Press Release

Wolford reports positive earnings for the first nine months of 2014/15

- **Positive net earnings**
- **Revenues slightly below previous year**
- **Strategic refocussing on sound course**
- **Management Board team complete since January 7**
- **Full-year target confirmed**

Vienna/Bregenz, March 13, 2015: Wolford AG, which is listed on the Vienna Stock Exchange, generated positive net earnings of € 4.5 million in the first nine months of the 2014/15 financial year. Revenues declined slightly by 1.9% to € 121.1 million, but EBIT rose by nearly € 5 million from € 2.2 million to € 7.1 million. EBIT adjusted for non-recurring income and expenses also improved from € 2.8 million to € 4.1 million. The weaker development of revenues during the first nine months resulted from the previous closing of unprofitable points of sale and the obviously difficult market conditions during the second quarter. In contrast, revenues in the third quarter generally matched the previous year. The sound improvement in earnings resulted from the steady implementation of optimization measures and from special effects. For the full-year, management confirms its goal to complete the operating turnaround with positive EBIT.

Third quarter revenues at prior year level

A relatively slow second quarter and weak November were followed by good development during the Christmas shopping season. Revenues rose by 4% year-on-year in December and by 2% in January. EBIT was slightly lower than the previous year in the third quarter at € 3.9 million (Q3 2013/14: € 4.5 million), above all due to higher rental and marketing expenses.

Stable retail business

The development of revenues was also significantly affected by the closing of more than 20 unprofitable points of sale during the current and previous financial years, which reduced revenues by € 4.7 million. However, the Wolford-owned retail business was overall stable during the first nine months. The online business remained on a growth course with an increase of 17%.

In contrast, the wholesale business decreased by 4%. This decline resulted from problems with individual retail partners and from the Ukraine crisis and the weak Ruble, which not only had a negative effect on Wolford's direct business in this region, but was also felt through a sharp drop in Russian tourism to the major European cities. Revenues for the first nine months were positively influenced by € 1.2 million of foreign exchange effects from the increase in the US dollar, British pound and Swiss franc versus the euro.

Different regional developments

The development of revenues in the first nine months differed substantially by region, in part due to the closing of individual points of sale. Declines were recorded in Wolford's key markets of Germany (-5%), Austria (-6%) and France (-5%). Above all in Germany, the fashion trade has been negatively affected by substantial weakness in consumer spending for months – the branch reported in part double-digit revenue declines for 21 weeks, which were interrupted by only two weeks of growth.

Business in Wolford's largest market, the US, declined slightly during the first nine months (-2%), but stabilized recently. Sound revenue growth was recorded in Italy (+10%) and Spain (+10%), and moderate growth (+4%) in Great Britain. In Central and Eastern Europe, the Ukraine crisis led to a sharp drop in revenues (-21%). Revenues on the Asian market rose by 13% due to the opening of new points of sale and the expansion of the partner business as well as a like-for-like increase in the retail business.

Positive operating earnings and solid balance sheet structure

Earnings showed sound development in the first nine months: adjusted EBIT rose from € 2.8 million to € 4.1 million, among others due to the sale of a lease option. „These results were also supported by our steady optimization measures. We realized € 1.8 million of cost savings in the first nine months through further process optimization in product development, production and logistics", explained Chief Financial Officer Thomas Melzer. In addition, the sale of non-core property generated a book gain of € 3.4 million, which led to an improvement of nearly € 5 million in EBIT from € 2.2 million to € 7.1 million. Earnings after tax rose from € 1.7 million in the previous year to € 4.5 million.

The balance sheet structure of the Wolford Group remains very solid. Equity amounted to € 79.2 million as of January 31, 2015 (January 31, 2014: € 79.0 million). The equity ratio reached 53%, compared with 55% in the previous year, and gearing equaled 20% (January 31, 2014: 19%).

Strategic refocussing on good course / Management Board team complete

Wolford continues to make significant progress with the implementation of the strategic refocussing and recently reached an important milestone in the reshaping of the product portfolio: "The 2015/16 fall/winter collection that was presented at the end of January was very well received by the trade", commented Axel Dreher, Deputy CEO, on this recent achievement.

The announced closing of unprofitable points of sale was contrasted by the opening of new locations in key strategic cities like Barcelona, Florence and Frankfurt. Wolford also opened a new flagship store on Munich's Weinstrasse at the beginning of March. The complete product line is presented on roughly 100 square meters of selling space at this exclusive location.

Since January 7, Wolford's Management Board team is again complete – with Ashish Sensarma as the new Chief Executive Officer who is responsible for marketing and sales. The Management Board agrees that Wolford must significantly strengthen its organizational set-up in these areas. "That means we must use our strong assets – above all our own points of sale – much more effectively in the future," emphasized Ashish

Sensarma, Chief Executive Officer. This includes, among others, the further upgrading of shop windows and the optimization of visual merchandising.

Goal for 2014/15 financial year confirmed

Based on results for the first nine months, the Management Board confirms the goal to close the current financial year with positive EBIT. 2014/15 is a year of transition, and the company's transformation is well underway. The non-recurring income and the means from cost savings realized through process optimization are being invested in product development, sales and marketing to create the foundation for future growth.

The report on the third quarter of 2014/15 is available under company.wolford.com / Investor Relations.
http://company.wolford.com/wp-content/uploads/2015/03/Wolford_Q3-Report_2014_15.pdf

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Wolford Group Key Data

Earnings Data		9 months 05/14 - 01/15	9 months 05/13 - 01/14	Chg. in %	2013/14
Revenues	in million	121.13	123.42	-2	155,87
EBITDA adjusted [1)]	in million	10.49	8.68	+21	7,11
EBIT adjusted [1)]	in million	4.09	2.80	+46	-0,97
EBIT	in million	7.08	2.16	>100	-4,72
Earnings before tax	in million	6.39	1.26	>100	-5,89
Earnings after tax	in million	4.46	1.74	>100	-2,81
Capital expenditure	in million	8.24	6.06	+36	7,87
Free cash flow	in million	0.79	0.92	-14	-0,97
Employees (on average)	FTE	1,567	1,563	0	1.562

Balance Sheet Data		31.01.2015	31.01.2014	Chg. in %	30.04.2014
Equity	in million	79.22	78.95	0	74,38
Net debt	in million	15.76	15.16	+4	17,04
Working Capital	in million	39.14	35.95	+9	33,72
Balance Sheet total	in million	150.51	144.72	+4	138,12
Equity ratio	in %	53	55	-4	54
Gearing	in %	20	19	+5	23

1) Adjusted for non-recurring income of € 3.37 million and non-recurring expenses of € 0.38 million in the first nine months of 2014/15

On Wolford AG

Wolford AG, which is headquartered in Bregenz on Lake Constance (Austria), operates 16 subsidiaries and markets its products in roughly 60 countries through 270 monobrand stores (own and partner-operated), approximately 3,000 trading partners and online. The company, which has been listed on the Vienna Stock Exchange since 1995, generated revenues of €155.87 million in the 2013/14 financial year (May 1, 2013 – April 30, 2014) and has approx. 1,560 employees. Since its founding in 1950, Wolford has become a leading global manufacturer's brand in the segment of luxury legwear, exclusive lingerie and high quality bodywear.