

Company Update

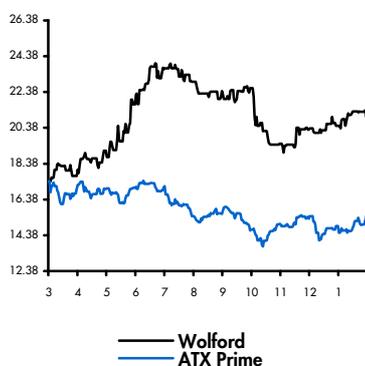
Wolford

February 4, 2015

Consumer, Cyclical/Austria

Hold

Price 03.02.15*	21.00
Price target	22.00
Volatility risk	medium
Year high/low	24.00/17.40
Currency	EUR
EUR/EUR	1.00
GDR rate	n.a.
Shares outstanding eoy in mn	4.90
Market capitalisation (total shares) in EUR mn	102.9
Free float	32.6%
Free float in EUR mn	33.6
Avg. daily turnover (12 m) in EUR mn	0.02
Index	ATX Prime
ISIN code	AT0000834007
Bloomberg	WOLF.AY
Reuters	WLFD.VI
www.wolford.com	



Source: Raiffeisen Centrobank

Winds of change?

Wolford's operating performance remains rather weak, but the latest news flow on renewed restructuring efforts was favourable for the stock. However, we remain cautious on delivery and lower our near term estimates on a tough market situation while acknowledging a beneficial FX situation. We stick to our HOLD recommendation and prefer to see at least some of the potentially good news reflected in the figures before we decide to upgrade our rating.

1H 2014/15: While Wolford's top line was rather weak in 1H 14/15 due to the closing of locations, a weak spring-summer 2014 collection and declining autumn sales in some European markets, the company's net profit improved significantly yoy. Although larger parts of the improvement could be attributed to one-time effects the only slight deterioration of the cost ratios despite on-going restructuring and a declining top line was also good news.

Outlook: The latest company announcements regarding the new marketing strategy, collection changes and changes in the management as well as in the creative team may sound promising; however, given the company's underdelivery on earlier restructuring announcements, the currently difficult market environment for fashion retail and a delivery on the new strategy in 6-12 months at the earliest, we lack some confidence. A tough 2H 14/15 and a cautious group outlook still call for a clean 2014/15e operating results in the reds. On the positive side it should be mentioned that recent turbulences in the currency markets are likely to have a positive effect on Wolford's bottom line. More than 30% of the company's sales are linked to the appreciating currencies (USD, CHF, GBP). Since Wolford's production sites are located in the EUR area its operating costs are only partly linked to FX (rent, store staff) which should have a positive effect on the bottom line. We reckon that the restructuring of the product portfolio and new marketing approach could lead to an improvement in pre-orders and sales in FY 15/16e. Since the company has vast excess production capacities (RCBe: approx. 40%) higher volumes should lead to increasing economies of scale. However, although these effects may be visible in FY 15/16e results already, they should have an even larger impact on FY 16/17e figures - after the retail network restructuring would have been completed and the designs of the new creative team would face the fashion crowd as well as the retail market.

Valuation: Due to the changes in the yield curve our DCF fair value has increased from EUR 19.46 to EUR 22.05 despite lower estimates for FY 15/16e and FY 16/17e. On a peer group comparison the share trades at a discount on sales and assets multiples and at a premium on profitability multiples. The latest news flow was rather positive for the stock; however, since it is not going to be reflected in the figures in the near future we keep our HOLD recommendation.

Key figures and ratios

EUR	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Sales (mn)	156.5	155.9	155.0	162.3	169.1
EBITDA (mn)	7.9	4.0	11.2	10.0	11.5
EBIT (mn)	-0.9	-4.7	3.1	1.8	3.3
Net profit a.m. (mn)	-2.8	-2.8	1.1	0.7	1.8
Earnings per share (adj.)	-0.56	-0.57	0.23	0.14	0.37
EPS adjusted growth	-318.8%	-2.1%	n.a.	-38.9%	160.8%
Adjusted PE ratio	-36.6	-33.3	90.2	147.7	56.6
DPS	0.00	0.00	0.10	0.10	0.15
Dividend yield	0.0%	0.0%	0.5%	0.5%	0.7%
EV/EBITDA	14.8	27.9	10.1	11.5	10.0
Price book value	1.3	1.3	1.4	1.4	1.3

Source: Wolford, Raiffeisen Centrobank estimates

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Supervisory authority: Financial Market Authority

* The indicated price is the last price as available at

6.30 AM on 04.02.15, Source: Reuters/Bloomberg

Share price triggers

Trigger	Momentum	Explanation
EU retail sales	neutral	▪ Sales of women's wear are likely to grow only moderately
Currencies effects	positive	▪ More than 30% of overall sales are generated in the USD, GBP and CHF areas; since the company's production sites are located in the EUR area (Austria, Slovenia), operating costs are only partly linked to FX (rent, store staff)
Base effect	negative	▪ While 1H 14/15 had a rather less challenging basis for comparison (1H 13/14 sales had declined yoy), a positive performance will be harder to achieve in 2H 14/15 since the top line in 2H 13/14 grew slightly yoy
Restructuring	neutral	▪ Wolford's collection and sales network restructuring is not yet completed

Source: Raiffeisen Centrobank

1H 2014/15

1H 14/15 with weak top-line and cash flows but positive one off effects

While Wolford's top line was rather weak in 1H 14/15 due to the closing of locations, a weak spring-summer 2014 collection and declining autumn sales in some European markets, the company's net profit improved significantly yoy. Although larger parts of the improvement could be attributed to one-time effects (profit from the sale of a property in Bregenz and the sale of a lease contract in Switzerland in 1Q 14/15), the slight deterioration of the cost ratios despite ongoing restructuring and a declining top line was also good news. Driven by weak earnings also the cash flow was deep in the reds. Wolford's PPE declined by roughly EUR 5 mn yoy due to the sale of properties which were announced for 1Q 14/15. However, total assets were only EUR 3 mn lower due to an increase in other intangibles and deferred tax assets. Thus, although the equity ratio improved from 50% to 51%, in our view, the balance sheet quality deteriorated slightly.

1H 2014/15

in EUR mn	1H 14/15	1H 13/14	+/-
Sales	72.6	74.8	-2.9%
EBITDA adjusted	4.2	1.6	157.9%
EBIT	3.2	-2.3	172.5%
EBIT adjusted	0.0	-2.3	n.m.
EBT	2.7	-2.9	206.6%
Net profit	1.4	-2.0	242.0%
EPS	0.28	-0.40	347.1%
EBITDA margin adj.	5.8%	2.2%	
EBIT margin	4.4%	-3.1%	
EBIT margin adj.	0.1%	-3.1%	
EBT margin	3.7%	-3.9%	
Net margin	1.9%	-2.6%	

Source: Wolford, Raiffeisen Centrobank

2H 2014/15e preview & outlook for FY 2015/16e

2H 2014/15 preview

in EUR mn	2H 14/15e	2H 13/14	+/-
Sales	82.4	81.1	1.7%
EBITDA	3.8	2.3	72.8%
EBIT	-0.1	-2.4	n.m.
EBT	-0.4	-3.0	n.m.
Net profit	-0.2	-0.9	n.m.
EPS	-0.05	-0.17	
EBITDA margin	4.6%	2.9%	
EBIT margin	-0.1%	-3.0%	
EBT margin	-0.5%	-3.7%	
Net margin	-0.3%	-1.1%	

Source: Wolford, Raiffeisen Centrobank estimates

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Restructuring continues

The latest company announcements regarding the new marketing strategy, collection changes and changes in the management as well as in the creative team sound promising; however, they should not pay off for at least another 6 to 12 months. In the meantime, the market situation for fashion retail remains tough. Wolford's restructuring is not completed yet as well. Thus, in its current outlook the management indicates only "positive EBIT" (incl. positive one offs) and gives no indication for the top line or clean figures. We believe that the top line will decline yoy. In light of 1H 14/15 results and the expected tough 2H 14/15e the clean EBIT in the full year is very likely to be in the reds.

Positive impulses from USD, CHF and GBP appreciation

On the positive side it should be mentioned that recent turbulences in the currency markets are likely to have positive implications for Wolford. North America (mainly the US) accounts for 17% of group sales. We estimate CHF and GBP sales to account for a similar figure so that overall more than 30% of sales are linked to the appreciating currencies. Since Wolford's production sites are located in the EUR area (Austria, Slovenia), operating costs are only partly linked to FX (rent, store staff) which should have a positive effect on Wolford's bottom line. However, since the company partly hedges FX risks, the currency-related improvements should materialise with a time lag (in FY 15/16e).

Gradual improvement in profitability in FY 15/16e and FY 16/17e

In our view, the restructuring of Wolford's product portfolio is well under way. Also the recent marketing campaign was well received by the market. Thus, we believe that we should see an improvement in pre-orders and sales in FY 15/16e. Since the company has vast excess production capacities (RCBe: approx. 40%) higher volumes should lead to only marginal adjustments in personnel expenses and improve cost ratios significantly. However, although these effects are likely to be visible in FY 15/16e results already, they should have an even larger impact on FY 16/17e figures - after the retail network restructuring would have been completed and the designs of the new creative team would have hit the market.

Changes to forecast

In EUR mn	Old		New			Comments
	2014/15e	2015/16e	2014/15e	2015/16e	2016/17e	
Sales	157.6	163.5	155.0	162.3	169.1	Lower sales due to ongoing restructuring and weak retail sales
Sales growth	1.16%	3.68%	-0.38%	-0.53%	4.71%	
EBITDA	9.9	12.3	11.2	10.0	11.5	
EBITDA margin	4.02%	3.88%	7.19%	6.87%	6.59%	
EBIT	1.9	4.3	3.1	1.8	3.3	Higher EBIT in FY 14/15 due to positive one off effects
EBIT margin	1.22%	2.61%	1.99%	1.13%	1.96%	
EBIT adj.	1.9	4.3	0.0	1.8	3.3	
EBIT adj. margin	1.22%	2.61%	-0.40%	18.40%	28.70%	
EBT	0.7	3	2.3	0.8	2.3	
EBT margin	0.42%	1.86%	1.47%	0.50%	1.34%	
Net profit	0.5	2.4	1.1	0.7	1.8	
Net profit margin	0.33%	1.49%	0.74%	0.43%	1.07%	
EPS	0.11	0.52	0.23	0.14	0.37	
DPS	0	0.20	0.10	0.10	0.15	

Source: Raiffeisen Centrobank estimates

Valuation

**TP EUR 22.0 (EUR 19.0 previously);
HOLD recommendation unchanged**

Due to the changes in the yield curve our DCF fair value has increased from EUR 19.46 to EUR 22.05 despite lower estimates for FY 15/16 and FY 16/17. On a peer group comparison the share trades at a discount on sales and assets multiples and at a premium on profitability multiples - as usual. The latest news flow was rather positive for the stock; however, since it is not going to be reflected in the figures in the near future we keep our HOLD recommendation and set our target price at EUR 22.0.

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	P/BV		EV/Sales		EV/EBITDA		EV/EBIT	
	2015e	2016e	2015e	2016e	2015e	2016e	2015e	2016e
Hugo Boss	8.1	7.0	2.8	2.6	11.8	10.6	14.6	13.0
Gerry Weber	3.2	2.9	1.6	1.5	9.8	8.5	11.9	10.1
Burberry	n.a.	n.a.	2.6	2.3	11.3	10.0	14.6	13.0
Calida	1.9	1.7	0.7	0.6	6.3	5.1	9.3	7.3
Van de Velde	3.3	3.0	2.8	2.6	9.7	9.0	11.4	10.5
Median	3.3	2.9	2.6	2.3	9.8	9.0	11.9	10.5
Mean	4.1	3.6	2.1	1.9	9.8	8.6	12.4	10.8
Wolford	1.4	1.4	0.7	0.7	11.7	10.2	63.8	35.5
Dis/Prem Median	-57.8%	-53.9%	-72.3%	-70.1%	20.0%	13.3%	436.5%	237.4%
Dis/Premium Mean	-66.6%	-62.7%	-65.6%	-63.7%	20.1%	17.9%	416.5%	229.0%

Source: Bloomberg, Raiffeisen Centrobank estimates

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DCF Valuation

<i>FCF projection (EUR mn)</i>	2014e	2015e	2016e	2017e	2018e	2019e	TV CF
Consolidated sales	155.0	162.3	169.1	175.9	182.9	189.3	189.3
EBITDA	11.2	10.0	11.5	13.2	15.6	18.0	18.9
EBITA	3.1	1.8	3.3	5.2	7.6	10.0	10.9
Taxes paid on EBITDA	-1.0	-0.1	-0.5	-0.8	-1.4	-2.1	-2.6
NOPLAT	2.1	1.8	2.9	4.4	6.2	7.9	8.3
Adj. NOPLAT	2.1	1.8	2.9	4.4	6.2	7.9	8.3
Depreciation of PPE & intangibles	8.1	8.1	8.2	8.0	8.0	8.0	8.0
Gross investment in PPE & intangibles	-11.5	-10.0	-9.5	-8.5	-8.2	-8.2	-8.2
Change in working capital	8.3	-0.4	-0.9	-1.8	-2.1	-1.1	-0.7
NWC/Sales	16.7%	16.2%	16.1%	16.5%	17.0%	17.0%	18.0%
Change in LT provisions other than tax	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Net acquisitions & disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow to firm	7.4	-0.1	1.2	2.6	4.4	7.1	7.9
Adj. free cash flow to firm	7.4	-0.1	1.2	2.6	4.4	7.1	7.9
EV DCF, mid-year assumption	112.3	119.4					
+ MV of non-operating assets eop	0.0	0.0					
- MV of net debt eop	10.1	11.7					
- MV of minorities eop	0.0	0.0					
Adjustments to EV eop	0.0	0.0					
Fair value of equity	102.2	107.7					
Shares outstanding (mn)	4.9	4.9					
Fair value per share (in EUR)	20.85	21.98					

<i>Value drivers</i>	2014e	2015e	2016e	2017e	2018e	2019e	TV CF
Consolidated sales yoy	-0.5%	4.7%	4.2%	4.0%	4.0%	3.5%	2.0%
EBITDA margin	7.2%	6.1%	6.8%	7.5%	8.5%	9.5%	10.0%
Rate of taxes paid	-33.4%	-4.5%	-13.7%	-16.0%	-18.0%	-21.0%	-24.0%
Working capital/sales	16.7%	16.2%	16.1%	16.5%	17.0%	17.0%	18.0%
Capex/depreciation	142.4%	123.0%	115.6%	106.3%	102.5%	102.5%	103.0%
Free cash flow margin	4.8%	-0.0%	0.7%	1.5%	2.4%	3.8%	4.2%

<i>WACC</i>	2014e	2015e	2016e	2017e	2018e	2019e	TV CF
Target capital structure (at MV)	85.9%	91.0%	89.8%	75.0%	75.0%	75.0%	75.0%
Debt/equity ratio (at MV)	16.5%	9.8%	11.4%	33.3%	33.3%	33.3%	33.3%
Risk free rate (local)	1.0%	0.6%	0.8%	1.1%	1.2%	1.4%	3.5%
Equity market premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Levered beta	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Cost of equity	7.1%	6.6%	6.8%	7.1%	7.3%	7.5%	9.6%
Cost of debt	3.0%	3.0%	3.5%	3.5%	4.0%	4.0%	4.8%
Tax rate	-33.4%	-4.5%	-13.7%	-16.0%	-18.0%	-21.0%	-24.0%
WACC	6.3%	6.3%	6.4%	6.1%	6.3%	6.4%	8.1%

Sensitivity analysis

<i>Growth sensitivity (EUR)</i>	<i>Terminal growth rate</i>						
WACC	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
6.6%	22.2	24.3	26.7	29.7	33.5	38.3	44.7
7.1%	20.0	21.7	23.8	26.2	29.1	32.8	37.5
7.6%	18.2	19.6	21.3	23.3	25.7	28.5	32.2
8.1%	16.6	17.8	19.2	20.9	22.8	25.1	28.0
8.6%	15.2	16.2	17.4	18.8	20.4	22.3	24.6
9.1%	13.9	14.8	15.9	17.1	18.4	20.0	21.9
9.6%	12.8	13.6	14.5	15.5	16.7	18.0	19.6

<i>Margin sensitivity (EUR)</i>	<i>FCF margin TV</i>						
WACC	2.7%	3.2%	3.7%	4.2%	4.7%	5.2%	5.7%
6.6%	19.2	22.7	26.2	29.7	33.2	36.7	40.3
7.1%	16.9	20.0	23.1	26.2	29.3	32.4	35.4
7.6%	15.0	17.8	20.5	23.3	26.0	28.8	31.5
8.1%	13.5	15.9	18.4	20.9	23.3	25.8	28.2
8.6%	12.2	14.4	16.6	18.8	21.0	23.2	25.5
9.1%	11.0	13.0	15.0	17.1	19.1	21.1	23.1
9.6%	10.0	11.9	13.7	15.5	17.4	19.2	21.1

Source: Raiffeisen Centrobank estimates

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<i>Income statement (EUR mn)</i>	<i>4/2012</i>	<i>4/2013</i>	<i>4/2014</i>	<i>4/2015e</i>	<i>4/2016e</i>	<i>4/2017e</i>
Consolidated sales	154.1	156.5	155.9	155.0	162.3	169.1
Changes in inventories & own work capitalised	3.4	-0.4	-1.8	1.1	2.1	1.6
Other operating income	4.0	1.9	1.4	5.5	1.4	1.4
Total revenues	161.5	158.0	155.4	161.6	165.8	172.1
Material costs	-28.5	-28.9	-25.6	-26.7	-27.3	-28.4
Personnel expenses	-73.3	-73.0	-72.1	-71.5	-72.0	-73.1
Other operating expenses	-44.5	-48.1	-53.7	-52.2	-56.5	-59.0
EBITDA	15.2	7.9	4.0	11.2	10.0	11.5
Adjusted EBITDA	15.2	7.9	7.1	8.0	10.0	11.5
Depreciation of PPE and intangibles	-8.3	-8.8	-8.7	-8.1	-8.1	-8.2
EBITA	6.9	-0.9	-4.7	3.1	1.8	3.3
Amortisation, impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.9	-0.9	-4.7	3.1	1.8	3.3
Adjusted EBIT	6.9	-0.9	-1.0	-0.0	1.8	3.3
Investment income	-0.3	0.1	0.0	0.3	0.1	0.1
Net interest income	-0.7	-0.8	-0.6	-0.6	-0.5	-0.6
Other financial result	-0.8	-0.6	-0.5	-0.5	-0.5	-0.5
Financial result	-1.8	-1.3	-1.2	-0.8	-1.0	-1.0
Earnings before taxes	5.0	-2.2	-5.9	2.3	0.8	2.3
Taxes on income	-3.8	-0.5	3.1	-1.1	-0.1	-0.5
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	1.3	-2.8	-2.8	1.1	0.7	1.8
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit after minorities	1.3	-2.8	-2.8	1.1	0.7	1.8
Adjusted Net profit	1.3	-2.8	-2.8	1.1	0.7	1.8
Changes yoy	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Consolidated sales yoy	1.3%	1.6%	-0.4%	-0.5%	4.7%	4.2%
EBITDA yoy	-3.6%	-48.0%	-49.8%	181.5%	-10.6%	15.7%
EBITA yoy	-6.4%	-113.2%	-421.0%	n.a.	-40.4%	80.4%
EBIT yoy	-6.4%	-113.2%	-421.0%	n.a.	-40.4%	80.4%
EBT yoy	-13.3%	-144.6%	-162.1%	n.a.	-64.1%	177.1%
Net profit after minorities yoy	-75.0%	-318.8%	-2.1%	n.a.	-38.9%	160.8%
Margins	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Material costs margin	-18.5%	-18.5%	-16.4%	-17.2%	-16.8%	-16.8%
EBITDA margin	9.9%	5.0%	2.5%	7.2%	6.1%	6.8%
EBITA margin	4.5%	-0.6%	-3.0%	2.0%	1.1%	2.0%
EBIT margin	4.5%	-0.6%	-3.0%	2.0%	1.1%	2.0%
EBT margin	3.3%	-1.4%	-3.8%	1.5%	0.5%	1.3%
Net margin	0.8%	-1.8%	-1.8%	0.7%	0.4%	1.1%
Profitability	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Return on assets	1.0%	-1.2%	-1.8%	1.0%	0.8%	1.6%
Return on equity	1.5%	-3.4%	-3.7%	1.5%	0.9%	2.4%
Return on capital employed	1.4%	-1.6%	-2.5%	1.5%	1.2%	2.4%
Cash flow statement (EUR mn)	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Earnings before taxes	5.0	-2.2	-5.9	2.3	0.8	2.3
Taxes paid	-1.9	-2.2	0.5	-1.0	-0.1	-0.5
Amortisation and depreciation	8.5	8.8	8.1	8.1	8.1	8.2
Other non-cash items	0.0	0.3	1.6	-3.0	0.5	0.5
Cash flow from result	11.7	4.7	4.3	6.3	9.4	10.5
Change in working capital	-4.4	1.6	2.0	8.6	-0.4	-0.9
Operating cash flow	7.3	6.3	6.3	14.9	8.9	9.6
Capex PPE and intangible assets	-7.9	-6.0	-7.9	-11.5	-10.0	-9.5
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Disposal of fixed assets (total)	1.4	0.0	0.2	3.5	0.0	0.0
Other items (investments)	-0.3	0.2	0.4	0.1	0.0	0.0
Investing cash flow	-6.9	-5.8	-7.3	-7.9	-10.0	-9.5
Dividend payments	-2.0	-2.0	0.0	0.0	-0.5	-0.5
Other changes in equity	0.0	0.0	0.0	0.0	0.0	0.0
Change in financial liabilities	2.3	1.6	0.7	-4.2	0.0	0.2
Other items	0.0	0.0	0.0	-0.0	0.0	0.0
Financing cash flow	0.3	-0.4	0.7	-4.2	-0.5	-0.3

Source: Wolford, Raiffeisen Centrobank estimates

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Balance sheet (EUR mn)	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Current assets	64.2	63.5	62.9	58.1	57.7	59.5
Liquid funds	5.3	5.0	4.7	7.4	5.8	5.7
Receivables	14.7	15.8	14.4	14.1	14.6	14.9
Inventories	44.2	42.7	40.1	36.6	37.3	38.9
Other assets	0.0	0.0	3.7	0.0	0.0	0.0
Fixed assets	76.1	73.3	67.3	70.7	72.6	73.9
Property, plant & equipment	62.4	59.7	53.0	55.9	57.3	58.1
Intangible assets	10.0	9.6	10.2	10.7	11.2	11.7
Goodwill	1.2	1.2	1.2	1.2	1.2	1.2
Financial assets	2.6	2.8	2.9	2.9	2.9	2.9
Deferred tax assets	5.2	5.6	7.9	7.8	7.8	7.8
Total assets	145.5	142.3	138.1	136.6	138.1	141.1
Current liabilities	27.3	28.4	40.4	37.4	38.2	39.3
Short-term borrowings	2.8	3.3	16.8	12.6	12.6	12.8
Notes & trade payables, payments received	4.9	4.6	5.4	5.3	5.5	5.9
Other current liabilities	19.6	20.5	18.3	19.5	20.1	20.6
Long-term liabilities	34.2	35.6	23.2	23.6	24.1	24.6
Long-term borrowings	18.1	19.1	6.4	6.4	6.4	6.4
Long-term provisions	13.7	15.2	15.7	16.2	16.7	17.2
Other long-term liabilities	2.4	1.2	1.1	1.1	1.1	1.1
Hybrid & other mezzanine capital	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	83.8	78.1	74.4	75.5	75.7	77.1
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.2	0.1	0.1	0.1	0.1	0.1
Total liabilities	145.5	142.3	138.1	136.6	138.1	141.1
Balance sheet (EUR mn)	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Net working capital	34.4	33.4	34.5	25.9	26.4	27.2
Net interest-bearing debt	14.1	15.9	16.9	10.1	11.7	12.0
Capital employed	104.7	100.6	97.5	94.5	94.7	96.2
Market capitalisation	114.2	101.0	93.6	102.9	102.9	102.9
Enterprise value	128.3	116.9	110.5	113.0	114.6	114.9
Financing (x)	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Interest cover	19.7	9.1	5.9	18.9	18.1	20.2
Internal financing ratio	0.9	1.1	0.8	1.9	0.9	1.0
Net gearing	16.8%	20.4%	22.8%	13.4%	15.4%	15.6%
Quick ratio	0.7	0.7	0.6	0.6	0.5	0.5
Fixed assets cover	1.5	1.6	1.4	1.4	1.4	1.4
Capex / depreciation	1.0	0.7	1.0	1.4	1.2	1.2
Equity ratio	57.6%	54.9%	53.9%	55.3%	54.8%	54.6%
Per share data (EUR)	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
Weighted avg. no. of shares (mn)	4.9	4.9	4.9	4.9	4.9	4.9
EPS reported	0.26	-0.56	-0.57	0.23	0.14	0.37
Earnings per share (adj.)	0.26	-0.56	-0.57	0.23	0.14	0.37
Operating cash flow per share	1.48	1.29	1.29	3.03	1.82	1.97
Book value per share	17.10	15.95	15.18	15.41	15.45	15.73
DPS	0.40	0.00	0.00	0.10	0.10	0.15
Payout ratio	155.6%	0.0%	0.0%	43.0%	70.3%	40.5%
Valuation (x)	4/2012	4/2013	4/2014	4/2015e	4/2016e	4/2017e
PE reported	90.6	-36.6	-33.3	90.2	147.7	56.6
Adjusted PE ratio	90.6	-36.6	-33.3	90.2	147.7	56.6
Price cash flow	15.7	16.0	14.8	6.9	11.5	10.7
Price book value	1.4	1.3	1.3	1.4	1.4	1.3
Dividend yield	1.7%	0.0%	0.0%	0.5%	0.5%	0.7%
Free cash flow yield	-0.5%	0.3%	-1.5%	6.7%	-1.1%	0.1%
EV/sales	0.8	0.7	0.7	0.7	0.7	0.7
EV/EBITDA	8.5	14.8	27.9	10.1	11.5	10.0
EV/EBIT	18.7	-129.0	-23.4	36.7	62.5	34.7
EV/operating cash flow	17.7	18.5	17.5	7.6	12.9	11.9
Adjusted EV/CE	1.3	1.2	1.2	1.3	1.3	1.3
Adjusted EV/CE vs. ROCE/WACC				5.5	6.6	3.4

Source: Wolford, Raiffeisen Centrobank estimates

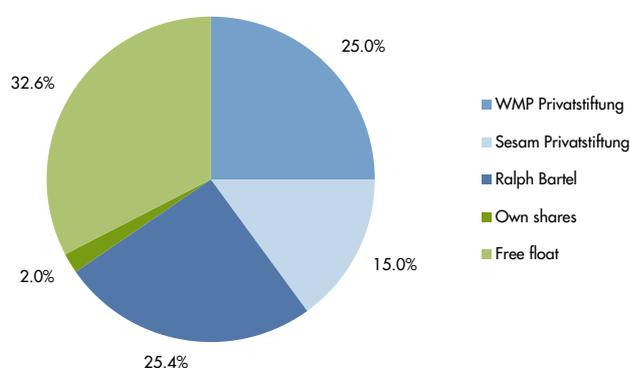
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Fact Sheet

Company description

Vienna-listed Wolford Group manufactures and distributes women's bodywear, lingerie, swimwear and legwear in the luxury fashion segment. Based in Austria, the company is comprised of 14 subsidiaries worldwide. Wolford distributes its products in 70 countries through a network of over 200 own and partner-run boutiques, factory outlets, concession shop in shops and 3,000 retail partners (department stores & specialist shops).

Shareholder structure



Strengths/Opportunities

- Global luxury brand with a strong retail network
- High quality products & highly innovative goods in the legwear segment
- High growth potential in currently low penetrated Asian market
- High book value per share
- High equity ratio
- High amount of fixed tangible asset (especially land and buildings) on the balance sheet

Weaknesses/Threats

- High production costs due to manufacturing in Austria
- High inventory level
- Foreign currency risk (especially USD)
- Low profitability

Income statement (EUR mn)	4/2014	4/2015e	4/2016e	4/2017e
Consolidated sales	155.9	155.0	162.3	169.1
EBITDA	4.0	11.2	10.0	11.5
EBIT	-4.7	3.1	1.8	3.3
EBT	-5.9	2.3	0.8	2.3
Net profit bef. min.	-2.8	1.1	0.7	1.8
Net profit after min.	-2.8	1.1	0.7	1.8

Balance sheet	4/2014	4/2015e	4/2016e	4/2017e
Total assets	138.1	136.6	138.1	141.1
Shareholders' equity	74.4	75.5	75.7	77.1
Goodwill	1.2	1.2	1.2	1.2
NIBD	16.9	10.1	11.7	12.0

Cash flow statement	4/2014	4/2015e	4/2016e	4/2017e
Operating cash flow	6.3	14.9	8.9	9.6
Investing cash flow	-7.3	-7.9	-10.0	-9.5
Change NIBD	-1.0	6.8	-1.6	-0.3

Source: Wolford, Raiffeisen Centrobank estimates

Per share data (EUR)	4/2014	4/2015e	4/2016e	4/2017e
EPS pre-goodwill	-0.57	0.23	0.14	0.37
Adj. EPS diluted	-0.57	0.23	0.14	0.37
Operating cash flow	1.29	3.03	1.82	1.97
Book value	15.18	15.41	15.45	15.73
Dividend	0.00	0.10	0.10	0.15
Payout ratio	0.0%	43.0%	70.3%	40.5%

Valuation (x)	4/2014	4/2015e	4/2016e	4/2017e
PE pre-goodwill	-33.3	90.2	147.7	56.6
Adj. PE diluted	-33.3	90.2	147.7	56.6
Price cash flow	14.8	6.9	11.5	10.7
Price book value	1.3	1.4	1.4	1.3
Dividend yield	0.0%	0.5%	0.5%	0.7%
FCF yield	-1.5%	6.7%	-1.1%	0.1%
EV/EBITDA	27.9	10.1	11.5	10.0
EV/EBIT	-23.4	36.7	62.5	34.7
EV/operating CF	17.5	7.6	12.9	11.9

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Publication schedule

Date	Publication
13.03.2015	3Q Earnings release
17.07.2015	4Q Earnings release
14.09.2015	1Q Earnings release
17.09.2015	Annual General Meeting
22.09.2015	Ex-Dividend
24.09.2015	Dividend Payment

Recommendation history

Date	Rating	Target Price	Prev. day's close	Upside
20.03.2014	Hold	19.00	18.00	5.6%
19.12.2013	Hold	19.00	18.09	5.0%
27.03.2013	Hold	24.30	22.50	8.0%

Coverage universe recommendation overview

	buy	hold	reduce	sell	suspended	UR
Universe	53	48	13	8	8	12
Universe %	37%	34%	9%	6%	6%	8%
Investment banking services	18	17	5	0	1	1
Investment banking services %	43%	40%	12%	0%	2%	2%

Source: Raiffeisen Centrobank, rounding differences may occur

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Buy: Buy stocks are expected to have a total return of at least 15% (20% for shares with a high volatility risk) and are the most attractive stocks in our coverage universe on a 12 month horizon.

Hold: Hold stocks are expected to deliver a positive total return of up to 15% (20% for shares with a high volatility risk) within a 12-month period.

Reduce: Reduce stocks are expected to achieve a negative total return up to -10% within a 12-month period.

Sell: Sell stocks are expected to post a negative total return of more than -10% within a 12-month period.

Price targets are determined by the fair value derived from a peer group comparison and/or our DCF model. Other fundamental factors (M&A activities, capital markets transactions, share buybacks, sector sentiment etc.) are taken into account as well.

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Reduce: Reduce stocks are expected to achieve a negative total return up to -10% within a 12-month period.

Sell: Sell stocks are expected to post a negative total return of more than -10% within a 12-month period.

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For sector report:

Given the cyclical nature of this sector, consumer cyclicals can be regarded as very volatile. The main risks are the overall health of the global economy as well as the macroeconomic conditions of the countries the companies operate in. This also includes currency, interest rate and political risks. In addition, fashion trends and brand perception by consumers and changes of consumer behavior are among sector specific risks. Changes in the regulatory environment may limit the scope and profitability of the business and require additional expenditures or capital. Finally, given the volatility of input and product prices and the high capital intensity of this industry, it is crucial to evaluate counterparty risk to mitigate default risk.

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