

**Welcome to the
27th Annual General
Meeting of
WOLFORD AG
on September 18, 2014,
at 1:00 pm in Bregenz**

Agenda of the 27th Annual General Meeting



- 1) Presentation of the approved Annual Financial Statements according to the Austrian Commercial Code ("Austrian GAAP") as of April 30, 2014 including the Notes and the Management Report thereto, the Corporate Governance Report, the Consolidated Financial Statements according to IFRS as of April 30, 2014 including the Consolidated Notes and the Consolidated Management Report thereto as well as the Report of the Supervisory Board for the 2013/14 financial year according to section 96 of the Austrian Stock Corporation Act ("AktG") as well as the report about the balance sheet result set out in the Annual Financial Statements as of April 30, 2014 according to Austrian GAAP
- 2) Resolution on the appropriation of the balance sheet result as of April 30, 2014
- 3) Resolution on the release of the members of the Management Board from liability for the 2013/14 financial year
- 4) Resolution on the release of the members of the Supervisory Board from liability for the 2013/14 financial year
- 5) Resolution on determining the remuneration for the members of the Supervisory Board as of the 2013/14 financial year
- 6) Resolution on the extension of the time limit for the realization of 100,000 treasury shares to September 6, 2017 in accordance with the resolution passed at the Annual General Meeting on September 6, 1999
- 7) Election of the statutory auditor for the Annual Financial Statements according to Austrian GAAP and the Consolidated Financial Statements according to IFRS for the 2014/15 financial year

TOP 1:

Presentation of the approved Annual Financial Statements according to the Austrian Commercial Code (“Austrian GAAP”) as of April 30, 2014 including the Notes and the Management Report thereto, the Corporate Governance Report, the Consolidated Financial Statements according to IFRS as of April 30, 2014 including the Consolidated Notes and the Consolidated Management Report thereto as well as the Report of the Supervisory Board for the 2013/14 financial year according to section 96 of the Austrian Stock Corporation Act ("AktG") as well as the report about the balance sheet result set out in the Annual Financial Statements as of April 30, 2014 according to Austrian GAAP

Report of the Management Board on TOP 1



The 2013/14 Financial Year: Group and Individual Financial Statement

Strategic Refocusing

Report on the First Quarter of 2014/15 (May – July 2014)

Outlook on 2014/15 und Goals



**The 2013/14 Financial Year
Consolidated Financial
Statements (IFRS)**

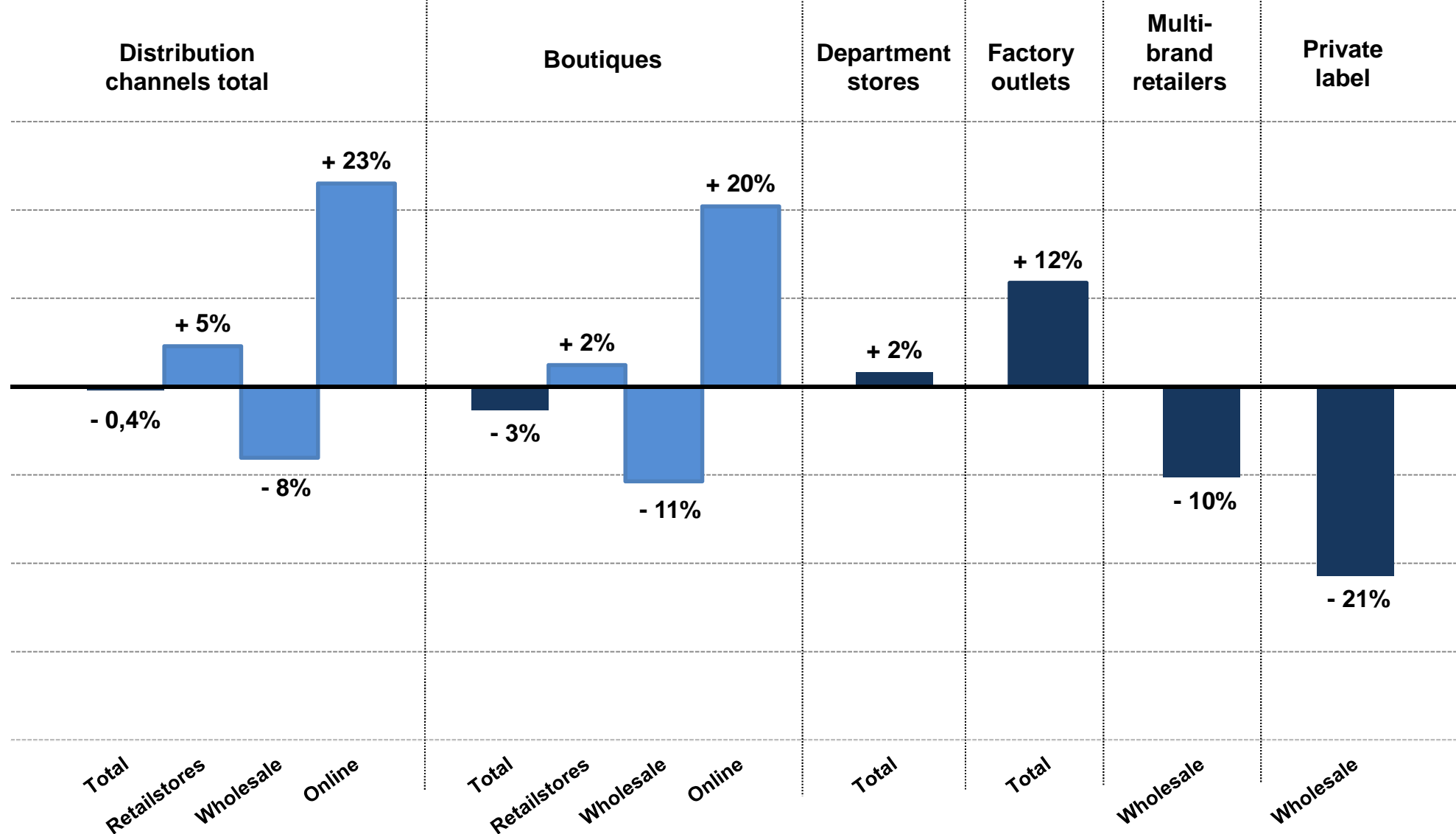
The 2013/14 Financial Year

- ▶ **FX-adjusted revenues rise by approx. 1%**
 - ▶ Negative foreign exchange effects of approx. € 2 million, primarily from USD and GBP
 - ▶ Total revenues of € 155.87 million at prior year level (-0.4%)
 - ▶ Growth in Retail (+5%) and Online (+23%), declines in Wholesale (-8%)
 - ▶ Retail business with 2% like-for-like increase
- ▶ **Adjusted operating results and earnings after tax at prior year level**
 - ▶ Non-recurring expenses of € 3.76 million
- ▶ **Remarkably positive operating cash flow and solid balance sheet structure**
- ▶ **Progress with strategic refocusing**
 - ▶ New management culture and incentive system established
 - ▶ Product portfolio adjusted starting with Fall-Winter 2015/16 collection
 - ▶ Marketing activities reoriented and substantially expanded
 - ▶ Monobrand network adjusted and selectively increased
 - ▶ Ongoing optimization of processes and organizational structures

Revenues by Distribution Channel



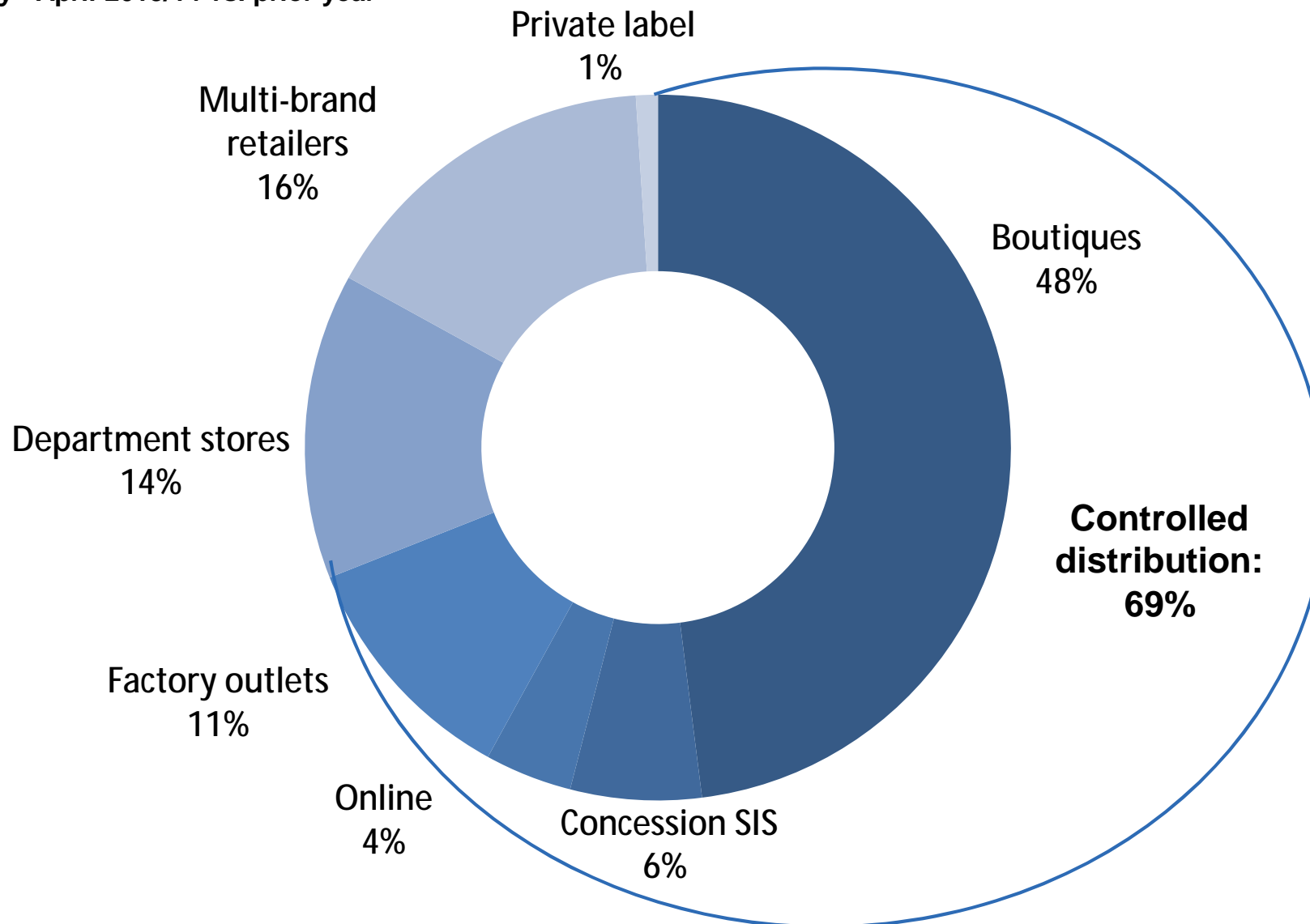
May 2013 – April 2014 vs. prior year



Revenues by Distribution



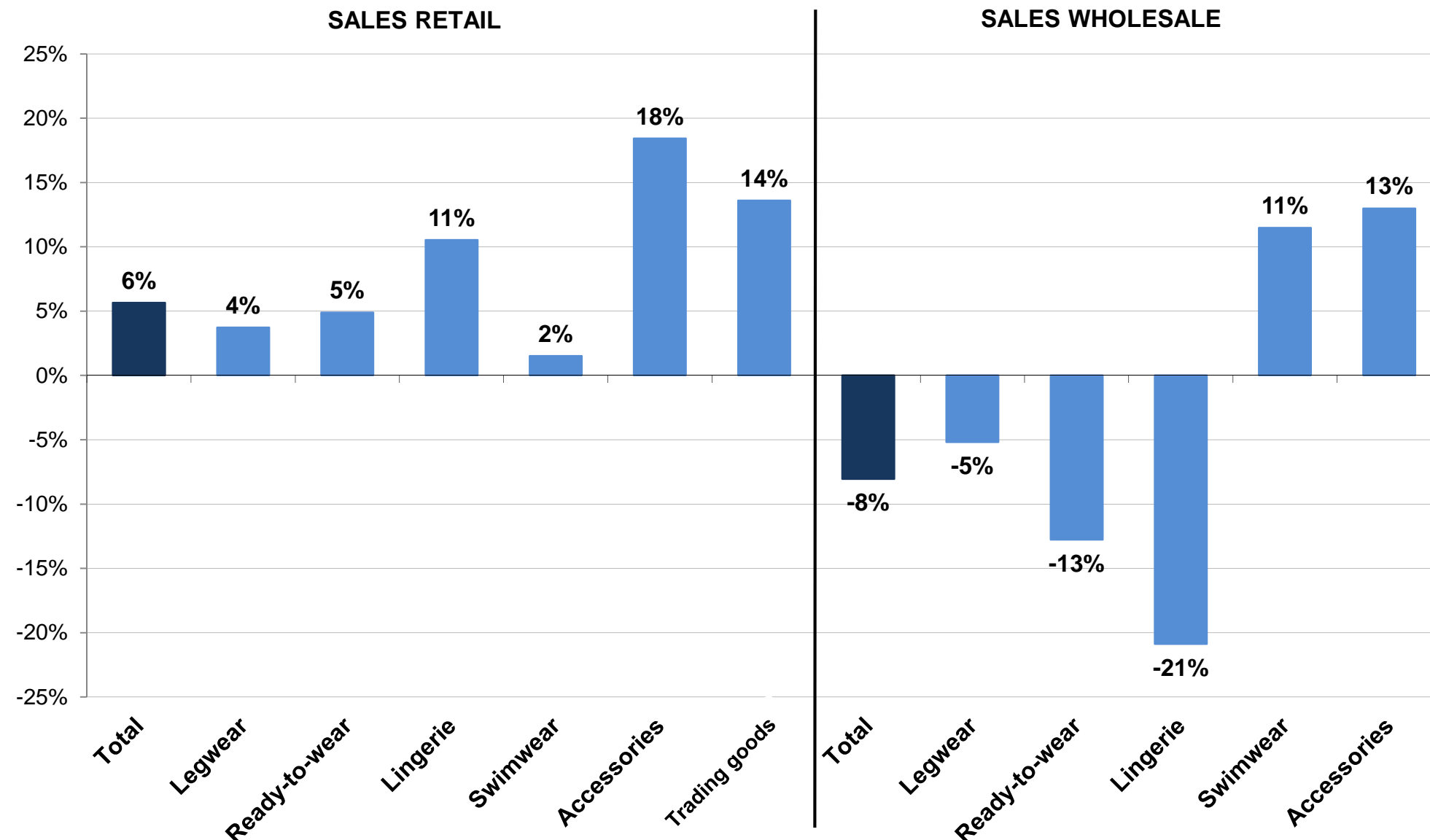
May - April 2013/14 vs. prior year



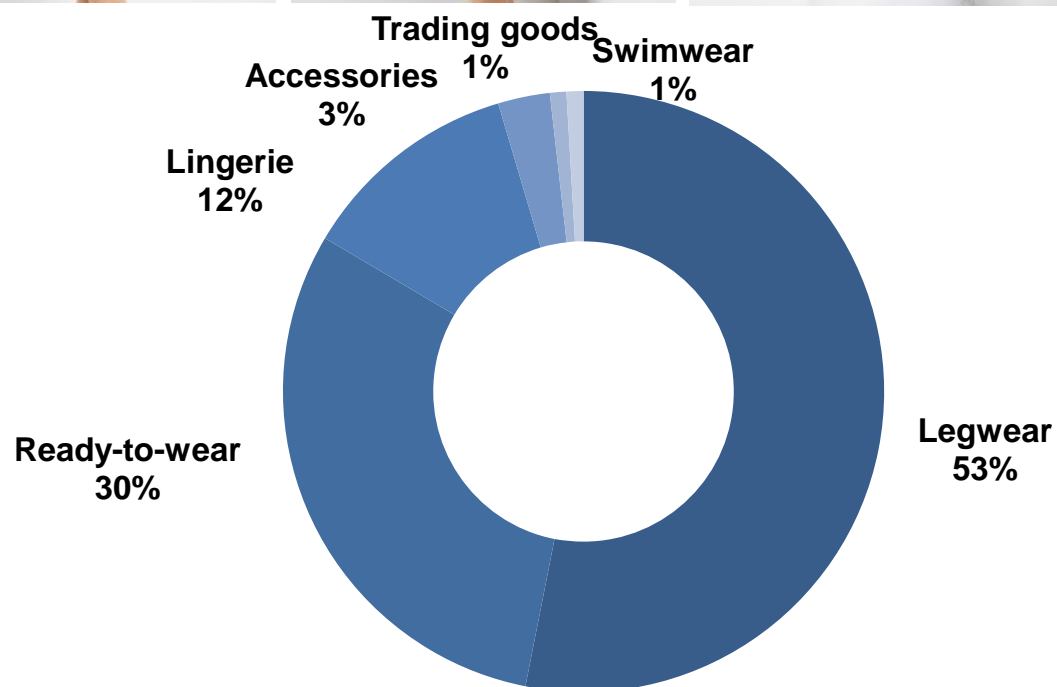
Revenue Development by Product Group



May - April 2013/14 vs. prior year



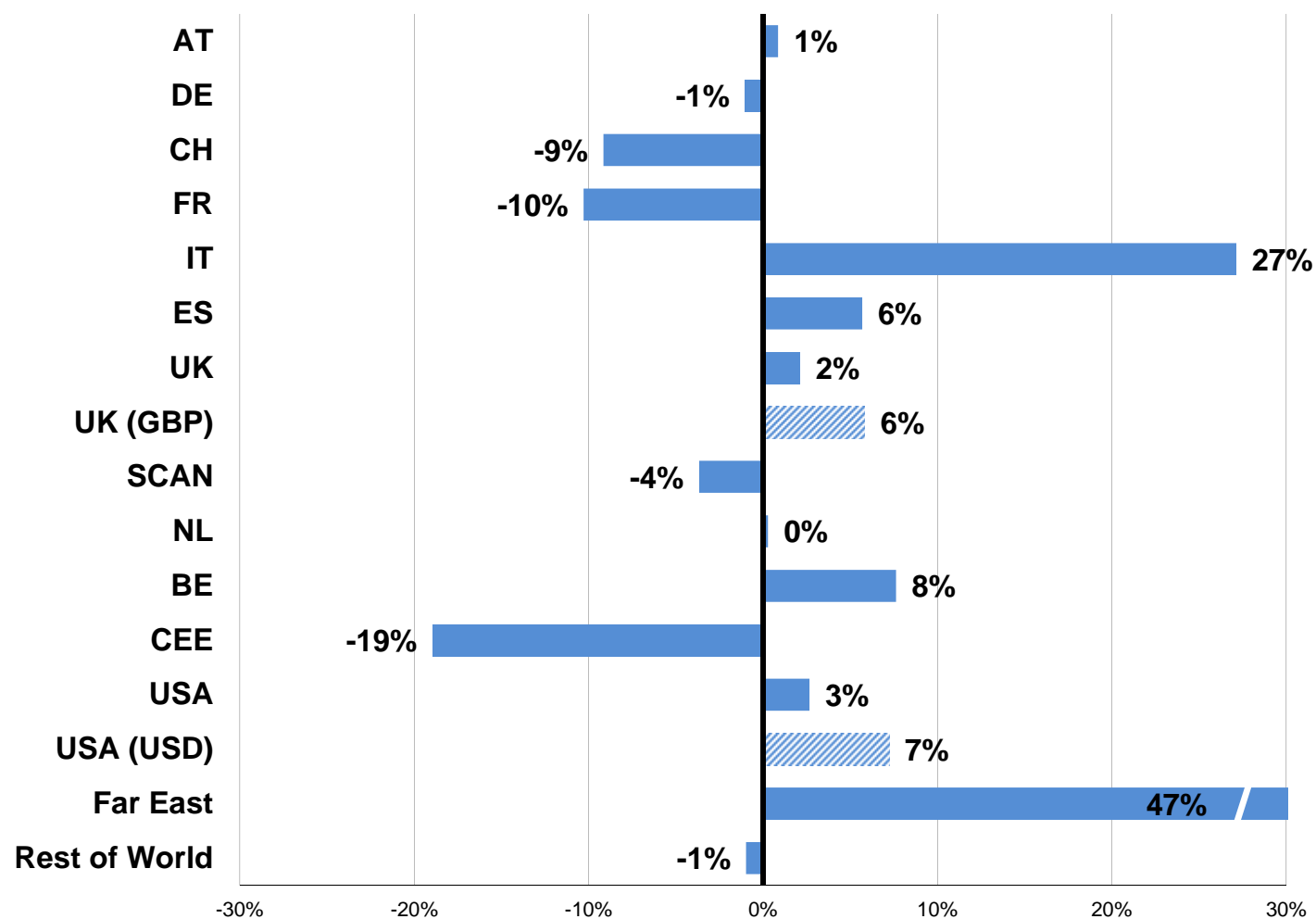
Revenues by Product Group



Revenue Development by Market



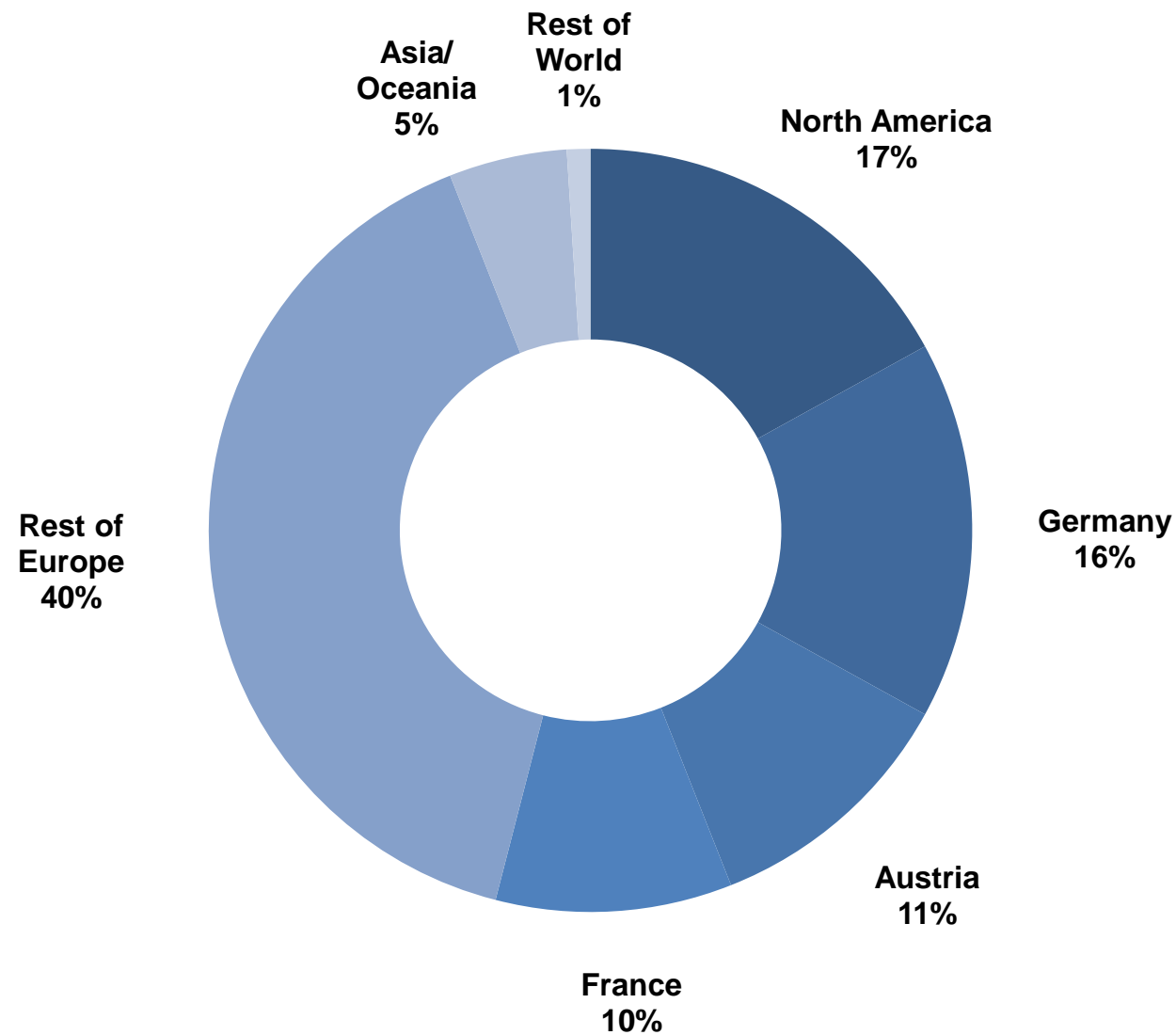
May - April 2013/14 vs. prior year



Revenues by Market



May 2013 – April 2014



Analysis of Results

- ▶ **Total revenues of €155.87 million at prior year level (-0.4%)**
- ▶ **Slight decline in workforce**

- ▶ **Adjusted EBIT of €-0.97 million at prior year level**
 - ▶ Despite inflation-based cost increases
 - ▶ Process optimization generates approx. €2 million of savings
 - ▶ Marketing expenses increased from €6.6 million to €8.0 million

- ▶ **Non-recurring expenses (= one-off effects of refocusing) of €3.76 million reduce EBIT to €-4.72 million as expected**
 - ▶ Closing of Wolford-owned points of sale: €-1.41 million
 - ▶ Concept and strategy changes: €-1.16 million
 - ▶ Severance compensation: €-0.94 million
 - ▶ Relocation of production: €-0.25 million

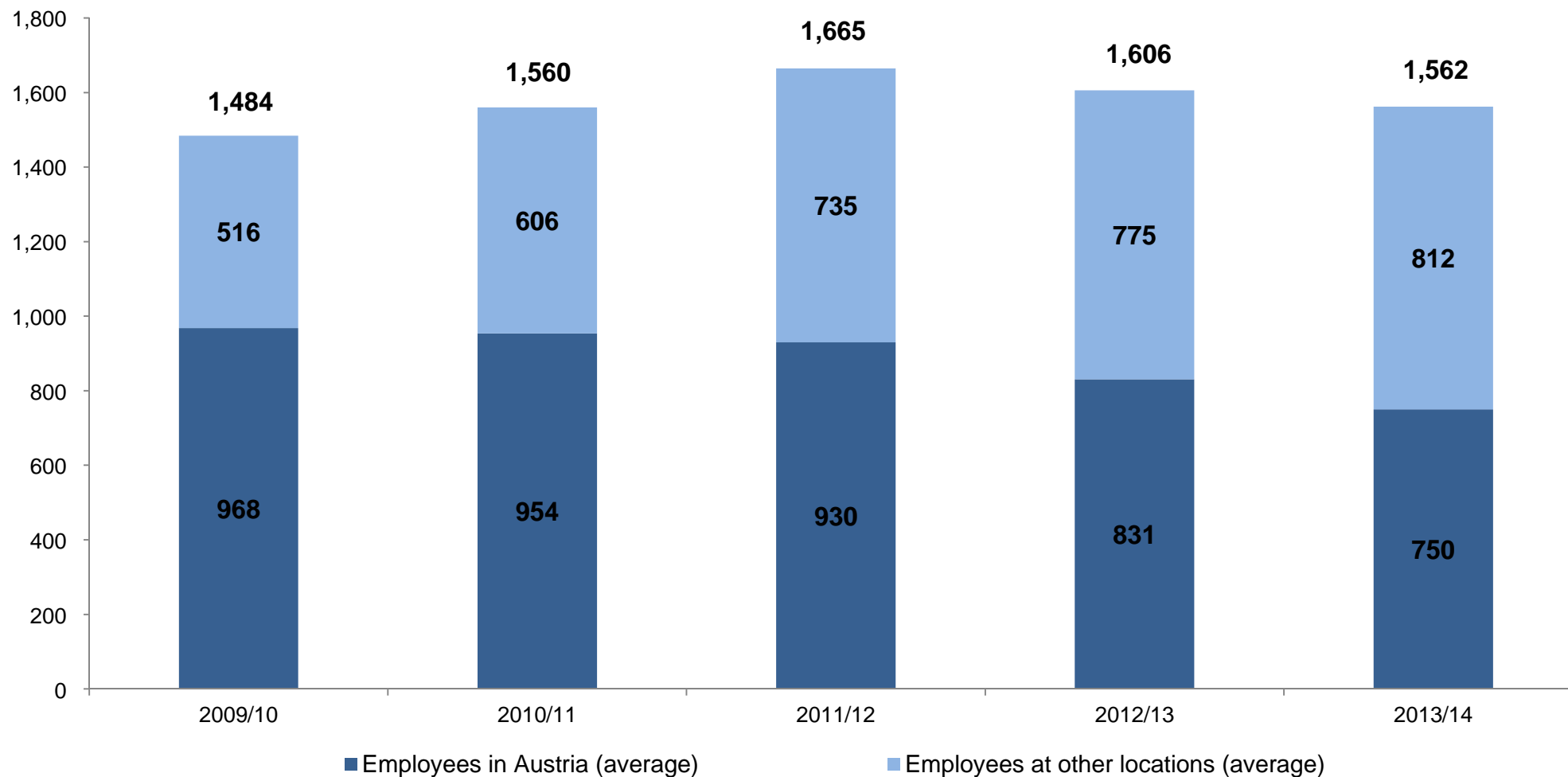
- ▶ **Earnings after tax of €-2.81 million also at prior year level**

Group Earnings Data



in €mill.	2013/14	2012/13	Chg. in %
Revenues	155.87	156.47	-0.4
EBITDA adjusted	7.11	7.90	-10
EBIT adjusted	-0.97	-0.91	-7
Non-recurring expenses	-3.76	0	-
EBIT	-4.72	-0.91	> 100
Earnings before tax	-5.89	-2.25	> 100
Earnings after tax	-2.81	-2.76	-2
Employees (FTE on average)	1,562	1,606	-3

Average Number of Employees (FTE)



► Strong operating cash flow in spite of earnings decline

- Operating cash flow at € 6.30 million (prior year: € 6.31 million), above all through further reduction in inventories
 - Working capital to revenues reduced from 24.6% to 21.6%
- Higher investments (above all in expansion of distribution) lead to slightly negative free cash flow of € -0.97 million (prior year: € 0.48 million)

► Continued solid balance sheet structure as of April 30, 2014

- Equity ratio at 54% (prior year: 55%)
- Gearing at 23% (prior year: 20%)
- Net debt to adjusted EBITDA at 2.4 years (prior year: 2.0 years)

► Financing for strategic refocusing secured

- Internally from cash flow, sale of land (€ 6.71 million) and lease option (€ 4.04 million)
- Longstanding good bank relations and sufficient unused credit lines

Group Balance Sheet Data



in €mill.	30.04.2014	30.04.2013	Chg. in %
Equity	74.38	78.15	-5
Net debt	17.04	15.96	+7
Working capital	33.72	38.49	-12
Balance sheet total	138.12	142.32	-3
Equity ratio	53.9%	54.9%	-
Gearing	22.9%	20.4%	-
Working capital to revenues	21.6%	24.6%	-
Net debt to adjusted EBITDA	2.4	2.0	-
Interest cover (adj. EBITDA to net interest cost)	11.0	9.3	-



**The 2013/14 Financial Year
Individual Financial
Statements (Austrian
Commercial Code) of
Wolford AG**

Individual Financial Statements 2013/14 (Austrian Commercial Code) of Woford AG

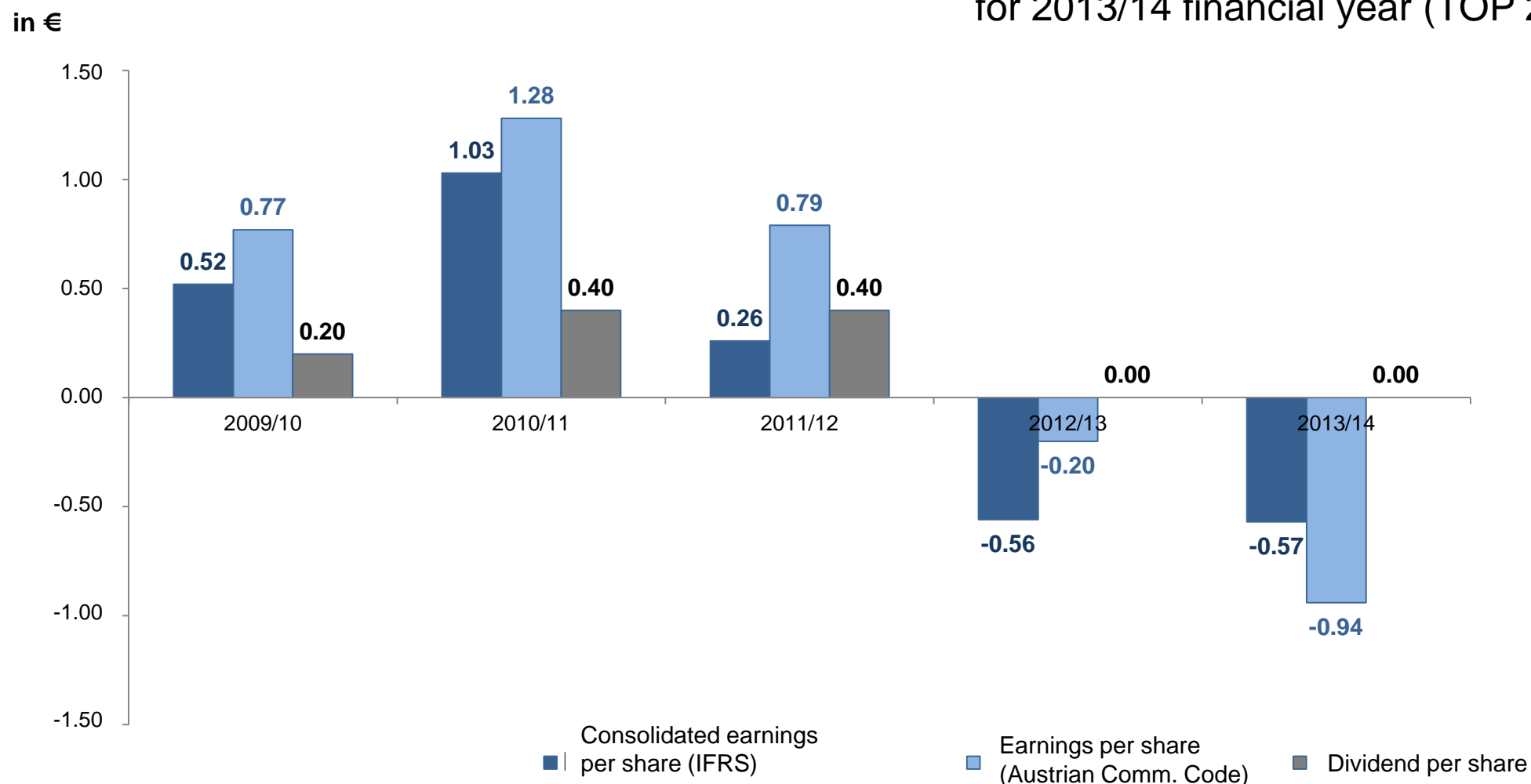


	2013/14 TEUR	2012/13 TEUR
Revenues	92,154	95,611
Change in inventories of finished goods and work-in-process	-3,010	-744
Other own work capitalized	43	101
Other operating income	5,874	7,010
Cost of materials and other purchased production services	-30,170	-32,671
Personnel expenses	-45,243	-46,599
Depreciation and amortization	-5,014	-4,821
Other operating expenses	-20,071	-18,512
Operating profit	-5,437	-625
Financial results	<u>-349</u>	<u>-552</u>
Profit on ordinary activities	-5,786	-1,177
Income taxes	<u>1,201</u>	<u>215</u>
Loss for the year	<u>-4,586</u>	-961
Release of untaxed reserves	2	2
Profit carried forward from prior year	<u>12,581</u>	<u>13,541</u>
Total profit	<u><u>7,997</u></u>	<u><u>12,581</u></u>

Earnings and Dividend per Share



Recommendation to the 27th AGM on Sept.18, 2014:
Waiver of dividend due to negative results
for 2013/14 financial year (TOP 2)





Strategic Refocusing

Objectives of Strategic Refocusing



- ▶ Establishment of new **management culture and incentive system**
- ▶ Adjustment of **product portfolio** and sharpening of collection statement
- ▶ Reorientation of **market communications** in all areas and focus on **markets** with the best cost/benefit ratios
- ▶ Optimization of Monobrand **distribution**, relaunch of Wholesale and strengthening of E-Commerce
- ▶ **Innovation** as the strength of the brand
- ▶ Creation of a flexible, market-oriented **organization** and optimization of internal **processes**
- ▶ **Financing** from internal sources

Adjustment of Product Portfolio

- ▶ Adjustment of the product portfolio to create stronger ties to Legwear, the company's DNA, and to the target group
 - ▶ Based on the USPs of the brand
 - ▶ Expansion of Lingerie and Bodywear product lines (above all Shapewear), reduction of Clothing (Ready-to-wear) and exit from Swimwear with Spring-Summer 2015
 - ▶ Continuous updating of Essential collection with focus on functional and innovative products
 - ▶ Homogeneous style across all product groups
- ▶ Maintain basic price positioning and introduce modern products at attractive prices to address new target groups
- ▶ Volume growth to improve utilization of existing capacity and increase profitability

The Wolford Product



Wolford stands for elegant, comfortable and intelligent products. The elegant “underneath“ with the direct feeling, a caress on the skin and intelligent innovation create a type of body couture, a textile body cosmetic that defines its own niche with luxurious forms.

Die 7 Top-Accessoires

Unsere absoluten Favoriten für den Januar



Source: Elle Germany, issue 2012/13

Updating of the Product Line

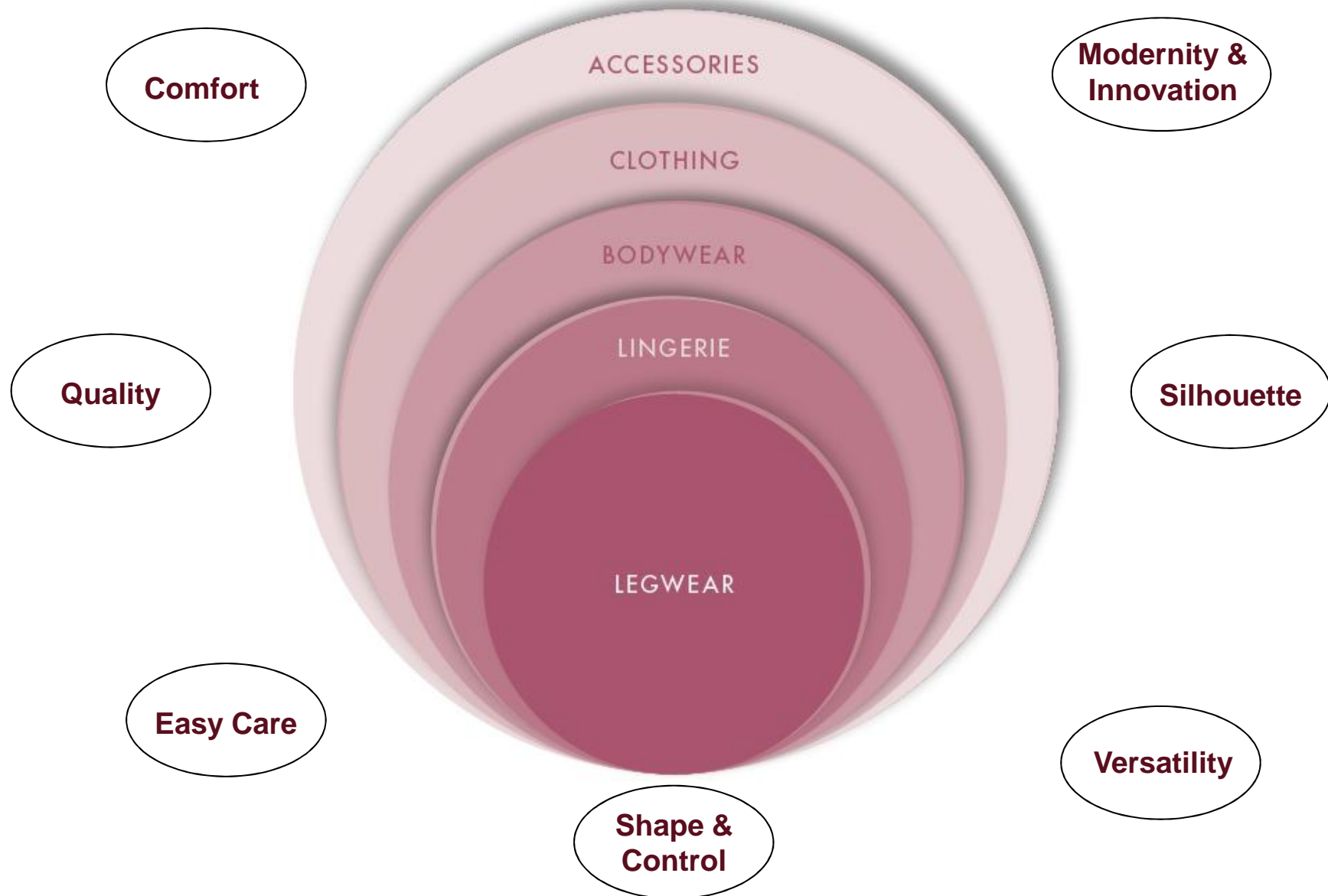


The fundamental values of the Wolford product line, which include comfort and elegance, as well as the cosmetic energy of Wolford products (intelligence) will be **updated with a modern look.**



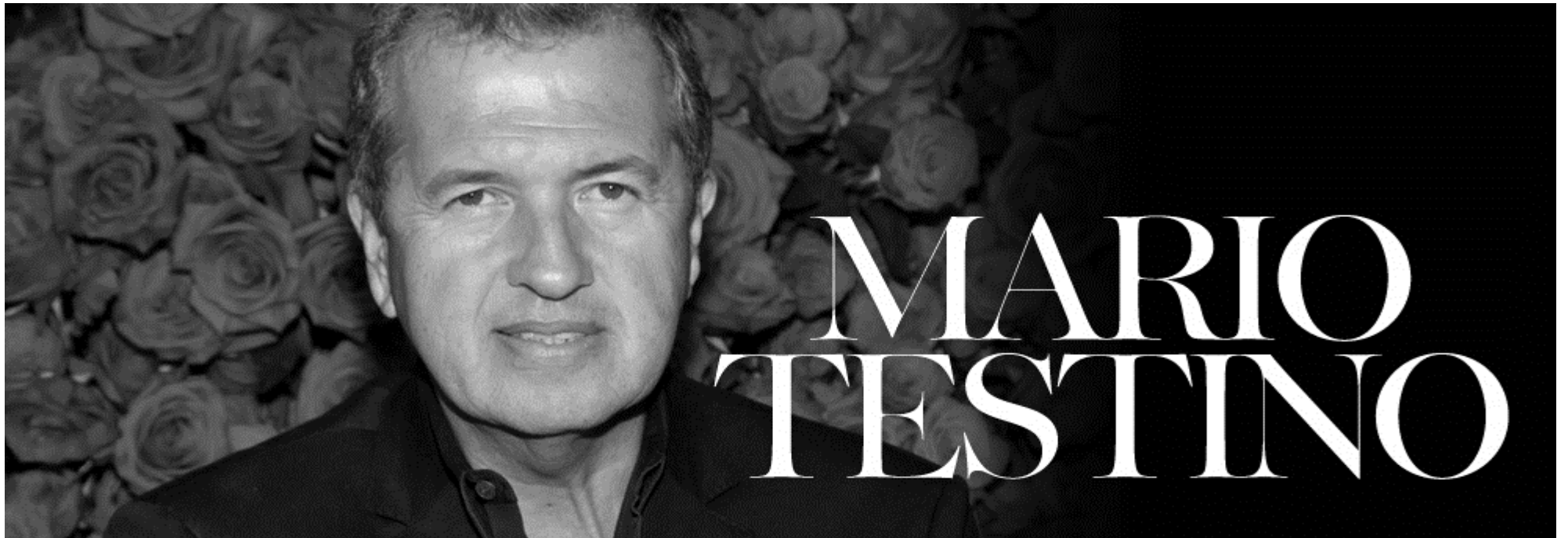
Anja Rubik, photographer Mario Testino, Vogue March 2014

Future Collection Concept



- ▶ Positioning of Wolford as a producer and brand in the niche of luxury legwear and figure-embracing products with a unique wearing experience
- ▶ Focus on markets with the best cost-benefit ratios
- ▶ Steady focus on the target group (“The Wolford Woman”) through specially designed communication measures and the collection’s unmistakable Wolford style
- ▶ Referral strategy complemented by traditional advertising, expansion of online marketing and brand lobbying through events
- ▶ Use of strong, target group-oriented imagery
- ▶ New shop concept and professional visual merchandising

- ▶ **Goal:** Modernization of the brand and increase in appeal
 - ▶ Substantial increase in marketing budget from €7.6 million in 2012/13 to €11.7 million in 2014/15 and €14.0 million in 2017/18



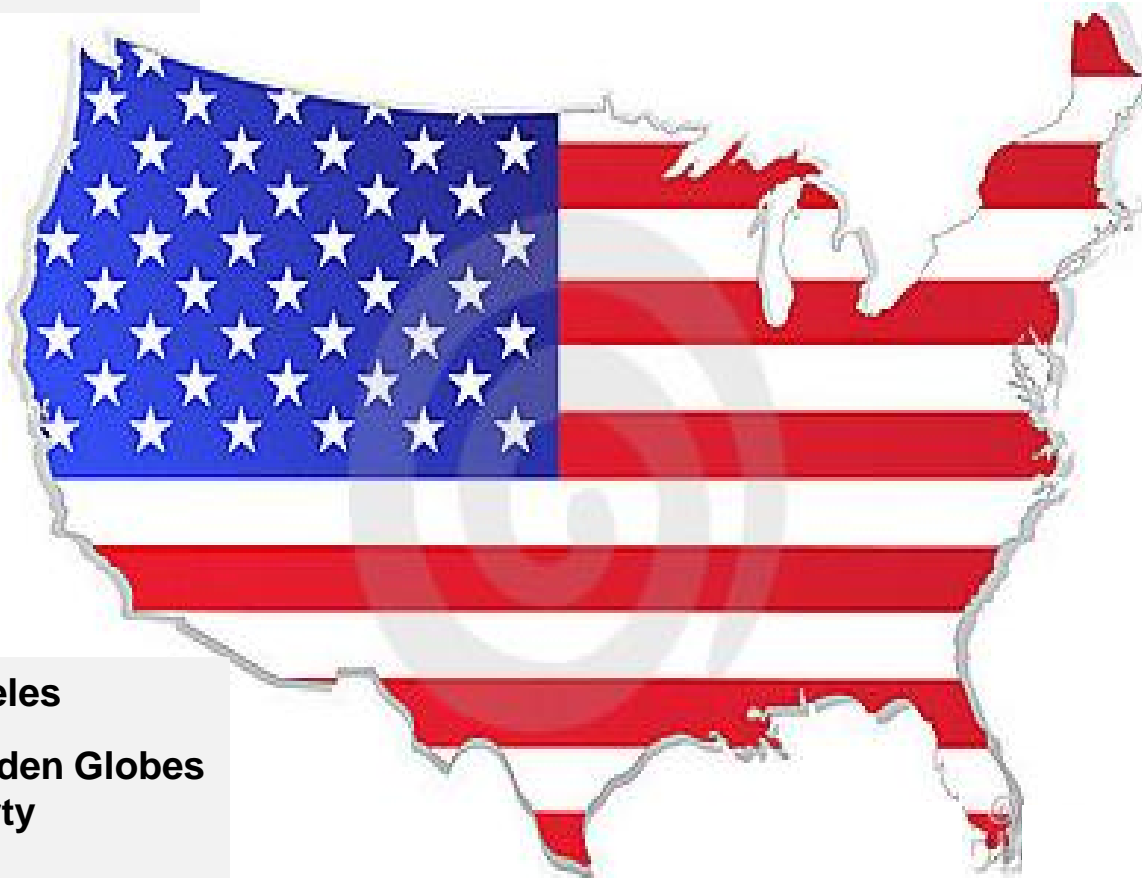
New Wolford Imagery



(Planned) Marketing Activities in the USA



- Print campaign:
Vogue, W Magazine,
WWD



Los Angeles

- Sponsoring **Golden Globes After Show Party**
Jan. 11, 2015
- Sponsoring **Oscar After Show Party**, Feb. 22, 2015

New York

- **Boutique Opening Event Soho**,
Sept. 18, 2014
- Pure 50 Tights Launch
Party “**Pure Movement**”, Oct. 2014
- Brand and product
placement **New York Fashion Week**, Sept.
2014 and Feb. 2015

(Planned) Marketing Activities in Europe



Great Britain

- Brand and product placement **London Fashion Week**, Feb. 2015
- Official sponsor **London Fashion Week**, Feb. 2015
- Print campaign: **Vogue** and trade magazines

France

- Brand and product placement **Paris Fashion Week**, Feb. 2015
- **Bus advertising** in Paris
- Print campaign: **Vogue, Elle, Marie Claire, Grazia**



Germany

- Print campaign: **Vogue, Instyle**

Austria

- Sponsor **Life Ball**, May 2014
- Sponsor **Bregenz Spring Event**, since 2008
- Sponsor **Bregenz Festival**, July/Aug. 2015

Italy

- **Pop-up store** main railway station in Milan, Oct. / Nov. 2014
- Brand and product placement, **Milan Fashion Week**, Feb. 2015
- **Boutique Opening Event** in Rome, June 18, 2014

- ▶ Balanced mix of partner-operated boutiques and Wolford-owned locations
- ▶ Increase in profitability of space and closing of unprofitable locations
- ▶ Further growth in Retail business with focus on top locations and expansion of E-Commerce
- ▶ Boutique openings at strategic locations (completed and planned)
 - ▶ Jun. 2013: K11, Shanghai, CN
 - ▶ Jul. 2013: Linate Airport, Milan, IT
 - ▶ Oct. 2013: Vienna Airport, Terminal 3, A and Via Frattina, Rome, IT
 - ▶ Nov. 2013: Canary Wharf, London, GB
 - ▶ Dec. 2013: Grand Gateway, Shanghai, CN and Rue de Sèvres, Paris, FR
 - ▶ Apr. 2014: Marylebone High Street, London, GB
Harbour City, Hong Kong (relocation)
 - ▶ Jun. 2014: Soho, New York, US (relocation)
 - ▶ Sep. 2014: Paseo de Gracia, Barcelona, ES
 - ▶ Oct. 2014: Via Calzaiuoli, Florence, IT and Freßgass', Frankfurt, DE

Strengthening of Wholesale Business



- ▶ Expansion of Wolford-operated sales space e.g. through
 - ▶ Concession shop-in-shops
 - ▶ CoAff partners
- ▶ Establishment of regional showrooms for the presentation of collections and to support/improve purchasing processes
- ▶ Expansion – with parallel adjustment – of multi-brand distribution with a focus on premium stores

Innovation as the Strength of the Brand



- ▶ Product innovation is decisive for the company's success
- ▶ Focus on internal development and resource distribution in production on the core expertise of Legwear, Lingerie, Bodywear
- ▶ Establishment of a structured innovation process
- ▶ Strengthening of competitive ability through investments in product development and process technology

Innovations / Examples

- ▶ Pure Series: thinner and more modern seams, cut edges, Pure 50: world's first glued tights (patent registered)
- ▶ Sheer Touch: innovative material and maximum wearing comfort
- ▶ Shape & Control: figure-shaping lingerie in three strengths, more than 60 products available
- ▶ New developments for classic products, e.g. Fatal Wool Dress
- ▶ Jewellery Tights Limited Edition: creation of attractiveness, exclusive product with high attention factor



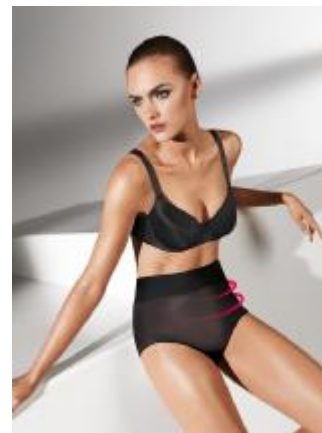
Pure Shirt



Pure 50 Tights



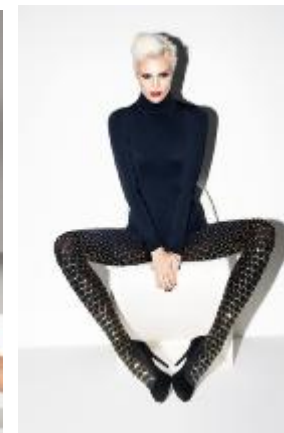
Sheer Touch



Shape & Control



Fatal Wool Dress



Jewellery Tights

- ▶ Appointment of a creative director with responsibility for
 - ▶ the creative and stylistic design of the product line
 - ▶ the homogeneous design of the brand's visual appearance from imagery to the POS
 - ▶ the creative design of future product line concepts
- ▶ Clear focus of the central sales organization on the following sales channels:
 - ▶ Retail
 - ▶ Wholesale
 - ▶ Online
- ▶ Strengthening of the marketing organization
 - ▶ Creation of a trade marketing position
 - ▶ Sales-oriented strengthening of brand/product management
- ▶ Finalization of the location concept for Bregenz (AT) / Murska Sobota (SI)
 - ▶ Focus of Bregenz on product development, textile production and headquarters
 - ▶ Establishment of Murska Sobota as a manufacturing center

Financing from Internal Sources



- ▶ Sale of non-core land in Bregenz for net proceeds of €6.71 million and a book gain of €3.37 million in Q1 2014/15
- ▶ Sale of a lease option for a location in Switzerland for net proceeds/pre-tax gain of €4.04 million in Q1 2014/15
- ▶ Further €10.7 million reduction in net debt through these sales



Report on the First Quarter of 2014/15

Group Earnings Data: May – July 2014



		Q1 2014/15	Q1 2013/14	Chg. in %
Revenues	in € mill.	31.91	32.28	-1.1
EBITDA adjusted ¹⁾	in € mill.	1.94	-3.19	>100
EBIT adjusted ¹⁾	in € mill.	-0.17	-5.18	+97
EBIT	in € mill.	3.02	-5.18	>100
Earnings before tax	in € mill.	2.79	-5.49	>100
Earnings after tax	in € mill.	1.49	-4.35	>100
Employees (on average)	FTE	1,555	1,564	-1

1) Adjusted for €3.37 million of non-recurring income and €0.19 million of non-recurring expenses in Q1 2014/15

Group Balance Sheet Data (July 31, 2014)



		31.07.2014	31.07.2013	Chg. in %
Equity	in € mill.	75.99	73.72	+3
Net debt	in € mill.	17.95	28.80	-38
Working capital	in € mill.	38.11	43.26	-12
Balance sheet total	in € mill.	142.54	147.96	-4
Equity ratio	in %	53.3	49.8	-
Gearing	in %	23.6	39.1	-

Status Monobrand Locations



- ▶ **As of July 31, 2014: 267 Monobrand locations**
- ▶ **174 Wolford-owned locations (Retail)**
 - ▶ 116 boutiques (operated by Wolford)
 - ▶ 26 Factory outlets (operated by Wolford)
 - ▶ 32 Concession shop-in-shops (operated by Wolford)
- ▶ **93 Partner-managed locations (Wholesale)**
- ▶ **Approx. 3,000 additional selective trading partners**
- ▶ **Online shops in 15 countries**



Outlook on 2014/15 and Goals

Short-term:

- ▶ **Rapid return to profitability and dividend capability**
 - ▶ Increase in floor space profitability of the retail business
 - ▶ Relaunch of wholesale business
 - ▶ Increase in sales volumes to utilize available capacity
 - ▶ Optimization of internal processes and further cost savings
- ▶ **Operating turnaround (positive EBIT) in 2014/15**
 - ▶ Earnings target confirmed after sale of land and lease option

Long-term:

- ▶ **Sustainable and profitable revenue growth**
- ▶ **EBIT margin: 10%**

TOP 2:

Resolution on the appropriation of the balance sheet result as of April 30, 2014

Resolution Proposal TOP 2



The Management Board and Supervisory Board of Wolford AG propose to the Annual General Meeting that no dividend is distributed for the 2013/14 financial year from the balance sheet profit amounting to €7,997,404 and that the balance sheet profit is carried forward.

TOP 3:

Resolution on the release of the members of the Management Board from liability for the 2013/14 financial year

Resolution Proposal TOP 3



The Management Board and Supervisory Board of Wolford AG recommend that the Annual General Meeting approve the following proposal for this point of the agenda:

“The members of the Management Board of the company, i.e.

- *Axel DREHER, born on January 5, 1965*
- *Thomas MELZER, born on November 8, 1970 and*
- *Holger DAHMEN, born on February 29, 1960,¹⁾*

are hereby released from liability for their activities during the 2013/14 financial year.”

1) Holger Dahmen is no longer a member of the Management Board, but he served on this corporate body during the 2013/14 financial year and is therefore included in the above proposal.

TOP 4:

Resolution on the release of the members of the Supervisory Board from liability for the 2013/14 financial year

Resolution Proposal TOP 4



The Management Board and Supervisory Board of Wolfford AG recommend that the Annual General Meeting approve the following proposal for this point of the agenda:

“The members of the Supervisory Board of the company, i.e.

- *Theresa JORDIS, born on September 4, 1949, deceased on September 7, 2013 ²⁾*
- *Werner BALDESSARINI, born on January 23, 1945 ³⁾*
- *Emil FLÜCKIGER, born on October 25, 1939*
- *Antonella MEI-POCHTLER, born on May 17, 1958*
- *Claudia BEERMANN, born on October 24, 1966*
- *Birgit WILHELM, born on November 30, 1975*
- *Lothar REIFF, born on April 12, 1966*
- *Peter GLANZER, born on December 12, 1954*
- *Anton MATHIS, born on December 28, 1960*

are hereby released from liability for their activities during the 2013/14 financial year.”

2) Theresa Jordis deceased, but she served on this corporate body during the 2013/14 financial year and is therefore included in the above proposal.

3) Werner Baldessarini is no longer a member of the Supervisory Board, but he served on this corporate body during the 2013/14 financial year and is therefore included in the above proposal.

TOP 5:

Resolution on determining the remuneration for the members of the Supervisory Board as of the 2013/14 financial year

Resolution Proposal TOP 5



The Supervisory Board of Wolfford AG recommends that the Annual General Meeting approve the following proposal for this point of the agenda:

“The Supervisory Board members shall be granted remuneration which is effective until further notice, does not require approval on a yearly basis and is defined as follows:

In addition to the reimbursement of cash expenses for Supervisory Board duties relating to the four regular Supervisory Board meetings each financial year, every Supervisory Board member will receive a fixed remuneration: Chairman € 50,000, Deputy Chairwoman € 35,000, members € 25,000.

Members of committees furthermore receive:

- Audit Committee with two meetings per financial year: Chairwoman € 5,500 and members € 5,000 each*
- Strategy and Marketing Committee with two meetings per financial year: Chairman € 5,500 and members € 5,000 each*

Extraordinary meetings are remunerated with € 4,000 per member and meeting.”

TOP 6:

Resolution on the extension of the time limit for the realization of 100,000 treasury shares to September 9, 2017 in accordance with the resolution passed at the Annual General Meeting on September 6, 1999

- ▶ The company currently holds 100,000 as treasury stock, corresponding to 2% of the share capital
- ▶ Shares were acquired in 1999 on the basis of the authorization granted by the AGM held on September 6, 1999 for a stock option program via the stock market
- ▶ No stock option program has been implemented
- ▶ On the basis of the average purchase price (€ 46.64), the book value of these shares amounts to 4,664 TEUR
- ▶ No buy-back or buy-back program of the company is currently being implemented
- ▶ At present there is no valid authorization to buy back the company's treasury shares
- ▶ The company has held 100,000 of its treasury shares since the date of acquisition
- ▶ Up until now, the company has not disposed of its treasury shares, thus also not in the previous or current financial year
- ▶ The Annual General Meeting held on September 15, 2011 extended the deadline to dispose of the 100,000 treasury shares to March 6, 2015
- ▶ Proposal to 27th AGM to extend the deadline to dispose of the shares to September 6, 2017

Resolution Proposal TOP 6



The Management Board and Supervisory Board of Wolford AG recommend that the Annual General Meeting approve the following proposal for this point of the agenda:

“The deadline to dispose of 100,000 shares of treasury stock acquired in accordance with the resolution approved by the Annual General Meeting held on September 6, 1999 will be extended to September 6, 2017.”

TOP 7:

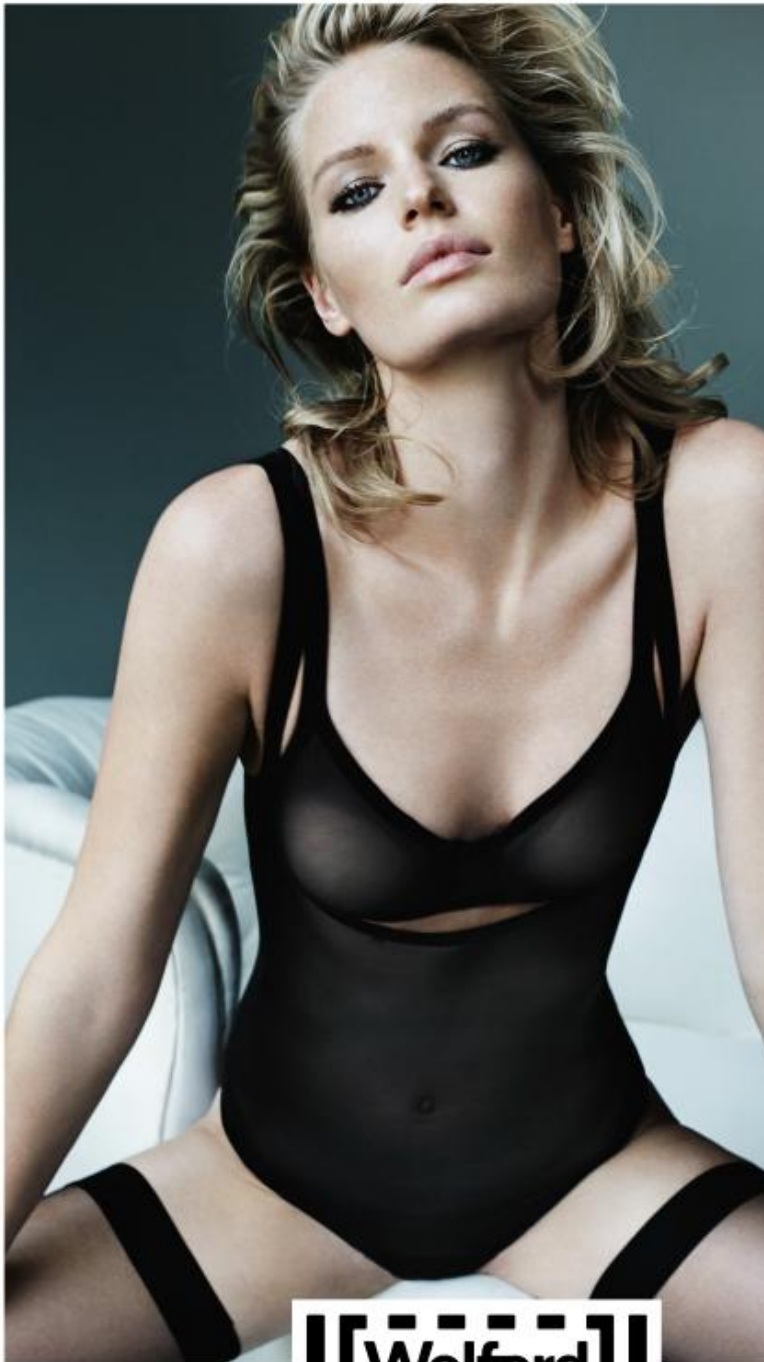
Election of the statutory auditor for the Annual Financial Statements according to Austrian GAAP and the Consolidated Financial Statements according to IFRS for the 2014/15 financial year

Resolution Proposal TOP 7



The Supervisory Board recommends that the Annual General Meeting approve the following proposal for this point of the agenda:

“Deloitte Audit Wirtschaftsprüfungs GmbH, Renngasse 1/Freyung, 1010 Vienna, is hereby appointed to audit the Annual Financial Statements according to Austria GAAP of the company for the 2014/15 financial year and the Consolidated Financial Statements according to IFRS for the 2014/15 financial year.”



[[Wolford]]

**Welcome
to your Wolford Boutique
and on
www.wolford.com
www.wolfordshop.at**



Financial Calendar and IR Information



Date	Event
December 12, 2014	Half-Year Report 2014/15
March 13, 2015	Q3 Report 2014/15
July 17, 2015	Publication of consolidated financial statements for 2014/15 and press conference
September 14, 2015	Q1 Report 2015/16
September 17, 2015	28 th Annual General Meeting
September 22, 2015	Ex-dividend day
September 24, 2015	First day of dividend payment
December 14, 2015	Half-Year Report 2015/16
March 18, 2016	Q3 Report 2015/16

IR Information

Wolfdorf AG	Vienna Stock Exchange: WOL
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