



Press Information

Sales and earnings in the first three quarters of the 2012/13 financial year

Wolford announces sales increase and profit decline in the first nine months of 2012/13

- **Sales up 2.5% to € 124.13 million**
- **Own retail stores show sales growth while wholesale business declines**
- **EBIT below expectations at € 3.65 million**
- **Solid asset and financial situation**
- **Slight sales growth and positive operating result expected for the entire financial year**

Vienna/Bregenz, March 15, 2013. Wolford AG, a publicly listed company on the Vienna Stock Exchange, increased its total sales by 2.5% in the first nine months of the current fiscal year (May 1, 2012 – January 31, 2013) from € 121.13 million to € 124.13 million. The EBIT decreased from € 9.66 million to € 3.65 million. “While the retail business in most of Wolford’s core geographic markets developed well, showing solid third-quarter growth of 4%, the wholesale sector remained quite restrained and in part reported a significant decline”, comments Holger Dahmen, Chief Executive Officer of Wolford AG. „Earnings failed to meet our expectations because of cost increases related to the targeted expansion of our international distribution network as well as higher marketing costs and rental fees“, CEO Dahmen continues.

Own stores and Online Business show sales growth while wholesale business declines

In the first nine months of the current fiscal year, the Wolford Group succeeded in growing sales by 2.5% or € 3.00 million to € 124.13 million. This is largely attributable to the positive development of Wolford’s own retail stores (own boutiques, factory outlets, concession shop-in-shops and online shops), which on balance achieved a 9% rise in sales. The Wolford Group also posted sales growth of 4% in the retail segment on a like-for-like basis. In general, Wolford-owned boutiques and online shops showed a very positive development, generating sales increases of 10% and 56% respectively.

In contrast the wholesale sector reported a decline of 4% in total. Wolford is counteracting the sales decline of its wholesale business by intensifying the cooperation with partners and retailers, where measure have already been taken.

From a regional perspective, sales developed positively in most of Wolford’s core geographic markets. Significant growth was achieved in the USA, Wolford’s strongest selling market. Wolford also succeeded in increasing sales in Germany, France, Great Britain, Scandinavia, Switzerland and Belgium.

In comparison, Italy and Spain suffered considerable sales declines from the prior-year level due to the difficult economic conditions while sales in the Netherlands also decreased. In Austria sales growth to return in the future is expected, in part due to an improved location of the Vienna Airport boutique.

EBIT below expectations at € 3.65 million

Whereas the prior-year period was characterized by a strong expansion of the stock of finished goods, the company focused on inventory and cash optimization during the first nine months of the current fiscal year. The higher costs related to the opening of numerous boutiques as well as considerably higher advertising, freight, IT and consulting costs led to an increase in other operating expenses from € 31.85 million to € 36.88 million. Against this backdrop, EBIT of the Wolford Group fell from € 9.66 million to € 3.65 million in the first nine months of the 2012/13 fiscal year. In contrast, the financial result improved by € 0.44 million to € -0.86 million on the basis of the reduction in net debt along with the lower interest rates on financial liabilities. On balance, earnings after tax of the Wolford Group in the first three quarters of the 2012/13 fiscal year amounted to € 2.48 million, compared to € 7.06 million in the prior year.

Solid asset and financial situation

The Wolford Group continued to boast a solid asset and capital structure as at January 31, 2013. Compared to the previous full-year balance sheet date of April 30, 2012, total assets rose from € 145.50 million to € 148.31 million. Total equity of the Wolford Group at the reporting date amounted to € 84.59 million, and was thus € 0.98 million above the previous full-year's balance sheet. The equity ratio was at a level of 57% and gearing totaled 19%.

Outlook

In the coming months the management of the Wolford Group expects the economic environment to remain challenging in its most important markets of Europe and the USA. In particular, Southern Europe will continue to be characterized by widespread uncertainty on the part of consumers, whereas perceptible economic growth is anticipated in Asian markets as well as in the Middle East. Against this backdrop, the Wolford Group is proceeding with its expansion strategy, with the aim of strengthening controlled distribution, increasing the number of Wolford-owned boutiques, expanding its online business and achieving sustainable growth based on new distribution models, also in its partner and wholesale business.

From today's perspective, the management of the Wolford Group expects slight sales growth in the 2012/13 fiscal year as well as positive operating results. However, earnings will be significantly below the prior-year level. The measures initiated to strengthening distribution channels and the intense monitoring of all cost items in the Group should safeguard the company's market position in the long-term and improve its competitiveness.

**Financial data for the first three quarters of the 2012/13 fiscal year
(May 1, 2012 – January 31, 2013)**

Earnings Data		05/12-01/13	05/11-01/12	Chg. %	2011/12
Revenues	in € mill.	124.13	121.13	+2	154.06
EBITDA	in € mill.	9.79	15.57	-37	15.32
EBIT	in € mill.	3.65	9.66	-62	7.00
Earnings before tax	in € mill.	2.79	8.35	-67	5.17
Earnings after tax	in € mill.	2.48	7.06	-65	1.36
Earnings per share	in €	0.51	1.44	-65	0.28
Capital expenditure	in € mill.	4.22	6.25	-32	7.94
Free cash flow	in € mill.	1.00	-1.36	>100	0.40
Employees on average		1,614	1,673	-4	1,665

Balance Sheet Data		31/01/13	31/01/12	Chg. %	30/04/12
Equity	in € mill.	84.59	88.97	-5	83.61
Net debt	in € mill.	16.44	17.15	-4	15.38
Capital employed ¹⁾	in € mill.	117.60	123.31	-5	115.30
Working capital ²⁾	in € mill.	42.27	42.53	-1	39.77
Balance sheet total	in € mill.	148.31	153.35	-3	145.50
Equity ratio	in %	57	58	-	57
Gearing	in %	19	19	-	18

1) Capital employed = shareholders' equity plus interest-bearing debt less cash and cash equivalents

2) Working capital = sum of inventories, trade receivables and other current receivables and assets less trade payables and other current liabilities

The detailed Wolford Report on the first three quarters of 2012/13 is available at www.wolford.com/Investor Relations.

Contact:

Holger Dahmen (Chief Executive Officer)

Thomas Melzer (Chief Financial Officer)

investor@wolford.com

Wolford Aktiengesellschaft, Wolfordstr. 1, A 6901 Bregenz

+43 (0) 5574 690-1477

www.wolford.com

About Wolford AG

Wolford AG headquartered in Bregenz on Lake Constance (Austria) operates 15 subsidiaries and markets its own products in the Legwear, Ready-to-wear, Lingerie, Swimwear and Accessories segments in 68 countries via more than 260 monobrand stores (own and partner-operated), 3,000 trading partners and online. The Austrian company, which has been publicly listed on the Vienna Stock Exchange since 1995, generated sales of EUR 154,06 million in the 2011/12 fiscal year (May 1, 2011 – April 30, 2012), and has about 1,600 employees. Since its founding in the year 1950, Wolford has evolved from a local producer of pantyhose to a global luxury fashion brand.