



**Institutional Investors  
Conference  
Zürs**

**Wolford AG  
Thomas Melzer, CFO**

April 2 - 5, 2014  
[www.wolford.com](http://www.wolford.com)

# **Contents**

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**The Wolford Group at a Glance**

**Q3 2013/14 and Full Year Guidance**

**Corporate Strategy and Targets**

**Financial Calendar and IR Information**

**Appendix: Historic Development and Innovation**



## **The Wolford Group at a Glance**



## Who is Wolford?

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- ▶ **Founded in 1950 by Reinhold Wolff and Walter Palmers**
- ▶ **Number 1 in luxury legwear worldwide**
- ▶ **€156.5 mill. revenues with 1,606 employees in BY 2012/13**
- ▶ **55% of revenues from own retail locations at 181 POS in 68 countries**
- ▶ **High quality products manufactured in own plants in AT and SL**
- ▶ **Headquarters in Bregenz (Austria)**
- ▶ **Prime Market listed at the Vienna Stock Exchange since 1995**

# Revenues by Product Group



**Legwear 53 %**



**Ready to Wear 31 %**



**Lingerie 11 %**



**Accessories 3 %**



**Swimwear 1 %**



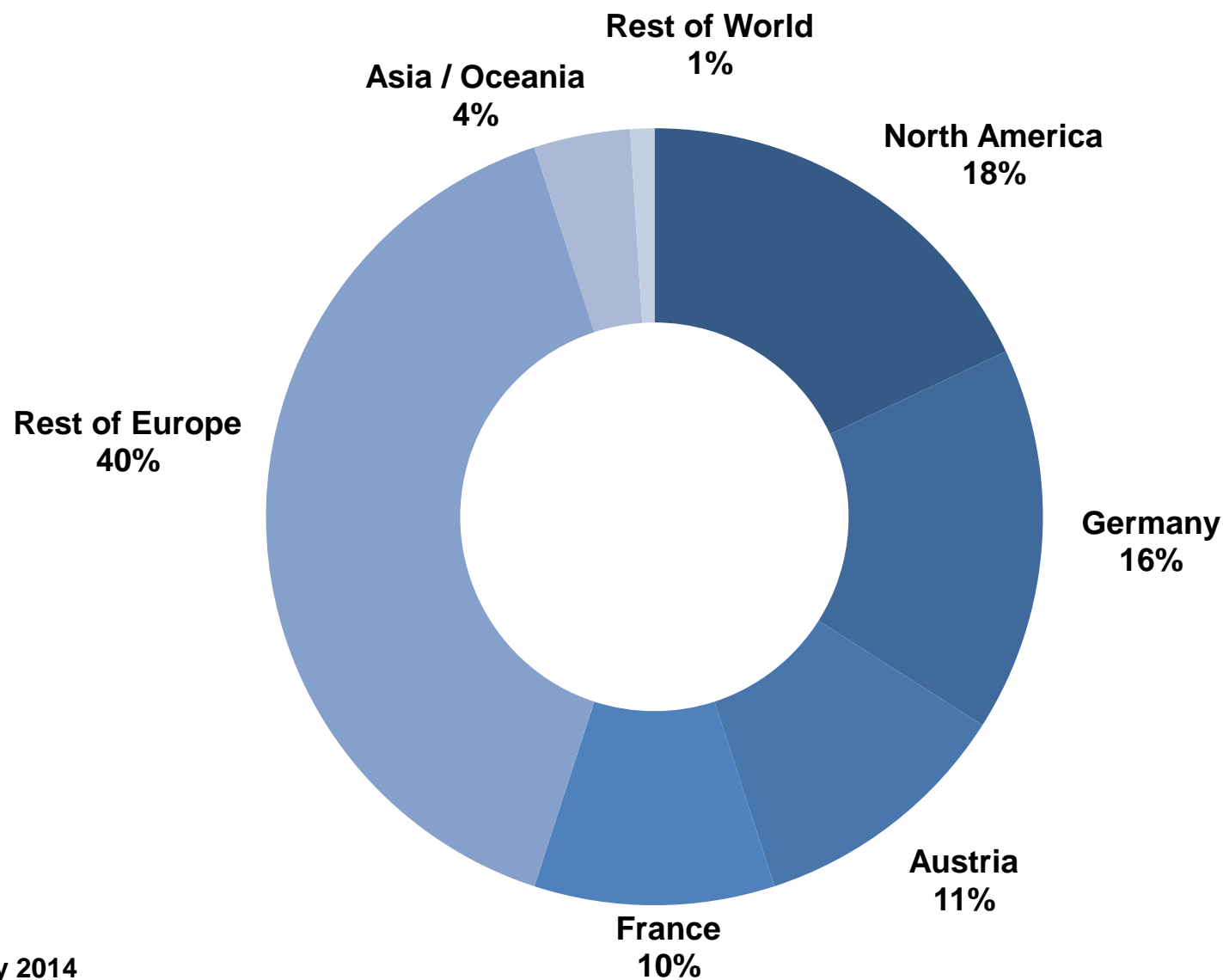
**Trading goods 1 %**

## USPs of Wolford Products



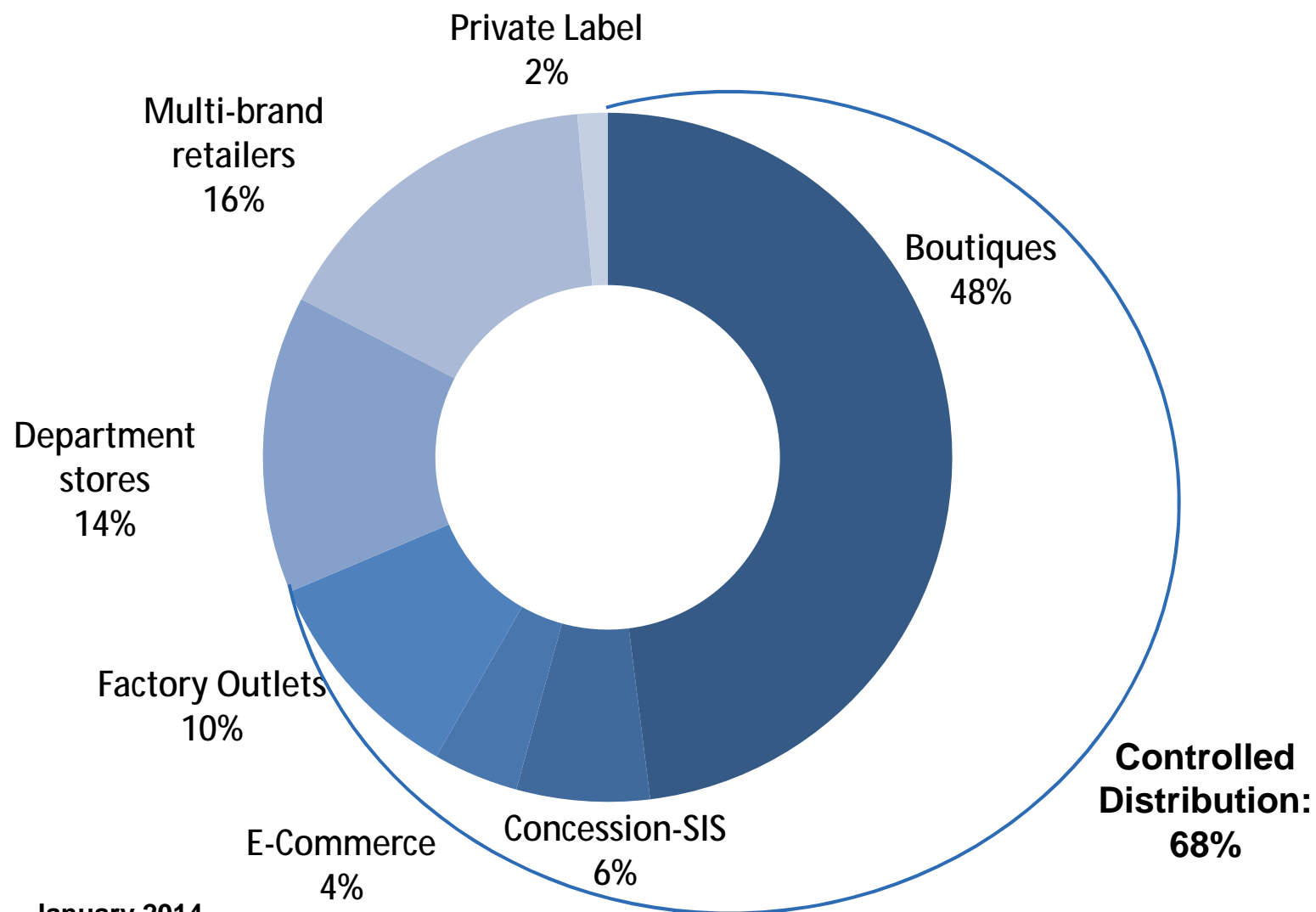
- ▶ Comfort
- ▶ Quality
- ▶ Easy care
- ▶ Control / Function
- ▶ Versatility
- ▶ Accentuates the silhouette
- ▶ Modernity / Innovation
  
- ▶ **Deliberate contrast to  
“fast fashion”**

# Revenues by Market



May 2013 – January 2014

# Revenues by Distribution



May 2013 – January 2014



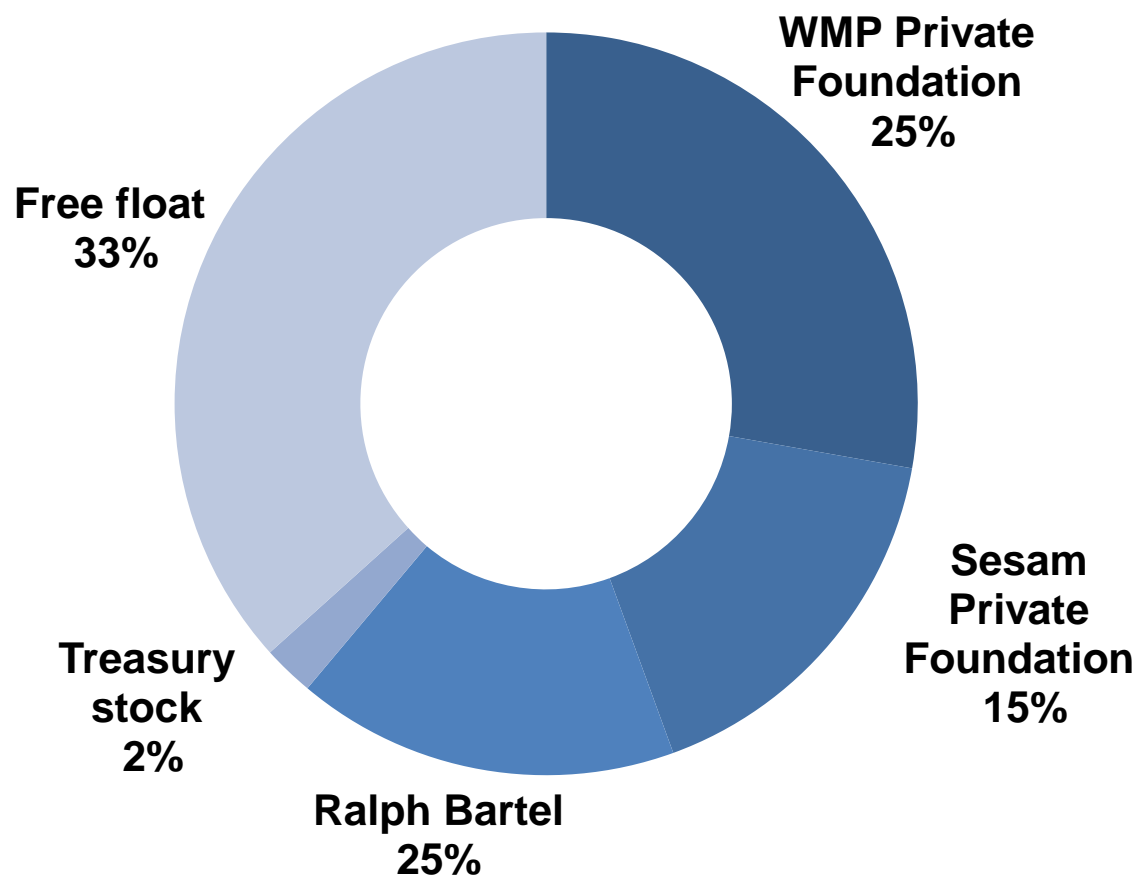
## 270 Monobrand Points of Sale

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- ▶ **Status at January 31, 2014**
- ▶ **181 own points of sale (Retail)**
  - ▶ 123 boutiques (operated by Wolford)
  - ▶ 31 concession shop-in-shops (operated by Wolford)
  - ▶ 27 factory outlets (operated by Wolford)
- ▶ **Online shops in 15 countries (Retail)**
- ▶ **89 partner-operated boutiques (Wholesale)**
- ▶ **Approx. 3,000 selected trading partners (Wholesale)**

# Shareholder Structure

- ▶ Based on available notifications of shareholdings





## **Q3 2013/14 and Full Year Guidance**

## Q3 Highlights

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▶ **Revenues -0.6% year-to-date**

- ▶ Negative FX-effects of € 1.9 million from USD and GBP
- ▶ Adjusted for negative FX-effects: +1,0% in revenues

▶ **Revenues in Q3 +2.2% to €48.61 million**

- ▶ Downside trend of Q1 and Q2 stopped
- ▶ Wholesale -3.4%, Retail +4.4%, Online +21.4%

▶ **EBIT (adjusted) in Q3 increased by €0.43 million to €5.09 million**

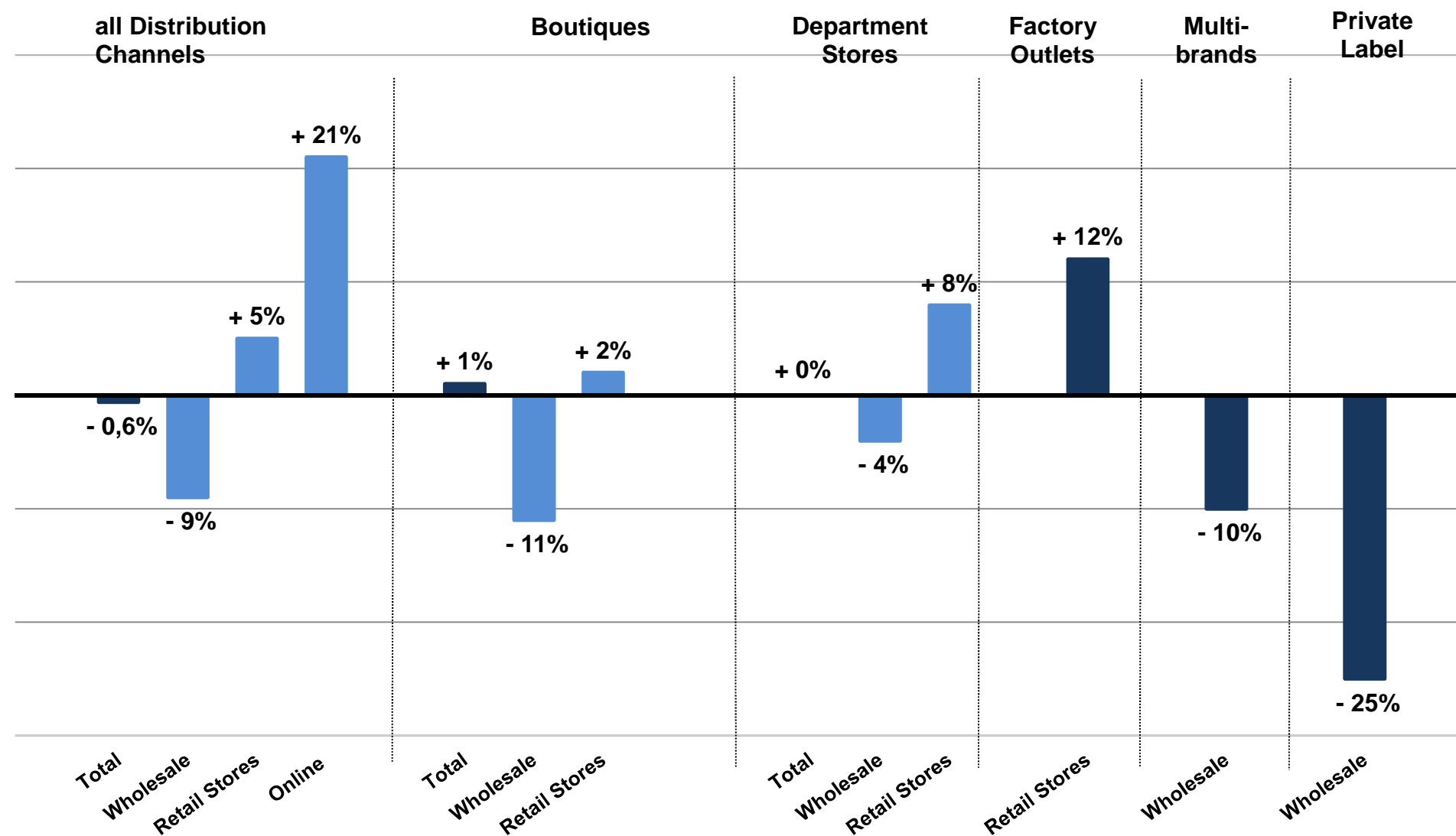
- ▶ Adjusted by -0.64 € million net effect of severance payment for previous CEO
- ▶ Significant savings in material, personnel and logistics cost
- ▶ Higher expenses for rents and marketing

▶ **Reduction in Working Capital of €6.56 million vs. 31.01.2013**

- ▶ Very solid balance sheet structure sustained

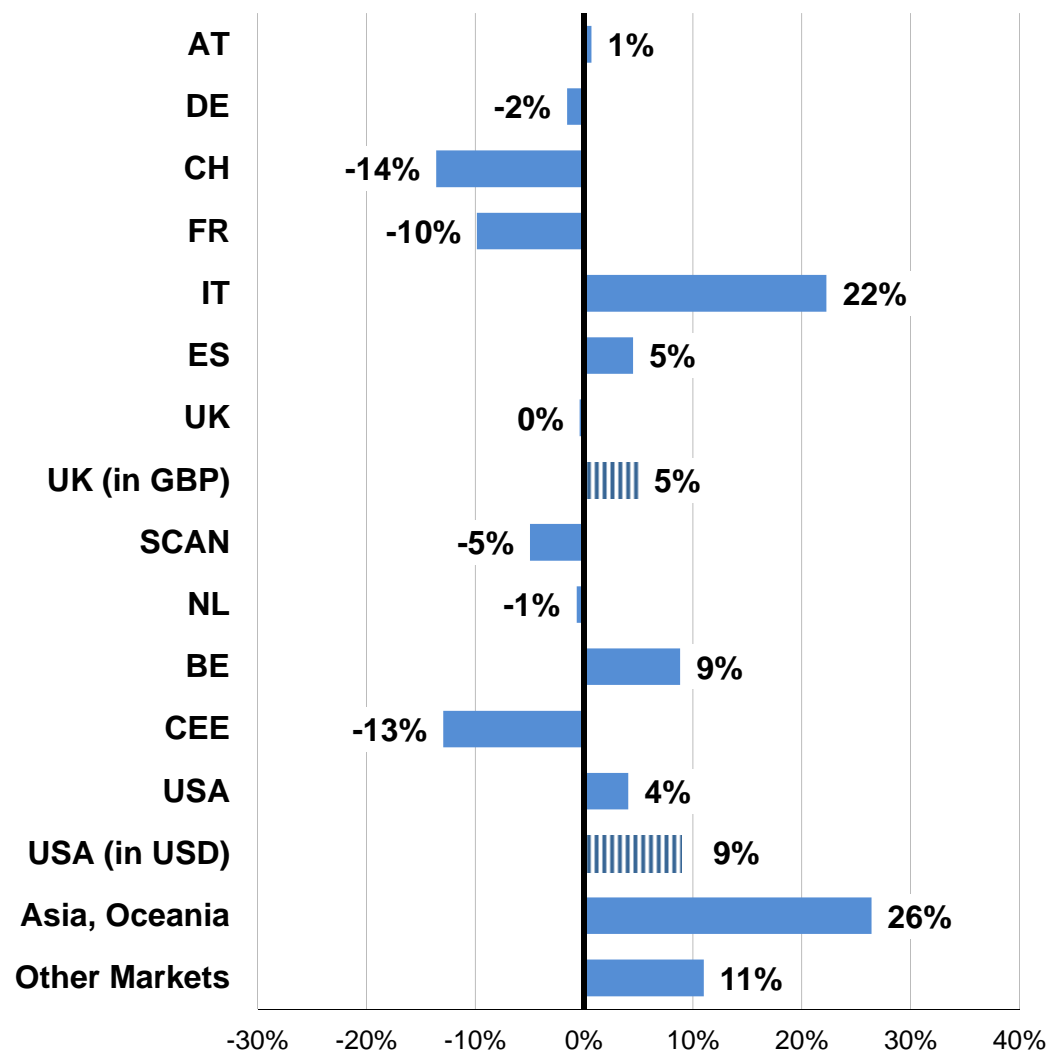
# Sales by Distribution Channel

May – January 2013/14 vs. Last Year (±TEUR)



# Sales Development by Countries / Regions

May 2013 – January 2014



# Earnings Data in Q1-3 2013/14

Earnings Data		05/13 - 01/14	05/12 - 01/13	Chg. in %	2012/13
Revenues	in € mill.	123.42	124.13	-1	156.47
EBITDA adjusted	in € mill.	8.68	10.71	-19	7.90
EBIT adjusted	in € mill.	2.80	4.57	-39	-0.91
Earnings before tax	in € mill.	1.26	3.71	-66	-2.25
Earnings after tax	in € mill.	1.74	3.17	-45	-2.76
Capital expenditure	in € mill.	6.06	4.22	44	6.03
Free cash flow	in € mill.	0.92	1.00	-8	0.48
Employees on average	FTE	1,563	1,614	-3	1,606

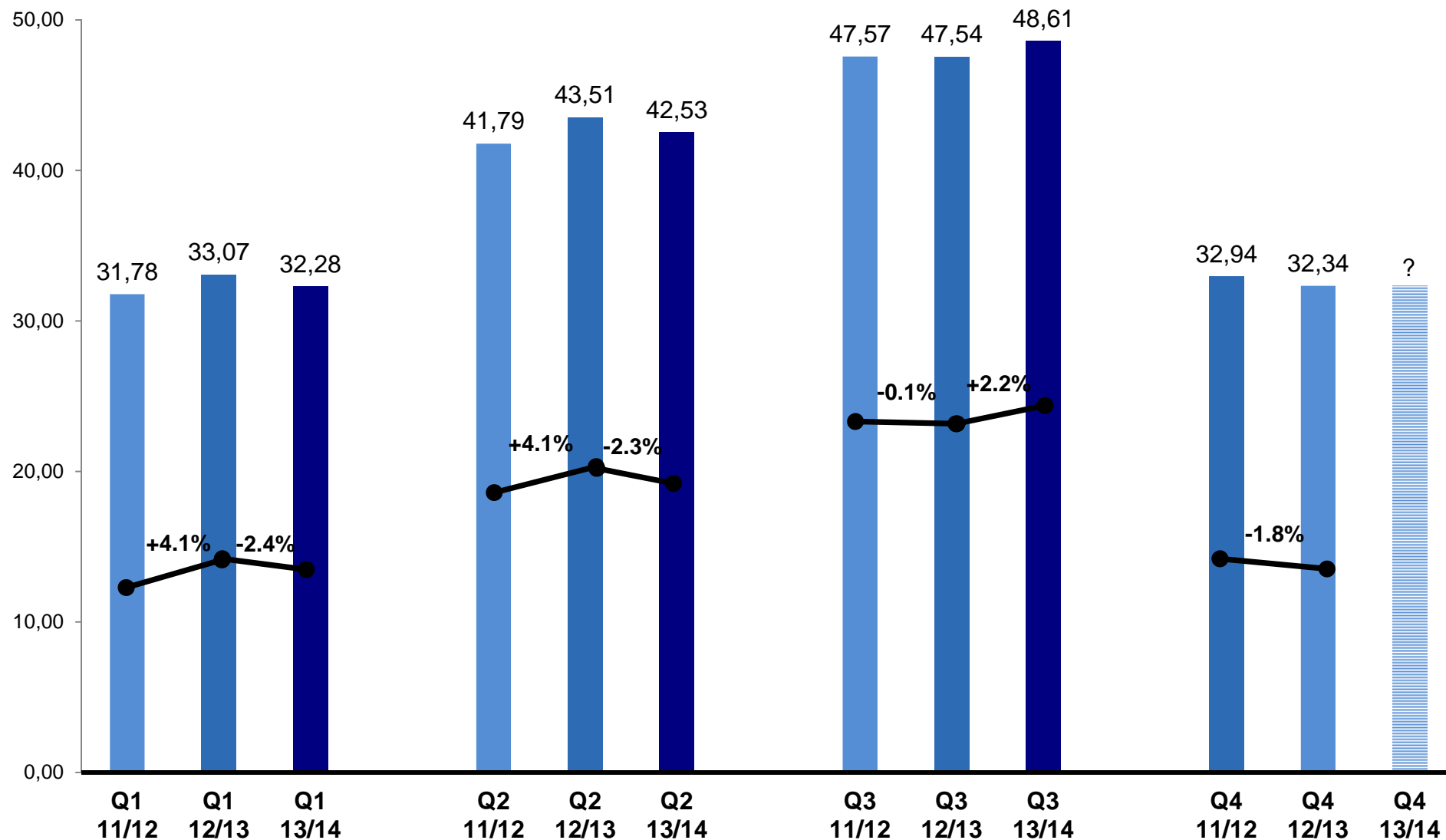
# Balance Sheet Data as of January 31, 2014

Balance Sheet Data		31.01.2014	31.01.2013	Chg. in %	30.04.2013
Equity	in € mill.	78.95	84.75	-7	78.15
Net debt	in € mill.	14.93	15.22	-2	15.73
Working capital	in € mill.	35.72	42.27	-16	38.26
Balance sheet total	in € mill.	144.72	148.27	-2	142.32
Equity ratio	in %	55	57	-	55
Gearing	in %	19	18	-	20



# Sales Development by Quarters

in €mill.



## Outlook Full Year 2013/14

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- ▶ **Revenues at the previous year's level**
- ▶ **Operating loss of approximately €-5 million**
- ▶ **Financing of refocusing strategy from own cash flow and the sale of non-operating assets**



## **Corporate Strategy and Targets**

# Strategic Refocusing Process

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- ▶ **Over recent months the Management Team conducted an intensive strategy process touching**
  - ▶ All relevant aspects of the brand and the company
  - ▶ In-depth historical financial analysis
  - ▶ Comprehensive external market research
  - ▶ SWOT analysis from a broad-based internal perspective
  - ▶ Mid-term business planning and target setting

# Key Elements of Strategic Refocusing

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- ▶ Restructuring for a swift return to profitability
- ▶ Adapt the product portfolio and sharpen the collection statement
- ▶ Optimize market communication in all channels
- ▶ Continue monobrand distribution, restructure own retail, relaunch wholesale and strengthen e-commerce
- ▶ Implement a make-or-buy concept
- ▶ Create an agile, market-orientated and innovative organization by optimizing internal processes
- ▶ Establish a new leadership culture

## Establish a New Leadership Culture

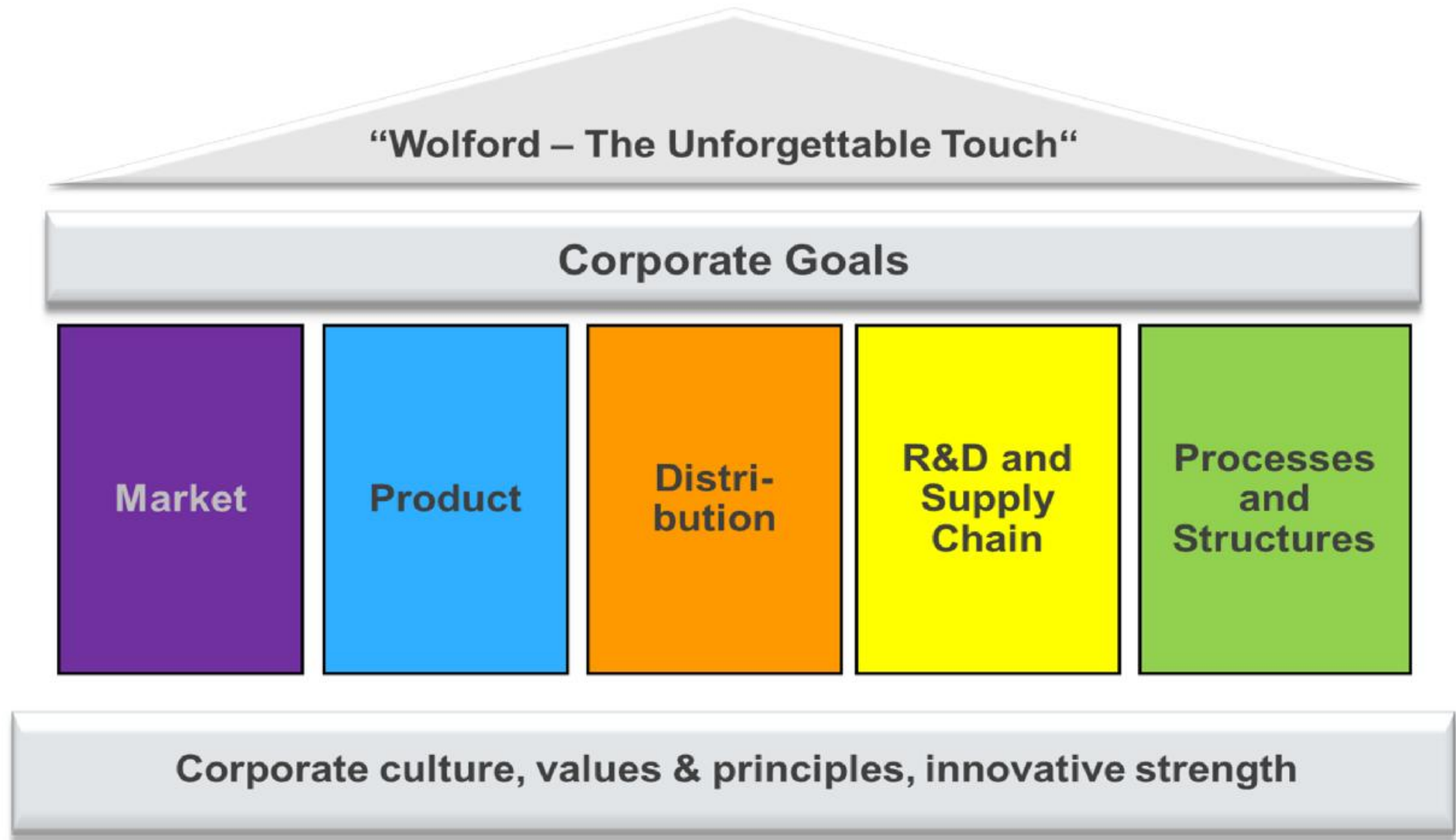
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- ▶ In the past the company was lead in a hierarchic and functional way
- ▶ In order to re-establish a creative spirit and exploit growth potentials a new leadership culture and process orientation (CIP) is being implemented

### New Mission Statement:

„Share our passion for **the unforgettable touch** of Wolford, celebrating every woman's unique personality”

- ▶ Worldwide roll-out of Mission/Vision/Values in order to ensure identification of all employees with the new spirit



## Strategic Frame / Market

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- ▶ Description of the Wolford target group
  - ▶ The Wolford woman is elegantly sophisticated, extroverted, in control of her sexuality, independent, chic/glamorous, mysterious and distant, intelligent
  
- ▶ Re-definition of the Wolford style
  - ▶ The Wolford style is timeless, elegant, chic, modern, innovative, seductive with a sexy twist, clean, minimalistic, figure conscious
  
- ▶ Position Wolford as manufacturer and premium brand in the niche of luxury legwear and premium figure-embracing products that provide unique comfort
  
- ▶ Focus internal resources on markets with highest profit-cost ratio



## Strategic Frame / Market / Communication

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- ▶ Target: modernize and increase awareness and desire for the brand
- ▶ Advanced recommendation strategy instead of classic advertising
- ▶ Extend online marketing and brand lobbying through events
- ▶ Return to a strong, target group-oriented visual language
- ▶ Implement new shop concept and professional visual merchandising
- ▶ Significant increase of marketing budget from € 7.6 million in 2012/13 to € 14.0 million in 2017/18

# Recent Marketing Highlights



Kylie Minogue „Sexercise“ on [youtu.be/j3VjJKKVNew](https://youtu.be/j3VjJKKVNew)



Rihanna



Miley Cyrus



Michele Obama



Katy Perry

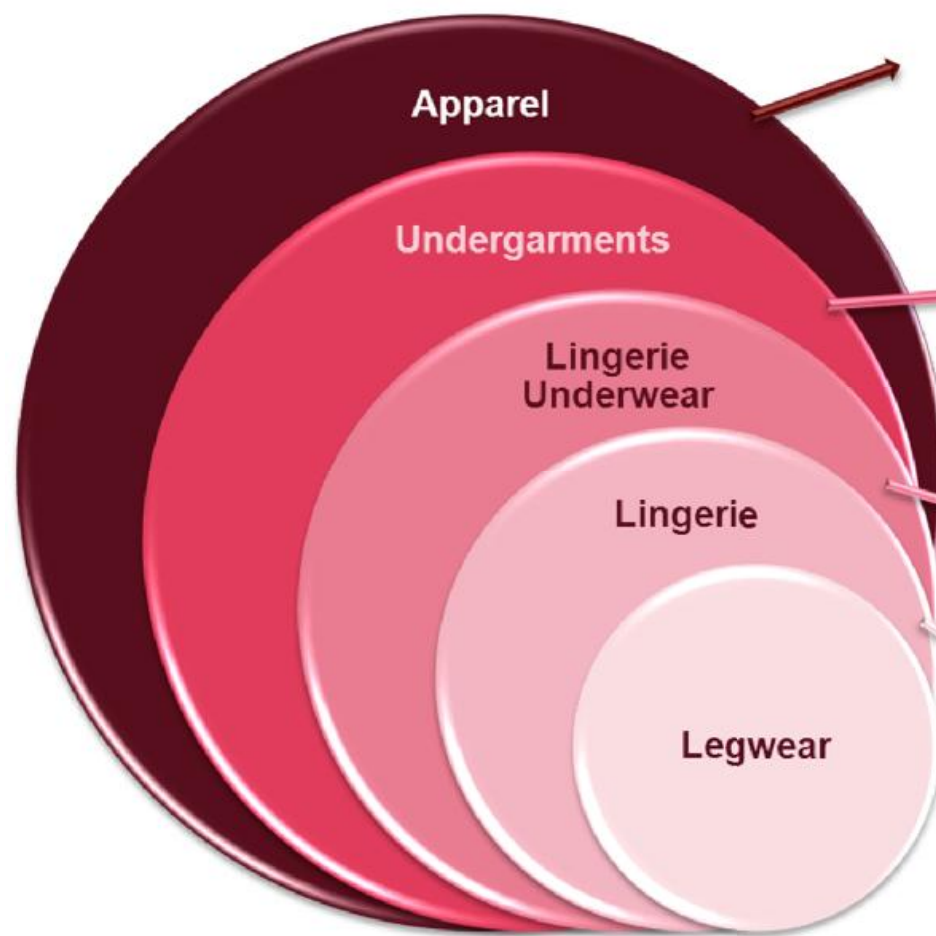
## Strategic Frame / Product

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- ▶ Align product assortment with the company's heritage (the world finest legwear) and the target groups
  - ▶ In consideration of the brand USPs
  - ▶ Extension of Lingerie and Undergarments assortment (shapewear), reduction of Apparel (Ready to wear) and exit Swimwear with SS 2015
  - ▶ Continuous renewal of essential collection with focus on functional and innovative products
  - ▶ Homogenous style over all product groups
- ▶ Revision of price-performance-ratio to be in line with the market and to improve competitive positioning
- ▶ Grow sales volumes to utilize existing capacity and increase profitability

# Align Product Assortment to Legwear

## Assortment Split



## Strategic Frame / Distribution

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- ▶ Strive for an improved balance of wholesale and retail sales (reduce fixed cost portion and better profitability)
- ▶ Close loss-making / non-strategic retail locations
- ▶ Focus growth in monobrand retail distribution on
  - ▶ Key cities and top locations with own boutiques
  - ▶ Partner & COAFF boutiques in other relevant cities
- ▶ Significantly grow online business and interlink with monobrand distribution
- ▶ Further growth in travel retail business
- ▶ Strengthen visual merchandising and product assortment at the POS
- ▶ Improve floor space profitability in own retail business



## Strategic Frame / R&D and Supply Chain

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- ▶ Focus internal development and production resources on core product areas (legwear, lingerie, undergarments)
- ▶ Establish a sourcing network for non-core product areas
- ▶ Continuous cost reduction program in all operational processes and functions
- ▶ Strengthen competitive edge by investing in innovation, key product and process areas
- ▶ Shorten operational lead-time while reducing inventories
- ▶ Integrate sales/demand planning with supply chain planning

## Strategic Frame / Processes and Structure

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- ▶ Reduction of time-to-market by revising the collection development process
- ▶ Improve organizational agility and speed by
  - ▶ Living the principle of “think global, act local”
  - ▶ Embedding a continuous improvement process and culture (CIP)
- ▶ Shape responsibilities and organizational structure along processes
- ▶ Establish cross-functional product teams with joint responsibility for a part of the collection from product concept/sample to product availability for the markets

# Corporate Targets

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## Short term:

- ▶ **Swift return to profitability**
  - ▶ Close loss-making / non-strategic retail locations
  - ▶ Increase floor space profitability in own retail business
  - ▶ Relaunch wholesale business
  - ▶ Grow sales volumes to utilize capacity
  - ▶ Optimize internal processes
- ▶ **Increase awareness and desire for the Wolford brand**
  - ▶ by a new communication approach in all aspects
- ▶ Operational turnaround in BY 2014/15

## Long term:

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



# Financial Calendar

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Date	Event
Mar. 14, 2014	Q3 Report 2013/14
July 18, 2014	Annual Results 2013/14 and press conference
Sep. 12, 2014	Q1 Report 2014/15
Sep. 18, 2014	27 <sup>th</sup> Annual General Meeting
Sep. 22, 2014	Ex-dividend day
Sep. 24, 2014	First day of dividend payment
Dec. 12, 2014	Half-Year Report 2014/15
Mar. 13, 2015	Q3 Report 2014/15

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## Contact and Information About the Company

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▶ **Vienna Stock Exchange: WOL**

Reuters: WLFD.VI

Bloomberg: WOL:AV, WLFDY:US, WOF:GR

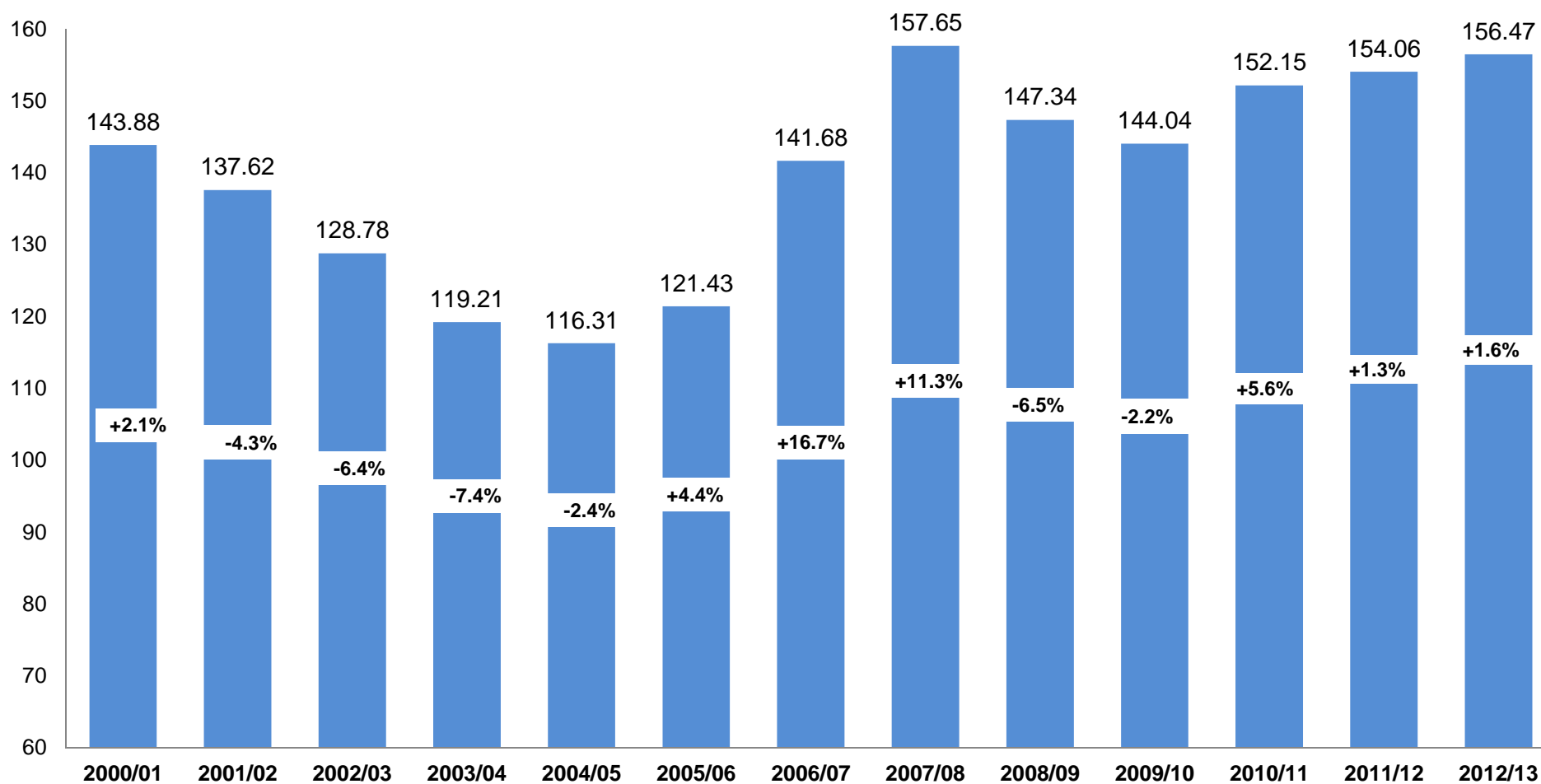
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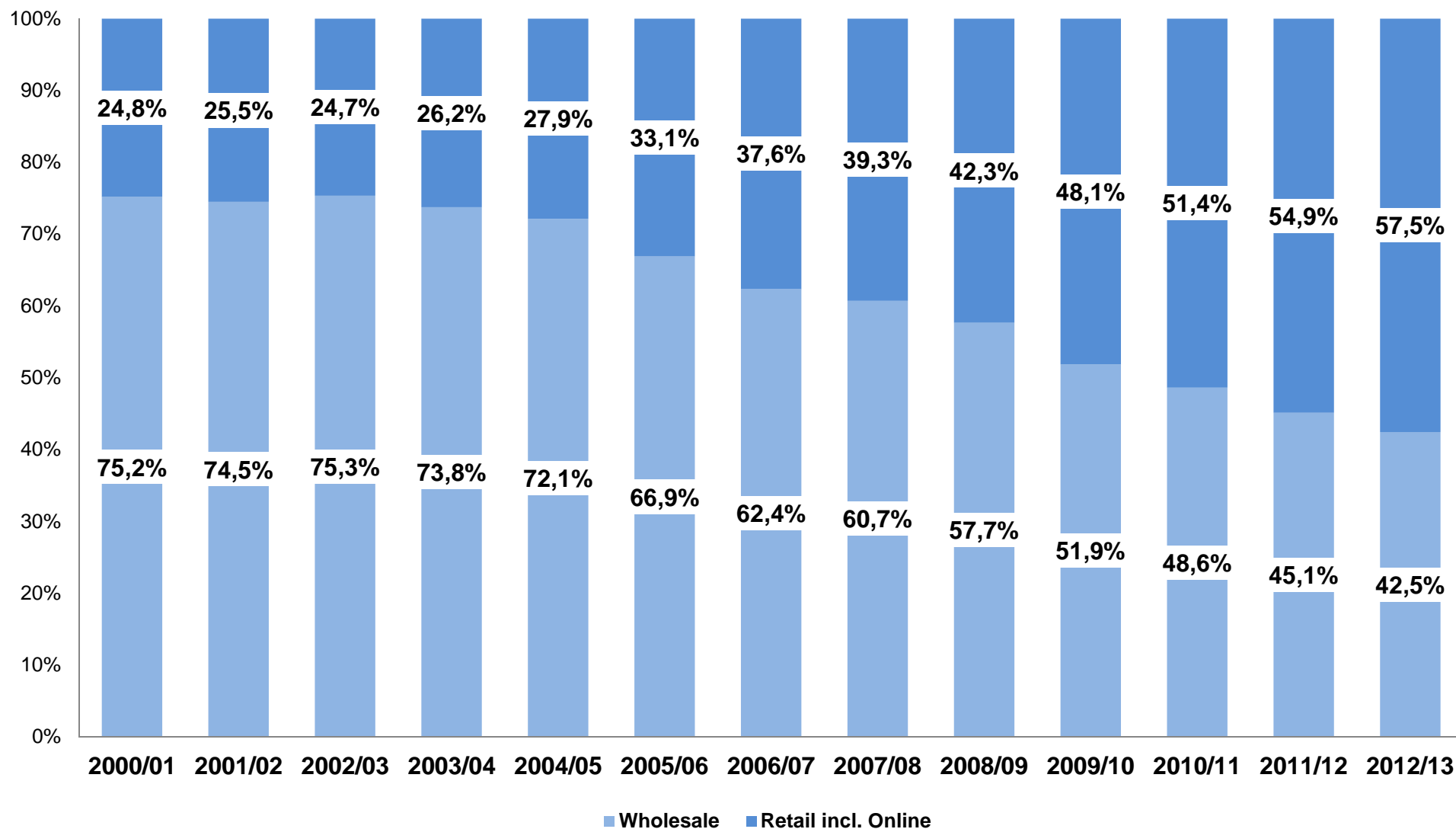
## **Appendix: Historic Development and Innovation**

# Revenue Development over 13 years

in €mill.



# Share of Revenues Retail vs. Wholesale



# Points of Sale (as of Jan. 31, 2014)

**Monobrand locations worldwide: 270**

- **Thereof Wolford-owned Points of sale:**

123 boutiques

31 concession shop-in-shops

27 factory outlets

- **Thereof partner operated Points of sale**

89 boutiques

and about 3,000 other distribution partners

**North America: 32**



**Europe: 192**



**Asia: 38**



# Development of the Brand

## Milestones of the 90s



**1994**

### **Fatal 50**

World's finest pantyhose  
without any seams

Foto Helmut Newton



**1998**

### **Stay Hip**

World novelty – the  
combination of  
stay-ups and tights



**1998**

### **Men**

The men's collection  
offers knee socks and  
socks in various  
materials



**1999**

### **Star[c]k Naked**

Philippe Starck  
invents a  
combination of a  
dress and tights:  
multifunctional  
clothing

# Milestones of the Brand

## Milestones 2000s



**2001**

### Logic

The first tights with a new comfortable waist-solution

Foto Günther Kathrein



**2001**

### Long Distance

The first tights with anatomic pressure progression for travellers



**2002**

### Individual Nature

Material innovation: World's most transparent tights made of natural yarn with a smooth optic and natural characteristics



**2003**

### Pure Energy

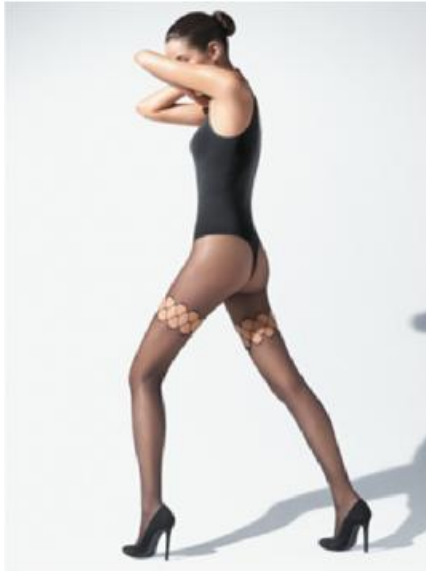
Compression: conveying blood circulation in the legs. Based on technical Know how & medical research

Foto Klinko & Indrani



# Development of the Brand

## Milestones 2000s



**2010**

**Karen**

A completely new process enables grid-hole patterns to be knitted using the finest pantyhose material



**2011**

**Fatal 80 Seamless Stay-up**

No edges, no transitions and no seams. Perfect under close-fitting clothes



**2011**

**Fatal Dress bi-colour**

The Wolford Fatal Dress is a true transformation artist!



**2012**

**Multifunctional Scarf**

The Multifunctional Scarf creates a fantastic appearance in various situations

# Production Sites

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## Site Bregenz:

Production area of 37.500 m<sup>2</sup>

### Daily Output Production:

440 machines knit 330.000 km yarn per day

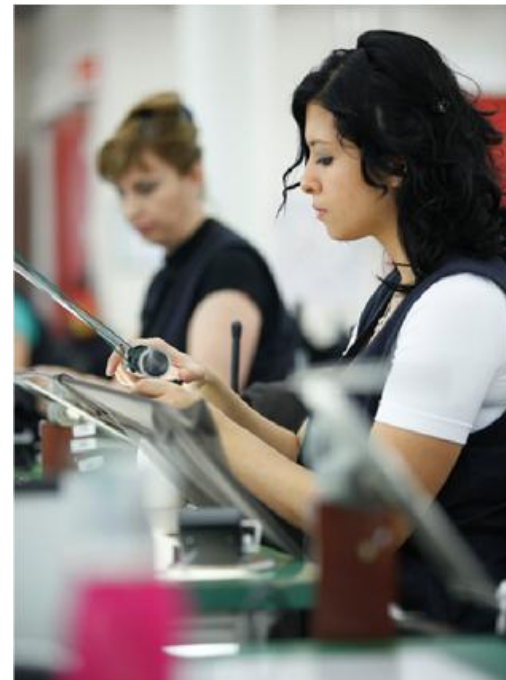


## Site Slovenia:

Production area of 2.174 m<sup>2</sup>

### Daily Output Confection:

With 203 machines 20,000 tights and 1,500 Bodys are sown per day



# Wolford Management Board

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## **Axel Dreher**

Speaker of the Board

- ▶ Production
- ▶ Logistics
- ▶ Product Development
- ▶ Quality Management
- ▶ Procurement

### Additionally:

- ▶ Distribution channels:  
Wholesale and E-commerce
- ▶ Marketing
- ▶ Market Services

## **Thomas Melzer**

CFO

- ▶ Finance
- ▶ Internal Audit
- ▶ Investor Relations
- ▶ Human Resources
- ▶ Legal Affairs
- ▶ IT

### Additionally:

- ▶ Distribution channel:  
Monobrand Management



## **Wolford - The Unforgettable Touch**

