



**RCB
Investor's Lunch
Wolford AG**

**Ashish Sensarma
CEO**

**Axel Dreher
Deputy CEO**

**Thomas Melzer
CFO**

July 17th, 2015

Content



The Wolford Group at a Glance

The 2014/15 Financial Year

Renewed Corporate Strategy

Outlook 2015/16 and Targets

The Wolford Share

Who is Wolford?



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

- ▶ Founded 1950 in Bregenz, Austria
- ▶ Present in 63 countries
- ▶ 272 monobrand POS globally
- ▶ 2 production facilities in Austria and Slovenia (only Europe!)

- ▶ **€ 157,4 million revenues with 1,574 employees in FY 2014/15**

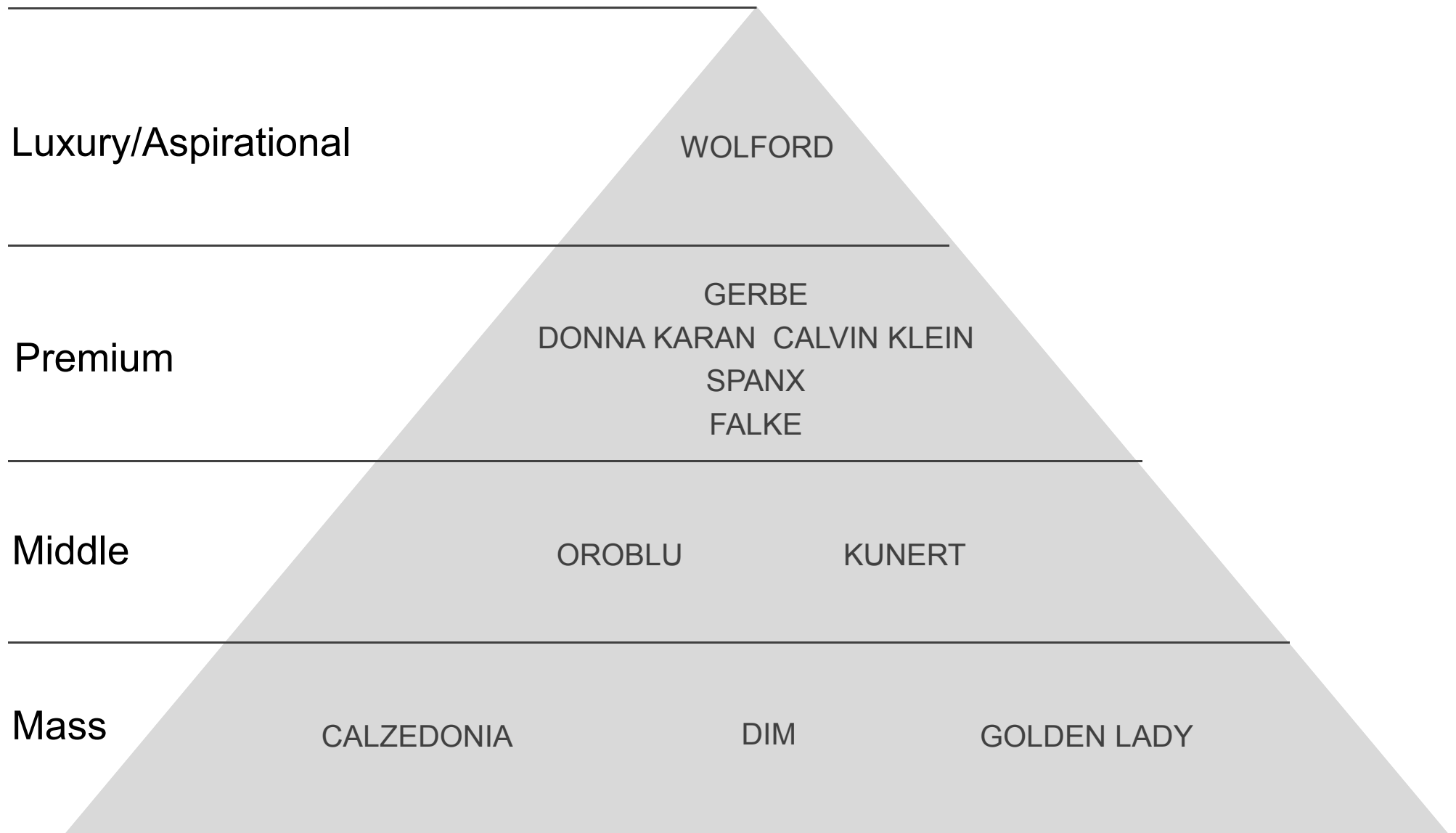
- ▶ **Stable shareholder structure**

- ▶ ~ 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

Number One Position in Legwear Worldwide



Global Brand



Monobrand locations worldwide: 271*

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

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

Online shops in 15 countries

○ **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

New CEO Ashish Sensarma (since January 2015)



- ▶ **Retail-Expert with 30 years of experience in the fashion business**
 - ▶ **Rituals Home & Body Cosmetics (ongoing)**
Member of the Strategic Management
 - ▶ **Vilebrequin (2008-2012)**
COO, responsible for all „front-end“ activities of the brand
 - ▶ **Mexx (1984-2006)**
latest position as VP Consumer Sales, responsible for P&L of the retail and online divisions



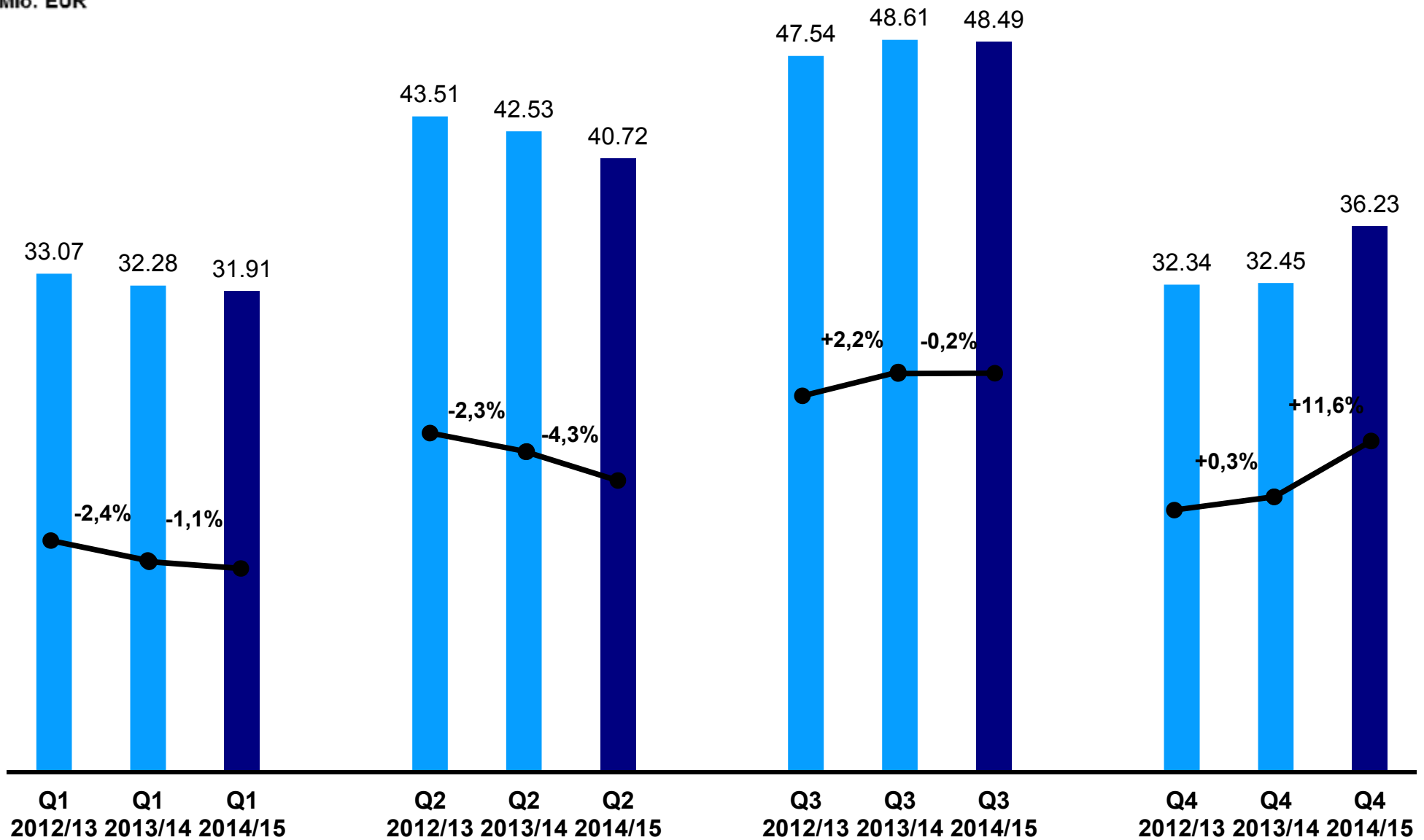


The 2014/15 Financial Year

Strong 4th Quarter



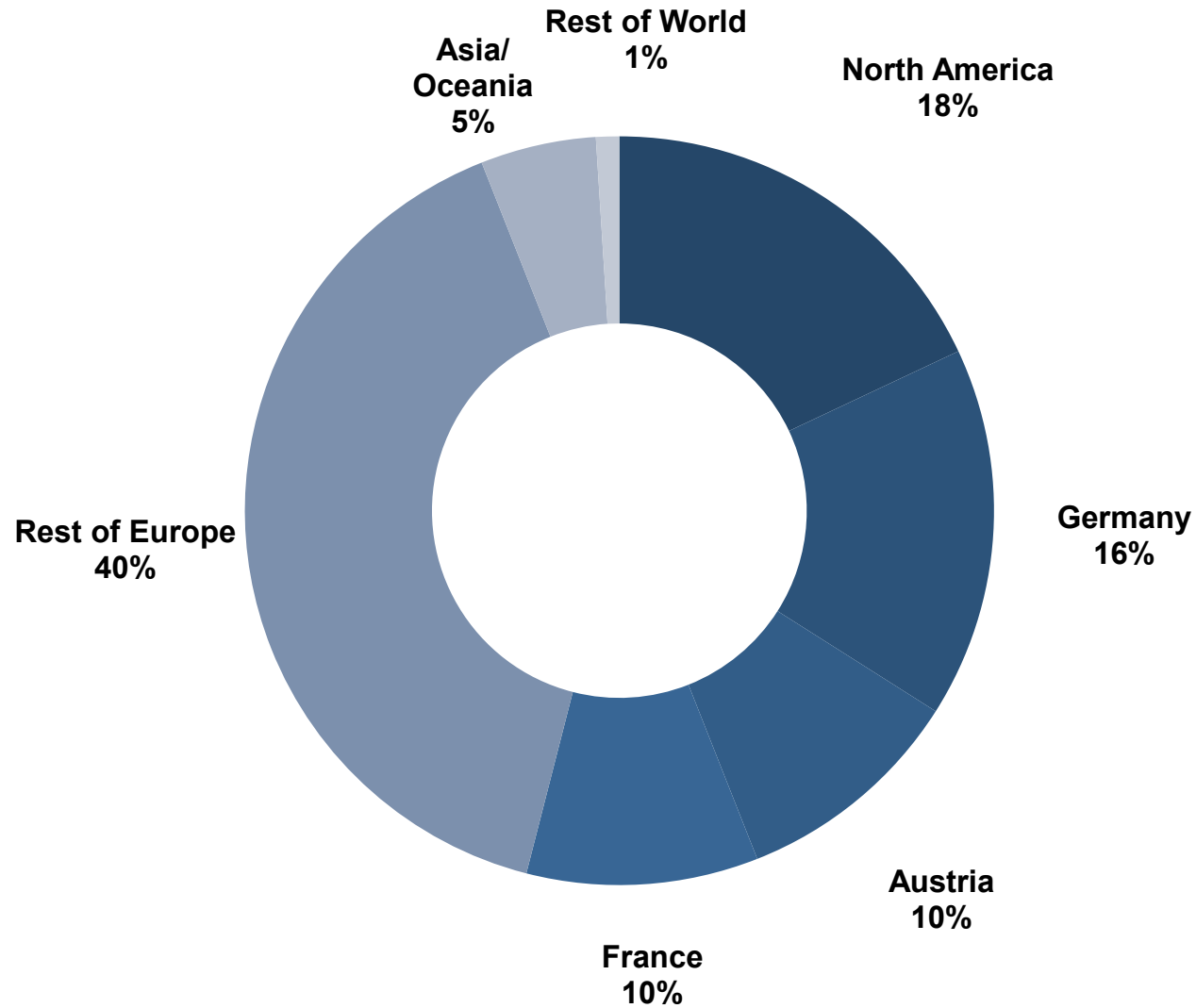
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Key markets Europe and USA



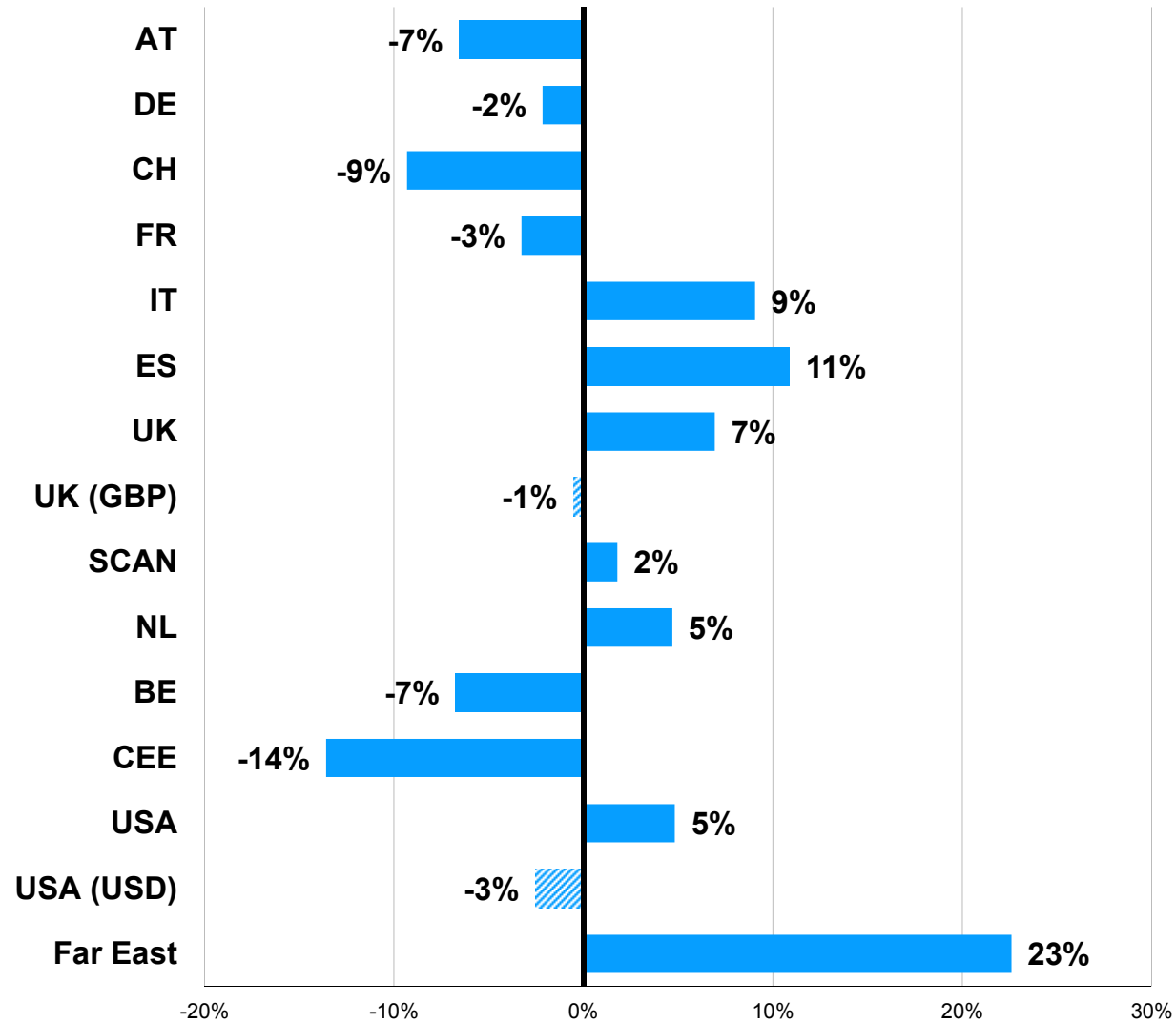
May 2014 – April 2015



Mixed picture in the markets



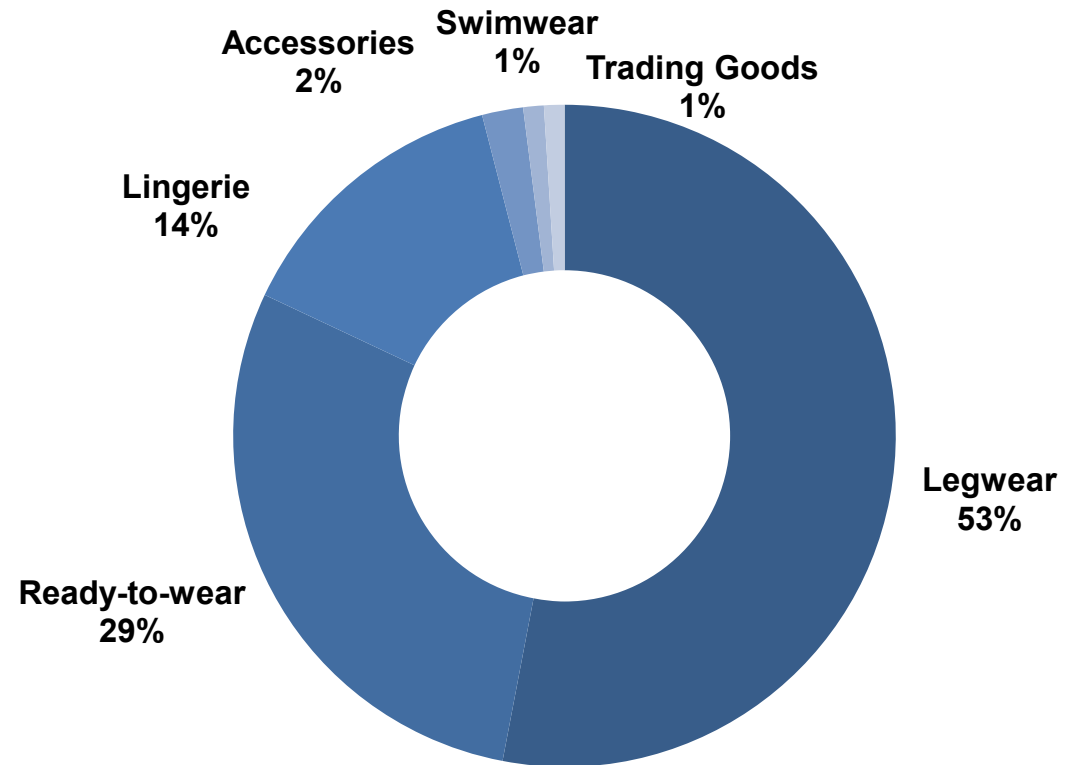
May 2014 – April 2015 vs. PY



Legwear as the Core Product



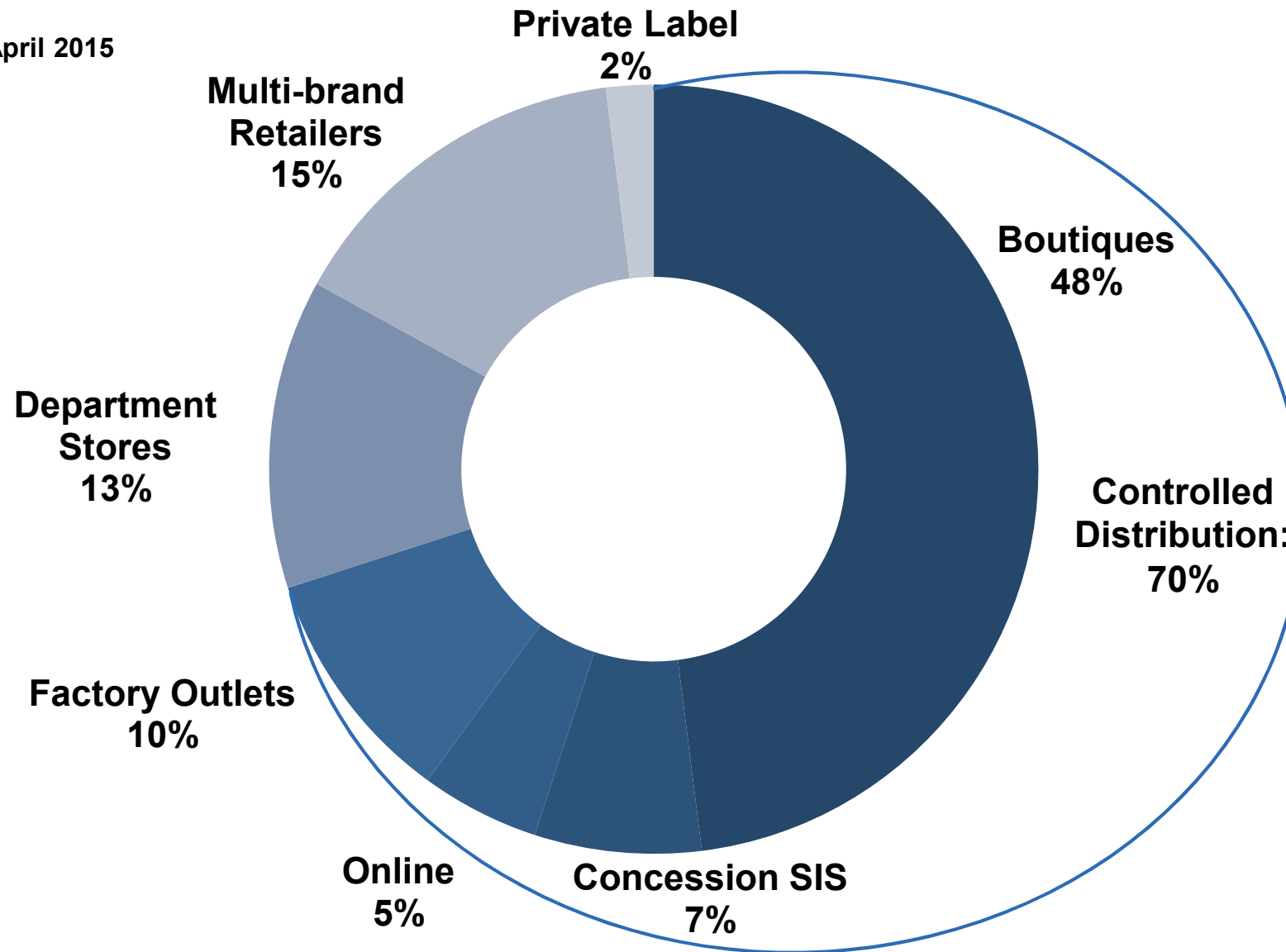
May 2014 – April 2015



70% of Revenues with Monobrand-POS



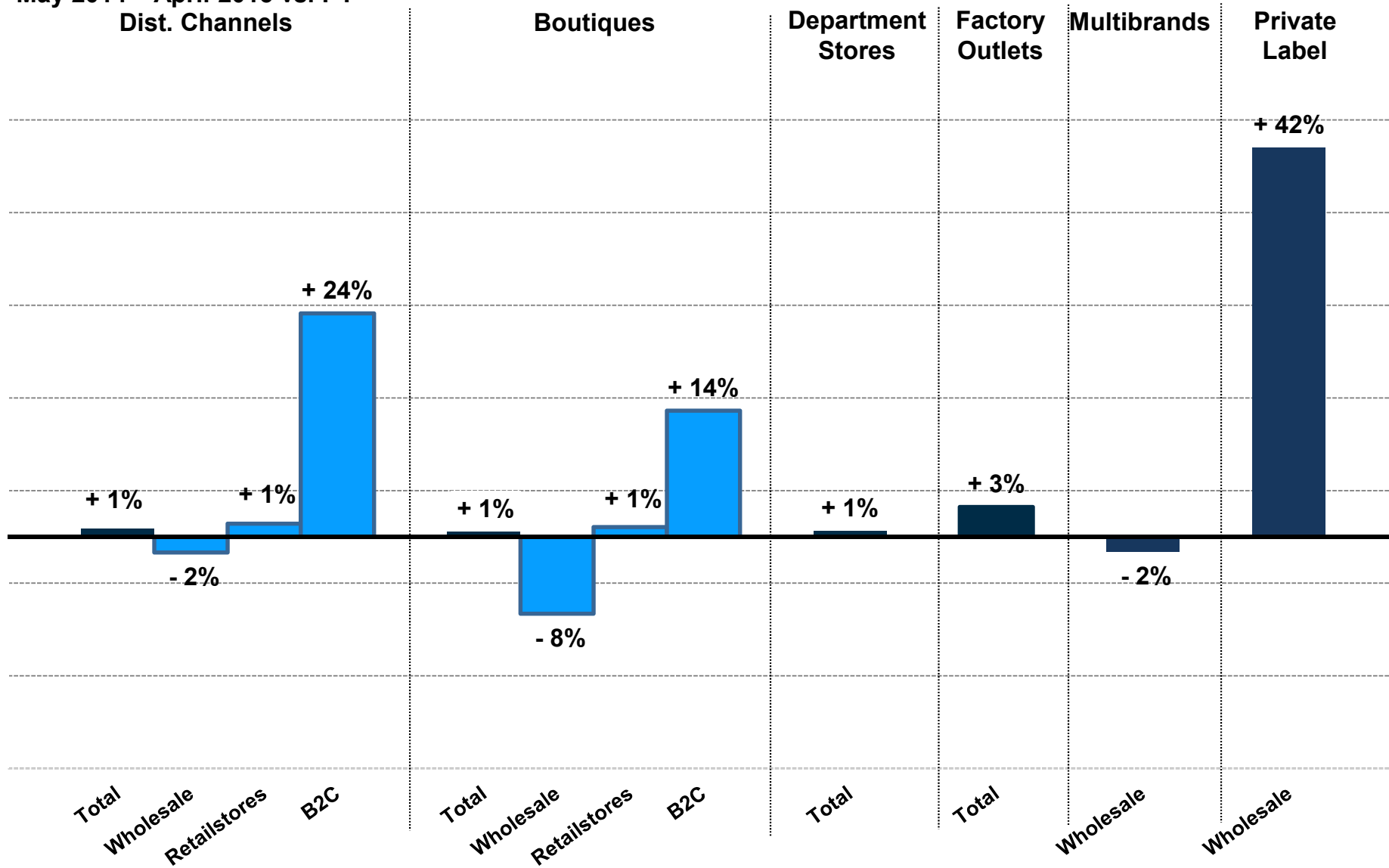
May 2014 – April 2015



Growing Online Business



May 2014 – April 2015 vs. PY
Dist. Channels



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

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	0
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

Cash Flow



in TEUR	PY 2013/14	ACTUAL 2014/15
EBT	-5,885	1,207
	-8,077	-8,770
Depreciation	8,682	8,770
Change in working capital	4,765	-4,425
Other changes	-1,251	-1,945
Cash flow from operating activities	6,311	3,607
Investments in property, plant, equipment and other intangible assets	-7,464	-11,113
Proceeds from the sale of property, plant, equipment and other intangible assets	215	6,959
Cash flow from investing activities	-7,249	-4,154
Free Cashflow	-938	-547
Cash flow from financing activities	660	334
Change in cash and cash equivalents	-278	-213
Cash and cash equivalents at the beginning of the period	4,990	4,653
Effects of exchange rate fluctuations on cash and cash equivalents	-59	345
Cash and cash equivalents at the end of the period	4,653	4,785
Dividend per share (pay out following year)	0.00	0.20

Earnings and Dividend per Share



in €



■ earnings per share ■ dividend per share

*to be confirmed by AGM



Revised Corporate Strategy

Our Vision:

„To be the global dominating brand in the aspirational luxury segment of legwear, lingerie & bodywear by providing the consumer with an unforgettable experience“





Strategic Goals:

- ▶ Reach every potential consumer in the world via controlled multi-channel distribution
- ▶ Tap the full potential of retail stores (average productivity above € 10.000 /m²)
 - ▶ Generate profitable growth (EBIT margin of 10%)

Reflection and Realignment



Key Elements of Strategic Refocusing

- | Key Elements of Strategic Refocusing | Status |
|---|---|
| 1. Re-energize the Brand – Modernization of a strong heritage |  |
| 2. Adjustment of product portfolio – consistent collection statement and securing competitive edge through innovation |  |
| 3. Reorientation of market communication – online and offline |  |
| 4. Optimization of the controlled multi-channel distribution and globalisation |  |
| 5. New Go-to-Market-Modell |  |
| 6. Establishment of new management culture and incentive system |  |

► **Financing from internal sources!**

1. Re-energize the Brand

- ▶ **Make the strong heritage relevant in today's environment**
 - ▶ Bring back the exclusivity and edginess
 - ▶ Create demand
 - ▶ Focus on Brand DNA, in other words the soul of the brand

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

Brand DNA

- | | | |
|--------------------------------|---------------------|-------------------------|
| ▶ Undisputed leader in legwear | ▶ Innovation | ▶ Comfort – second skin |
| ▶ Technology as the soul | ▶ Excellent quality | ▶ Elegance |
| ▶ Timeless products | ▶ Sensuality | ▶ Functionality |

2. Adjustment of Product Portfolio ...



- ▶ **Back to the roots: Create stronger ties to Legwear (company's DNA) and figure-embracing products**
 - ▶ Innovate, innovate, innovate!
 - ▶ Re-establish and secure leadership position in legwear
 - ▶ Expansion of Lingerie and Bodywear product lines (above all Shapewear), Focussing of Ready-to-wear
 - ▶ Create iconic products instead of collections
 - ▶ Streamline Essential Collection (step by step reduction of SKUs)
 - ▶ Introduction of a NOOS-Business System (Never Out Of Stock) for top sellers
 - ▶ Reduce cycle times

... with a consistent Collection Statement



- ▶ **Harmonization of product groups**
- ▶ **Harmonization of essential and trend collection**
- ▶ **The “Unforgettable Touch” is communicated via strong concepts**
 - ▶ Collection themes
 - ▶ Products themes
 - ▶ Marketing themes
 - ▶ Visual Merchandizing at the POS

... and Focus on Innovation (Examples)



Pure 10 Tights



Nude 8



Pure Plus Dress

▶ Pure 10 Tights

- ▶ Newest product with gluing technology
- ▶ Thanks to yarn-innovation the softest tights on the market

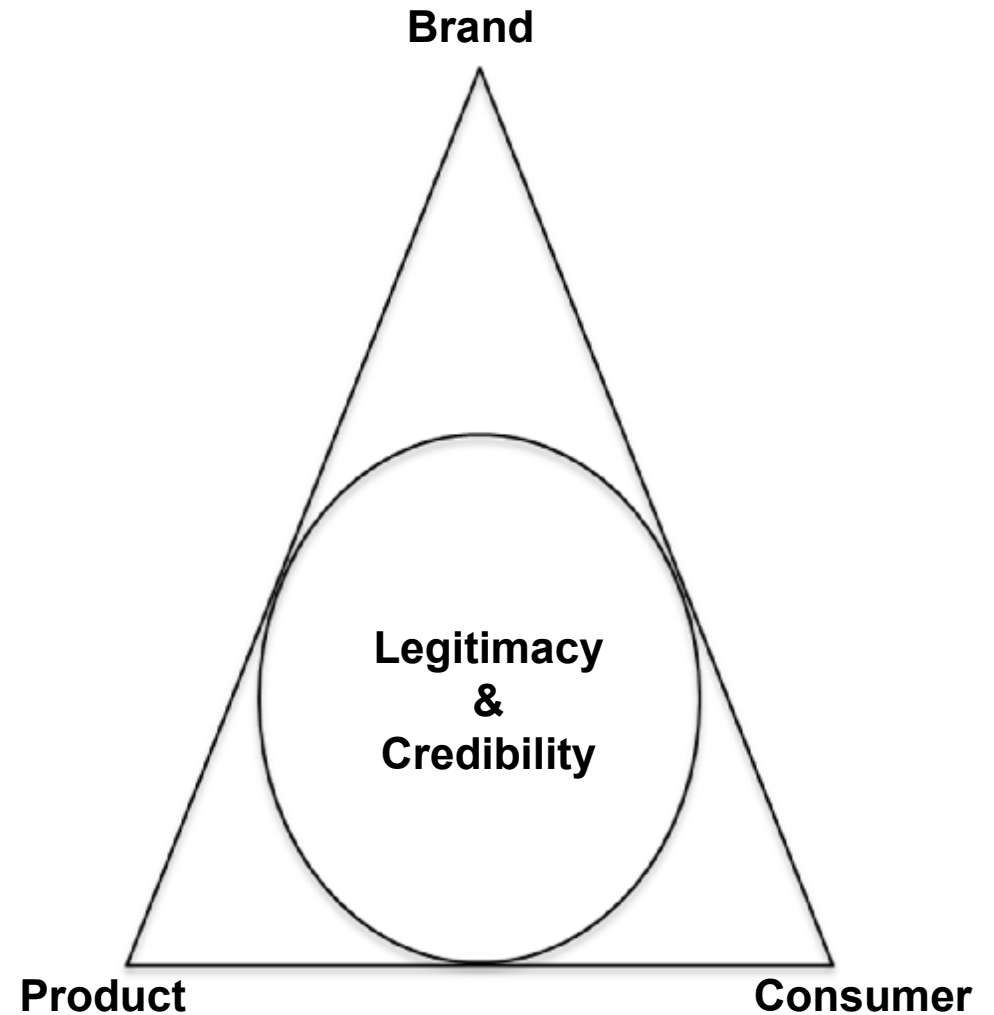
▶ Nude 8

- ▶ “Cosmetics” for the leg
- ▶ 10.000 m yarn weigh 8 gram
- ▶ Almost invisible for the eye

▶ Pure Plus Serie

- ▶ Innovative material
- ▶ Cut edges
- ▶ Close to the body, but not skin-tight

- ▶ **Create products with Legitimacy and Credibility** (based on targeted market research)
 - ▶ With a perfect fit to the DNA of the Brand
 - ▶ Meeting and exceeding expectations of the consumer



3. Reorientation of Marketing Communication



Goals: Increase in appeal, optimization of consumer experience

- ▶ Shop windows are key!
- ▶ New shop concept and appealing visual merchandising
- ▶ Marketing over all communications channels (Omni-Channel-Marketing)
- ▶ Creation of digital content and storytelling (selling dreams)
- ▶ Proactive communication about the production process meeting highest environmental standards and the USP “made in Europe”

4. Optimized Controlled Multi-Channel Distribution

Retail

- ▶ Increase in floor space profitability as the main target
- ▶ Openings of flagship stores in mega-cities
- ▶ Expansion of our own retail business in A-Cities
- ▶ Expansion of Wolford-controlled points of sale in B+C cities

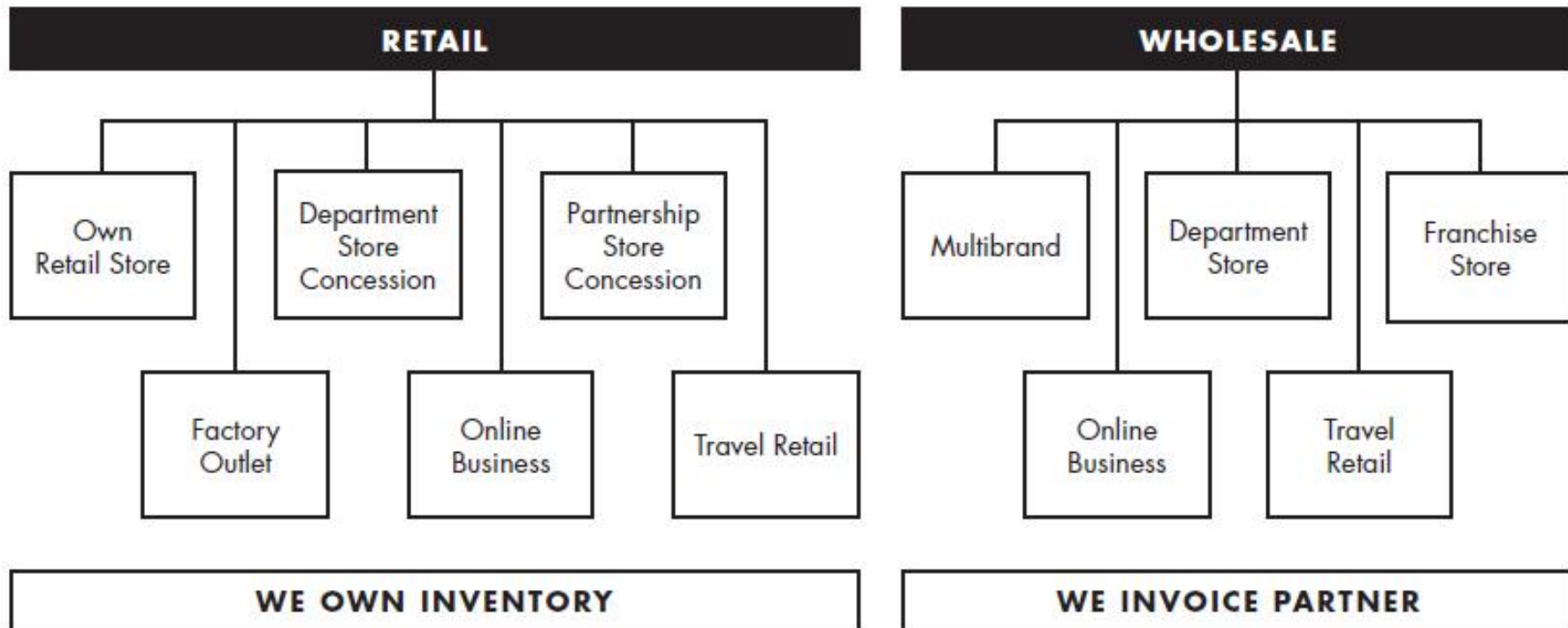
Wholesale

- ▶ Expansion of multi-brand distribution with a focus on premium stores
- ▶ Introduction of master franchise model in emerging markets

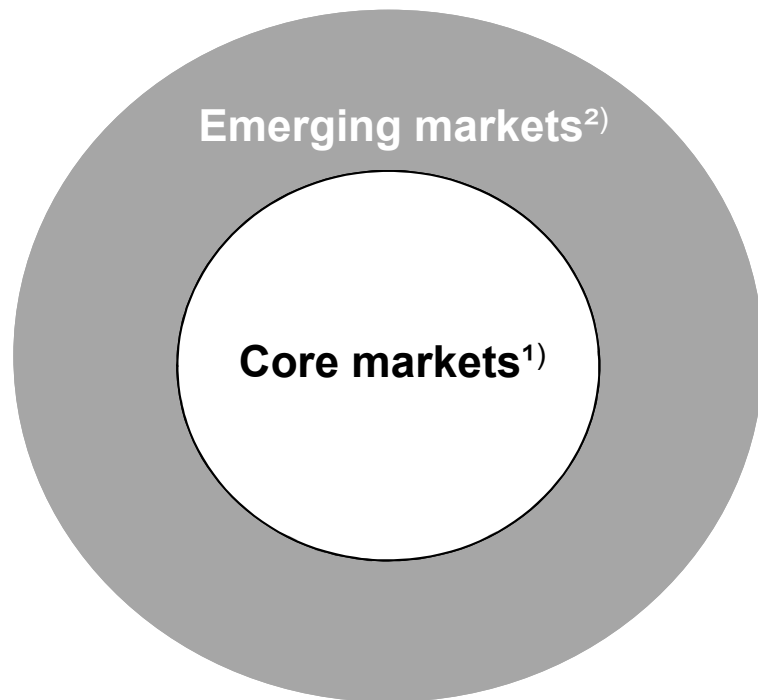
E-Commerce

- ▶ Expansion of online business (omni-channel for seamless experience)
- ▶ Simple shopping of the complete assortment

Balanced Mix of Retail and Wholesale Business ...



... and Global Expansion



Push floor space profitability in Europe

Grow business in the Americas

Grow business in Asia

Mexico, Brazil, other Latin America

Greece, Eastern Europe, Russia, Turkey, Middle East, South Africa

South East Asia, Japan, Korea, Australia

Travel Retail Online Business

1) Company owned subsidiaries
2) Master franchise and established partners

5. New Go-to-Market Model

- ▶ Wolford evolving from an (ex-)wholesaler to a real retailer with own production facilities (leverage of monobrand locations)
- ▶ Consequent focusing of all processes on the requirements of retail
- ▶ Fresh merchandise drops five times a year for the POS – perfectly presented
- ▶ Strict sales timing of forward orders, 99% on time delivery
- ▶ New system for planning demand and controlling of product availability



Outlook 2015/16 and Targets

Longterm Growth Perspectives

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

- ▶ **Short-/medium-term: Economic recovery in key markets**
 - ▶ Slight upturn in the Eurozone (2015: +1.5%)
 - ▶ Stronger growth in the US (2015: +3.1%)

- ▶ **Short-/medium-term: Cautious optimism in the industry environment**
 - ▶ Further growth (FX adjusted) of 2-4% expected for the premium and luxury goods industry in 2015
 - ▶ Tentative recovery in the German fashion retail (stable sales in April, again declining in May (-5%), for the first time growth in June (+3%))

Source: Bain&Company and Altgamma, IMF Statistics April 2015, Textilwirtschaft

Clear Corporate Targets

In the current financial year 2014/15:

▶ Further revenue growth

- ▶ Strategic measures are taking hold
- ▶ Expected tailwinds from FX effects

▶ Sustainable positive results (operating results)

- ▶ Further increase in floor space profitability of own retail
- ▶ Financing of the measures planned from cashflow, proceeds from the selling of non-operating assets and available credit lines

Long-term:

▶ Sustainable revenue growth / EBIT margin of 10%

- ▶ New Go-to-market model
- ▶ Leveraging of existing manufacturing capacities (operating leverage)

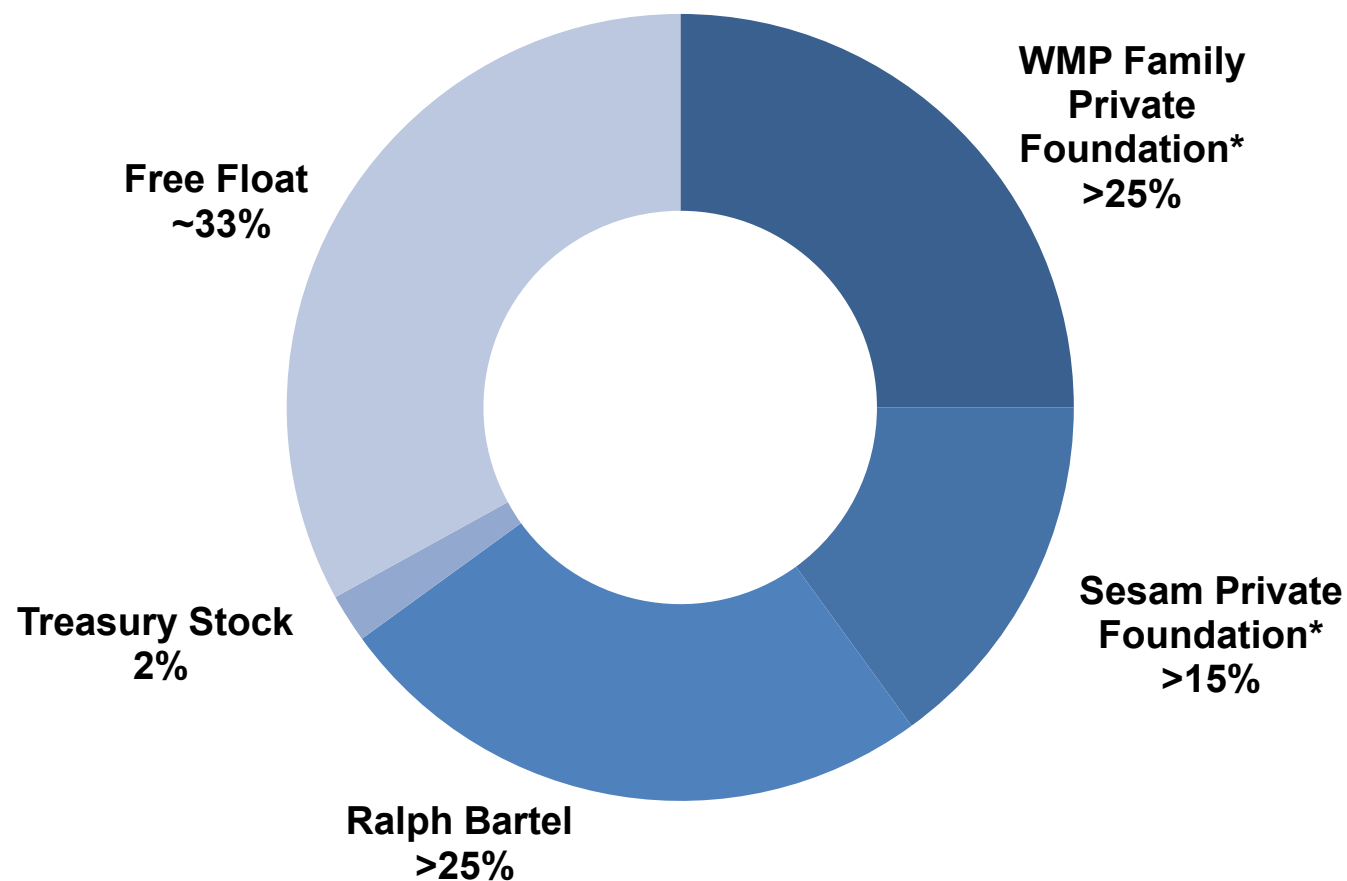
Why to Invest in Wolford?

- ▶ Strong player in an attractive market niche of **the growing market for luxury products**
- ▶ 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 competencies of the company and tapping its full potential
- ▶ Direct **access to end consumer** through **own retail chain with significant potential for leverage**
- ▶ **Strong financial profile** and sufficient **idle capacity to fuel future growth**



The Wolford Share

Shareholder Structure



* Private foundations and its subsidiary M. Erthal GmbH are jointly acting legal entities, which exercise their voting rights by mutual agreement.

Based on available investment reports

Financial Calender and IR-Information



Date	Event
July 17, 2015	Publication of consolidated financial statements for 2014/15 and press conference
September 14, 2015	Q1 Report 2015/16
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-Information

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