

Company Update

Wolford

March 20, 2014

Consumer, Cyclical/Austria

Hold

Price 19.03.14*	18.00
Price target	19.00
Volatility risk	medium
Year high/low	23.20/16.87
Currency	EUR
EUR/EUR	1.00
GDR rate	n.a.
Shares outstanding eoy in mn	4.90
Market capitalisation (total shares) in EUR mn	88.2
Free float	32.6%
Free float in EUR mn	28.8
Avg. daily turnover (12 m) in EUR mn	0.04
Index	ATX Prime
ISIN code	AT0000834007
Bloomberg	WOLF AY
Reuters	WLFD.VI
www.wolford.com	

Not out of the woods yet

Wolford's operating performance in 3Q 13/14 was better than we expected; however, for the time being, expected one-offs in 4Q 13/14e and a weak season ahead do not justify a change in our HOLD recommendation.

3Q 13/14 review: Wolford's operating profitability was better than we expected due to further inventories reduction (changes in inventories & finished goods EUR -4.3 mn in 3Q 13/14; RCBe EUR -3.4 mn; 3Q 12/13: EUR -2.7 mn), while its sales were in line with our forecast. Out of EUR 3 mn of non-recurring expenses which were announced in December, EUR 0.64 mn was booked in 3Q 13/14. The company also adjusted its FY 12/13 comparison base due to changes in IAS 19. Therefore, although better than we expected, EBT and net profit were flat yoy. Overall working capital improvement amounted to EUR 6.6 mn yoy out of which EUR 5 mn was due to inventories reduction. Consequently operating and free cash flow improved too, and although the equity position declined by roughly EUR 6 mn yoy the ratio remained almost stable (55% vs. 57%). Own retail channels performed best again. However, while the sales of online boutiques, concession shop-in-shops and factory outlets grew by high single to low double digits yoy, own boutiques achieved only a 2% rise. The wholesale business remained weak. Region-wise the performance was very mixed and distorted by FX changes (especially USD and GBP). However, the USA, Italy, Belgium and Spain performed well, while the revenues in the UK, Germany, France and Scandinavia declined. Product-wise lingerie and body shaping revenues increased but ready-to-wear products and also the sales of the flagship product "Legwear" declined.

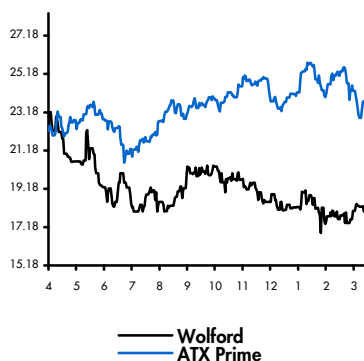
Outlook: We believe that due to lower headcount and firm cost monitoring personnel & material cost ratios will improve in 4Q yoy. However, taking into account the seasonality effect and the announced one-offs (EUR 3 mn in FY 13/14) it is clear that the 4Q 13/14 bottom line will turn out deep in the reds. Starting 1Q 14/15e the adjusted figures are likely to improve yoy but at first the pace of the improvements is likely to be rather moderate. For the time beyond FY 13/14 we are calculating with only subdued growth in Wolford's points of sale. Thus, there is a significant upside to our estimates as soon as the broad roll-out materialises.

Valuation: Due to the changes in the yield curve and slightly higher earnings our DCF fair value has increased from EUR 19.13 to EUR 19.46. On a peer group comparison the share trades at a discount on sales and assets multiples and at a premium on profitability multiples - as usual. Due to the poor performance and clouded outlook for the quarters to come the valuation gap has increased further. As we do not see any immediate positive trigger for Wolford's equity story we reiterate our HOLD recommendation and keep our target price unchanged at EUR 19.00.

Key figures and ratios

EUR	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Sales (mn)	154.1	156.5	156.1	157.6	163.5
EBITDA (mn)	15.2	7.9	4.9	10.2	12.8
EBIT (mn)	6.9	-0.9	-3.6	2.3	4.8
Net profit a.m. (mn)	1.3	-2.8	-3.9	0.7	2.8
Earnings per share (adj.)	0.26	-0.56	-0.80	0.14	0.57
EPS adjusted growth	-75.0%	-318.8%	-42.2%	n.a.	304.5%
Adjusted PE ratio	90.6	-36.6	-22.5	127.3	31.5
DPS	0.40	0.00	0.00	0.00	0.20
Dividend yield	1.7%	0.0%	0.0%	0.0%	1.1%
EV/EBITDA	8.5	14.8	20.8	9.8	7.6
Price book value	1.4	1.3	1.2	1.2	1.1

Source: Wolford, Raiffeisen Centrobank estimates



Source: Raiffeisen Centrobank

Analyst: Natalia Frey, CEFA

Tel.: +43 1 51 520 - 712

e-mail: frey@rcb.at

Published by: Raiffeisen Centrobank,

A-1015 Vienna, Tegetthoffstrasse 1

Bloomberg: RCBR <GO>

Disclosures: www.rcb.at

Supervisory authority: Financial Market Authority

* The indicated price is the last price as available at

6.30 AM on 20.03.14, Source: Reuters/Bloomberg

Share price triggers

Trigger	Momentum	Explanation
Retail sales	neutral	▪ Sales of woman's wear are likely to grow only moderately
Top-line development	negative	▪ The announced restructuring measures (especially product portfolio and retail network optimisation) are likely to result in a stagnating/declining top line in the short run
Weak USD & GBP	negative	▪ Weaker top line yoy & weaker operating margin (EUR-production costs)
Process optimisation measures	positive	▪ Adjusted costs are slowly improving

Source: Raiffeisen Centrobank

3Q 2013/14 results

in EUR mn	3Q 13/14	3Q 12/13	+/-	RCB est.	+/- 2Q 13/14	+/-
Sales	48.61	47.54	2.3%	48.00	1.3%	14.3%
EBITDA	7.04	6.38	10.3%	6.04	16.6%	45.9%
EBITDA adjusted	7.67	6.71	14.3%	6.04	27.0%	58.9%
EBIT	5.09	4.33	17.6%	3.92	29.8%	75.9%
EBIT adjusted	5.09	4.66	9.2%	3.92	29.8%	75.9%
EBT	4.16	4.36	-4.6%	3.64	14.3%	60.7%
Net profit	3.70	3.76	-1.5%	2.96	25.0%	54.7%
EPS	0.76	0.77	-1.5%	0.60	25.0%	54.7%
EBITDA margin	14.5%	13.4%		12.6%		11.3%
EBITDA margin adj.	15.8%	14.1%		12.6%		11.3%
EBIT margin	10.5%	9.1%		8.2%		6.8%
EBIT margin adj	10.5%	9.8%		8.2%		6.8%
EBT margin	8.6%	9.2%		7.6%		6.1%
Net margin	7.6%	7.9%		6.2%		5.6%
Working capital	35.7	42.3		37.4		42.7
Operating cash flow	12.5	10.2		10.9		6.0
Free cash flow	10.6	9.0		9.7		3.2

Source: Wolford Raiffeisen Centrobank

4Q 2013/14 preview (July 18, 2014)

in EUR mn	4Q 13/14e	4Q 12/13	+/-	3Q 13/14	+/-
Sales	32.7	32.3	1.1%	48.6	-32.7%
EBITDA	-3.8	-1.9	n.m.	7.0	n.m.
EBITDA adjusted	-1.8	-1.9	n.m.	7.7	n.m.
EBIT	-6.4	-4.6	n.m.	5.1	n.m.
EBIT adjusted	-4.0	-4.6	n.m.	5.1	n.m.
EBT	-6.9	-5.0	n.m.	4.2	n.m.
Net profit	-6.3	-5.2	n.m.	3.7	n.m.
EPS	-1.28	-1.07	n.m.	0.76	n.m.
EBITDA margin	-7.7%	-4.0%		16.6%	
EBITDA margin adj.	-3.7%	-4.0%		18.0%	
EBIT margin	-13.2%	-9.6%		12.0%	
EBIT margin adj	-8.2%	-9.6%		12.0%	
EBT margin	-14.2%	-10.6%		9.8%	
Net margin	-12.9%	-11.0%		8.7%	

Source: Wolford Raiffeisen Centrobank estimates

Changes to forecast

In EUR mn	Old			New			Comments
	2013/14e	2014/15e	2015/16e	2013/14e	2014/15e	2015/16e	
Sales	155.8	157.6	163.5	156.1	157.6	163.5	
Sales growth	-0.40%	1.16%	3.68%	-0.22%	0.98%	3.68%	
EBITDA	6.3	9.9	12.3	4.9	10.2	12.8	
EBITDA margin	4.07%	4.02%	3.88%	3.15%	3.12%	3.01%	Slightly higher margins due to lower head count
EBIT	-4.9	1.9	4.3	-3.6	2.3	4.8	
EBIT margin	-3.17%	1.22%	2.61%	-2.33%	1.45%	2.94%	
EBT	-6.4	0.7	3	-5.0	0.9	3.5	
EBT margin	-4.08%	0.42%	1.86%	-3.22%	0.56%	2.14%	
Net profit	-5.2	0.5	2.4	-3.9	0.7	2.8	
Net profit margin	-3.34%	0.33%	1.49%	-2.51%	0.44%	1.72%	
EPS	-1.06	0.11	0.52	-0.80	0.14	0.57	
DPS	0.00	0.00	0.20	0.00	0.00	0.20	

Source: Raiffeisen Centrobank estimates

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

	P/BV		EV/Sales		EV/EBITDA		EV/EBIT	
	2014e	2015e	2014e	2015e	2014e	2015e	2014e	2015e
LVMH	2.2	2.0	2.2	2.0	8.7	7.7	10.4	9.2
Hugo Boss	7.9	6.7	2.5	2.3	10.6	9.3	12.9	11.3
Gerry Webber	3.6	3.2	1.7	1.6	10.4	9.0	12.4	10.6
Burberry	n.a.	n.a.	2.5	2.2	9.7	8.5	12.5	11.0
Calida	1.7	1.5	0.7	1.1	6.7	6.7	9.7	8.6
Van de Velde	2.6	2.3	2.5	2.4	9.4	8.5	10.9	10.1
Median	2.6	2.3	2.3	2.1	9.5	8.5	11.6	10.3
Mean	3.6	3.1	2.0	1.9	9.3	8.3	11.5	10.1
Wolford	1.2	1.1	0.6	0.6	9.8	7.6	43.6	20.1
Dis/Prem.Median	-53.9%	-51.2%	-72.8%	-71.6%	2.8%	-11.4%	274.4%	94.4%
Dis/Prem.Mean	-67.1%	-63.9%	-68.5%	-68.9%	5.8%	-8.9%	280.1%	98.3%

Source: Bloomberg, Raiffeisen Centrobank estimates

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

DCF Valuation

<i>FCF projection (EUR mn)</i>	2013e	2014e	2015e	2016e	2017e	2018e	TV CF
Consolidated sales	156.1	157.6	163.5	170.0	176.8	183.9	183.9
EBITDA	4.9	10.2	12.8	14.4	16.8	18.4	18.4
EBITA	-3.6	2.3	4.8	6.4	8.8	10.4	10.4
Taxes paid on EBITDA	0.8	-0.2	-0.7	-1.1	-1.7	-2.2	-2.4
NOPLAT	-2.9	2.1	4.1	5.4	7.1	8.2	8.0
Adj. NOPLAT	-2.9	2.1	4.1	5.4	7.1	8.2	8.0
Depreciation of PPE & intangibles	8.6	7.9	8.0	8.0	8.0	8.0	8.0
Gross investment in PPE & intangibles	-8.3	-8.5	-8.5	-8.5	-8.1	-8.1	-8.0
Change in working capital	8.5	1.8	0.2	-3.5	-3.8	-1.3	-0.7
NWC/Sales	17.0%	15.7%	15.0%	16.5%	18.0%	18.0%	19.0%
Change in LT provisions other than tax	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Net acquisitions & disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow to firm	6.4	3.8	4.3	1.8	3.8	7.3	7.8
Adj. free cash flow to firm	6.4	3.8	4.3	1.8	3.8	7.3	7.8
EV DCF, mid-year assumption	101.7	105.5					
+ MV of non-operating assets eop	0.0	0.0					
- MV of net debt eop	13.9	11.5					
- MV of minorities eop	0.0	0.0					
Adjustments to EV eop	0.0	0.0					
Fair value of equity	87.8	94.0					
Shares outstanding (mn)	4.9	4.9					
Fair value per share (in EUR)	17.92	19.19					

<i>Value drivers</i>	2013e	2014e	2015e	2016e	2017e	2018e	TV CF
Consolidated sales yoy	-0.2%	1.0%	3.7%	4.0%	4.0%	4.0%	2.0%
EBITDA margin	3.1%	6.5%	7.8%	8.5%	9.5%	10.0%	10.0%
Rate of taxes paid	-20.8%	-7.8%	-14.6%	-17.0%	-19.0%	-21.0%	-23.0%
Working capital/sales	17.0%	15.7%	15.0%	16.5%	18.0%	18.0%	19.0%
Capex/depreciation	96.5%	107.7%	106.7%	106.3%	101.3%	101.3%	100.0%
Free cash flow margin	4.1%	2.4%	2.6%	1.1%	2.1%	4.0%	4.2%

<i>WACC</i>	2013e	2014e	2015e	2016e	2017e	2018e	TV CF
Target capital structure (at MV)	84.9%	86.4%	88.5%	75.0%	75.0%	75.0%	75.0%
Debt/equity ratio (at MV)	17.8%	15.7%	13.0%	33.3%	33.3%	33.3%	33.3%
Risk free rate (local)	2.3%	2.1%	2.3%	2.6%	2.9%	3.1%	4.0%
Equity market premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Levered beta	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Cost of equity	8.3%	8.2%	8.3%	8.7%	9.0%	9.2%	10.1%
Cost of debt	4.0%	4.0%	4.0%	4.5%	4.5%	4.5%	5.8%
Tax rate	-20.8%	-7.8%	-14.6%	-17.0%	-19.0%	-21.0%	-23.0%
WACC	7.5%	7.5%	7.7%	7.4%	7.6%	7.8%	8.7%

Sensitivity analysis

<i>Growth sensitivity (EUR)</i>	<i>Terminal growth rate</i>						
WACC	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
7.2%	19.1	20.7	22.5	24.7	27.5	30.8	35.1
7.7%	17.3	18.7	20.2	22.1	24.2	26.9	30.2
8.2%	15.8	17.0	18.3	19.8	21.6	23.8	26.4
8.7%	14.5	15.5	16.6	17.9	19.4	21.2	23.3
9.2%	13.4	14.2	15.2	16.3	17.6	19.0	20.8
9.7%	12.3	13.1	13.9	14.9	16.0	17.2	18.6
10.2%	11.4	12.1	12.8	13.6	14.6	15.6	16.9

<i>Margin sensitivity (EUR)</i>	<i>FCF margin TV</i>						
WACC	2.7%	3.2%	3.7%	4.2%	4.7%	5.2%	5.7%
7.2%	16.3	19.1	21.9	24.7	27.6	30.4	33.2
7.7%	14.5	17.0	19.5	22.1	24.6	27.1	29.6
8.2%	13.0	15.3	17.6	19.8	22.1	24.3	26.6
8.7%	11.8	13.8	15.9	17.9	20.0	22.0	24.0
9.2%	10.7	12.6	14.4	16.3	18.1	20.0	21.9
9.7%	9.8	11.5	13.2	14.9	16.6	18.3	20.0
10.2%	9.0	10.5	12.1	13.6	15.2	16.8	18.3

Source: Raiffeisen Centrobank estimates

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

<i>Income statement (EUR mn)</i>	<i>4/2011</i>	<i>4/2012</i>	<i>4/2013</i>	<i>4/2014e</i>	<i>4/2015e</i>	<i>4/2016e</i>
Consolidated sales	152.2	154.1	156.5	156.1	157.6	163.5
Changes in inventories & own work capitalised	3.9	3.4	-0.4	-4.0	1.0	1.7
Other operating income	3.5	4.0	3.5	2.7	2.7	2.7
Total revenues	159.6	161.5	159.6	154.8	161.3	167.8
Material costs	-28.3	-28.5	-28.9	-25.7	-26.2	-27.5
Personnel expenses	-73.9	-73.3	-74.2	-72.0	-71.8	-73.4
Other operating expenses	-41.7	-44.5	-48.6	-52.2	-53.2	-54.2
EBITDA	15.7	15.2	7.9	4.9	10.2	12.8
Adjusted EBITDA	15.7	15.2	7.9	7.5	10.2	12.8
Depreciation of PPE and intangibles	-8.4	-8.3	-8.8	-8.6	-7.9	-8.0
EBITA	7.3	6.9	-0.9	-3.6	2.3	4.8
Amortisation, impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.3	6.9	-0.9	-3.6	2.3	4.8
Adjusted EBIT	7.3	6.9	-0.9	-3.6	2.3	4.8
Investment income	0.0	-0.3	0.1	0.0	0.1	0.1
Net interest income	-0.8	-0.7	-0.8	-0.9	-0.9	-0.8
Other financial result	-0.8	-0.8	-0.6	-0.5	-0.6	-0.6
Financial result	-1.5	-1.8	-1.3	-1.4	-1.4	-1.3
Earnings before taxes	5.8	5.0	-2.2	-5.0	0.9	3.5
Taxes on income	-0.8	-3.8	-0.5	1.1	-0.2	-0.7
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	5.1	1.3	-2.8	-3.9	0.7	2.8
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit after minorities	5.1	1.3	-2.8	-3.9	0.7	2.8
Adjusted Net profit	5.1	1.3	-2.8	-3.9	0.7	2.8
Changes yoy	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Consolidated sales yoy	5.6%	1.3%	1.6%	-0.2%	1.0%	3.7%
EBITDA yoy	26.0%	-3.6%	-48.0%	-37.7%	107.0%	25.6%
EBITA yoy	62.7%	-6.4%	-113.2%	-300.9%	n.a.	110.6%
EBIT yoy	62.7%	-6.4%	-113.2%	-300.9%	n.a.	110.6%
EBT yoy	70.8%	-13.3%	-144.6%	-123.8%	n.a.	294.4%
Net profit after minorities yoy	97.2%	-75.0%	-318.8%	-42.2%	n.a.	304.5%
Margins	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Material costs margin	-18.6%	-18.5%	-18.5%	-16.5%	-16.6%	-16.8%
EBITDA margin	10.3%	9.9%	5.0%	3.1%	6.5%	7.8%
EBITA margin	4.8%	4.5%	-0.6%	-2.3%	1.4%	2.9%
EBIT margin	4.8%	4.5%	-0.6%	-2.3%	1.4%	2.9%
EBT margin	3.8%	3.3%	-1.4%	-3.2%	0.6%	2.1%
Net margin	3.3%	0.8%	-1.8%	-2.5%	0.4%	1.7%
Profitability	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Return on assets	4.0%	1.0%	-1.2%	-2.3%	1.0%	2.5%
Return on equity	6.2%	1.5%	-3.4%	-5.1%	0.9%	3.7%
Return on capital employed	5.5%	1.4%	-1.6%	-3.3%	1.5%	3.6%
Cash flow statement (EUR mn)	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Earnings before taxes	5.8	5.0	-2.2	-5.0	0.9	3.5
Taxes paid	-0.9	-1.9	-2.2	0.8	-0.2	-0.7
Amortisation and depreciation	8.5	8.5	8.8	8.6	7.9	8.0
Other non-cash items	0.3	0.0	0.3	0.5	0.5	0.5
Cash flow from result	13.8	11.7	4.7	4.7	9.1	11.3
Change in working capital	0.4	-4.4	1.6	6.6	1.8	0.2
Operating cash flow	14.2	7.3	6.3	11.3	10.9	11.5
Capex PPE and intangible assets	-6.1	-7.9	-6.0	-8.3	-8.5	-8.5
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Disposal of fixed assets (total)	0.0	1.4	0.0	0.0	0.0	0.0
Other items (investments)	2.1	-0.3	0.2	0.0	0.0	0.0
Investing cash flow	-4.0	-6.9	-5.8	-8.2	-8.5	-8.5
Dividend payments	-1.0	-2.0	-2.0	0.0	0.0	0.0
Other changes in equity	0.0	0.0	0.0	0.0	0.0	0.0
Change in financial liabilities	-9.5	2.3	1.6	0.4	-2.8	-2.6
Other items	0.0	0.0	0.0	-1.2	0.0	0.0
Financing cash flow	-10.5	0.3	-0.4	-0.9	-2.8	-2.6

Source: Wolford, Raiffeisen Centrobank estimates

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Balance sheet (EUR mn)	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Current assets	60.9	64.2	63.5	59.4	58.4	59.3
Liquid funds	4.4	5.3	5.3	7.4	7.1	7.5
Receivables	15.1	14.7	15.5	14.4	14.2	14.7
Inventories	41.4	44.2	42.7	37.5	37.2	37.1
Other assets	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	77.7	76.1	73.3	73.0	73.6	74.1
Property, plant & equipment	62.2	62.4	59.7	58.6	58.7	58.8
Intangible assets	10.5	10.0	9.6	10.3	10.8	11.3
Goodwill	1.1	1.2	1.2	1.2	1.2	1.2
Financial assets	3.9	2.6	2.8	2.8	2.8	2.8
Deferred tax assets	5.9	5.2	5.6	5.9	5.9	5.9
Total assets	144.5	145.5	142.3	138.2	137.9	139.3
Current liabilities	33.9	27.3	28.4	41.3	39.4	37.5
Short-term borrowings	8.3	2.8	3.3	16.0	12.8	10.2
Notes & trade payables, payments received	5.8	4.9	4.6	4.8	5.3	5.3
Other current liabilities	19.8	19.6	20.5	20.5	21.4	21.9
Long-term liabilities	26.4	34.2	35.6	22.5	23.4	23.9
Long-term borrowings	10.3	18.1	19.1	6.9	7.3	7.3
Long-term provisions	14.6	13.7	15.2	15.7	16.1	16.6
Other long-term liabilities	1.4	2.4	1.2	0.0	0.0	0.0
Hybrid & other mezzanine capital	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	83.9	83.8	78.1	74.2	74.9	77.7
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.3	0.2	0.1	0.1	0.1	0.1
Total liabilities	144.5	145.5	142.3	138.2	137.9	139.3
Balance sheet (EUR mn)	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Net working capital	30.9	34.4	33.1	26.6	24.7	24.5
Net interest-bearing debt	11.4	14.1	15.7	13.9	11.5	8.5
Capital employed	102.5	104.7	100.6	97.1	95.0	95.2
Market capitalisation	132.3	114.2	101.0	88.2	88.2	88.2
Enterprise value	143.7	128.3	116.7	102.1	99.7	96.7
Financing (x)	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Interest cover	19.1	19.7	9.1	5.5	11.3	15.8
Internal financing ratio	2.3	0.9	1.1	1.4	1.3	1.4
Net gearing	13.6%	16.8%	20.1%	18.7%	15.3%	10.9%
Quick ratio	0.6	0.7	0.7	0.5	0.5	0.6
Fixed assets cover	1.4	1.5	1.6	1.3	1.3	1.4
Capex / depreciation	0.7	1.0	0.7	1.0	1.1	1.1
Equity ratio	58.0%	57.6%	54.9%	53.7%	54.3%	55.8%
Per share data (EUR)	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
Weighted avg. no. of shares (mn)	4.9	4.9	4.9	4.9	4.9	4.9
EPS reported	1.03	0.26	-0.56	-0.80	0.14	0.57
Earnings per share (adj.)	1.03	0.26	-0.56	-0.80	0.14	0.57
Operating cash flow per share	2.89	1.48	1.29	2.31	2.23	2.34
Book value per share	17.11	17.10	15.95	15.15	15.29	15.86
DPS	0.40	0.40	0.00	0.00	0.00	0.20
Payout ratio	38.8%	155.6%	0.0%	0.0%	0.0%	35.0%
Valuation (x)	4/2011	4/2012	4/2013	4/2014e	4/2015e	4/2016e
PE reported	26.2	90.6	-36.6	-22.5	127.3	31.5
Adjusted PE ratio	26.2	90.6	-36.6	-22.5	127.3	31.5
Price cash flow	9.3	15.7	16.0	7.8	8.1	7.7
Price book value	1.6	1.4	1.3	1.2	1.2	1.1
Dividend yield	1.5%	1.7%	0.0%	0.0%	0.0%	1.1%
Free cash flow yield	6.1%	-0.5%	0.3%	3.5%	2.7%	3.4%
EV/sales	0.9	0.8	0.7	0.7	0.6	0.6
EV/EBITDA	9.1	8.5	14.8	20.8	9.8	7.6
EV/EBIT	19.6	18.7	-128.8	-28.1	43.6	20.1
EV/operating cash flow	10.1	17.7	18.5	9.0	9.1	8.4
Adjusted EV/CE	1.5	1.3	1.2	1.1	1.1	1.1
Adjusted EV/CE vs. ROCE/WACC				-2.6	5.9	2.4

Source: Wolford, Raiffeisen Centrobank estimates

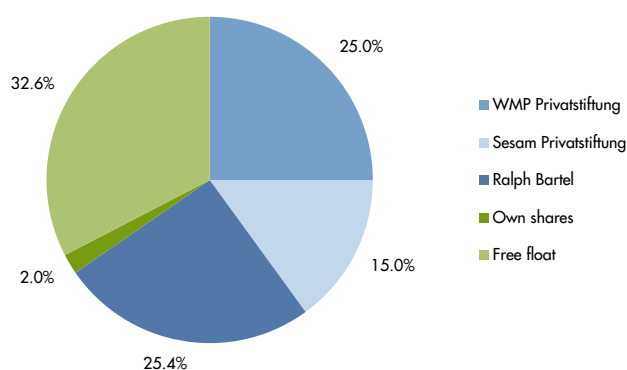
Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Fact Sheet

Company description

Vienna-listed Wolford Group manufactures and distributes women's bodywear, lingerie, swimwear and legwear in the luxury fashion segment. Based in Austria, the company is comprised of 14 subsidiaries worldwide. Wolford distributes its products in 70 countries through a network of over 200 own and partner-run boutiques, factory outlets, concession shop in shops and 3,000 retail partners (department stores & specialist shops).

Shareholder structure



Strengths/Opportunities

- Global luxury brand with a strong retail network
- High quality products & highly innovative goods in the legwear segment
- High growth potential in currently low penetrated Asian market
- High book value per share
- High equity ratio
- High amount of fixed tangible asset (especially land and buildings) on the balance sheet

Weaknesses/Threats

- High production costs due to manufacturing in Austria
- High inventory level
- Foreign currency risk (especially USD)
- Low profitability

Income statement (EUR mn)	4/2013	4/2014e	4/2015e	4/2016e
Consolidated sales	156.5	156.1	157.6	163.5
EBITDA	7.9	4.9	10.2	12.8
EBIT	-0.9	-3.6	2.3	4.8
EBT	-2.2	-5.0	0.9	3.5
Net profit bef. min.	-2.8	-3.9	0.7	2.8
Net profit after min.	-2.8	-3.9	0.7	2.8

Balance sheet	4/2013	4/2014e	4/2015e	4/2016e
Total assets	142.3	138.2	137.9	139.3
Shareholders' equity	78.1	74.2	74.9	77.7
Goodwill	1.2	1.2	1.2	1.2
NIBD	15.7	13.9	11.5	8.5

Cash flow statement	4/2013	4/2014e	4/2015e	4/2016e
Operating cash flow	6.3	11.3	10.9	11.5
Investing cash flow	-5.8	-8.2	-8.5	-8.5
Change NIBD	-1.6	1.8	2.4	3.0

Source: Wolford, Raiffeisen Centrobank estimates

Per share data (EUR)	4/2013	4/2014e	4/2015e	4/2016e
EPS pre-goodwill	-0.56	-0.80	0.14	0.57
Adj. EPS diluted	-0.56	-0.80	0.14	0.57
Operating cash flow	1.29	2.31	2.23	2.34
Book value	15.95	15.15	15.29	15.86
Dividend	0.00	0.00	0.00	0.20
Payout ratio	0.0%	0.0%	0.0%	35.0%

Valuation (x)	4/2013	4/2014e	4/2015e	4/2016e
PE pre-goodwill	-36.6	-22.5	127.3	31.5
Adj. PE diluted	-36.6	-22.5	127.3	31.5
Price cash flow	16.0	7.8	8.1	7.7
Price book value	1.3	1.2	1.2	1.1
Dividend yield	0.0%	0.0%	0.0%	1.1%
FCF yield	0.3%	3.5%	2.7%	3.4%
EV/EBITDA	14.8	20.8	9.8	7.6
EV/EBIT	-128.8	-28.1	43.6	20.1
EV/operating CF	18.5	9.0	9.1	8.4

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Publication schedule

Date	Publication
18.07.2014	4Q Earnings release
12.09.2014	1Q Earnings release
18.09.2014	Annual General Meeting
22.09.2014	Ex-Dividend
24.09.2014	Dividend Payment
12.12.2014	2Q Earnings release

Recommendation history

Date	Rating	Target Price	Prev. day's close	Upside
19.12.2013	Hold	19.00	18.09	5.0%
27.03.2013	Hold	24.30	22.50	8.0%
24.01.2013	Hold	26.00	24.10	7.9%
28.03.2012	Hold	25.50	24.55	3.9%

Coverage universe recommendation overview

	buy	hold	reduce	sell	suspended	UR
Universe	41	60	11	4	16	8
Universe %	29%	43%	8%	3%	11%	6%
Investment banking services	14	16	1	0	3	1
Investment banking services %	40%	46%	3%	0%	9%	3%

Source: Raiffeisen Centrobank, rounding differences may occur

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Acknowledgements

Disclaimer for non-US distribution

Raiffeisen Centrobank's rating and risk classification system:

Risk ratings: indicators of potential price fluctuations are: low, medium, high.

Risk ratings take into account volatility. Fundamental criteria might lead to a change in the risk classification. Also, the classification may change over the course of time.

Investment rating: Investment ratings are based on expected total return within a 12-month period from the date of the initial rating.

Buy: Buy stocks are expected to have a total return of at least 15% (20% for shares with a high volatility risk) and are the most attractive stocks in our coverage universe on a 12 month horizon.

Hold: Hold stocks are expected to deliver a positive total return of up to 15% (20% for shares with a high volatility risk) within a 12-month period.

Reduce: Reduce stocks are expected to achieve a negative total return up to -10% within a 12-month period.

Sell: Sell stocks are expected to post a negative total return of more than -10% within a 12-month period.

Price targets are determined by the fair value derived from a peer group comparison and/or our DCF model. Other fundamental factors (M&A activities, capital markets transactions, share buybacks, sector sentiment etc.) are taken into account as well.

Upon the release of a research paper, investment ratings are determined by the ranges described above. Interim deviations from the above mentioned ranges will not cause a change in the recommendation automatically but will become subject to review.

Due to its organisational structure Raiffeisen Centrobank has ensured that any improper influence on the way in which securities services are provided by Raiffeisen Centrobank is prevented.

Raiffeisen Centrobank may have effected an own account transaction in any investment mentioned herein or related investments and or may have a position or holding in such investments as a result. Raiffeisen Centrobank may have been, or might be, acting as a manager or co-manager of a public offering of any securities mentioned in this report or in any related security.

Save as otherwise stated, the indicated prices are the last prices as available at 6.30 AM on the business day following the respective indicated date. Indicated prices refer to the stock exchange according to the Bloomberg/Reuters code stated.

This document does not constitute an offer or invitation to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. Raiffeisen Centrobank is regulated by the Austrian Financial Markets Authority.

Footnotes

The following disclosures apply to the security when stated under the applicable disclosures section:

1. RCB or an affiliated company (individually or together) owns more than 5% of the issued share capital of the issuer.
2. The issuer owns more than 5% of the issued share capital of RCB or an affiliated company.
3. RCB or an affiliated company acts as a market maker (or specialist) or designated sponsor or stabilizing manager of the securities of the issuer.
4. RCB or an affiliated company was a manager or co-manager of a public offering of securities of the issuer within the last 12 months.
5. RCB or an affiliated company has agreed to render (and to receive compensation for) other investment banking services to the issuer within the last 12 months.
6. The analyst owns securities of the issuer analysed by him.
7. The analyst is on the Supervisory Board/Board of Directors of the issuer analysed by him.
8. The analyst has received or acquired securities of the issuer before launch of the public offering of such securities.
9. The remuneration of the analyst is linked to investment banking services rendered by RCB or an affiliated company.

Applicable disclosures: 3

Disclaimer for US distribution

This report and any recommendation (including any opinion, projection, forecast or estimate) contained herein have been prepared by Raiffeisen Centrobank AG or any of its affiliated companies ("Centrobank") and distributed in the United States by Centrobank's affiliate, RB International Markets (USA) LLC ("RBIM"), a broker-dealer registered with FINRA®. This report constitutes the current judgment of the author as of the date of this report and is subject to change without notice. Centrobank and its affiliated companies and employees have no obligation to update, modify or amend or otherwise notify a recipient of this report if the information or recommendation stated herein changes or subsequently becomes inaccurate. The frequency of subsequent reports, if any, remains in the discretion of the author and Centrobank.

Raiffeisen Centrobank's rating and risk classification system:

Buy: Buy stocks are expected to have a total return of at least 15% (20% for shares with a high volatility risk) and are the most attractive stocks in our coverage universe on a 12 month horizon.

Hold: Hold stocks are expected to deliver a positive total return of up to 15% (20% for shares with a high volatility risk) within a 12-month period.

Reduce: Reduce stocks are expected to achieve a negative total return up to -10% within a 12-month period.

Sell: Sell stocks are expected to post a negative total return of more than -10% within a 12-month period.

Price targets are determined by the fair value derived from a peer group comparison and/or our DCF model. Other fundamental factors (M&A activities, capital markets transactions, share buybacks, sector sentiment etc.) are taken into account as well. This report does not constitute an offer to purchase or sell securities. The information contained herein is not a complete analysis of every material fact regarding the respective company, industry or security. This report may contain forward-looking statements, which involve risks and uncertainties, does not guarantee future performances whatsoever and is, accordingly, subject to change. Though the information and opinions contained in this report are based on sources believed to be reliable, neither Centrobank nor RBIM has independently verified the facts, assumptions and estimates contained in this report. Accordingly, no representation or warranty, expressed or implied, is made to, and reliance should not be placed on, the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Although the opinions and estimates stated reflect the current judgment of Centrobank and RBIM, opinions and estimates are subject to change without notice. This report is being furnished to you for informational purposes only and investors should consider this report as only a single factor in making their investment decision. Investors must make their own determination of the appropriateness of an investment in any securities referred to in this report based on the tax, or other considerations applicable to such investor and its own investment strategy.

Investment Risks

Investments in securities generally involve various and numerous risks and may even result in the complete loss of the invested capital. This report does not take into account the investment objectives, financial situation or particular needs of any specific client of RBIM. Before making an investment decision on the basis of this report, the recipients of this report should consider whether this report or any information contained herein are appropriate or suitable with regard to their own investment needs, objectives and suitability. Any recommendation contained in this report may not be suitable for all investors. Past performance of securities and other financial instruments

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Acknowledgements

are not indicative of future performance. RBIM can be neither a price guarantor nor an insurer of market conditions.

For individual company report:

Given the cyclical nature of the sector in which this company, Wolford, operates, consumer cyclicals can be regarded as very volatile. The main risks are the overall health of the global economy as well as the macroeconomic conditions of the countries the companies operate in. This also includes currency, interest rate and political risks. In addition, fashion trends and brand perception by consumers and changes of consumer behavior are among sector specific risks. Changes in the regulatory environment may limit the scope and profitability of the business and require additional expenditures or capital. Finally, given the volatility of input and product prices and the high capital intensity of this industry, it is crucial to evaluate counterparty risk to mitigate default risk.

For sector report:

Given the cyclical nature of this sector, consumer cyclicals can be regarded as very volatile. The main risks are the overall health of the global economy as well as the macroeconomic conditions of the countries the companies operate in. This also includes currency, interest rate and political risks. In addition, fashion trends and brand perception by consumers and changes of consumer behavior are among sector specific risks. Changes in the regulatory environment may limit the scope and profitability of the business and require additional expenditures or capital. Finally, given the volatility of input and product prices and the high capital intensity of this industry, it is crucial to evaluate counterparty risk to mitigate default risk.

This report may discuss numerous securities, some of which may not be qualified for sale in certain states and may therefore not be offered to investors in such states. This document should not be construed as providing investment advice. Investing in non-U.S. securities, including ADRs, involves significant risks such as fluctuation of exchange rates that may have adverse effects on the value or price of income derived from the security. Securities of some foreign companies may be less liquid and prices more volatile than securities of U.S. companies. Securities of non-U.S. issuers may not be registered with or subject to Securities and Exchange Commission reporting requirements; therefore, information regarding such issuers may be limited.

This report and the contents therein are the copyright product, and property of, RBIM or Centrobank. It is intended solely for those to whom RBIM directly distributes this report. Any reproduction, republication dissemination, and/or other use of this report by any recipient of it, or by any third party, without the express written consent of RBIM, is strictly prohibited.

U.S. persons receiving the research and wishing to effect any transactions in any security discussed in the report should do so through RBIM, and not the issuer of the research.

Centrobank is a stock corporation, incorporated under the laws of the Republic of Austria and registered in the companies register of the commercial court in Vienna, Austria. The principal executive office of Centrobank is at Tegetthoffstraße 1, 1010 Vienna, Austria. The shares of Centrobank are not listed on any stock exchange.

Centrobank strives to offer a wide spectrum of services and products associated with stock, derivatives, and equity capital transactions. The services being offered by Centrobank include (i) Securities Trading & Sales and Treasury, (ii) Equity Capital Markets, (iii) Private Banking, (iv) Credit Department and (v) Other Departments and Commodity Trading, which contain Private Equity and Countertrade departments of Centrobank. **U.S. persons receiving the research and wishing to effect any transactions in any security discussed in the report should do so through RBIM, and not the issuer of the research.**

Centrobank's research department (non-cash generating unit) covers Austrian and Eastern European companies from the business fields: steel & materials, industry, banking, construction and building materials, IT & technology, oil & gas, real estate, telecommunications, utilities and cyclical and defensive consumer sectors. In addition, Centrobank covers a range of services to be provided in connection with mergers and acquisitions as well as privatisations. In addition to the core business of Centrobank, its currently wholly owned subsidiary, Centrotrade Holding AG, is active in commodities trading. **U.S. persons receiving this research report and wishing to effect any transactions in any security discussed in this report should do so through RBIM, and not the issuer of this research report.**

Responsible Supervisory Authority of Raiffeisen Centrobank AG:
Financial Market Authority (FMA), Otto-Wagner-Platz 5, 1090 Vienna, Austria

Footnotes

The following disclosures apply to the security when stated under the applicable disclosures section (RB International Markets (USA) LLC is hereinafter being referred to as "RBIM"):

10. RBIM, or an affiliate, has acted as manager, co-manager, or underwriting participant of a public offering for this company in the past twelve (12) months.
11. RBIM, or an affiliate, has performed investment banking, capital markets, or other comparable services for this company or its officers in the past twelve (12) months.
12. RBIM, or an affiliate, expects to receive or intends to seek compensation for investment banking services from the subject company in the next three (3) months.
13. Securities, or derivatives thereof, of this company are owned either directly by the securities analyst, or an affiliate, covering the stock, or a member of his/her team, or indirectly by the household family members.
14. An officer, or a household family member of an officer, of RBIM, or an affiliate, is a director or an officer of the company.
15. RBIM, or an affiliate, beneficially owns 1% or more of any class of this company(ies) common equity.

Applicable disclosures: No disclosures

RBIM's ultimate parent company is Raiffeisen Bank International AG ("RBI") (Vienna Stock Exchange; ticker RBI AV). RBI is a corporate investment bank and domiciled in Austria. For 25 years RBI has been operating in Central and Eastern Europe (CEE), where it maintains a network of subsidiary banks, leasing companies and numerous financial service providers in currently 17 markets. As a result of its position within Austria and CEE, RBI has an established course of dealing, stretching in some cases over many decades, with participants in the following industries: oil & gas, technology, utilities, real estate, telecommunications, financials, basic materials, cyclical and non-cyclical consumers, healthcare and industrials. Although RBI or its affiliated entities may have concluded transactions for products or services (including but not limited to investment banking services) with the subject company, Wolford, or companies in the past 12 months, no employee of RBI or of its affiliates has the ability to influence the substance of the research reports prepared by the research analysts of Centrobank or RBIM.

RBIM is a broker-dealer registered with the SEC, FINRA and SIPC.

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Raiffeisen Centrobank AG - Your contacts

A-1015 Vienna, Tegetthoffstrasse 1, Internet: <http://www.rcb.at>

Sales & Sales Trading

Tel.: +43/1515 20-0

Klaus della Torre (Head)

dellatorre@rcb.at

European Institutional Sales

Anton Agafonov
agafonov@rcb.at

Ozgur Guyuldar
guyuldar@rcb.at

Reinhard Haushofer
haushofer@rcb.at

Anita Hunkar
hunkar@rcb.at

György Karolyi
karolyi@rcb.at

Albert Khusainov
khusainov@rcb.at

Juliusz Mozdierz
mozdierz@rcb.at

Tomislav Pasalic
pasalic@rcb.at

Tomasz Sachajko +48/22322 2393
tomasz.sachajko@raiffeisen.pl

Jacek Szczepanski +48/22368 9266
jacek.szczepanski1@raiffeisen.pl

Salestrading Blocktrades

ext. 472 Günter Enghart (DMA)
enghart@rcb.at

ext. 493 Robert Hein
hein@rcb.at

ext. 336 Michael Kriechbaum
kriechbaum@rcb.at

ext. 477 Cedric Monnier (DMA)
monnier@rcb.at

ext. 496 Lana Soldo (DMA)
soldo@rcb.at

ext. 437 Daniel Stippl (DMA)
stippl@rcb.at

ext. 471 Theodor Till (DMA)
till@rcb.at

ext. 436 Stefan Waidhofer
waidhofer@rcb.at

ext. 435 Christof Wallner
wallner@rcb.at

ext. 435

ext. 268

ext. 476

ext. 464

ext. 466

ext. 485

ext. 458

ext. 498

ext. 463

ext. 457

Company Research AT/PL

Austria

Stefan Maxian (Head)

maxian@rcb.at

ext. 707 Daniel Damaska
damaska@rcb.at

ext. 712 Natalia Frey
frey@rcb.at

ext. 714 Oleg Galbur
galbur@rcb.at

ext. 703 Mario Gallop
gallop@rcb.at

ext. 706 Bernd Maurer
maurer@rcb.at

ext. 718 Markus Remis
remis@rcb.at

ext. 709 Teresa Schinwald
schinwald@rcb.at

ext. 713 Jovan Sikimic
sikimic@rcb.at

ext. 708 Iryna Trygub-Kainz
trygub@rcb.at

Poland

Jakub Krawczyk
krawczyk@rcb.at

ext. 716 Bartłomiej Kubicki
kubicki@rcb.at

Dominik Niszc
niszcz@rcb.at

Tel.: +43/1515 20-0

ext. 710

ext. 707

ext. 712

ext. 714

ext. 703

ext. 706

ext. 718

ext. 709

ext. 713

ext. 708

Tel.: +43/1515 20-0

ext. 711

ext. 716

+48/22585 2630

Company Research CEE

Croatia

Tel.: +385/16174-0

ext. 870 Nada Harambašić Néreau
nada.harambasic-nereau@rba.hr

ext. 707

Romania Tel.: +40/21306-0
ext. 1202 Iuliana Mocanu (Head)
iuliana-simona.mocanu@raiffeisen.ro

ext. 712

ext. 1239 Alexandru Combei
alexandru.combei@raiffeisen.ro

ext. 714

ext. 1229 Catalin Diaconu
catalin.diaconu@raiffeisen.ro

ext. 703

Russia Tel.: +7/495 221
ext. 9852 Natalya Kolupaeva
natalya.kolupaeva@raiffeisen.ru

ext. 9851

ext. 9851 Fedor Kornachev
fedor.kornachev@raiffeisen.ru

ext. 9838

ext. 9838 Sergey Libin
sergey.libin@raiffeisen.ru

ext. 9849

ext. 9849 Andrey Polischuk
andrey.polischuk@raiffeisen.ru

ext. 9842

ext. 9842 Konstantin Yuminov
konstantin.yuminov@raiffeisen.ru