



**Erste Bank Group
Investor Conference
Stegersbach**

WOLFORD AG

Axel Dreher (COO/CFO)

Stegersbach, 5. – 9. October 2015

The Wolford Group at a Glance

The 2014/15 Financial Year

1st Quarter 2015/16

Strategy

Outlook 2015/16 and Targets

The Wolford Share



The Wolford Group at a Glance

Who is Wolford?



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

- ▶ Founded 1950 in Bregenz, Austria
- ▶ Present in over 60 countries
- ▶ 271 monobrand POS globally
- ▶ 2 production facilities in Austria and Slovenia (only Europe!)

- ▶ **157.35 Mio. € revenues with 1,574 employees in FY 2014/15**

- ▶ **Stable shareholder structure**

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



Wolford Models in 1997, Photo: Helmut Newton

65 Years of History with Pioneering Innovations



1977

Miss Wolford

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 Wolford 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

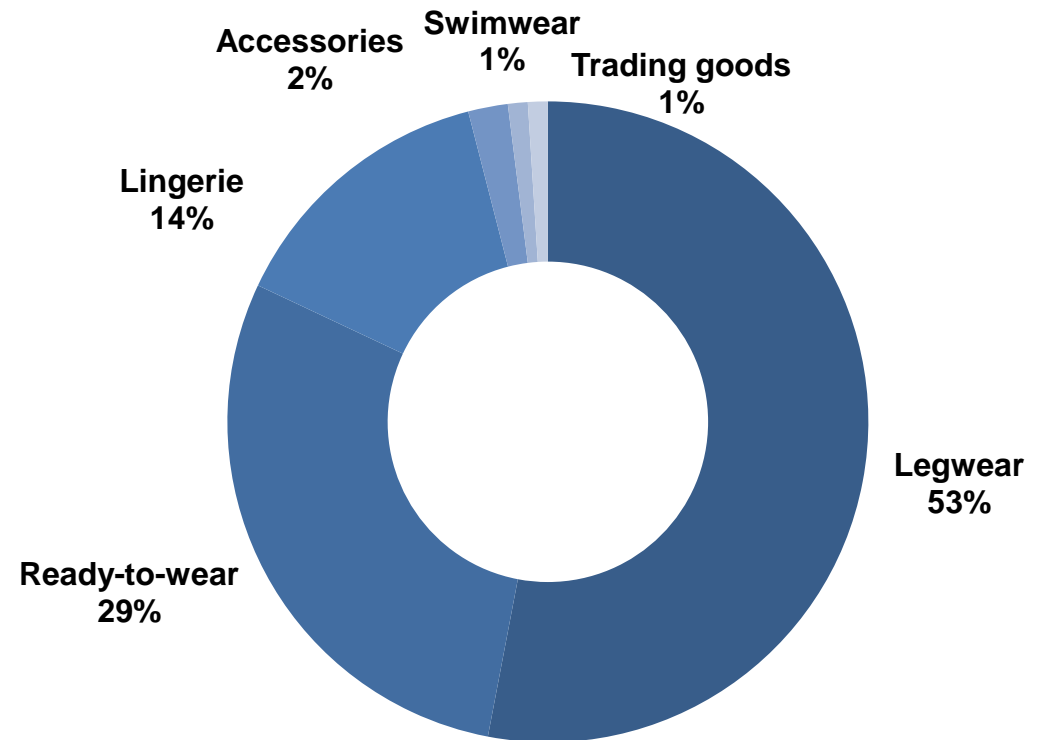
Pure 50 Tights

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

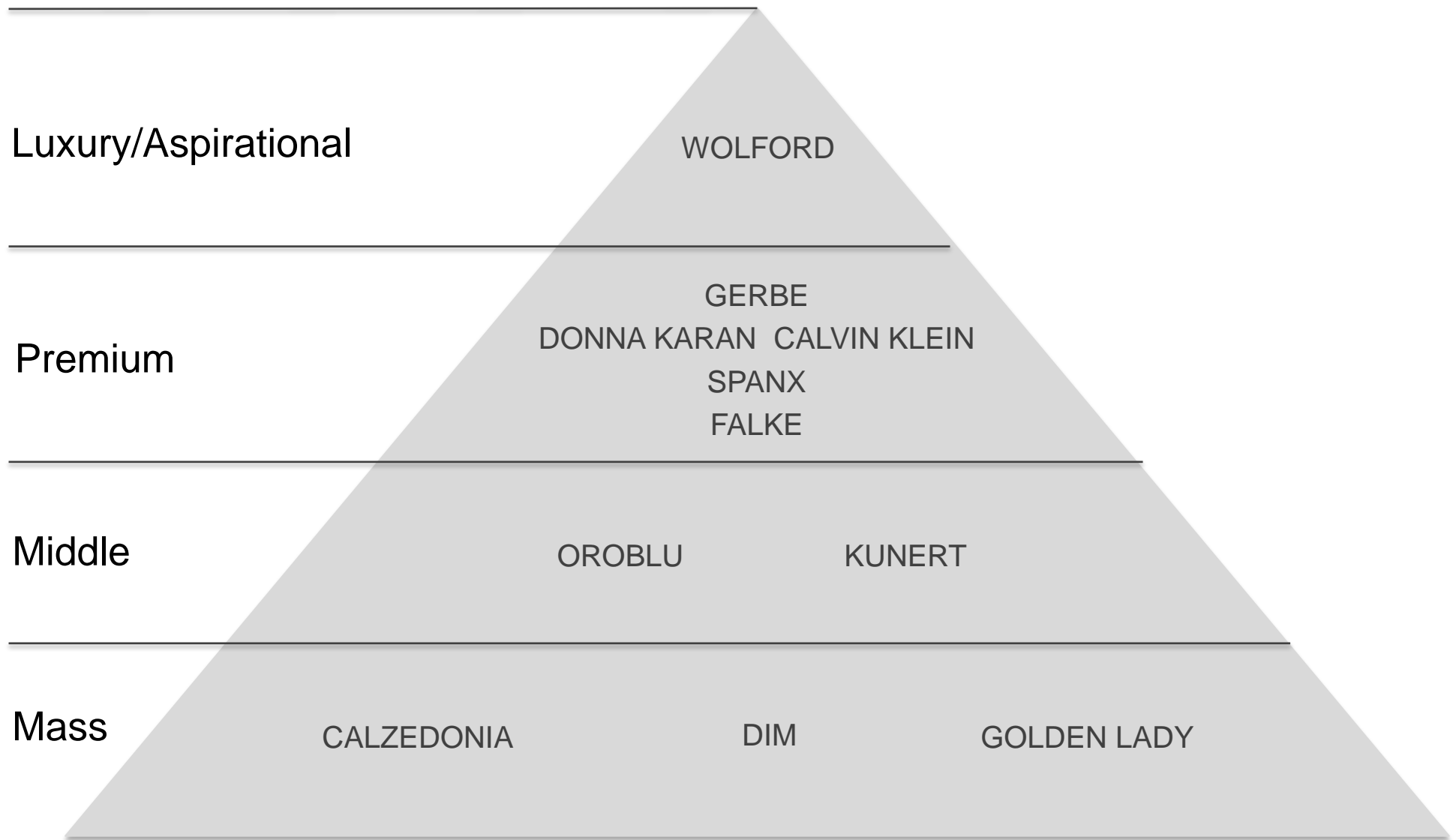
Legwear as the Core Product



May 2014 – April 2015



Number One Position in Legwear Worldwide



Global Presence



Monobrand locations worldwide: 271*

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

- 116 boutiques
- 39 concession shop-in-shops
- 26 factory Outlets

○ **Thereof partner-operated Points of sale**

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

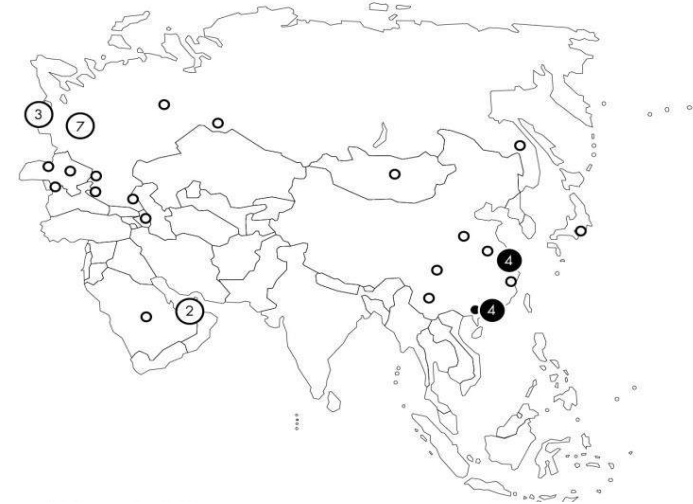
North America: 35



Europe: 189
excl. Russia, Ukraine



Asia: 39
incl. Russia, Ukraine

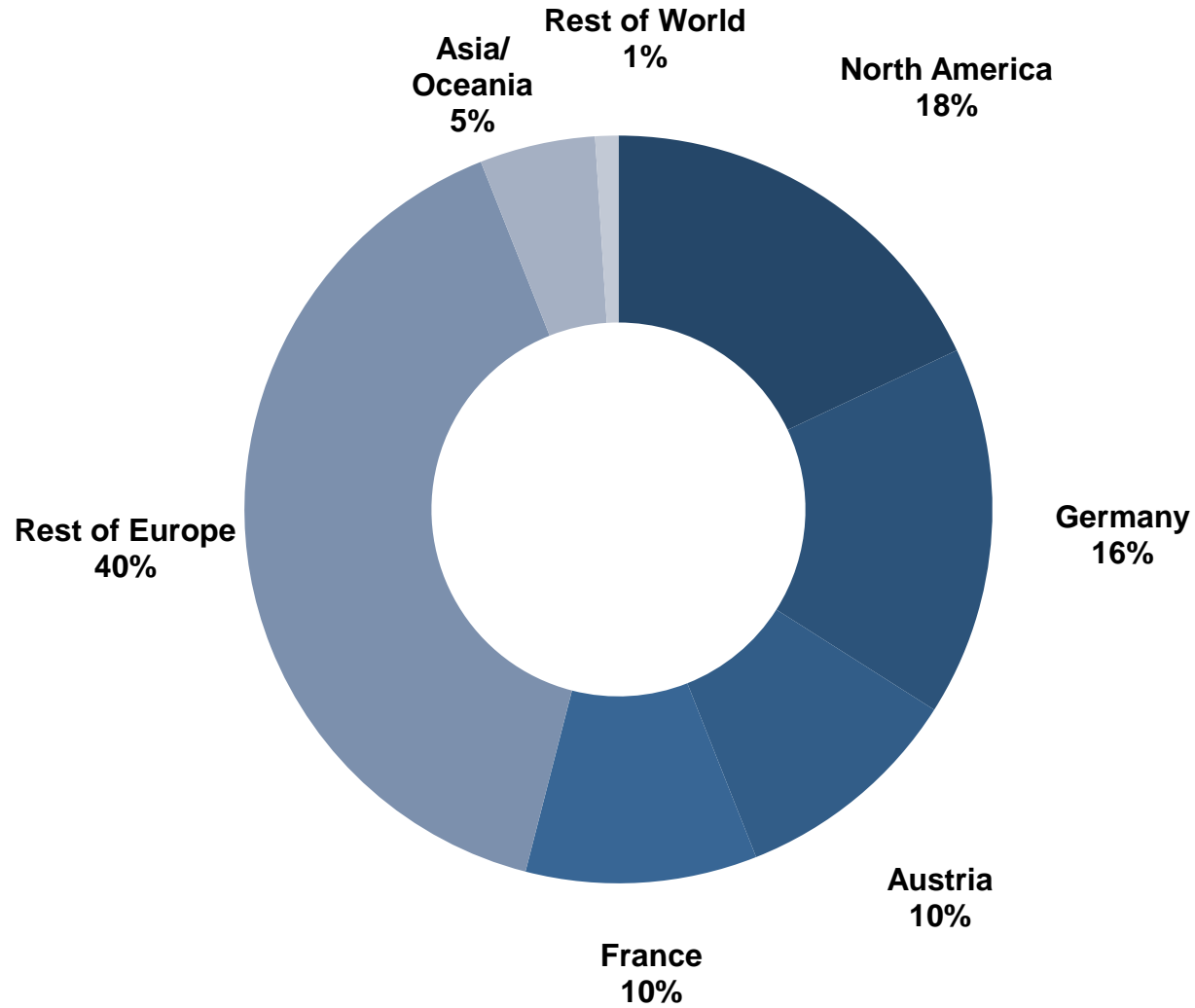


* Including 8 partner-operated Boutiques in Africa, Australia and South America

Key markets Europe and USA



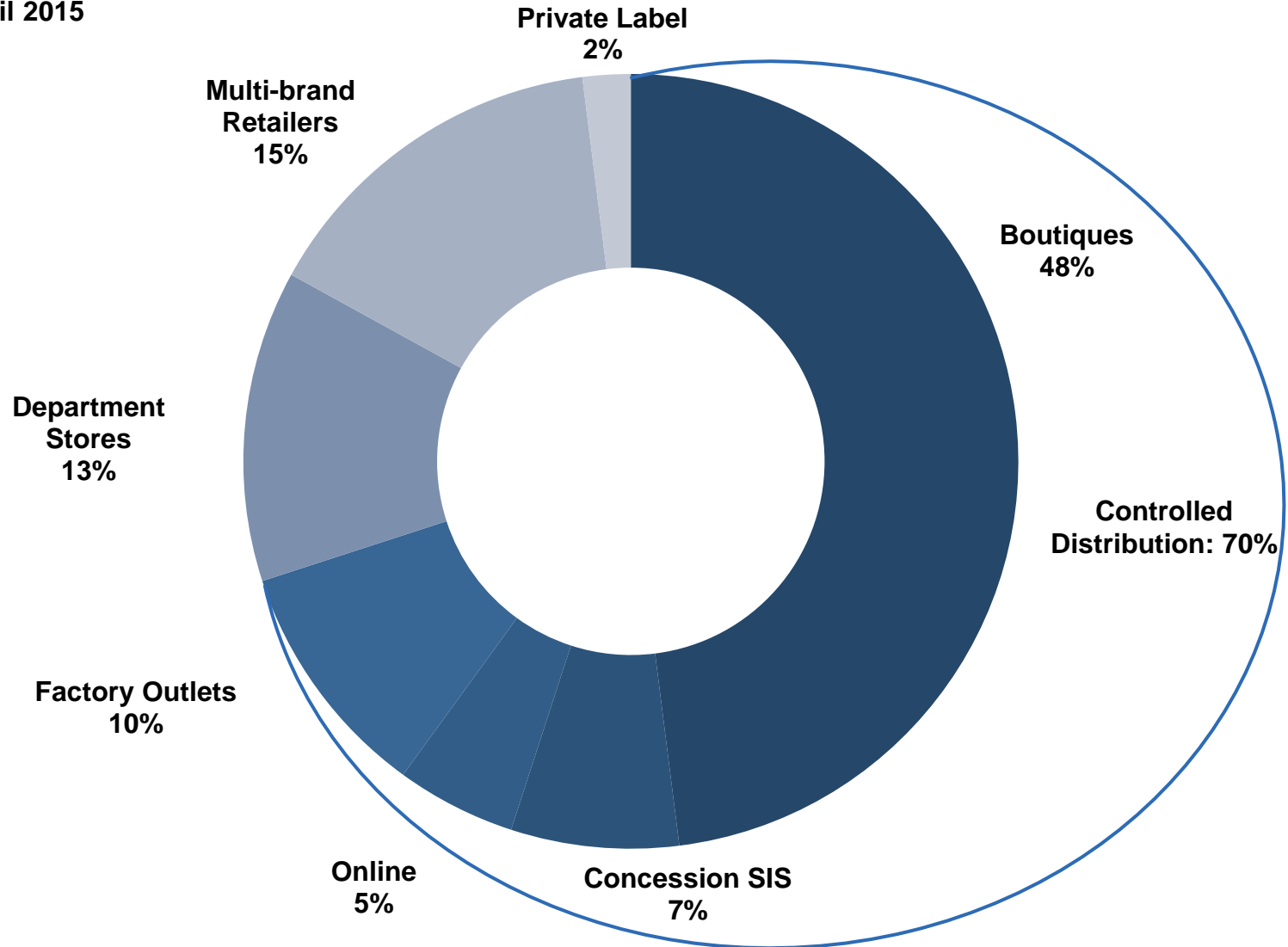
May 2014 – April 2015



70% of Revenues with Monobrand-POS



May 2014 – April 2015





Wolford

The 2014/15 Financial Year

Group Earnings 2014/15



| | | 2014/15 | 2013/14 | Chg. in % |
|------------------------|------------|---------|---------|-----------|
| Revenues | in € mill. | 157.35 | 155.87 | +1 |
| EBITDA adjusted* | in € mill. | 10.33 | 7.11 | +45 |
| EBIT adjusted* | in € mill. | 1.56 | -0.97 | >100 |
| Non recurring items* | in € mill. | 0.61 | -3.76 | >100 |
| EBIT | in € mill. | 2.17 | -4.72 | >100 |
| Earnings before tax | in € mill. | 1.21 | -5.89 | >100 |
| Earnings after tax | in € mill. | 1.03 | -2.81 | >100 |
| Employees (on average) | FTE | 1,574 | 1,562 | +1 |

* Adjusted for non-recurring income of 3.37 million and non-recurring expenses of 2.76 million

▶ Growing revenues in the second half year

- ▶ Weak first half year due to difficult market conditions (-3%)
- ▶ Stabilized revenues in Q3 and strong growth in Q4 (+12%), also due to FX effects
- ▶ Strong online business (+24%) and slightly growing retail business – despite the effect of the closing of unprofitable points of sale
- ▶ Wholesale Business also performed better in the second half year (full year -2%)

▶ EBIT in the black

- ▶ Due to one-off effects (sale of lease options and of non-core land in Bregenz)
- ▶ Despite higher marketing costs and higher expenses in context of the new collection as well as higher personal costs

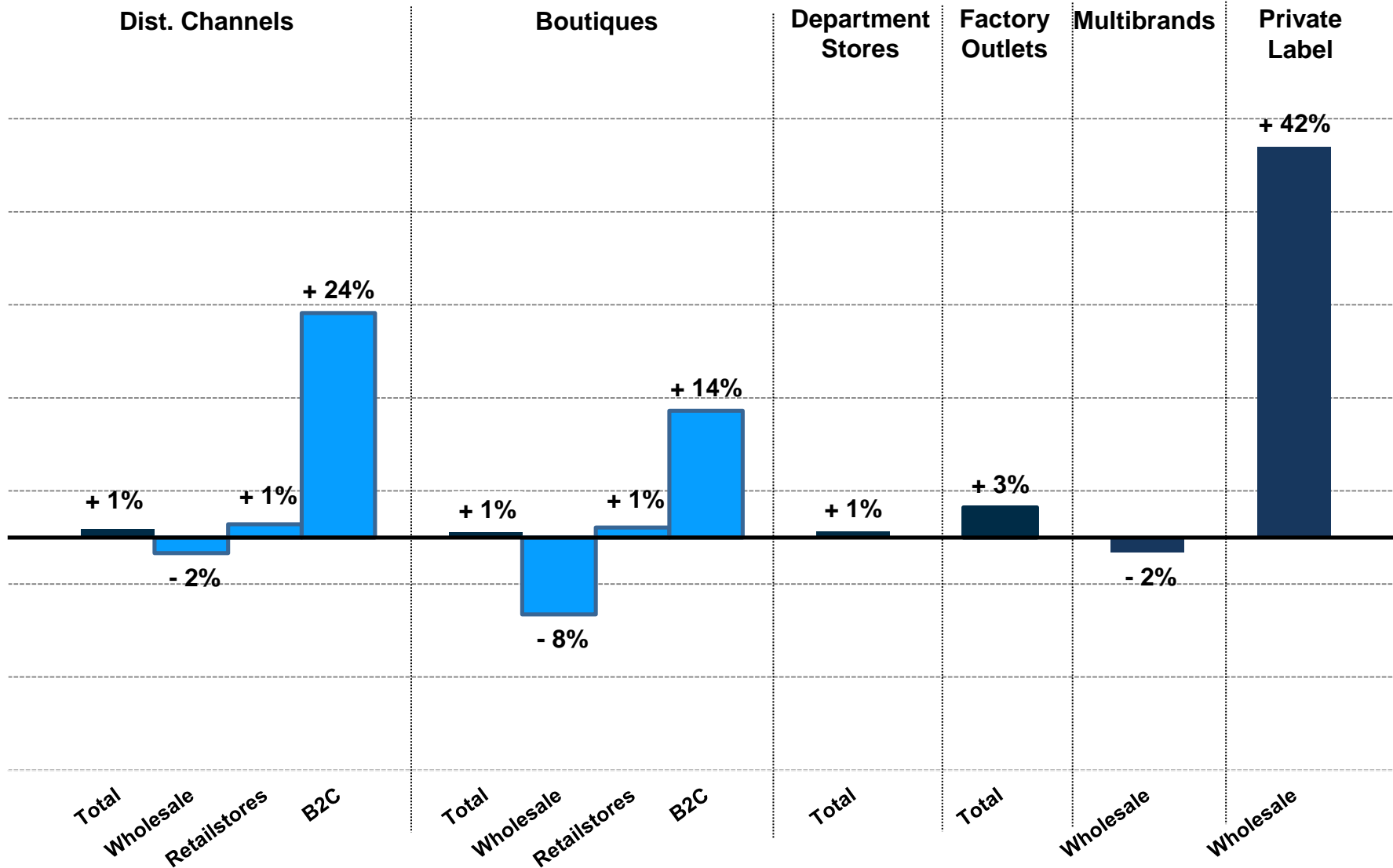
▶ Earnings after tax of 1,03 Mio. €

- ▶ Special dividend of € 0.20 – thanks to the special income from the sale of non-core land

Growing Online Business

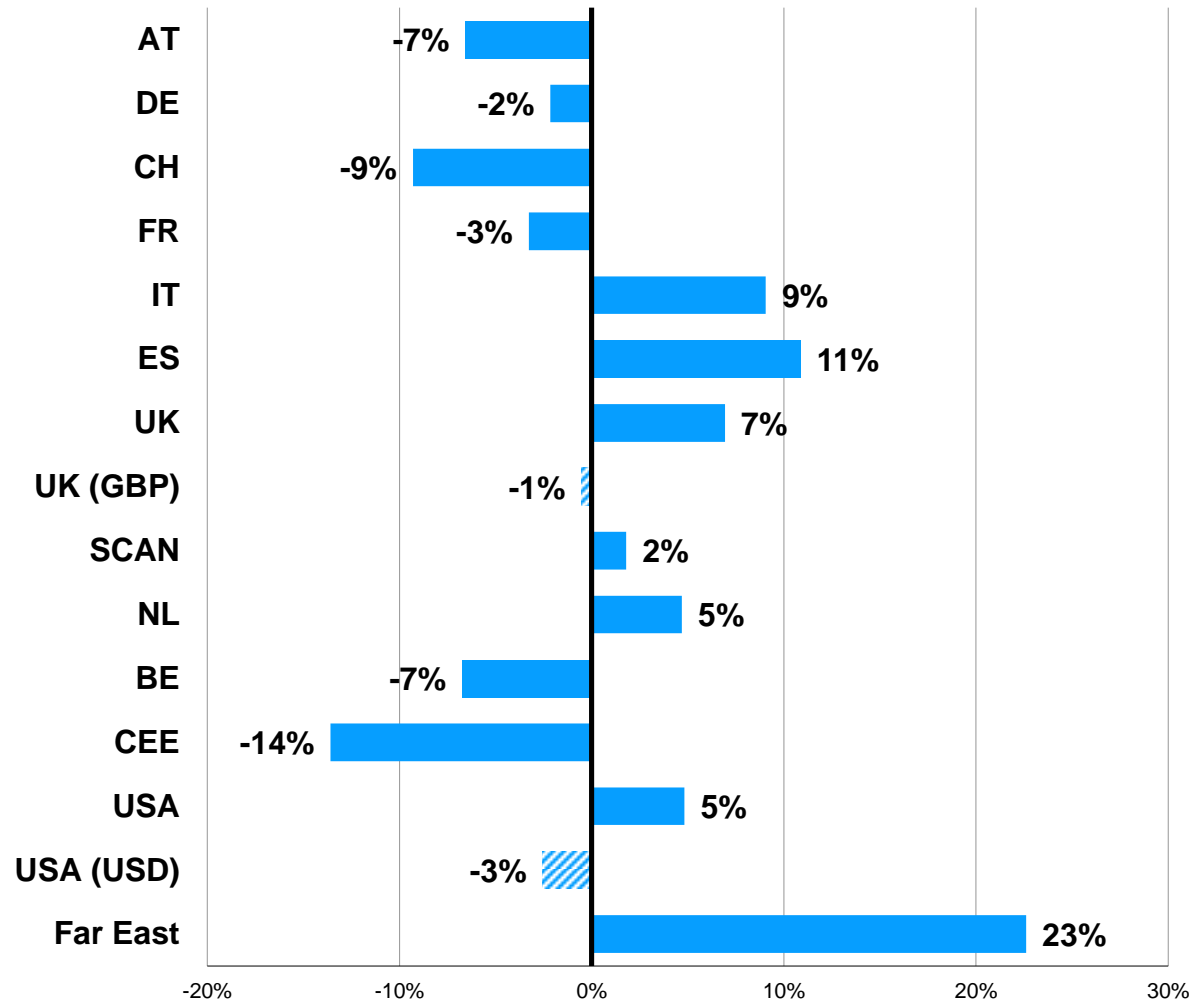


May 2014 – April 2015 vs. PY



Mixed picture in the markets

May 2014 – April 2015 vs. PY



Balance Sheet Data 30.04.15



| | | 30.04.2015 | 30.04.2014 | Chg. in % |
|-------------------------------------|------------|------------|------------|-----------|
| Equity | in € mill. | 74.83 | 74.38 | +1 |
| Net Debt | in € mill. | 17.12 | 17.04 | +1 |
| Working Capital ¹⁾ | in € mill. | 38.14 | 33.72 | +13 |
| Equity Ratio | in % | 51 | 54 | - |
| Gearing | in % | 23 | 23 | - |
| Debt Repayment Period ²⁾ | | 1.7 | 2.4 | - |

¹⁾ Including outstanding purchase price receivable from the sale of a lease option

²⁾ Net Debt to EBITDA adjusted



Wolford

**1st Quarter 2015/16
(May 2015 – July 2015)**

Group Earnings 1st Quarter 2015/16



| in TEUR | 05/15 - 07/15 | 05/14 - 07/14 | Chg. in % |
|------------------------|---------------|---------------|-----------|
| Revenues | 33,984 | 31,910 | +6.5 |
| EBITDA adjusted* | -747 | 1,937 | >100 |
| EBIT adjusted* | -3,041 | -168 | >100 |
| Non recurring items* | 0 | 3,184 | >100 |
| EBIT | -3,041 | 3,016 | >100 |
| Earnings before tax | -3,325 | 2,785 | >100 |
| Earnings after tax | -2,554 | 1,490 | >100 |
| Employees (on average) | 1,583 | 1,555 | +1.8 |

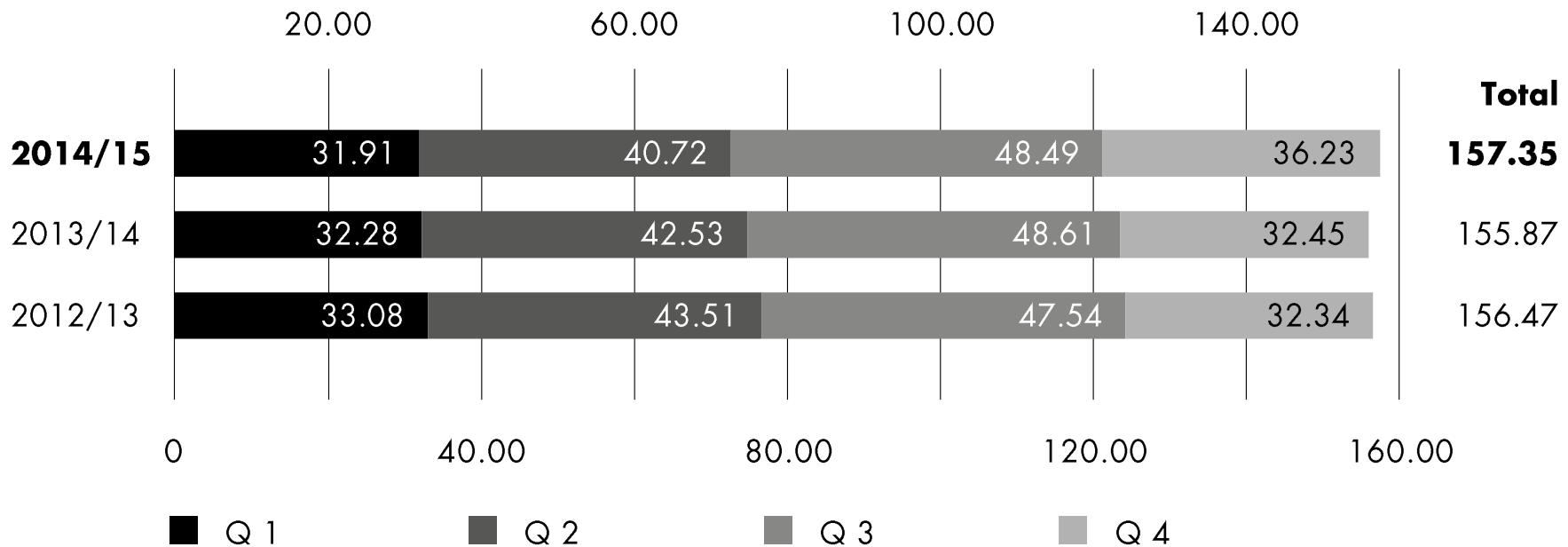
*There will be no „non-recurring items“ recognized in the 2015/16 financial year, but will only be included in the comparisons to the previous year.

Balance Sheet Data 1st Quarter 2015/16



| in TEUR | 05/15 - 07/15 | 05/14 - 07/14 | Chg. in % |
|---------------------|----------------------|----------------------|------------------|
| Equity | 72,468 | 75,988 | -5 |
| Net Debt | 25,982 | 17,950 | +45 |
| Working Capital | 39,763 | 38,112 | +4.3 |
| Balance Sheet Total | 150,580 | 142,536 | +6 |
| Gearing in % | 35.9 | 23.6 | +51.8 |
| Equity ratio in % | 48.1 | 53.3 | -9.7 |

REVENUE DEVELOPMENT BY QUARTER (IN € MILL.)





[[Wolford]]

Strategy

The Wolford Vision:

We want to be the leading global brand in the aspirational luxury segment of legwear, lingerie and bodywear by offering our consumer an unforgettable experience: „The Unforgettable Touch of Wolford.“

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%)

Return to core strengths & strategic reorientation



| Key elements of the strategic refocusing | Status |
|--|--------|
| 1. Revitalization of the brand – Modernization of a strong heritage | |
| 2. Adjustments to the product portfolio – consistent fashion collection statement and securing competitive edge | |
| 3. Reorientation of market communication – online and offline | |
| 4. Optimization of controlled multi-channel distribution and globalization | |
| 5. New go-to-market model | |
| 6. Establishing of a new management culture and incentive system | |

► **Financing from internal sources!**

1. Revitalization of the brand

- ▶ **Modernization of a strong heritage**
 - ▶ Renewal of exclusivity and “edginess”
 - ▶ Generate demand (appeal)
 - ▶ Focus on the “brand DNA“, the inherent nature of the brand

- ▶ **Consistent brand experience – from the product to shopping experience online and offline**

Brand DNA

- ▶ Holistic comfort – understanding the layer closest to the skin
- ▶ Innovation
- ▶ Functionality
- ▶ Confidence
- ▶ Effortless sophistication
- ▶ Discreet and sensual

2. Refocusing of the product portfolio ...

▶ **Back to the roots: return to figure-embracing products**

- ▶ Innovation, innovation, innovation!
- ▶ Securing the leadership position in the Legwear segment
- ▶ Expansion of Lingerie and Bodywear product line (mainly Shapewear), refocusing of Ready-to-wear
- ▶ Creation of product icons instead of extensive collections
- ▶ Streamlining of Essentials collection (gradual reduction of SKUs)
- ▶ Launch of a never out of stock (NOOS) system for top sellers
- ▶ Reduction of time to market



- ▶ **Harmonizing of product groups**
- ▶ **Harmonization of the Essentials and Trend collections**
- ▶ **Communication with clear concepts and consistent topics for the**
 - ▶ Collection
 - ▶ Products
 - ▶ Marketing
 - ▶ Visual merchandising at the point of sale

... and a focus on innovation – Examples



Pure 10 Tights



Nude 8



Pure Plus Dress

▶ Pure 10 Tights

- ▶ Newest product in gluing technology
- ▶ The softest tights on the market thanks to the yarn innovation

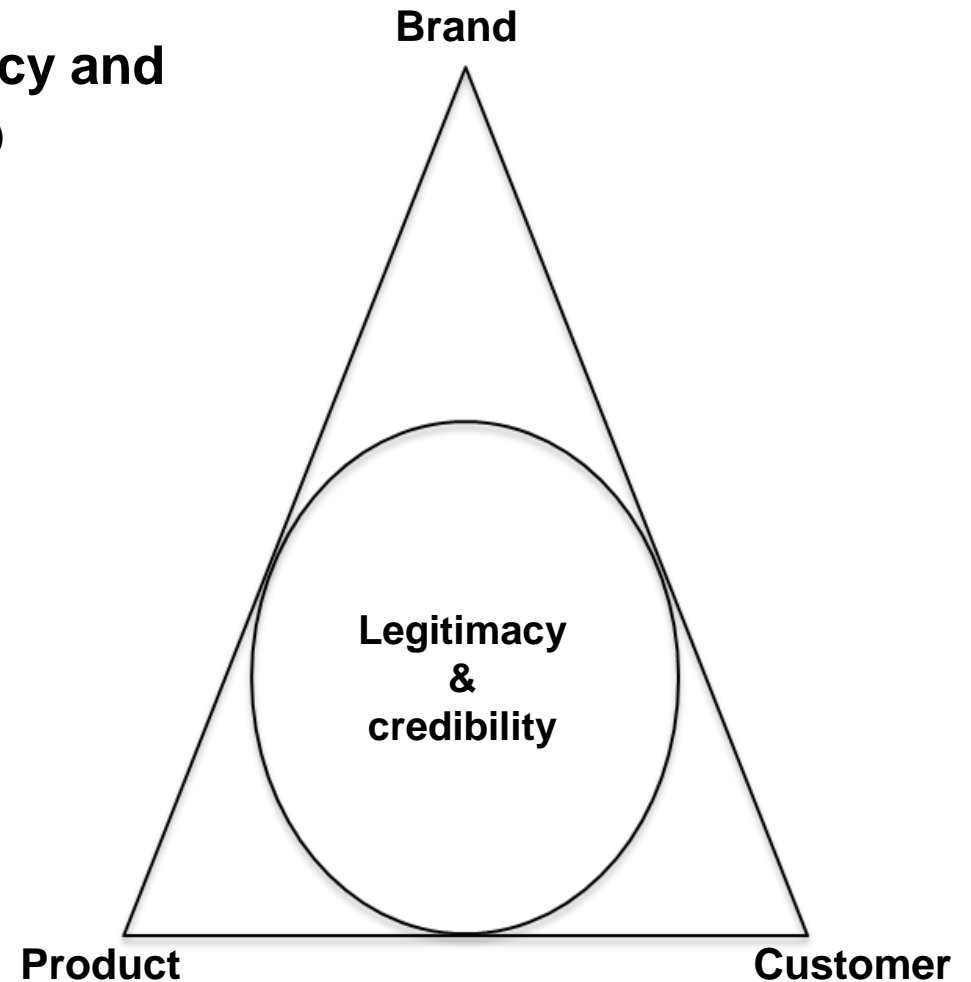
▶ Nude 8

- ▶ “Cosmetics” on the leg
- ▶ 10,000 of yarn weigh 8 grams
- ▶ Almost invisible to the human eye

▶ Pure Plus Series

- ▶ Innovative material
- ▶ Cut edges
- ▶ Figure-embracing but not skin tight

- ▶ **Creation of products with legitimacy and credibility** (based on targeted market research)
 - ▶ Compatible with brand DNA
 - ▶ Exceed customer expectations



3. Refocusing of market communication

Objectives: Increase appeal and optimize the shopping experience

- ▶ Display windows are the decisive asset!
- ▶ New shop concept and optimized product presentation
- ▶ Marketing using all communication channels (omni-channel marketing)
- ▶ Creation of digital contents and “storytelling” (arouse the imagination)
- ▶ More intensive communication on environmentally-compatible production and the USP “Made in Europe”

4. Optimization of multi-channel distribution

Retail

- ▶ Increase of floor space profitability
- ▶ Opening of flagship stores in megacities
- ▶ Expansion of Wolford-owned retail business in A cities
- ▶ Expansion of Wolford-controlled points of sale in B & C cities

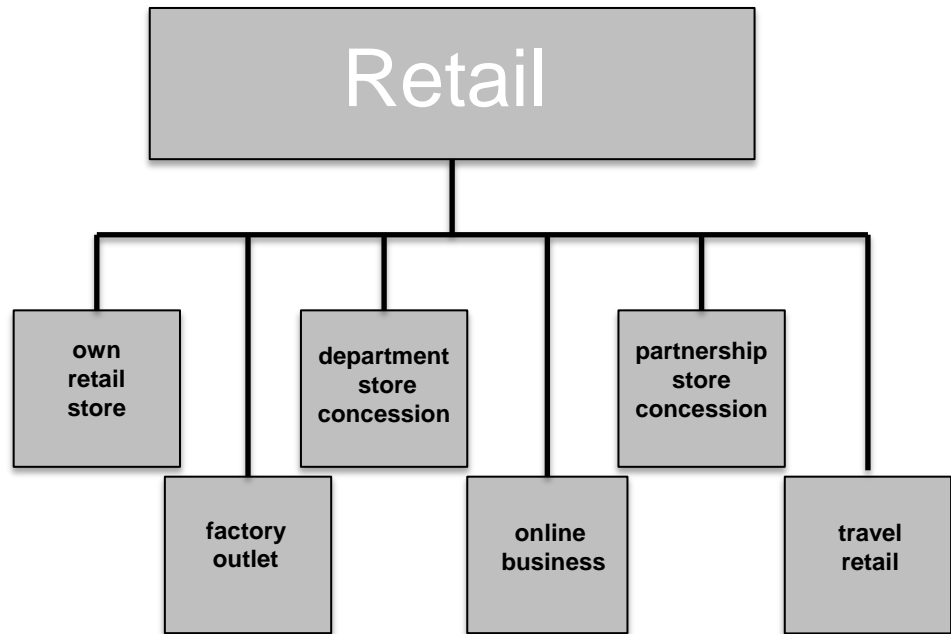
Wholesale

- ▶ Expansion of multi-brand distribution with a focus on premium stores
- ▶ Launch of master franchise business models in emerging markets

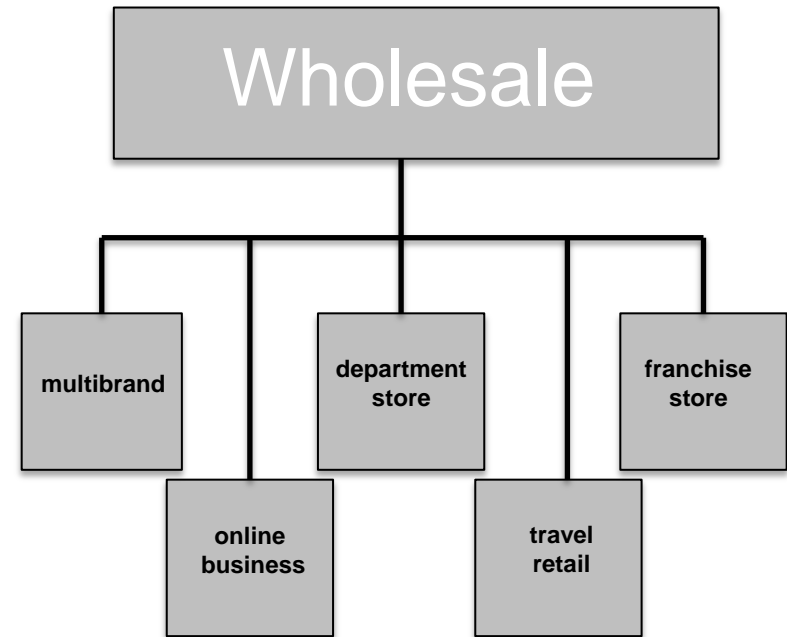
Online business

- ▶ Expansion of the online business (omni-channel approach)
- ▶ Uncomplicated access to the entire production portfolio

Balanced Mix of Retail and Wholesale Business...

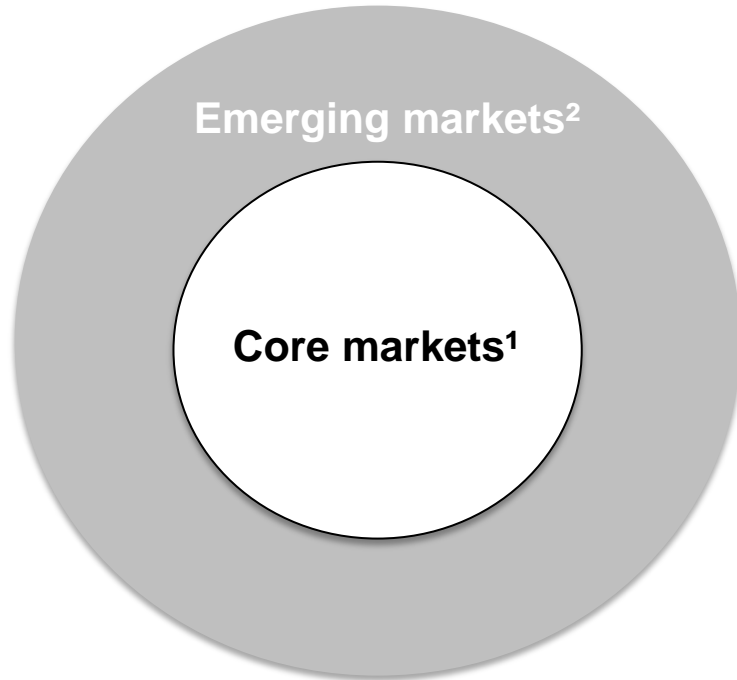


we own inventory



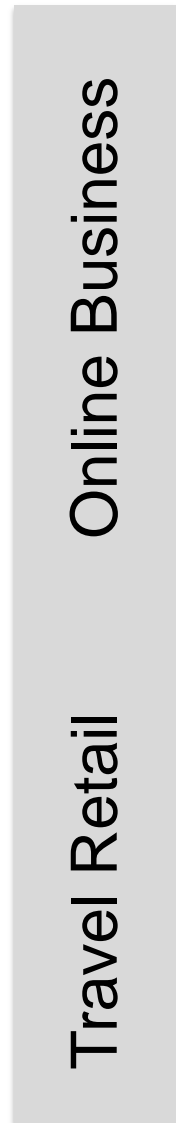
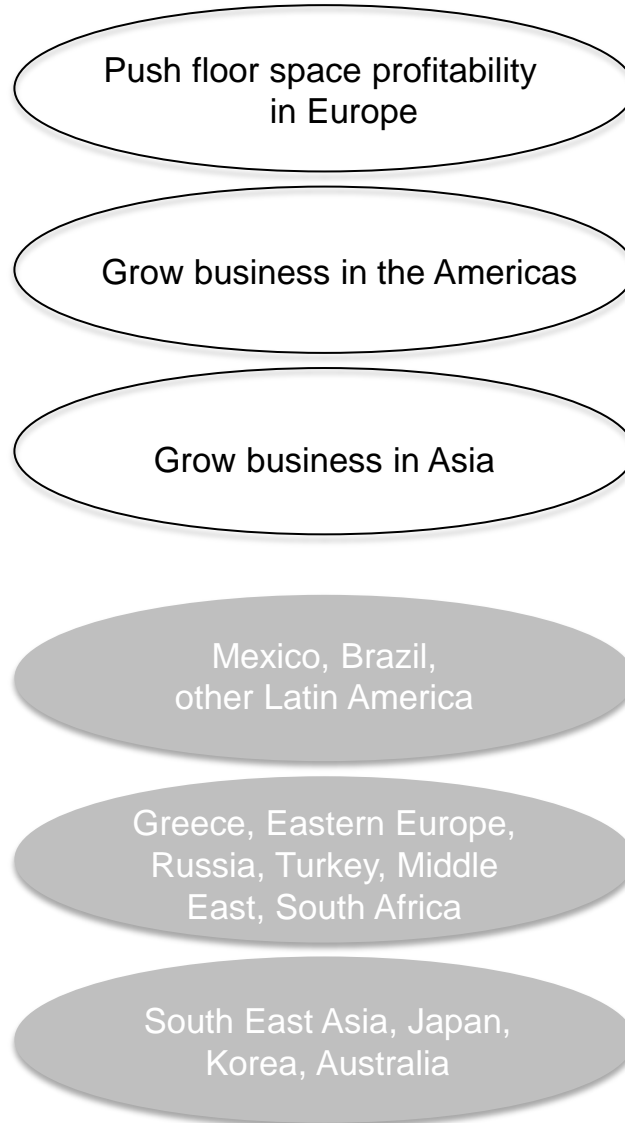
we invoice partner

...and Global Expansion



¹ Company owned subsidiaries

² Master franchise



5. New go-to-market model

- ▶ Wolford is transforming itself from an (ex-) wholesaler to a real retailer with own production (leveraging of monobrand stores!)
- ▶ Consistent orientation of all processes to needs at the point of sale
- ▶ New products for retail space five times per year
- ▶ Strict timing of advance orders, 99% on schedule
- ▶ New system to plan requirements and manage product availability



[[Wolford]]

Outlook 2015/16 and Targets

Environment with growth perspectives

- ▶ **Medium-/long-term: growing global market for luxury goods**
 - ▶ Market for personal luxury items tripled in the last 20 years to € 223 billion (+5% in 2014)
 - ▶ Number of worldwide consumers of luxury goods expected to rise by 10 million annually (Bain&Company 2014)

- ▶ **Short-/Medium-term: Economic recovery in core markets**
 - ▶ Slight economic upswing in the Eurozone (2015: +1.5%)
 - ▶ Stronger growth in the USA (2015: +3.1%)

- ▶ **Short-/Medium-term: Cautious optimism in the industry**
 - ▶ Renewed growth of 2-4% for premium and luxury goods expected around the world
 - ▶ Fashion retail sector in main European markets suffered from hot august (Germany: -16%, France -1.3%), except Great Britain (+1.3%)
 - ▶ Recovery in German fashion retail sector in september

Sources: Bain&Company and Altagamma, IMF Outlook, April 2015, textile industry

Clearly defined business targets



in the current 2015/16 financial year:

▶ **Further rise in revenues**

- ▶ Strategic measures beginning to have a positive impact
- ▶ Ongoing tailwinds thanks to currency effects

▶ **Sustainable profitability (positive operating results)**

- ▶ Further increase in floor space profitability in Wolford-owned retail stores
- ▶ Financing of strategic measures from the cash flow and unused lines of credit

Long-term:

▶ **Sustainable revenue growth / EBIT margin of 10%**

- ▶ New go-to-market model
- ▶ Exploiting of existing capacities (operating leverage)

Why to Invest in Wolford?



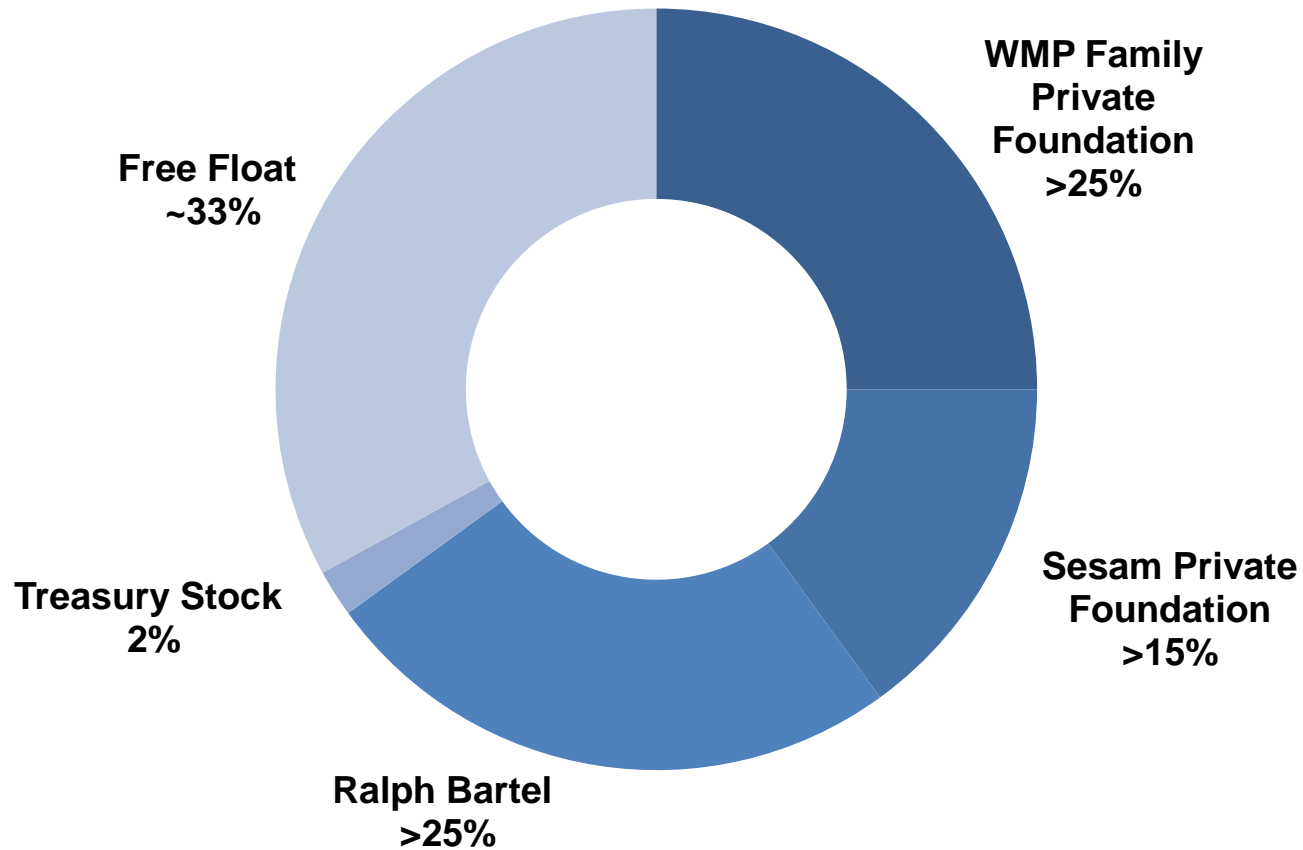
- ▶ Strong player in an attractive market niche of the growing market for luxury goods
- ▶ Beloved brand based on strong image, high quality products, continuous innovation and high CSR standards
- ▶ Turnaround story with a new management refocusing on the core competences of the company
- ▶ Direct access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



Wolford

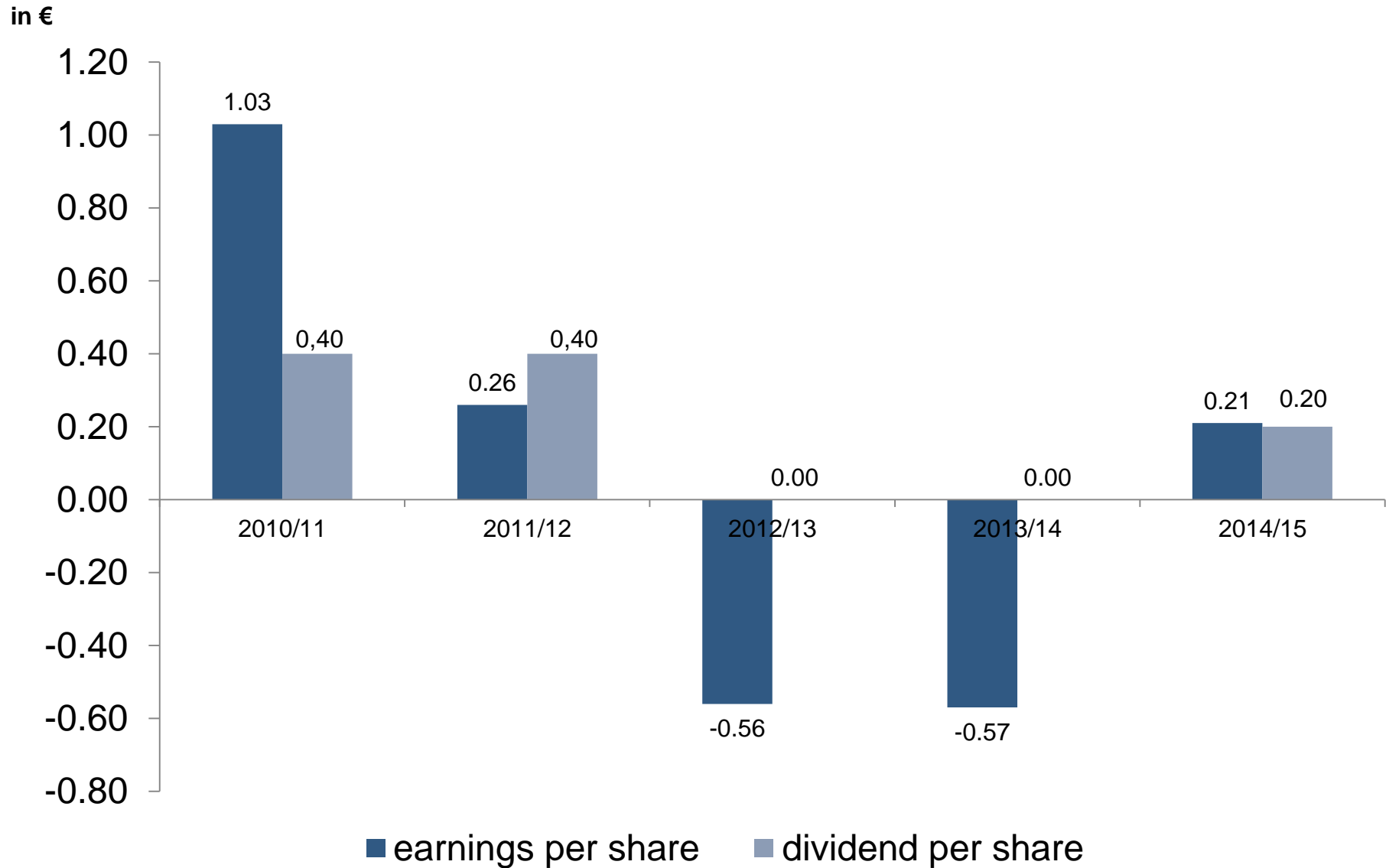
The Wolford Share

Shareholder Structure



Based on available investment reports

Earnings and Dividend per Share



| Date | Event |
|--------------------|---|
| 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 |
| July 15, 2016 | Publication of consolidated financial statements for 2015/16 and press conference |

IR-Informationen

| | |
|------------------------|-------------------------------------|
| Tel. +43 5574 690 1258 | Vienna Stock Exchange: WOL |
| investor@wolford.com | Reuters: WLFD.VI |
| company.wolford.com | Bloomberg: WOL:AV, WLFDY:US, WOF:GR |
| | ISIN: AT0000834007 |



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