



Press Release

## Wolford announces results for the first quarter of 2014/15

- Substantial earnings improvement and return to profitability
- Revenues slightly below prior year
- Very solid balance sheet structure
- First results of strategic refocusing visible on the market
- Primary goal for FY 2014/15: operating turnaround

*Vienna/Bregenz, September 12, 2014.* Wolford AG, which is listed on the Vienna Stock Exchange, returned to profitability in the first quarter of the 2014/15 financial year (May to July 2014). Revenues declined by a slight 1.1%, or € 0.37 million, to € 31.91 million, but the development of earnings was sound. EBIT improved from € -5.18 million to € +3.02 million and EBIT, adjusted for non-recurring income and expenses, improved from € -5.18 million to € -0.17 million. The company also recorded positive net profit of € 1.49 million for the first time in the seasonally weak three-month period from May to July (Q1 2013/14: € -4.35 million). The slight decline in revenues resulted primarily from the closing of unprofitable locations and the expected reserved market acceptance of the spring-summer 2014 Trend collection. The substantial earnings improvement resulted from the steady implementation of optimization measures and special effects. Wolford's primary goal for the 2014/15 financial year is to complete the operating turnaround with positive EBIT. "Wolford's growth must be sustainably profitable. Our refocusing measures are based on this objective and, as our first quarter results show, we are making good progress", explained Axel Dreher, Speaker of the Wolford Management Board.

### Further growth in the retail business, but different regional developments

Wolford's retail business continued its positive development with a year-on-year increase of 1% in revenues for the first quarter. Sound development was recorded, above all, in the online business with revenue growth of 29%. However, wholesale revenues were 4% lower, but the downward trend from the previous quarters could be further reduced. A regional analysis of first quarter revenues shows different developments that were influenced by the closing of points of sale. Wolford recorded lower revenues in the USA, Austria, Switzerland, Belgium and Central and Eastern Europe, and slight growth in Germany and the Netherlands. Great Britain and Scandinavia reported overall revenue declines, but Wolford's own retail business grew on a like-for-like basis also in these countries. Revenues were stable in France, and growth was strong in Italy and Spain. In the growth market of Asia the company saw a further double-digit increase in revenues, above all due to the opening of new locations and the expansion of the partner business.

### Significant operating earnings improvement and first-time net profit in Q1

Wolford recorded a positive net result for the first time in the seasonally weak months from May to July and generated a strong increase in operating earnings. "The substantial improvement in adjusted EBIT from € -5.18 million to € -0.17 million was based on the sale of a lease option for a location in Switzerland, but was also supported by further savings in operating areas, above all in personnel costs", explained Chief Financial Officer Thomas Melzer. The sale of non-core land resulted in proceeds of € 6.71 million as well as a book gain of € 3.37 million. This led to a significant improvement in EBIT from € -5.18 million to € +3.02 million and in earnings after tax from € -4.35 million to € +1.49 million.

### **Very solid balance sheet structure**

The asset and capital structure of Wolford AG was further optimized up to the balance sheet date on July 31, 2014 and remains very solid. The Wolford Group's equity amounted to € 75.99 million (31.07.13: € 73.72 million). The equity ratio equaled 53% (July 31, 2013: 50%) and gearing equaled 24% (July 31, 2013: 39%).

### **First results of strategic refocusing visible on the market**

After the first quarter of 2014/15, Wolford can demonstrate progress in all key areas of the strategic refocusing. "The fall-winter 2015/16 collection, which is the first to follow our new orientation, will be launched in January 2015, and we are optimistic that it will be well received by our business partners and customers all over the world", indicated Axel Dreher. Internal processes and structures were further optimized to make even better use of the company's strong innovation potential, which is demonstrated by innovative and newly introduced products like PURE 50 Tights and the Sheer Touch Lingerie series. Marketing activities are being intensified at the same time and, since July, the "Unforgettable Touch of Wolford" can also be experienced at Wolford's points of sale in the new, emotional imagery. "Many well-known personalities are fans of the Wolford brand – and we want to communicate this more actively in the future", added Axel Dreher.

### **Further new openings planned, integration of sales channels**

Wolford will continue to establish company-owned boutiques in key strategic cities and top locations, as is illustrated by the recent openings in Barcelona und New York. The company is also strengthening the integration of individual sales channels in order to utilize the momentum and growth potential of the online business. Activities to strengthen the wholesale business will continue, and the share of floor space with trading partners but under Wolford's direct operation shall be further expanded.

### **Primary goal for FY 2014/15: operating turnaround**

Based on the measures initiated and implemented to date, the Management Board of Wolford AG has defined the operating turnaround as the primary goal for 2014/15. Substantial progress was made in generating positive EBIT during the past months. The arrival of the fall-winter collection 14/15 and the first successful results of the improved marketing activities have turned the revenue curve upward. If this trend continues, Wolford can look forward to a successful financial year with growth not only in earnings but also in revenues.

The report on the first quarter of 2014/15 is available under [company.wolford.com](http://company.wolford.com) / Investor Relations.

[http://company.wolford.com/wp-content/uploads/2014/09/Wolford\\_Q1-Report\\_2014\\_15.pdf](http://company.wolford.com/wp-content/uploads/2014/09/Wolford_Q1-Report_2014_15.pdf)

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## Wolford Group Key Data

Earnings Data		1st Quarter 05 - 07/14	1st Quarter 05 - 07/13	Chg. in %	2013/14
Revenues	in € mill.	31.91	32.28	-1	155.87
EBITDA adjusted <sup>1)</sup>	in € mill.	1.94	-3.19	>100	7.11
EBIT adjusted <sup>1)</sup>	in € mill.	-0.17	-5.18	+97	-0.97
EBIT	in € mill.	3.02	-5.18	>100	-4.72
Earnings before tax	in € mill.	2.79	-5.49	>100	-5.89
Earnings after tax	in € mill.	1.49	-4.35	>100	-2.81
Capital expenditure	in € mill.	2.07	1.40	+48	7.87
Free cash flow	in € mill.	-1.03	-12.82	+92	-0.97
Employees (on average)	FTE	1,555	1,564	-1	1,562

Balance Sheet Data		31.07.2014	31.07.2013	Chg. in %	30.04.2014
Equity	in € mill.	75.99	73.72	+3	74.38
Net debt	in € mill.	17.95	28.80	-38	17.04
Working capital	in € mill.	38.11	43.26	-12	33.72
Balance sheet total	in € mill.	142.54	147.96	-4	138.12
Equity ratio	in %	53	50	-	54
Gearing	in %	24	39	-	23

1) Adjusted for non-recurring income of € 3.37 million and non-recurring expenses of € 0.19 million in Q1 2014/15

### About 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 about 1,560 employees. Since its founding in 1950, Wolford has become a leading global manufacturer's brand in the segment of luxury tights, exclusive lingerie and high quality bodywear.