



Institutional Investors  
Conference  
Raiffeisen Centrobank

## Wolford AG

Ashish Sensarma, CEO  
Thomas Melzer, CFO

Zürs, 15.-16.4.2015

The Wolford Group at a Glance

3rd Quarter 2014/15

Strategy

Outlook 2014/15 and Targets

The Wolford Share



## Who is Woford?



► **Leading brand in luxury legwear with established positions in exclusive lingerie and bodywear**

- Founded 1950 in Bregenz, Austria
- Present in 63 countries
- 272 monobrand POS globally
- 2 production facilities in Austria and Slovenia (only Europe!)

► **€156 million revenues with 1,562 employees in FY 2013/14**

► **Stable shareholder structure**

- <33% free float
- Founder family holds >40% via 2 private foundations
- Investor Ralph Bartel owns >25%
- 2% of treasury stock



Woford Models in 1997, Photo: Helmut Newton

## 65 Years of History with Pioneering Innovations



**1977**

**Miss Woford**

The first transparent support stockings with a shaping panty area and knitted-in compression



**1988**

**Satin Touch**

Transparent and glistering tights, which became top-seller and one of the Woford classics



**1994**

**Fatal Tights**

The first completely seamless tights – a revolution in legwear

Photo: Helmut Newton

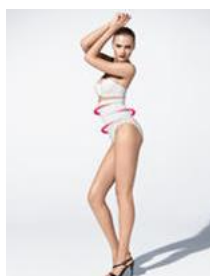


**1999**

**Star[c]k Naked**

An innovative combination of tights and tube dress - developed in cooperation with star designer Philippe Starck

Photo: Jean-Baptiste Mondino



**2011**

**Shape & Control**

Body shaping lingerie for the perfect feminine silhouette

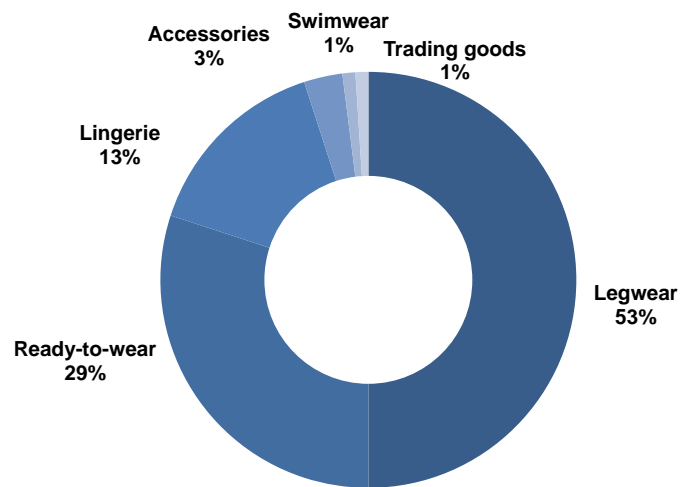
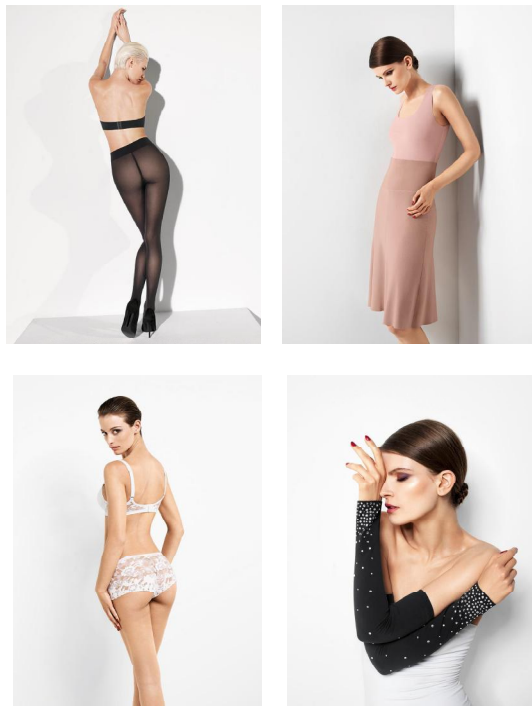


**2014**

**Pure 50 Tights**

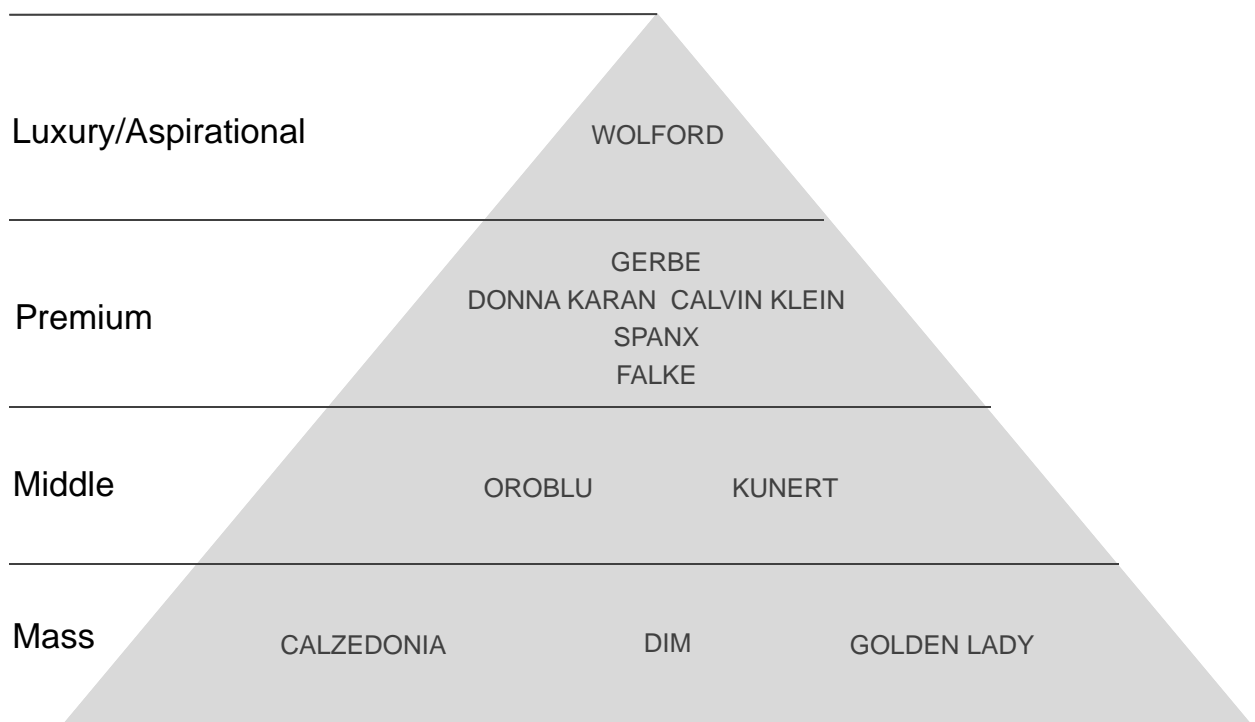
Award-winning world innovation with new adhesive technology - even under tight clothing completely invisible

## Legwear as the Core Product



May 2014 - January 2015

## Number One Position in Legwear Worldwide





# Global Presence



## Monobrand locations worldwide: 272\*

### • Thereof Wolford-owned Points of sale:

- 116 boutiques
- 38 concession shop-in-shops
- 26 factory outlets

## Online Shops in 15 countries

### ○ Thereof partner-operated Points of sale

- 92 boutiques
- and about 3,000 other distribution partners

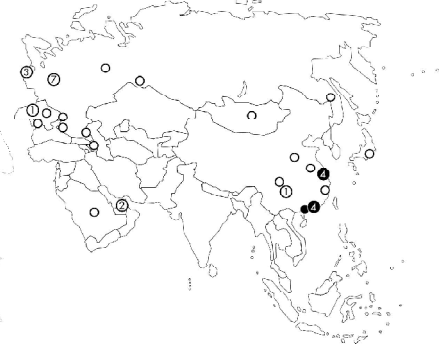
North America: 34



Europe: 191



Asia: 39



\* Including 8 partner-operated Boutiques in Africa, Australia and South America



3rd Quarter 2014/15

## Group Earnings May 2014 – January 2015



		9 months 05/14 – 01/15	9 months 05/13 – 01/14	Chg. in %
Revenues	in € mill.	121.13	123.42	-2
EBITDA adjusted <sup>1)</sup>	in € mill.	10.49	8.68	+21
EBIT adjusted <sup>1)</sup>	in € mill.	4.09	2.80	+46
EBIT	in € mill.	7.08	2.16	>100
Earnings before tax	in € mill.	6.39	1.26	>100
Earnings after tax	in € mill.	4.46	1.74	>100
Employees (on average)	FTE	1,567	1,563	0

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

## Group Balance Sheet

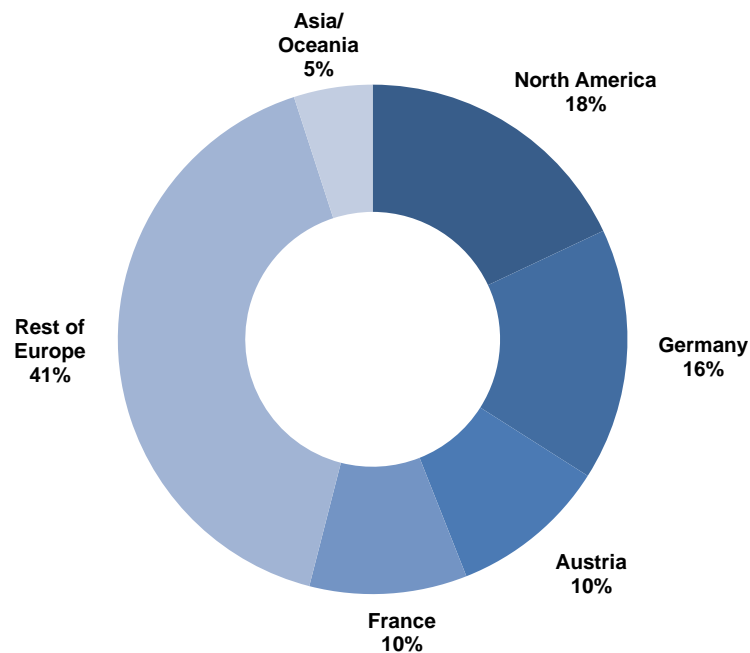


		31.01.2015	31.01.2014	Chg. in %
Equity	in € mill.	79.22	78.95	0
Net Debt	in € mill.	15.76	15.16	+4
Working Capital	in € mill.	39.14	35.95	+9
Balance Sheet Total	in € mill.	150.51	144.72	+4
Equity Ratio	in %	53	55	-
Gearing	in %	20	19	-

## Key Markets Europe and USA



May 2014 – January 2015



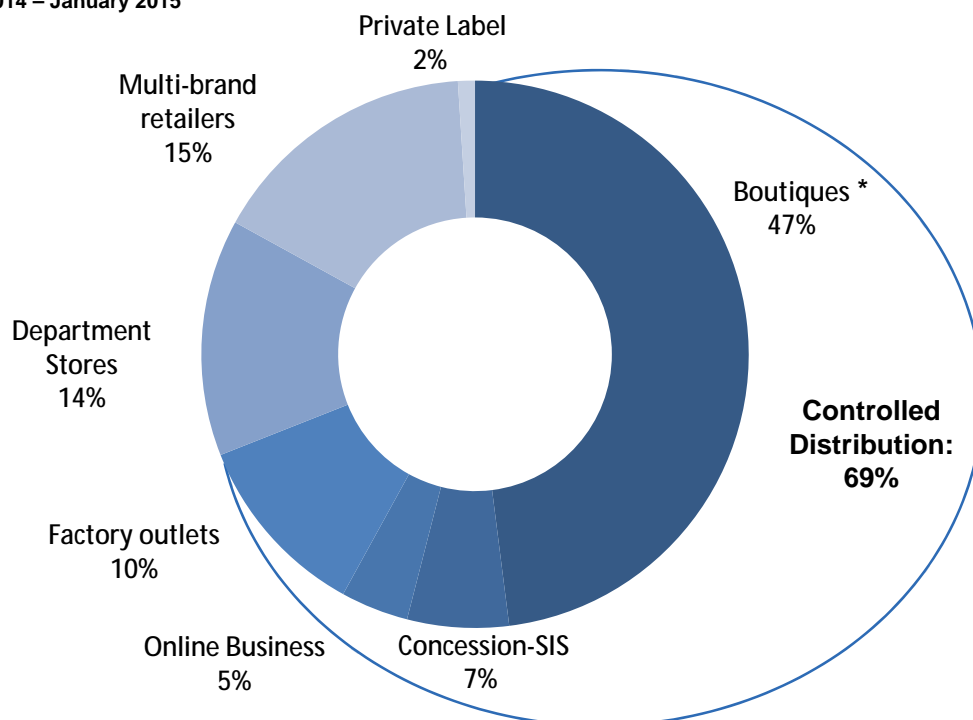
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## Strong own Retail Network



May 2014 – January 2015



\*Thereof ca. 80% from own stores, 20 % partner-operated stores

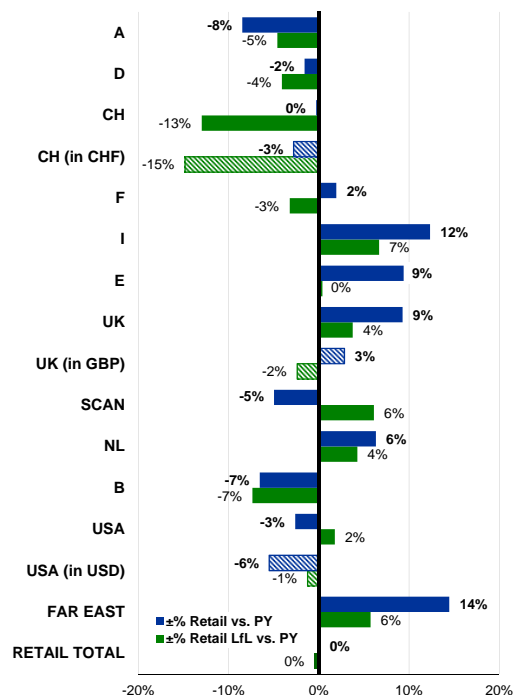
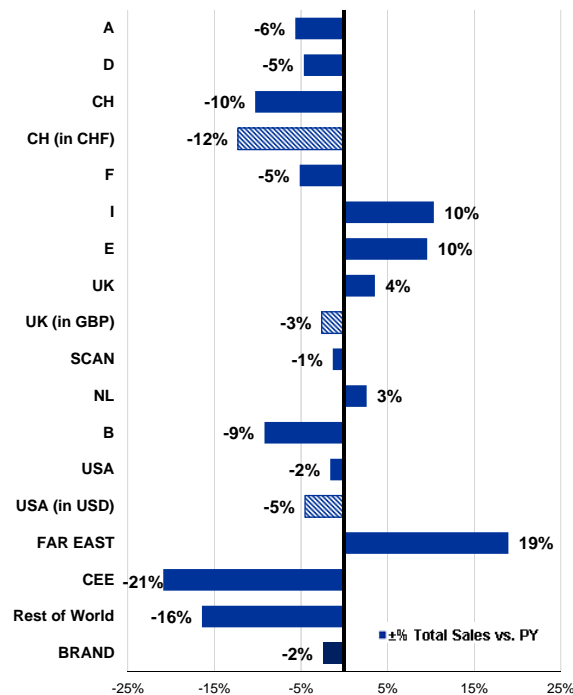
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## Mixed Picture in the Markets



May 2014 – January 2015 vs. PY



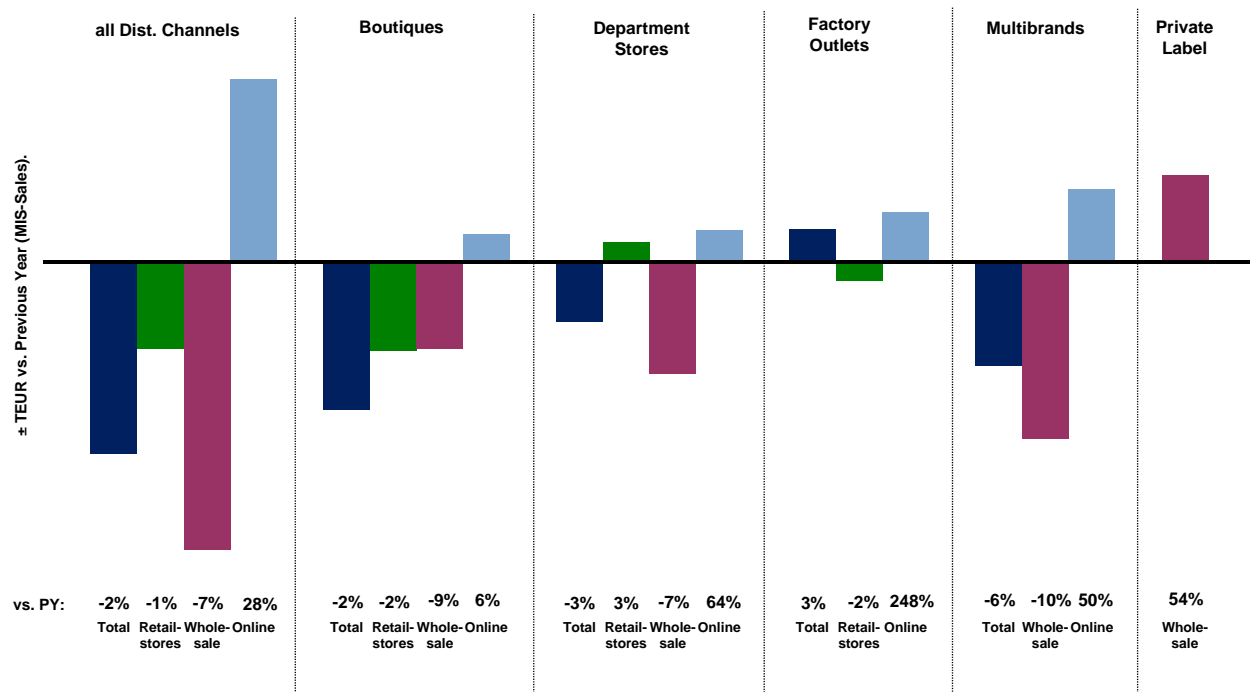
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## Retail stable, Wholesale weak, Online grows



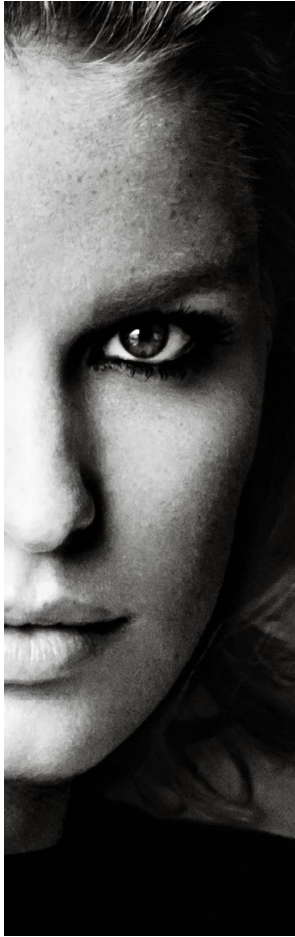
May 2014 – January 2015 vs. PY



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## Strategy

## New CEO Ashish Sensarma (since January 2015)



### ► Background

Retail-Expert with 30 years of experience in the fashion business, e.g.

#### ► Rituals (until Jan 2015)

Business Partner and Advisor to the CEO on global business development

#### ► Vilebrequin (2008-2012)

COO, responsible for all „front-end“ activities of the brand

#### ► Mexx (1984-2006)

latest position as VP Consumer Sales, responsible for P&L of the retail and online divisions



## Our Vision:







„To be the global dominating brand in the aspirational luxury segment of legwear, lingerie & bodywear by providing the consumer with an unforgettable experience“

## Strategic Goals:

- ▶ Reach every potential consumer in the world via controlled multi-channel distribution
- ▶ Tap the full potential of retail stores (average productivity of € 10.000 /m²)
- ▶ Generate profitable growth (EBIT margin of 10%)

# Reflection and Realignment



Key Elements of Strategic Refocusing	Status
1. <b>Re-energize the Brand:</b> Modernization of a strong heritage	
2. <b>Adjustment of product portfolio</b> with a consistent collection statement and <b>securing competitive edge</b>	
3. Reorientation of <b>marketing communication</b> in all areas	
4. Optimization of the <b>controlled multi-channel distribution</b> and <b>globalisation</b>	
5. <b>New Go-to-market model</b>	
6. Establishment of new <b>management culture</b> and <b>incentive system</b>	

## ▶ Financing from internal sources!

# 1. Re-energize the Brand



- ▶ **Make the strong heritage relevant in today's environment**
  - ▶ Focus on creating demand instead of following supply
  - ▶ Bring back the exclusivity and edginess
- ▶ **Create consumer experience via shop windows and store design**
- ▶ **Focus on digital marketing**

## Brand DNA

- |                                |                     |                         |
|--------------------------------|---------------------|-------------------------|
| ▶ Undisputed leader in legwear | ▶ Innovation        | ▶ Comfort – second skin |
| ▶ Technology as the soul       | ▶ Excellent quality | ▶ Elegance              |
| ▶ Timeless products            | ▶ Sensuality        | ▶ Functionality         |

# 2. Adjustment of Product Portfolio...



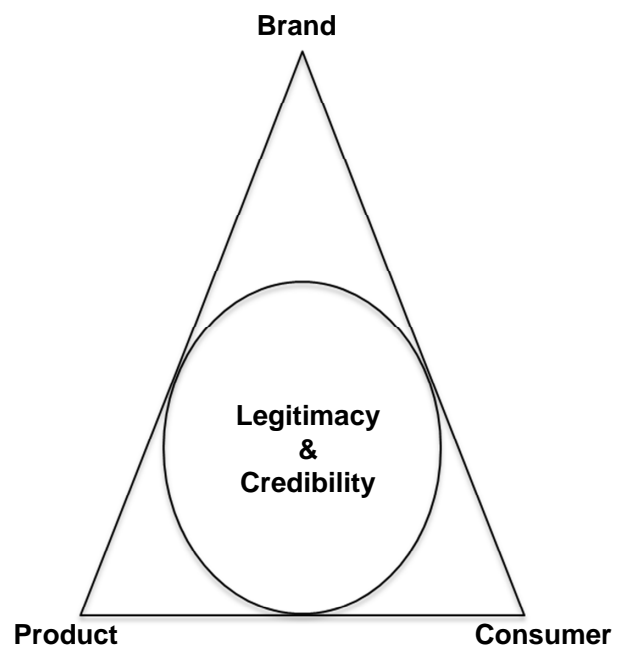
- ▶ **Back to the roots: Create stronger ties to Legwear (company's DNA)**
  - ▶ Innovate, innovate, innovate!
  - ▶ Re-establish and secure leadership position in legwear (create the distance)
  - ▶ Expansion of Lingerie and Bodywear product lines (above all Shapewear), reduction of Clothing (Ready-to-wear)
  - ▶ Create iconic products instead of collections
  - ▶ Introduction of a NOOS-Business System (Never Out Of Stock)
  - ▶ Reduce cycle times (currently 15 months from the idea to the POS!)



- ▶ Harmonization of product groups
- ▶ Harmonization of essential and trend collection
- ▶ The “Unforgettable Touch” is communicated via strong concepts
  - ▶ Collection themes
  - ▶ Products themes
  - ▶ Marketing themes

## Securing of Competitive Edge

- ▶ Create products with Legitimacy and Credibility (based on targeted market research)
  - ▶ With a perfect fit to the DNA of the Brand
  - ▶ Meeting and exceeding expectations of the consumer



### 3. Reorientation of Marketing Communication



**Goals:** Modernization of the brand, increase in appeal, creation of consumer experience

- ▶ Shop windows are key!
- ▶ New shop concept and appealing visual merchandising
- ▶ New storytelling (selling dreams instead of products) and digital content
- ▶ Relationship & dialogue with the consumer (use of social media as the new benchmark)

### 4. Optimized Controlled Multi-Channel Distribution



#### Retail

- ▶ Increase in floor space profitability as the main target
- ▶ Openings of flagship stores in mega-cities
- ▶ Expansion of our own retail business in A-Cities
- ▶ Expansion of Wolfford-controlled points of sale in B+C cities, e.g. through Concession shop-in-shops and high street partnership stores (where we own the merchandise)

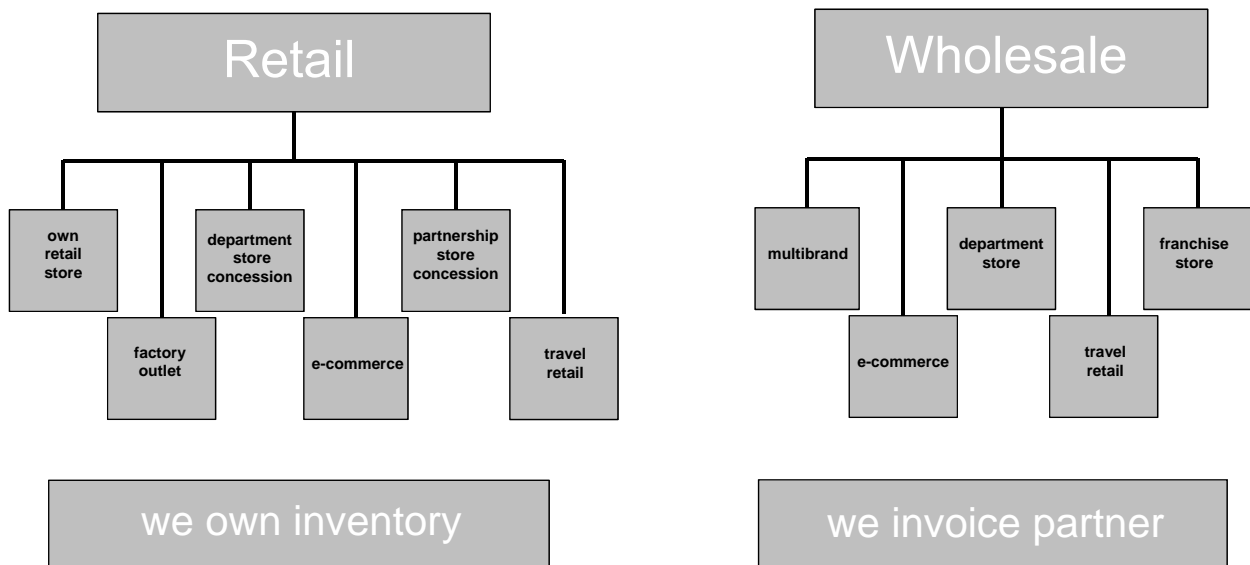
#### Wholesale

- ▶ Expansion of multi-brand distribution with a focus on premium stores
- ▶ Introduction of master franchise model in emerging markets

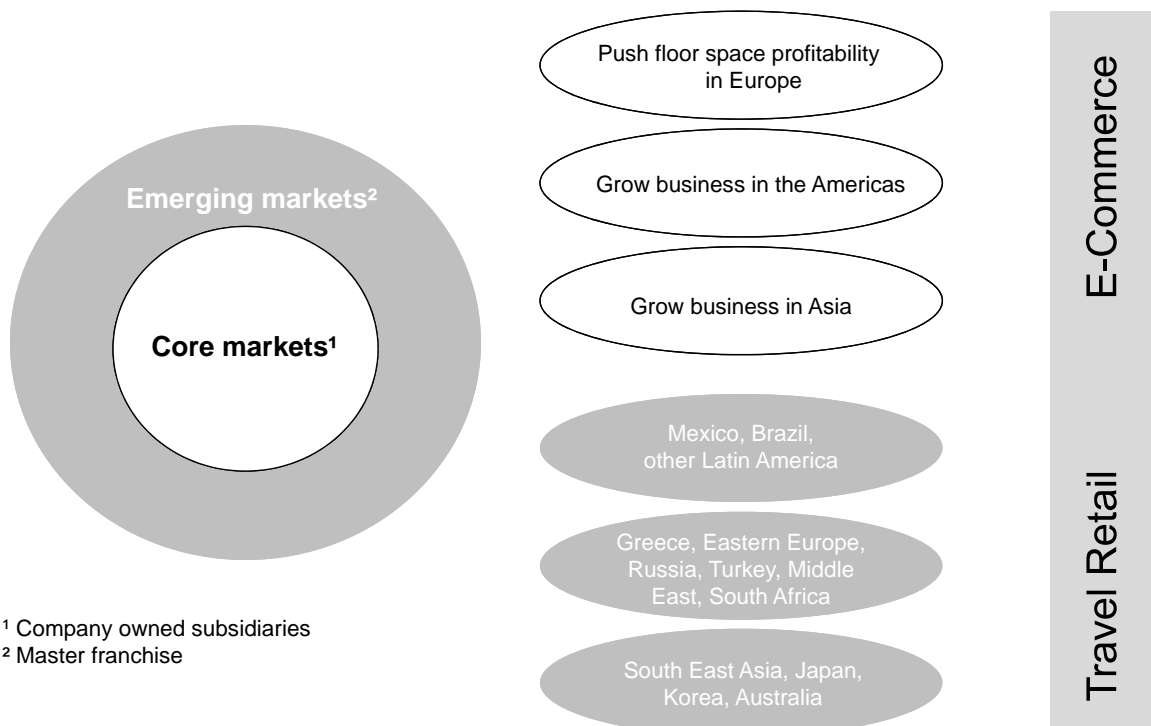
#### E-Commerce

- ▶ Expansion of online business (omni-channel for seamless experience)
- ▶ Simple shopping of the complete assortment

## Balanced Mix of Retail and Wholesale Business... **[[Wolford]]**



## ...and Global Expansion **[[Wolford]]**



<sup>1</sup> Company owned subsidiaries

<sup>2</sup> Master franchise

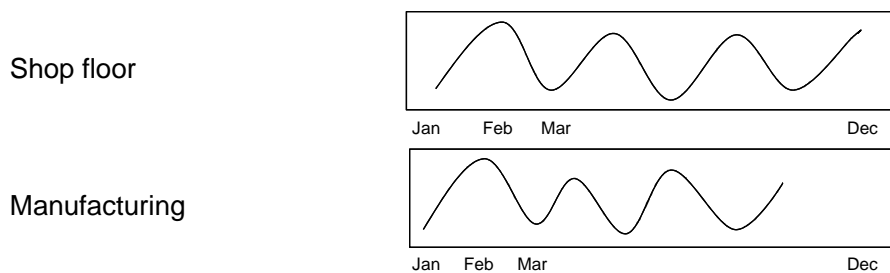


## 5. New Go-to-Market Model



- ▶ Wolford evolving from an (ex-)wholesaler to a real retailer
- ▶ Fresh merchandise drops every two months for consumer excitements (using own shop floor and windows as most relevant marketing instruments)
- ▶ Strict sales timing of forward orders, 99% on time delivery, 1st on shop floor
- ▶ Reorganisation of product management: New merchandise planning & control position for better process coordination from line plan to POS

**Shorter Cycle times (from two collections per year to six delivery dates)**



**Outlook 2014/15  
and Targets**

## Longterm Growth Perspectives



### ► **Medium-/long-term: Growing global market for luxury goods**

- Number of luxury consumers worldwide expected to increase by 10 million annually in the coming years (Source: Bain&Company 2014)
- Market for luxury goods tripled to € 223 billion in the last 20 years (+5% in 2014)

### ► **Short-/medium-term: Mixed perspectives in the key markets**

- Weak growth in the Eurozone (2015:+1.2% / 2016:+1.4%)
- Higher expectations for growth in the US (2015: +3.6% / 2016: +3.3%)

### ► **Difficult environment in fashion retail in our main markets**

- Weak winter sales in German fashion retail (-4% in December, -3% in January, -7% in February)
- Declining sales in US retail (-6.5% in December, -7.7% in January), but generally satisfactory Christmas business in fashion industry
- Good Christmas business in French clothing sector (+2.6%), but again declining sales in January

Source: Global Luxury Study 2014 (Bain&Company), IMF Statistics Jan 2015, Textilwirtschaft, RetailNext, Institut Francais de la Mode

## Clear Corporate Targets



### **In the current financial year 2014/15:**

#### ► **Return to profitability as a top priority**

- Optimization of internal processes and cost reduction

#### ► **Operative Turnaround (positive EBIT)**

- High positive FX effects from weaker euro
- Earnings target confirmed following sale of real estate and lease option

### **Long-term:**

#### ► **Sustainable and profitable revenue growth**

- New Go-to-market model
- Increase in floor space profitability in retail business to € 10,000 /m<sup>2</sup>
- Utilization of existing manufacturing capacities (operating leverage)

#### ► **EBIT margin: 10%**

## Why to Invest in Woflord?

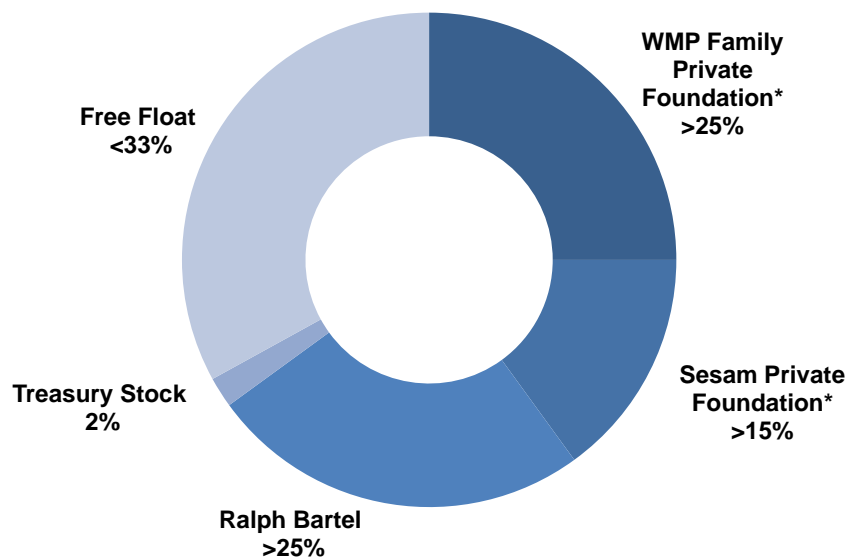


- ▶ Strong player in an attractive market niche of **the growing market for luxury products**
- ▶ Beloved **brand based on strong image**, high quality products, continuous innovation and high CSR standards
- ▶ **Turnaround story** with a new management refocusing on the core competencies of the company and tapping its full potential
- ▶ Direct **access to end consumer** through **own retail chain with significant potential for leverage**
- ▶ **Strong financial profile** and sufficient **idle capacity to fuel future growth**



**The Woflord Share**

## Shareholder Structure



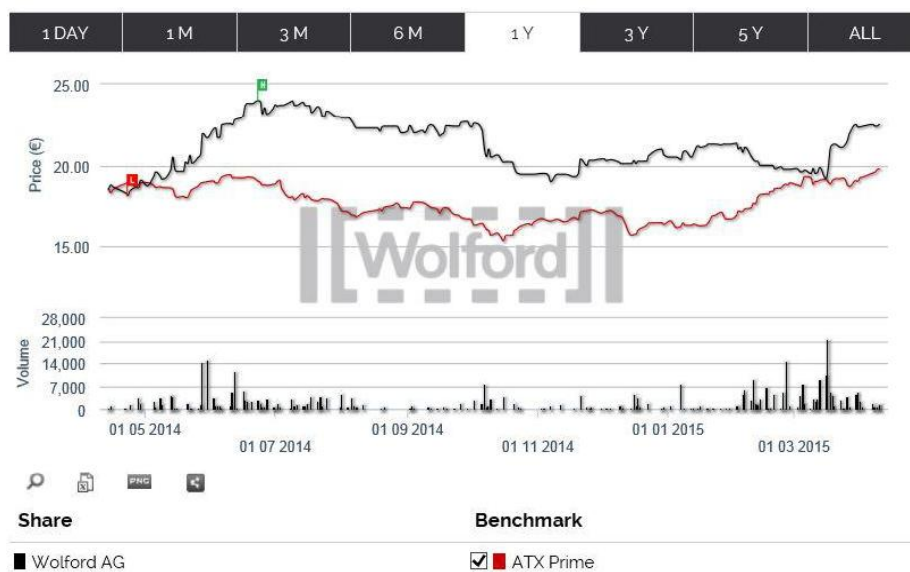
\* Private foundations and its subsidiary M. Erthal GmbH are jointly acting legal entities, which exercise their voting rights by mutual agreement.

Based on available investment reports

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## The Wolford Share Price Development



Actual Market Capitalization: € 113 million

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Date	Event
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 <sup>th</sup> 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

Regine Petzsch	Vienna Stock Exchange: WOL
Tel. +43 5574 690 1359	Reuters: WLFD.VI
investor@wolford.com	Bloomberg: WOL:AV, WLFDY:US, WOF:GR
company.wolford.com	ISIN: AT0000834007



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