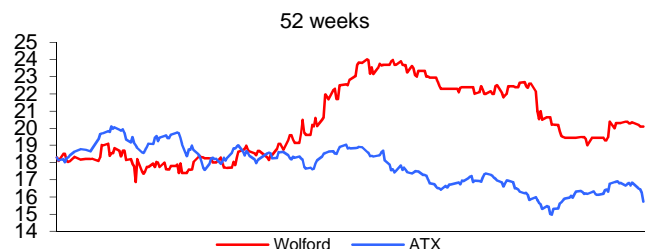


Wolford

Hold

EUR mn	2014	2015e	2016e	2017e
Net sales	155.9	155.5	163.3	169.6
EBITDA	3.4	13.6	11.5	13.3
EBIT	-4.7	5.2	3.4	5.0
Net result after min.	-2.8	3.0	1.9	3.1
EPS (EUR)	-0.57	0.62	0.38	0.62
CEPS (EUR)	0.25	2.68	2.00	2.28
BVPS (EUR)	15.18	15.80	15.88	16.20
Div./share (EUR)	0.00	0.30	0.30	0.35
EV/EBITDA (x)	37.6	9.1	10.8	9.4
P/E (x)	nm	32.6	52.6	32.2
P/CE (x)	77.0	7.5	10.1	8.8
Dividend Yield	0.0%	1.5%	1.5%	1.7%
Share price (EUR) close as of 12/12/2014				20.1
Number of shares (mn)				4.9
Market capitalization (EUR mn)				98.5
Enterprise value (EUR mn)				123.8



Performance	12M	6M	3M	1M
in EUR	9.8%	-11.9%	-10.7%	3.3%
Reuters	WLFD.VI	Free float		33.0%
Bloomberg	WOL AV	Shareholders	Wilhelm Family (40.0%)	
Div. Ex-date	22/09/14		Ralph Bartel (25%)	
Target price	21.0	Homepage:	http://company.wolford.com	

Weak retail environment in fall blocked road to recovery

Analyst:

Martina Valenta, MBA
 +43 (0)5 0100 - 11913
martina.valenta@erstegroup.com

The weak top line development in 1H forced us to lower our sales and profitability estimates. Hence, our target price also melts down to EUR 21.0 (previously EUR 24.5), which confirms our Hold recommendation.

Wolford's sales in 1H suffered from the difficult retail environment in Europe and the US, the warm fall and the store network clean-up. Despite positive retail industry forecasts for the holiday season (3Q for Wolford), it will be difficult for the company to make up for the sluggish 1H in the second half. Hence, we had to correct our estimates.

However, greater dynamics will come into the top line in the next fiscal year, which should bear the first fruit of the refocusing strategy. The first new collection, with a sharper collection statement towards legwear, lingerie and bodywear, the optimized store network, as well as the step up in communication activities, should prop up the revenue line. Given the high fixed cost base, sales growth is the key issue for unlocking higher profitability.

2Q 2014/15 review

Store closures, warm fall and dampened consumer sentiment hit sales

The 2Q14/15 (Aug. to Oct.) results suffered from a dreadful combination of a warm fall, a dampened consumer climate and store closures, leading to a 4.3% revenue decline of EUR 1.8mn. The biggest revenue drain was the store closures (20 locations during the previous and current financial year), with around EUR 1.6mn. Although seven new stores were opened in the first half-year, plus 10 new partner boutiques, their contribution in the run-up phase was not enough to level out the closures. In terms of geographies, Wolford's key markets Germany, the US and France stuttered. Looking at the sales channels, Wolford's good performance at its own network once again contrasts with declining wholesale revenues.

Consolidated, IFRS

(EUR mn)	2Q 14/15	2Q 13/14	Change	1H 14/15	1H 13/14	Change	2Q est.	
							EG	vs. EG
Sales	40.72	42.53	-4.3%	72.63	74.81	-2.9%	40.43	0.7%
EBITDA	2.23	4.83	-53.9%	7.35	1.64	347.1%	2.32	-3.9%
EBIT	0.15	2.89	-94.8%	3.17	-2.30	238.0%	0.16	-5.1%
Net result	-0.11	2.39	-104.5%	1.38	-1.96	170.5%	0.08	n.m.
EBIT margin	0.4%	6.8%	-6.4%p	4.4%	-3.1%	7.4%p	0.4%	
Net margin	-0.3%	5.6%	-5.9%p	1.9%	-2.6%	4.5%p	0.2%	

Source: Company Data, Erste Group estimates

Lower sales filter through P&L

The sales decline plus higher marketing expenses as part of strengthening communication activities led to a decline in EBIT and pushed the bottom line slightly into the red.

Outlook: Operating turnaround with positive EBIT confirmed

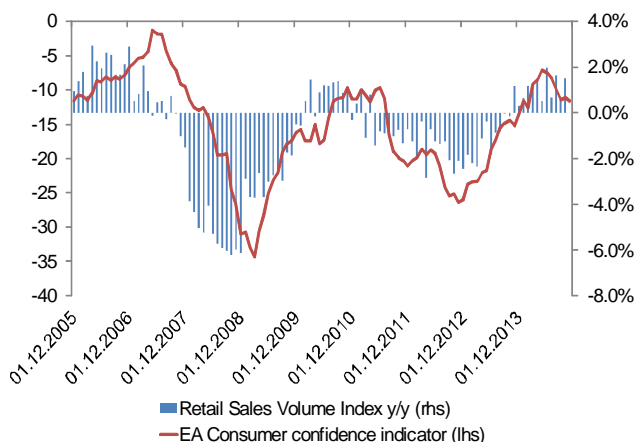
Outlook. Management confirmed the goal of achieving an operating turnaround in this fiscal year with positive EBIT. To turn up the revenue curve in the current holiday season (3Q at Wolford), the company introduced a number of sales promotion measures, strengthened visual merchandising in the shops and will present a reshaped fall-winter 2015/16 collection in January.

Change in estimates

Strong headwinds from difficult retail environment in fall

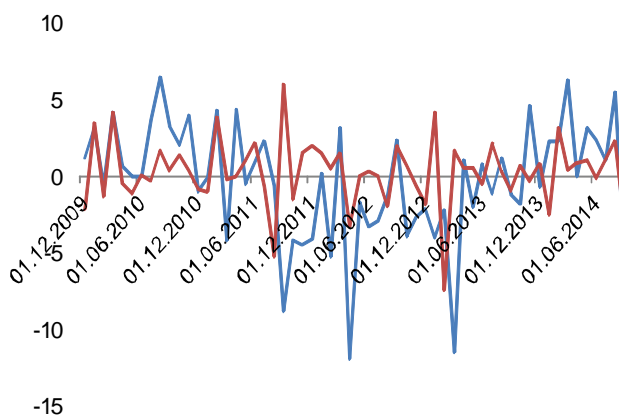
As reflected in the 2Q results, Wolford was not able to swim against the stream, i.e. decouple from a really challenging environment for clothing sales in autumn. Textile sales (lower right-hand chart) in the Eurozone were hit more strongly in fall than the general retail sales (lower left-hand chart) would suggest. Women's clothing sales in the US show the same dip in September as in the Eurozone.

Euro area retail sales and consumer confidence



Source: Datastream

Eurozone retail sales textiles and US women's clothing sales yoy (in %)



Source: Bloomberg

Encouraging forecasts for Christmas season

Although data is only available until September, the further slight retreat in consumer confidence does not point to a turnaround for October and November, so that hopes are now put on the Christmas shopping season. For the US, the main industry body National Retail Federation is optimistic that November and December retail sales will log a gain of 4.1%. The Black Friday weekend was rather sluggish, though, but promotions started earlier this year. In Europe, first forecasts also point to a positive development of retail sales over the Christmas season with plus 1.5% (Germany: 1.9%, UK: 2.2%).

Luxury segment to settle in for lower, but more sustainable long-term growth acc. to Bain

Turning to the luxury segment, it still churns out higher growth rates, despite also encountering stiffer headwinds, such as persistent economic weakness in Europe, the Ukraine crisis, FX fluctuations, greater controls on luxury spending in China, etc. In its latest update from October, consulting company Bain predicts 2014 luxury sales to rise 5% at constant exchange rates (2% at current). This is a slowdown from the 7% growth in 2013 (3% at current exchange rates) and signals a switch to lower, but more sustainable long-term growth. For 2015, Bain expects similar growth rates like in 2014.

Return to growth path in Q3 will not be able to make up lost revenues in 1H

After the lackluster 1H at Wolford, industry forecasts for the holiday season make us more confident that top line growth will return in 3Q. However, even a strong 3Q (we currently factored in 3% growth) will not help to offset the lost revenues in 1H, so we only forecast a flat top line for this fiscal year.

Lower revenues filter through P&L

We expect this roughly EUR 3mn revenue gap in our estimates to "ripple through" the P&L and hence we have also lowered our profitability assumptions. Therefore, deducting the EUR 7.4mn pre-tax positive one-offs, we do not anticipate a turnaround in the pure operating business this year.

Erste Group Research – Company Report

Wolford | Luxury Goods | Austria

16 December 2014

Change in estimates

Consolidated, IFRS

(EUR mn)	2013/14	2014/15e			2015/16e			2016/17e		
		Now	Before	Change	Now	Before	Change	Now	Before	Change
Sales	155.87	155.52	158.92	-2.1%	163.26	166.80	-2.1%	169.62	172.71	-1.8%
EBITDA	3.36	13.63	15.75	-13.5%	11.55	13.75	-16.0%	13.35	15.28	-12.6%
EBIT	-4.72	5.21	7.69	-32.2%	3.36	5.02	-33.2%	5.04	6.99	-27.9%
Net result	-2.81	3.02	4.80	-37.1%	1.87	3.34	-43.9%	3.06	4.84	-36.7%
EBIT margin	-3.0%	3.4%	4.8%	-1.5%p	2.1%	3.0%	-1.0%p	3.0%	4.0%	-1.1%p
Net margin	-1.8%	1.9%	3.0%	-1.1%p	1.1%	2.0%	-0.9%p	1.8%	2.8%	-1.0%p

Source: Company Data, Erste Group estimates

Outlook brightens for next year on refocusing strategy fully kicking in

As the current fiscal year is still a transition year in which the refocusing measures are implemented, the coming fiscal year should bear the first fruit of the new strategy. A top line boost should come from the first collection under the new strategy with a sharper collection statement towards legwear, lingerie and bodywear and the step up in communication activities. Based on these measures, we forecast 5% top line growth. Margins will recover a bit more slowly, as Wolford will step up marketing expenses from EUR 7.6mn last year (close to 5% of sales) to EUR 14mn in 2017/18 (8% of our revenue estimate) over the coming years.

Valuation and peer group comparison

Hold recommendation with new target price of EUR 21

Based on our reduced estimates and lower TV EBIT margin (5.8% vs. 6.1%), we derive a target price of EUR 21.0 and confirm our Hold recommendation.

Peer group comparison shows no bargain valuation

The peer group comparison currently also does not suggest much upside. Due to low profitability, the valuation of the Wolford share is still stretched in terms of EV/EBIT and P/E. The discounts on P/BV are justified by lower ROEs. Also, the dividend yield lags behind the peer group. Only, EV/sales shows significant discounts.

Peer group comparison

EUR mn except share price	Country	Share Price	Market Cap	Sales			EBIT		
				2014e	2015e	2016e	2014e	2015e	2016e
Calida	Switzerland	30	244	347	348	353	20	24	27
Gerry Weber*	Germany	31	1,401	854	929	999	110	129	149
Hugo Boss	Germany	101	7,089	2,588	2,811	3,036	482	542	609
Van de Velde	Belgium	38	508	193	197	204	n.a.	n.a.	n.a.
Burberry	UK	1,583	5,487	3,117	3,465	3,737	571	622	682
Brunello Cucinelli	Italy	19	1,269	357	394	433	49	55	61
Wolford**	Austria	20	98	156	163	170	5	3	5

	Sales growth			EBIT-Margin			ROE		
	2014e	2015e	2016e	2014e	2015e	2016e	2014e	2015e	2016e
Calida	107%	0%	1%	5.8%	6.8%	7.8%	11.9%	12.7%	13.0%
Gerry Weber*	0%	9%	8%	12.9%	13.9%	14.9%	16.8%	17.7%	18.4%
Hugo Boss	6%	9%	8%	18.6%	19.3%	20.1%	42.7%	41.1%	39.0%
Van de Velde	6%	2%	3%	n.a.	n.a.	n.a.	18.5%	16.5%	15.8%
Burberry	13%	11%	8%	18.3%	18.0%	18.2%	24.8%	23.6%	22.9%
Brunello Cucinelli	11%	10%	10%	13.7%	14.0%	14.2%	19.7%	19.0%	18.2%
Median	8.5%	8.7%	7.7%	13.7%	14.0%	14.9%	19.1%	18.4%	18.3%
Wolford**	-0.2%	5.0%	3.9%	3.4%	2.1%	3.0%	4.0%	2.4%	3.9%

	P/BV			P/E			Dividend Yield		
	2014e	2015e	2016e	2014e	2015e	2016e	2014e	2015e	2016e
Calida	2.0 x	1.8 x	1.7 x	16.7 x	14.3 x	12.8 x	2.2%	2.2%	2.2%
Gerry Weber*	3.2 x	2.9 x	2.6 x	19.1 x	16.3 x	14.0 x	2.6%	2.9%	3.4%
Hugo Boss	8.2 x	7.0 x	5.9 x	19.3 x	17.0 x	15.2 x	3.6%	4.1%	4.7%
Van de Velde	2.7 x	2.5 x	2.3 x	14.8 x	15.1 x	14.4 x	5.6%	5.6%	5.6%
Burberry	5.1 x	4.5 x	4.0 x	20.6 x	19.0 x	17.3 x	2.2%	2.5%	2.8%
Brunello Cucinelli	7.6 x	6.6 x	5.6 x	38.4 x	34.6 x	31.1 x	0.6%	0.7%	0.8%
Median	4.2 x	3.7 x	3.3 x	19.2 x	16.6 x	14.8 x	2.4%	2.7%	3.1%
Wolford**	1.3 x	1.3 x	1.2 x	32.6 x	52.6 x	32.2 x	1.5%	1.5%	1.7%
<i>Premium / Discount</i>	-69%	-66%	-62%	70%	216%	118%			

	EV/Sales			EV/EBITDA			EV/EBIT		
	2014e	2015e	2016e	2014e	2015e	2016e	2014e	2015e	2016e
Calida	0.6 x	0.6 x	0.6 x	7.2 x	6.1 x	5.2 x	11.0 x	8.9 x	7.3 x
Gerry Weber*	1.6 x	1.5 x	1.3 x	10.0 x	8.7 x	7.6 x	12.3 x	10.5 x	8.9 x
Hugo Boss	2.7 x	2.5 x	2.3 x	11.8 x	10.5 x	9.3 x	14.7 x	12.9 x	11.2 x
Van de Velde	2.4 x	2.3 x	2.2 x	12.2 x	9.0 x	8.4 x	n.a.	n.a.	n.a.
Burberry	2.6 x	2.3 x	2.1 x	11.1 x	10.2 x	9.1 x	14.3 x	13.1 x	11.6 x
Brunello Cucinelli	3.7 x	3.3 x	3.0 x	21.0 x	18.6 x	16.6 x	27.0 x	23.9 x	21.3 x
Median	2.5 x	2.3 x	2.2 x	11.4 x	9.6 x	8.7 x	14.3 x	12.9 x	11.2 x
Wolford**	0.8 x	0.8 x	0.8 x	9.1 x	10.8 x	9.4 x	23.7 x	37.1 x	24.8 x
<i>Premium / Discount</i>	-68%	-66%	-64%	-21%	12%	7%	66%	189%	120%

* Fiscal year from Nov.-Oct.: 2013/14e = 2014e, etc.; ** Fiscal year from May-Apr.: 2014/15e = 2014e, etc.

Source: Factset, Erste Group Research

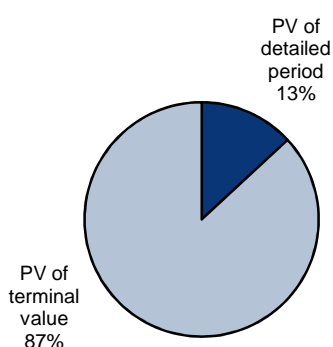
WACC calculation

	2015/16e	2016/17e	2017/18e	2018/19e	2019/20e	TV
Risk free rate	2.0%	2.0%	2.0%	2.0%	2.0%	4.0%
Equity risk premium	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Beta	1.1	1.1	1.1	1.1	1.1	1.1
Cost of equity	7.3%	7.3%	7.3%	7.3%	7.3%	9.3%
Cost of debt	3.5%	3.5%	3.5%	3.5%	3.5%	5.5%
Effective tax rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
After-tax cost of debt	2.6%	2.6%	2.6%	2.6%	2.6%	4.1%
Equity weight	60%	60%	60%	60%	60%	60%
WACC	5.4%	5.4%	5.4%	5.4%	5.4%	7.2%

DCF valuation

(EUR mn)	2015/16e	2016/17e	2017/18e	2018/19e	2019/20e	TV
<i>Sales growth</i>	5.0%	3.9%	3.4%	3.5%	3.5%	3.0%
EBIT	3.4	5.0	6.2	9.1	10.6	11.3
<i>EBIT margin</i>	2.1%	3.0%	3.5%	5.0%	5.6%	5.8%
<i>Tax rate</i>	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Taxes on EBIT	-0.8	-1.3	-1.6	-2.3	-2.6	-2.8
NOPLAT	2.5	3.8	4.7	6.8	7.9	8.5
+ Depreciation	8.2	8.3	8.3	8.4	8.4	8.5
<i>Capital expenditures / Depreciation</i>	103.7%	114.3%	101.9%	101.8%	101.6%	100.0%
+/- Change in working capital	0.5	-0.6	-0.6	-0.3	-0.3	-0.3
<i>Chg. working capital / chg. Sales</i>	6.8%	-9.7%	-10.3%	-4.1%	-4.2%	-5.5%
- Capital expenditures	-8.5	-9.5	-8.5	-8.5	-8.5	-8.5
Free cash flow to the firm	2.7	2.0	3.9	6.4	7.5	8.1
<i>Terminal value growth</i>						2.0%
Terminal value						160.8
Discounted free cash flow - April 30 2015	2.6	1.8	3.3	5.2	5.8	123.5
Enterprise value - April 30 2015	142.2					
Minorities	0.0					
Non-operating assets	0.0					
Net debt	32.7					
Other adjustments	0.0					
Equity value - April 30 2015	109.5					
Number of shares outstanding (mn)	4.9					
Cost of equity	7.3%					
NPV per share - December 2015	23.3					
Liquidity discount of 10%	-2.3					
12M target price per share (EUR)	21.0					
Current share price (EUR)	20.1					
<i>Up/Downside</i>	4.5%					

Enterprise value breakdown



Source: Erste Group Research

Sensitivity (per share)

		Terminal value EBIT margin				
		4.8%	5.3%	5.8%	6.3%	6.8%
WACC	6.2%	21.4	24.0	26.6	29.2	31.9
	6.7%	18.8	21.2	23.5	25.9	28.2
	7.2%	16.8	18.9	21.0	23.1	25.2
	7.7%	15.1	17.0	18.9	20.9	22.8
	8.2%	13.6	15.4	17.2	19.0	20.7
		Terminal value growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.2%	21.0	23.5	26.6	30.6	35.7
	6.7%	18.9	21.0	23.5	26.6	30.6
	7.2%	17.2	18.9	21.0	23.5	26.6
	7.7%	15.7	17.2	18.9	21.0	23.5
	8.2%	14.4	15.7	17.2	18.9	21.0

Erste Group Research – Company Report
 Wolford | Luxury Goods | Austria
 16 December 2014

Income Statement	2012	2013	2014	2015e	2016e	2017e
(IAS, EUR mn, 30/04)	30/04/2012	30/04/2013	30/04/2014	30/04/2015	30/04/2016	30/04/2017
Net sales	154.06	156.47	155.87	155.52	163.26	169.62
Invent. changes + capitalized costs	3.42	-0.37	-1.83	0.54	0.93	0.98
Total revenues	157.48	156.09	154.05	156.06	164.19	170.60
Other operating revenues	3.97	3.52	1.35	6.79	1.63	1.70
Material costs	-28.52	-28.93	-25.62	-26.52	-27.07	-27.96
Personnel costs	-73.16	-74.23	-72.09	-73.97	-75.59	-77.41
Other operating expenses	-44.46	-48.55	-54.33	-48.74	-51.61	-53.58
EBITDA	15.32	7.90	3.36	13.63	11.55	13.35
Depreciation/amortization	-8.32	-8.80	-8.08	-8.41	-8.19	-8.31
EBIT	7.00	-0.91	-4.72	5.21	3.36	5.04
Financial result	-1.82	-1.34	-1.17	-1.01	-0.86	-0.95
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00
EBT	5.17	-2.25	-5.89	4.20	2.50	4.08
Income taxes	-3.81	-0.51	3.07	-1.18	-0.62	-1.02
Result from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00
Minorities and cost of hybrid capital	0.00	0.00	0.00	0.00	0.00	0.00
Net result after minorities	1.36	-2.76	-2.81	3.02	1.87	3.06
Balance Sheet	2012	2013	2014	2015e	2016e	2017e
(IAS, EUR mn, 30/04)						
Intangible assets	11.15	10.77	11.37	11.08	10.83	10.61
Tangible assets	62.41	59.68	53.01	54.88	55.44	56.85
Financial assets	1.49	1.53	1.47	1.47	1.47	1.47
Total fixed assets	75.05	71.99	65.85	67.44	67.74	68.94
Inventories	44.17	42.69	40.07	39.97	41.14	42.06
Receivables and other current assets	15.83	16.85	19.63	15.71	16.49	17.13
Other assets	5.21	5.57	7.92	6.22	6.53	6.78
Cash and cash equivalents	5.25	5.22	4.65	1.64	0.29	-0.65
Total current assets	70.45	70.33	72.27	63.53	64.45	65.33
TOTAL ASSETS	145.50	142.32	138.12	130.97	132.19	134.27
Shareholders'equity	83.61	78.15	74.38	77.41	77.81	79.40
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
Hybrid capital and other reserves	0.00	0.00	0.00	0.00	0.00	0.00
Pension and other LT personnel accruals	13.94	15.22	15.70	15.62	15.62	15.65
LT provisions	0.00	0.00	0.00	0.00	0.00	0.00
Interest-bearing LT debts	18.05	19.15	6.39	6.39	6.09	5.79
Other LT liabilities	5.66	3.73	1.41	1.52	1.60	1.68
Total long-term liabilities	23.71	22.88	7.80	7.91	7.69	7.47
Interest-bearing ST debts	2.84	3.33	16.77	6.39	6.09	5.79
Other ST liabilities	21.41	22.74	23.47	23.64	24.98	25.95
Total short-term liabilities	24.25	26.07	40.24	30.03	31.07	31.74
TOTAL LIAB., EQUITY	145.50	142.32	138.12	130.97	132.19	134.27
Cash Flow Statement	2012	2013	2014	2015e	2016e	2017e
(IAS, EUR mn, 30/04)						
Cash flow from operating activities	7.27	6.31	6.30	10.30	9.22	10.63
Cash flow from investing activities	-6.90	-5.83	-7.27	-2.94	-8.50	-9.50
Cash flow from financing activities	0.31	-0.38	0.68	-10.38	-2.07	-2.07
CHANGE IN CASH, CASH EQU.	0.87	0.08	-0.34	-3.02	-1.35	-0.94
Margins & Ratios	2012	2013	2014	2015e	2016e	2017e
Sales growth	1.3%	1.6%	-0.4%	-0.2%	5.0%	3.9%
EBITDA margin	9.7%	5.1%	2.2%	8.7%	7.0%	7.8%
EBIT margin	4.4%	-0.6%	-3.1%	3.3%	2.0%	3.0%
Net profit margin	0.9%	-1.8%	-1.8%	1.9%	1.1%	1.8%
ROE	1.6%	-3.4%	-3.7%	4.0%	2.4%	3.9%
ROCE	1.4%	-1.6%	-2.3%	3.2%	2.0%	3.1%
Equity ratio	57.5%	54.9%	53.9%	59.1%	58.9%	59.1%
Net debt	28.1	30.9	32.7	25.3	26.0	26.4
Working capital	41.0	38.7	24.1	27.3	26.8	26.8
Capital employed	117.4	112.8	108.5	104.2	105.5	107.5
Inventory turnover	0.7	0.7	0.6	0.7	0.7	0.7

Source: Company data, Erste Group estimates

Erste Group Research – Company Report

Wolford | Luxury Goods | Austria

16 December 2014

Contacts

Group Research

Head of Group Research

Friedrich Mostböck, CEFA +43 (0)5 0100 11902

Major Markets & Credit Research

Head: Gudrun Egger, CEFA +43 (0)5 0100 11909

Ralf Burchert (Agency Analyst) +43 (0)5 0100 16314

Hans Engel (Senior Analyst International Equities) +43 (0)5 0100 19835

Christian Enger, CFA (Covered Bonds) +43 (0)5 0100 84052

Margarita Grushanina (Economist AT, CHF) +43 (0)5 0100 11957

Alihan Karadagoglu (Senior Analyst Corporate Bonds) +43 (0)5 0100 19633

Peter Kaufmann, CFA (Corporate Bonds) +43 (0)5 0100 11183

Stephan Lingnau (International Equities) +43 (0)5 0100 16574

Carmen Riefler-Kowarsch (Covered Bonds) +43 (0)5 0100 19632

Rainer Singer (Senior Economist Euro, US) +43 (0)5 0100 17331

Elena Statelov, CIIA (Corporate Bonds) +43 (0)5 0100 19641

Gerald Walek, CFA (Economist Euro) +43 (0)5 0100 16360

Katharina Böhm-Klamt (Quantitative Analyst Euro) +43 (0)5 0100 19632

Macro/Fixed Income Research CEE

Head CEE: Juraj Kotian (Macro/FI) +43 (0)5 0100 17357

Zoltan Arokszallasi (Fixed income) +43 (0)5 0100 18781

Katarzyna Rzentarzewska (Fixed income) +43 (0)5 0100 17356

CEE Equity Research

Head: Henning Eßkuchen +43 (0)5 0100 19634

Chief Analyst: Günther Artner, CFA (CEE Equities) +43 (0)5 0100 11523

Günter Hohberger (Banks) +43 (0)5 0100 17354

Franz Hörl, CFA (Basic Resources) +43 (0)5 0100 18506

Daniel Lion, CIIA (Technology, Ind. Goods&Services) +43 (0)5 0100 17420

Thomas Unger, CFA (Insurance, Miscellaneous) +43 (0)5 0100 17344

Vera Suttedja, CFA (Telecom) +43 (0)5 0100 11905

Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 17343

Martina Valenta, MBA (Real Estate) +43 (0)5 0100 11913

Editor Research CEE

Brett Aarons +420 956 711 014

Deniz Gurgen +90 212 371 2538

Research Croatia/Serbia

Head: Mladen Dodig (Equity) +381 11 22 09178

Head: Alen Kovac (Fixed income) +385 72 37 1383

Anto Augustinovic (Equity) +385 72 37 2833

Ivana Rogic (Fixed income) +385 72 37 2419

Milan Deskar-Skrbic (Fixed income) +385 72 37 1349

Davor Spoljar, CFA (Equity) +385 72 37 2825

Research Czech Republic

Head: David Navratil (Fixed income) +420 224 995 439

Head: Petr Bartek (Equity) +420 224 995 227

Vaclav Kminek (Media) +420 224 995 289

Jiri Polansky (Fixed income) +420 224 995 192

Dana Hajkova (Fixed income) +420 224 995 172

Martin Krajhanzl (Equity) +420 224 995 434

Lubos Mokras (Fixed income) +420 224 995 456

Jan Sedina (Fixed income) +420 224 995 391

Research Hungary

Head: József Miró (Equity) +361 235 5131

Gergely Gabler (Fixed Income) +361 373 2830

András Nagy (Equity) +361 235 5132

Vivien Barczel (Fixed income) +361 373 2026

Tamás Pletser, CFA (Oil&Gas) +361 235 5135

Research Poland

Head: Magdalena Komaracka, CFA (Equity) +48 22 330 6256

Marek Czachor (Equity) +48 22 330 6254

Tomasz Duda (Equity) +48 22 330 6253

Adam Rzepecki (Equity) +48 22 330 6252

Ludomir Zalewski (Equity) +48 22 330 6251

Research Romania

Chief Economist, Director: Radu Craciun +40 3735 10424

Head: Mihai Caruntu (Equity) +40 3735 10427

Head: Dumitru Dulgheru (Fixed income) +40 3735 10433

Chief Analyst: Eugen Sinca (Fixed income) +40 3735 10435

Dorina Cobiscan (Fixed Income) +40 3735 10436

Raluca Florea, CFA (Equity) +40 3735 10428

Marina Alexandra Spataru (Equity) +40 3735 10429

Research Slovakia

Head: Maria Valachyova (Fixed income) +421 2 4862 4185

Katarina Muchova (Fixed income) +421 2 4862 4762

Research Turkey

Head: Can Yurtcan +90 212 371 2540

Evrin Dairecioglu (Equity) +90 212 371 2535

M. Görkem Göker (Equity) +90 212 371 2534

Sezai Saklaroglu (Equity) +90 212 371 2533

Nilufer Sezgin (Fixed income) +90 212 371 2536

Ilknur Unsal (Equity) +90 212 371 2531

Group Institutional & Retail Sales

Institutional Equity Sales Core Markets

Head: Brigitte Zeitberger-Schmid +43 (0)5 0100 83123

Cash Equity Sales

Hind Al Jassani +43 (0)5 0100 83111

Werner Fuerst +43 (0)5 0100 83121

Josef Kerekcs +43 (0)5 0100 83125

Stefan Raidl +43 (0)5 0100 83113

Simone Rentschler +49 711 810 400 5590

Derivative Sales

Christian Luig +43 (0)5 0100 83181

Sabine Kircher +43 (0)5 0100 83161

Christian Klikovich +43 (0)5 0100 83162

Armin Pfingstl +43 (0)5 0100 83171

Roman Rafeiner +43 (0)5 0100 83172

Institutional Equity Sales London

Declan Wooloughan +44 20 7621 5011

Institutional Equity Sales Croatia

Damir Eror (Equity) +385 72 37 28 36

Zeljka Kajkut (Equity) +385 72 37 28 11

Institutional Sales Czech Republic

Head: Michal Rizek +420 224 995 537

Pavel Krabicka (Equity) +420 224 995 411

Jiri Feres (Equity) +420 224 995 554

Jiri Smehlik (Equity) +420 224 995 510

Institutional Sales Hungary

Gregor Glatzer (Equity) +361 235 5144

Attila Holló (Fixed Income) +361 235-5846

Levente Nándori (Equity) +361 235 5141

Attila Preisz (Equity) +361 235 5140

Norbert Siklósi (Fixed Income) +361 235 5842

Balázs Zánkay (Equity) +361 235 5156

Institutional Equity Sales Poland

Pawel Szczepański (Head) +4822 330 6265

Pawel Czuprynski (Equity) +4822 330 6212

Jacek Kryszinski (Equity) +4822 330 6218

Przemyslaw Nowosad (Equity) +4822 538 6266

Emil Onyszczuk (Equity) +4822 330 6214

Grzegorz Stepień (Equity) +4822 330 6211

Institutional Equity Sales Turkey

Simin Öz Gerards (Head) +9 0212 371 2525

Murat Guneren (Equity) +9 0212 371 2521

Varol Guzel (Equity) +9 0212 371 2523

Mine Yoruk (Equity) +9 0212 371 2526

Ebru Doganay Percin (Equity) +9 0212 371 2522

Institutional Equity Sales Slovakia

Head: Dusan Svitek +48 62 56 20

Andrea Slesarova (Client sales) +48 62 56 27

Saving Banks & Sales Retail

Head: Thomas Schaufler +43 (0)5 0100 84225

Equity Retail Sales

Head: Kurt Gerhold +43 (0)5 0100 84232

Fixed Income & Certificate Sales

Head: Uwe Kolar +43 (0)5 0100 83214

Treasury Domestic Sales

Head: Markus Kaller +43 (0)5 0100 84239

Corporate Sales AT

Martina Kranzl +43 (0)5 0100 84147

Karin Rattay +43 (0)5 0100 84112

Markus Pistracher +43 (0)5 0100 84152

Günther Gneiss +43 (0)5 0100 84145

Jürgen Flassak, MA +43 (0)5 0100 84141

Antonius Burger-Scheidlin, MBA +43 (0)5 0100 84624

Fixed Income Institutional Desk

Head G7: Thomas Almen +43 (0)5 0100 84323

Head Germany: Ingo Lusch +43 (0)5 0100 84111

Fixed Income International & High End Sales Vienna

Jaromir Malak/ Zach Carvell +43 (0)5 0100 84254

U. Inhofner / C. Mitsu +43 (0)5 0100 84254

Central Bank and International Sales

Daniel Kihak Na +852 2105 0392

Christian Kössler +43 (0)5 0100 84116

Wolford



Rating history

Date	Rating	Price	Target Price
03. Oct 14	Hold	22.60	24.50
29. Feb 12	Not rated	23.50	28.00
12. Oct 11	Accumulate	24.03	28.00
21. Mar 11	Buy	24.10	30.00
21. Dec 10	Hold	25.16	26.00
15. Feb 10	Accumulate	12.54	14.30
11. Dec 08	Hold	11.94	16.00
30. Jul 08	Accumulate	22.00	25.90
17. Apr 08	Hold	24.00	27.60
03. Apr 07	Accumulate	36.06	44.00
21. Dec 06	Buy	34.00	42.00
03. Aug 06	Accumulate	21.22	23.50
10. Nov 04	Hold	18.46	20.00
04. Aug 04	Buy	22.44	28.00
28. Jun 04	Accumulate	28.25	30.00
22. Jul 03	Buy		17.00

Company description

Wolford has established itself worldwide as a luxury brand for high quality hosiery, exclusive lingerie and high-quality body-wear for women. With more than 260 own and partner-led mono-brand boutiques, factory outlets, concession shop-in-shops as well as 3,000 retail partners, Wolford can rely on a strong retail network and sells its products in over 60 countries. The excellent product quality is unique and the company has demonstrated its innovative potential for new products numerous times.

Erste Group Research – Company Report

Wolford | Luxury Goods | Austria

16 December 2014

Important Disclosures

THIS DOCUMENT MAY NOT BE TAKEN, TRANSMITTED OR DISTRIBUTED INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR TO ANY U.S. PERSON OR TO ANY INDIVIDUAL OUTSIDE CANADA, AUSTRALIA OR JAPAN WHO IS A RESIDENT OF THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR TO THE PRESS IN THESE COUNTRIES

General disclosures

All recommendations given by Erste Group Research are independent and based on the latest company, industry and general information publicly available. The best possible care and integrity is used to avoid errors and/or misstatements. No influence on the rating and/or target price is being exerted by either the covered company or other internal Erste Group departments. Each research piece is reviewed by a senior research executive or agreed with a senior analyst/deputy (4-eyes principle). Erste Group Compliance Rules state that no analyst is allowed to hold a direct ownership position in financial instruments issued by the covered company or derivatives thereof. Analysts are not allowed to involve themselves in any paid activities with the covered companies except as disclosed otherwise. No part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. Erste Group may engage in transactions with financial instruments, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Erste Group, including strategists and sales staff, may take a view that is inconsistent with that taken in this research report.

Disclosure Checklist

Company	ISIN	Disclosure
Wolford	AT0000834007	

Disclosures of potential conflicts of interest relating to Erste Group Bank AG, its affiliates or subsidiaries (together "Erste Group") and its relevant employees with respect to the issuers, financial instruments and/or financial instruments forming the subject of this document are valid as of the end of the month prior to publication of this document. Updating this information may take up to ten days after month end.

Description of specific disclosures

Erste Group rating definitions

Buy	> +20% to target price
Accumulate	+10% < target price < +20%
Hold	0% < target price < +10%
Reduce	-10% < target price < 0%
Sell	< -10% to target price

Our target prices are established by determining the fair value of stocks, taking into account additional fundamental factors and news of relevance for the stock price (such as M&A activities, major forthcoming share deals, positive/negative share/sector sentiment, news) and refer to 12 months from now. All recommendations are to be understood relative to our current fundamental valuation of the stock. The recommendation does not indicate any relative performance of the stock vs. a regional or sector benchmark.

Distribution of ratings

Recommendation	Coverage universe		Inv. banking-relationship	
	No.	in %	No.	in %
Buy	46	22.8	5	19.2
Accumulate	52	25.7	11	42.3
Hold	60	29.7	6	23.1
Reduce	19	9.4	4	15.4
Sell	14	6.9	0	0.0
N.R./UND.REV./RESTR.	11	5.4	0	0.0
Total	202	100.0	26	100.0

Explanation of valuation parameters and risk assessment

Unless otherwise stated in the text of the financial analysis/investment research, target prices in the publication are based on either a discounted cash flow valuation and/or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, from changes in social values. Valuations may also be affected by changes in taxation, in exchange rates and, in certain industries, in regulations. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, political and social conditions.

Erste Group Research – Company Report

Wolford | Luxury Goods | Austria

16 December 2014

Disclaimer

This research report was prepared by Erste Group Bank AG or its affiliate named herein (together "Erste Group"). The individual(s) involved in the preparation of the report were at the relevant time employed in Erste Group. The report was prepared for Erste Group clients. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but Erste Group does not represent that it is accurate or complete and it should not be relied upon as such. All opinions, forecasts and estimates herein reflect the Erste Group analyst's judgment on the date of this report and are subject to change without notice. The report is not intended to be an offer, or the solicitation of any offer, to buy or sell the financial instruments referred to herein. From time to time, Erste Group or the principals or employees of Erste Group may have a position in the financial instruments referred to herein or hold options, warrants or rights with respect thereto or other financial instruments of such issuers and may make a market or otherwise act as principal in transactions in any of these financial instruments. Erste Group or the principals or employees of Erste Group may from time to time provide investment banking or consulting services to or serve as a director of a company being reported on herein. Further information on the financial instruments referred to herein may be obtained from Erste Group upon request.

Past performance is not necessarily indicative for future results and transactions in financial instruments, e.g. options or futures can be considered risky. Any forecasts or price targets shown for companies and/or financial instruments discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Erste Group AG or by other sources relied upon in the document were inapposite.

Not all transactions are suitable for every investor. Investors should consult their advisor, to make sure that the planned investment fits into their needs and preferences and that the involved risks are fully understood.

Neither Erste Group nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Erste Group does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Erste Group. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Additional notes to readers in the following countries:

Austria: Erste Group Bank AG is registered in the Commercial Register at Commercial Court Vienna under the number 33209m. Erste Group Bank AG is authorized and regulated by the Austrian Financial Market Authority (FMA) (Otto-Wagner Platz 5, 1090, Vienna, Austria)

Germany: Erste Group Bank AG is authorised for the conduct of investment business in Germany by the Austrian Financial Market Authority (FMA) and subject to limited regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

United Kingdom: Erste Group Bank AG is regulated for the conduct of investment business in the UK by the Financial Conduct Authority and the Prudential Regulation Authority. This document is directed exclusively to eligible counterparties and professional clients. It is not directed to retail clients. No persons other than an eligible counterparty or a professional client should read or rely on any information in this document. Erste Group Bank AG does not deal for or advise or otherwise offer any investment services to retail clients.

Czech Republic: Česká spořitelna, a.s. is regulated for the conduct of investment activities in Czech Republic by the Czech National Bank (CNB)

Croatia: Erste Bank Croatia is regulated for the conduct of investment activities in Croatia by the Croatian Financial Services Supervisory Agency (CFSSA)

Hungary: Erste Bank Hungary ZRT. and Erste Investment Hungary Ltd. are regulated for the conduct of investment activities in Hungary by the Hungarian Financial Supervisory Authority (PSZAF).

Serbia: Erste Group Bank AG is regulated for the conduct of investment activities in Serbia by the Securities Commission of the Republic of Serbia (SCRS).

Romania: Banka Comerciala Romana is regulated for the conduct of investment activities in Romania by the Romanian National Securities Commission (CNVM).

Poland: Erste Securities Polska S.A. is regulated for the conduct of investment activities in Poland by the Polish Financial Supervision Authority (PFSA).

Slovakia: Slovenská sporiteľňa, a.s. is regulated for the conduct of investment activities in Slovakia by the National Bank of Slovakia (NBS).

Turkey: Erste Securities İstanbul Menkul Değerler A.Ş. is regulated for the conduct of investment activities in Turkey by the Capital Markets Board of Turkey. As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided in accordance with a contract of engagement on investment advisory concluded between brokerage houses, portfolio management companies, non-deposit banks and clients. Comments and recommendations stated here rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

Switzerland: This research report does not constitute a prospectus or similar communication in connection with an offering or listing of financial instruments as defined in Articles 652a, 752 and 1156 of the Swiss Code of Obligation and the listing rules of the SWX Swiss Exchange.

Hong Kong: This document may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

© Erste Group Bank AG 2014. All rights reserved.

Published by Erste Group Bank AG, Börsegasse 14, 1010 Vienna, Austria

Head Office: Vienna

Commercial Register No.: 33209m

Commercial Court of Vienna

Phone +43 (0)5 0100 - ext.11902

Erste Group Homepage: www.erstegroup.com On Bloomberg please type: **EBS AV and then F8 GO**