

First Impression

Wolford

July 18, 2014

Consumer, Cyclical/ Austria

Hold

Price 17.07.14*	23.68
Price target	U.R. (EUR19.00)
Volatility risk	medium
Year high/ low	24.00/ 16.87
Currency	EUR
EUR/ EUR	1.00
GDR rate	n.a.
Shares outstanding eoy in mn	4.90
Market capitalisation (total shares) in EUR mn	116.0
Free float	32.6%
Free float in EUR mn	37.8
Avg. daily turnover (12 m) in EUR mn	0.03
Index	ATX Prime
ISIN code	AT0000834007
Bloomberg	WOLAV
Reuters	WLFQ.VI
www.wolford.com	

4Q - not a "game changer"

- 4Q 13/ 14 broadly in line with expectations
- Outlook less inspiring than we hoped for
- No need to change our recommendation

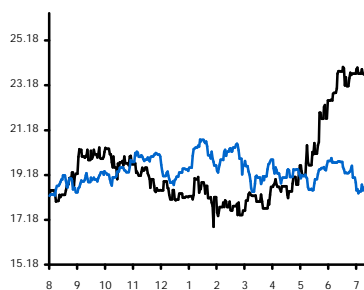
The company's 4Q figures come in broadly in line with our expectations while the outlook for FY 14/ 15 looks so far rather disappointing.

4Q 13/ 14 results: Wolford's 4Q 13/ 14 operating performance was broadly in line with our forecast. However, due to positive tax effects net profit came in EUR 2 mn better than we expected. Operating cash flow was flat yoy and free cash flow declined slightly to EUR -0.3 mn. The company's equity ratio declined from 53.7% to 54.9%. Due to decline in PPE position the asset structure was a bit less favourable.

Segments: While group revenues declined yoy by 0.4% currency adjusted sales grew by 1% (USD and GBP effect). Despite the negative fx effects, sales in both regions grew yoy along with Spain Italy, Belgium and Austria while sales in Germany and France (each accounts for approx. 8% in group revenues) declined. The decline can be explained by the high portion of wholesale business in both regions. Although the downwards trend in wholesale seems to have been stopped in 4Q, the FY 13/ 14 group wholesale revenues declined by 8% while Wolford's own points of sale grew by 5% and the online business by 23% yoy. Earlier in FY 13/ 14 the company announced to streamline its product portfolio (i.e. dispose the swimwear segment, downscale ready-to-wear and concentrate on the core businesses like legwear and lingerie). However, this is not reflected in the product mix so far (legwear, lingerie and swimwear share in revenues remained unchanged yoy and only ready-to wear declined slightly from 31% to 30%).

Management outlook: In its outlook for FY 14/ 15 the management is targeting an operational turnaround stating that due to EUR 7.4 mn positive one offs which the company will realise in 1Q 13/ 14 it is well on the way to achieving this target.

Outlook and recommendation: Overall we value the set of figures neutral while the outlook looks rather disappointing - should the management target positive results only if including one offs. However, taking into account a still solid asset base and the frequently appearing squeeze out phantasies we see no need to change our HOLD recommendation.



— Wolford
— ATX Prime

Source: Raiffeisen Centrobank

Wolford 4Q 2013/ 14 results

in EURmn	4Q 13/ 14	4Q 12/ 13	+/-	RCB est.	+/-	3Q 13/ 14	+/-
Sales	32.5	32.3	0.3%	32.7	-0.8%	48.6	-33.2%
EBITDA	-4.7	-2.8	66.3%	-3.8	23.2%	7.0	-166.5%
EBITDA adj.	-1.6	-2.8	-44.1%	-1.8	-12.8%	7.7	-120.5%
EBIT	-6.9	-5.5	25.5%	-6.4	7.5%	5.1	-235.1%
EBIT adj.	-3.8	-5.5	-31.2%	-4.0	-5.8%	5.1	-174.1%
EBT	-7.2	-6.0	20.0%	-6.9	3.6%	4.2	-271.9%
Net profit	-4.1	-6.5	-37.1%	-6.3	-35.4%	3.7	-210.0%
EPS	-0.83	-1.32		-1.29		0.76	
DPS	0.00	0.00		0.00			
EBITDA margin adj.	-4.8%	-8.7%		-5.5%		15.8%	
EBIT margin	-21.2%	-17.0%		-19.6%		10.5%	
EBIT margin adj.	-11.6%	-16.9%		-12.2%		10.5%	
Net margin	-12.5%	-20.0%		-19.3%		7.6%	

Source: Wolford, Raiffeisen Centrobank

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* The indicated price is the last price as available at

6.30 AM on 18.07.14, Source: Reuters/ Bloomberg

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