

First Impression

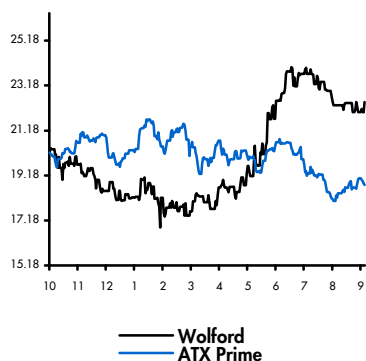
Wolford

September 12, 2014

Consumer, Cyclical/Austria

Hold

Price 11.09.14*	22.44
Price target	U. R. (19.00)
Volatility risk	medium
Year high/low	24.00/16.87
Currency	EUR
EUR/EUR	1.00
GDR rate	n.a.
Shares outstanding eoy in mn	4.90
Market capitalisation (total shares) in EUR mn	110.0
Free float	32.6%
Free float in EUR mn	35.9
Avg. daily turnover (12 m) in EUR mn	0.03
Index	ATX Prime
ISIN code	AT0000834007
Bloomberg	WOL AV
Reuters	WLFD.VI
www.wolford.com	



Source: Raiffeisen Centrobank

Dominated by one-time effects

- One time effect dominates the figures
- Operating performance slightly better than we expected and yoy
- Management outlook a notch more positive
- No need to change our view on the stock

Highly supported by one-time gains (profit from the sale of a property in Bregenz and the sale of a lease contract in Switzerland) Wolford's 1Q 13/14 results come in slightly better than we expected on the bottom line while sales were in line with our estimates.

P & L: The closing of locations and a weak spring-summer 2014 collection lead to a slight decline in revenues yoy. Despite some closings the own retail business increased by 1% yoy while wholesale continued to underperform (-4% yoy). Once again, the online business performed best contributing 29% growth. With regards to the profitability one-time effects dominated the picture; however, the company also managed to improve its personnel expenses by EUR 0.8 mn yoy. Material expenses were higher yoy due to higher changes in inventories. Other expenses increased as well but not to the same extent as in the past.

Cash flow and balance sheet: Cash flow from operations improved by EUR 5.83 mn yoy (from EUR -11.25 mn to EUR -5.42 mn). The main part was contributed by the sale of the lease contract and the remainder was attributable to better profitability, slightly higher depreciation and positive effects in payables/receivables/provisions. Cash flow from investing activities amounted to EUR 4.39 mn, influenced by the sale of the non-core property in Bregenz (EUR 6.87 mn). Since the company reinvested part of the gains into PPE the free cash flow remained negative (EUR -1 mn) despite the positive contribution from one time effects. As the result of PPE reduction Wolford's balance sheet contracted from EUR 148 mn to EUR 142.5 mn yoy and the equity ratio improved from 49.8% to 53.3%.

Outlook and recommendation: The management's outlook did not change much, targeting the operational turnaround in FY 14/15; however, it became slightly more positive in terms of the top line (if the fall winter collection 14/15 continues to perform the top line should improve yoy in FY 14/15). Overall we value the set of figures neutral and will stick to our current recommendation.

Wolford 1Q 2014/15 results

in EUR mn	1Q 14/15	1Q 13/14	+/-	RCB est.	+/-	4Q 13/14	+/-
Sales	31.9	32.3	-1.2%	32.0	-0.3%	32.5	-1.7%
EBITDA	5.1	-3.2	n.m.	4.5	14.5%	-4.7	n.m.
EBITDA adj.	1.9	-3.2	n.m.	1.4	38.6%	-1.6	n.m.
EBIT	3.0	-5.2	n.m.	2.6	18.4%	-6.9	n.m.
EBIT adj.	-0.2	-5.2	n.m.	-0.4	57.5%	-3.8	n.m.
EBT	2.8	-5.5	n.m.	2.3	21.8%	-7.2	n.m.
Net profit	1.5	-4.4	n.m.	1.4	8.8%	-4.1	n.m.
EPS	0.30	-0.89	n.m.	0.28	8.8%	-0.83	n.m.
EBITDA margin	16.0%	-9.9%		14.0%		-14.4%	
EBITDA margin adj.	6.1%	-9.9%		4.4%		-4.8%	
EBIT margin	9.5%	-16.0%		8.0%		-21.2%	
EBIT margin adj.	-0.5%	-17.0%		-1.3%		-11.6%	
Net margin	4.7%	-13.5%		4.3%		-12.5%	

Source: Wolford, Raiffeisen Centrobank

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* The indicated price is the last price as available at

6.30 AM on 12.09.14, Source: Reuters/Bloomberg

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