricter Youth Protection Act.

The TV activities of the Beate Uhse Group have found a considerably more stable base through the new shareholder structure at Premiere, the platform Beate-Uhse.TV uses for broadcasting. Now, targeted co-operations and new TV formats are to be used to further extend the range. Beate-Uhse.TV thus produced initial sequels of the new TV format "Erotik-Stars/Beate Uhse.TV sucht Poppp-Stars!" in March 2003. This format will be broadcast from August and will be accompanied by print media and will also be made available to non-Premiere subscribers through corresponding internet offers.

Beate-Uhse.TV is confident that the considerably more stable situation at Premiere will lead to a perceptible increase in subscriber numbers and that Beate-Uhse.TV provides a suitable contribution to this as sole provider with a complete erotic programme and that it will benefit from the improved outlook.

Outlook

After the first three months, Beate Uhse is confident of achieving the goals set for 2003. At the same time one must also sufficiently realistic not to expect any additional sales and earnings momentum as long as the current market situation and the existing general conditions continue. Beate Uhse is planning to improve sales by 6% to EUR 260 million in 2003 and EBT by 9% to EUR 18.8 million. As of March 31, Beate Uhse has achieved 27% of its targeted sales and almost 30% of its earnings goal. In the first quarter growth rates of the figures were thus above schedule.

Outlook

Within the first quarter Beate Uhse realised about 27.5 percent of whole year sales and about 29.8 percent of earnings before tax for 2003.

Financial calendar 2003

06-02-2003	Roadshow London
06-23-2003	Annual general meeting Hamburg
06-27-2003	Shareholders letter (in german only)
08-14-2003	Six-month-statement
09-17-2003	Shareholders letter (in german only)
11-13-2003	Nine-month-statement
12-18-2003	Shareholders letter (in german only)

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Income statement in EUR '000	Three Month 03-31-2002	Three Month 03-31-2003	change in EUR '000	change in %
Sales	65,954	71,360	5,406	8.2
Other operating income	2,225	2,297	72	3.2
Aggregate operating performance	68,179	73,657	5,478	8.0
Materials	25,383	25,807	424	1.7
Personnel costs	10,001	10,526	525	5.2
Depreciation	2,302	2,175	-127	-5.5
Other expenses	24,586	29,086	4,500	18.3
Income from participation	0	143	143	
Loss associated companies	269	36	-233	-86.6
Interest result	-689	-524	165	-23.9
Earnings before tax (EBT)	4,949	5,646	697	14.1
Taxes on income	1,275	1,752	477	37.4
Other taxes	247	316	69	27.9
Result after taxes	3,427	3,578	151	4.4

Balance Sheet in EUR '000	Whole year 12-31-2002	Three Month 03-31-2003	Whole year 12-31-2002	Three Month 03-31-2003
Active			Passive	
Intangible assets	17,110	16,998	Share capital	47,324
Fixed assets	26,640	26,597	Reserve for treasury stock	3,425
Financial assets	28,354	27,751	Earnings reserves	7,920
Total assets	72,104	71,346	Adjustment posit. currancy translation	117
			Adjustment position minorities	795
			Net income	5,015
			Total shareholder equity	64,596
Inventories	35,189	32,483	Special item	6
Accounts receivable	33,741	40,254	Accruals	15,290
Liquid assets	17,494	19,950	Amounts to the bank	55,290
Total current assets	86,424	92,867	Trade payables	19,944
			Other liabilities	13,873
			Total liabilities	104,403
Repaid expenses	10,564	7,912	Repaid expenses	93
Total active	169,092	171,945	Total passive	169,092

Cash Flow in EUR '000	Three Month 03-31-2002	Three Month 03-31-2003
Net income for the period	3,427	3,578
Depreciation	2,302	2,175
Increase/decrease assets	-3,679	-1,179
Increase/decrease liabilities	2,113	-1,867
Other adjustment	445	1,066
Cash Flow from operating activities	4,608	3,773
Cash Flow from investment activities	-1,607	-1,257
Cash Flow from financing	-5,045	10
Change in financial fund	-2,044	2,526
+/- change in financial statement	-2,175	-69
Financial fund at beginning of period	14,770	13,851
Financial fund at end of period	10,551	16,308

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