

Company Update

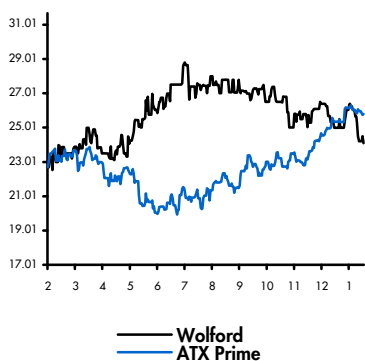
Wolford

January 24, 2013

Consumer, Cyclical/Austria

Hold

Price 23.01.13*	24.10
Price target	26.00
Volatility risk	medium
Year high/low	28.80/22.53
Currency	EUR
EUR/EUR	1.00
GDR rate	n.a.
Shares outstanding eoy in mn	4.90
Market capitalisation (total shares) in EUR mn	118.1
Free float	29.0%
Free float in EUR mn	34.2
Avg. daily turnover (12 m) in EUR mn	0.03
Index	ATX Prime
ISIN code	AT0000834007
Bloomberg	WOLF AY
Reuters	WLFD.VI
www.wolford.com	



Source: Raiffeisen Centrobank

Still waiting in the wings

We believe that investors will have to wait for game-changing news (i.e. new growth impulses) for another 6 to 12 months and since the share is well supported by its balance sheet we recommend it as a "hold" while waiting.

2Q 12/13 review: Wolford reported an overall growth of 4% yoy while its like-for-like sales increased by 6%. However, due to a decline in inventories and finished goods EBITDA and bottom line disappointed again. With improved working capital and flat capex the company's cash flow and the equity ratio were the "good news" in 1H reporting. "Legwear" remains Wolford's strongest segment which contributes 53% to the company's sales. However, its share declined slightly yoy while the sales of pricier but also more seasonality driven "ready-to-wear" increased. Among the regions, the USA was once again the strongest growth driver but it still lags on profitability while Europe grew by only 2.4% but achieved a slightly higher EBITDA margin yoy. Store roll-out in Asia seems to be delayed again; in order to address this issue the supervisory board approved Axel Dreher as the third board member responsible for production, technology and procurement while CEO Holger Dahmen will now concentrate more on growth, marketing and sales. Last but not least, in its newest outlook the management pointed out that it expects the operating result to decline yoy, while previously references were made only with regard to sales.

Outlook: We believe that the overall top line growth in 2H 12/13 will be lower than in 1H while the profitability should rather improve. Our FY 13/14e and FY 14/15e sales estimates for the European and US operations remain almost unchanged but the strong increase in other operating costs on recent store openings in Europe, a reduction of inventories which is likely to trigger write-offs and the delay in the roll-out in China result in a severe cut of our earnings estimates for FY 12/13e and FY 13/14e. As Wolford's balance sheet remains solid we, however, believe that despite the expected earnings of EUR 0.26 per share in FY 12/13e the company will once again keep its dividend unchanged at EUR 0.40. Our free cash flow estimates back this assumption.

Valuation: Despite the massive cuts in our earnings estimates for FY 12/13e and FY 13/14e we calculate a slightly higher DCF fair value. This is triggered mainly by the lower WACC assumptions for FY 12/13e – FY 16/17e backed by the substantial decline of the Austrian yield curve (around 100bp during 2012). On the peer group comparison the share trades at a discount on sales- and asset multiples and at a premium on profitability multiples. We believe that at the current level the share is well supported by its book multiple, but we see no additional upside without quantifiable additional growth perspectives. Thus, we once again reiterate our "hold" recommendation while setting our new target price at EUR 26.00 (EUR 25.50 previously).

Key figures and ratios

EUR	4/2011	4/2012	4/2013e	4/2014e	4/2015e
Sales (mn)	152.2	154.1	160.2	166.9	172.6
EBITDA (mn)	15.7	15.3	12.1	15.9	18.8
EBIT (mn)	7.3	7.0	3.6	7.4	10.3
Net profit a.m. (mn)	5.1	1.4	1.3	4.8	6.8
Earnings per share (adj.)	1.03	0.28	0.26	0.98	1.38
EPS adjusted growth	97.2%	-73.0%	-6.8%	280.3%	40.7%
Adjusted PE ratio	26.2	83.9	93.1	24.5	17.4
DPS	0.40	0.40	0.40	0.40	0.40
Dividend yield	1.5%	1.7%	1.7%	1.7%	1.7%
EV/EBITDA	9.1	8.4	11.2	8.4	6.9
Price book value	1.6	1.4	1.4	1.4	1.3

Source: Wolford, Raiffeisen Centrobank estimates

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* The indicated price is the last price as available at

6.30 AM on 24.01.13, Source: Reuters/Bloomberg

Share price triggers

Trigger	Momentum	Explanation
Exchange rates	negative	▪ Since January the EUR rate has improved vs. USD - this burdens the US contribution
Asian expansion	negative	▪ The start of the store-roll-out drags on
Fixed costs	neutral	▪ Increases in other operating expenses are slightly cushioned by better headcount monitoring
Inventories optimisation	neutral	▪ Affects profitability in the short term but improves cash flow and ROE

Source: Raiffeisen Centrobank

2Q 2012/13 review

In line with our expectations, Wolford's 2Q 2012/13 top line came in 4% higher yoy and grew by 6% like-for-like. However, due to a decline in inventories and finished goods (EUR 2 mn P&L effect, EUR 1 mn balance sheet effect) EBITDA was EUR 1.8 mn lower than we estimated. The company managed to improve its working capital (esp. inventories & receivables) and thus raised its operating cash flow by EUR 2.5 mn in 1H 12/13 and EUR 2 mn in 2Q 12/13, while its investment cash flow remained unchanged yoy. Thus, despite a rather weak operating performance the company's equity ratio was unchanged at 52%.

"Legwear" remains Wolford's strongest segment which contributes 53% to the company's sales. However, its share declined slightly yoy while the sales of pricier but also seasonally-linked "ready-to-wear" increased. Among the regions the USA was once again the strongest growth driver but it still lags on profitability (slightly negative EBITDA in both 1H 11/12 & 1H 12/13) while Europe (ex. Austria) showed a very moderate growth of 2.4% but a slight improvement in EBITDA margin: 3.9% vs. 3.2%. As the expansion plans in Asia seems to take more time to materialise the top-line contribution was unchanged yoy. In order to address this issue the supervisory board approved Axel Dreher as the third member of the Executive Board responsible for production, technology and procurement, while Wolford's CEO Holger Dahmen will now concentrate more on growth, marketing and sales.

Wolford 2Q 2012/13 results

in EUR mn	2Q 12/13	2Q 11/12	+/-	RCB e	+/- 1Q 12/13	+/-
Sales	43.5	41.8	4.1%	44.10	-1.3%	33.1 31.6%
EBITDA	4.7	6.0	-21.4%	7.5	-37.4%	-1.3 n.m.
EBIT	2.6	4.0	-34.3%	5.8	-54.5%	-3.3 n.m.
EBT	2.3	3.5	-33.3%	5.0	-53.7%	-3.6 n.m.
Net profit	2.2	2.8	-21.0%	3.8	-43.3%	-3.2 n.m.
EPS	0.44	0.6	-21.0%	0.8	-43.3%	-0.7 n.m.
EBITDA margin	10.8%	14.3%		17.0%		-3.9%
EBIT margin	6.1%	9.6%		13.2%		-10.0%
EBT margin	5.4%	8.4%		11.4%		-10.9%
Net margin	5.0%	6.6%		8.7%		-9.8%

Source: Wolford, Raiffeisen Centrobank

Outlook

The company was more precise with regard to its outlook. While previously it mentioned the expected (sales) growth, now it also points out that the operating result (EBIT) will come in below FY 11/12.

2H 12/13 with slightly lower growth but better profitability

Taking into account the yoy weaker consumer spending outlook in the US and the appreciation of the euro we are calculating with a weaker performance in the US in 2H 12/13e, while the performance of the European stores, especially with regard to like-for-like growth, should improve slightly. We believe that the overall top line growth in 2H will be lower than in 1H, while profitability should rather improve.

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Another delay in Asia constrains growth, higher operating costs and write-downs burden profitability

Our FY 13/14e sales estimates for the European and US operations remain almost unchanged and imply a mid-single-digit improvement in like-for-like sales and around 10 new store openings in FY 13/14e and FY 14/15e. However, a strong increase in other operating costs (mainly rental expenses) on recent store openings in Europe will lead to higher costs in 2H 12/13e et seq. Additionally, after the changes in the management board the company seems to focus more on the reduction of inventories which triggers write-offs. However, at least the later releases financial resources too and results in a slightly lower decline in our FY 12/13e cash flow forecast compared to earnings. Finally, the store roll-out in China seems to take more time again. Contrary to our previous assumptions, we assume that the first contributions will be made not in 2H 12/13e but rather in 2H 13/14e.

Dividends for FY 12/13e seen at EUR 0.40

As Wolford's balance sheet remains very solid we do believe that despite the expected earnings of EUR 0.26 per share the company would once again keep its dividend unchanged at EUR 0.4. Our free cash flow estimates back this assumption.

Changes to forecast

In EUR mn	Old		New			Comments
	2012/13e	2013/14e	2012/13e	2013/14e	2014/15e	
Sales	162.1	168.8	160.2	166.9	172.6	Delay in Asian expansion
Sales growth	4.7%	4.2%	4.0%	4.2%	3.4%	
EBITDA	19.0	21.2	12.1	15.9	18.8	Higher other operating expenses on new store openings & negative inventories effect
EBITDA margin	11.7%	12.5%	7.5%	9.5%	10.9%	
EBIT	11.1	13.3	3.6	7.4	10.3	
EBIT margin	6.8%	7.9%	2.2%	4.4%	6.0%	Lower margins due to economies of scale
EBT	9.5	12.6	2.0	5.9	8.9	
EBT margin	5.8%	7.4%	1.3%	3.5%	5.2%	
Net profit	7.7	9.7	1.3	4.8	6.8	
Net profit margin	4.7%	5.7%	0.8%	2.9%	3.9%	
EPS	1.57	1.86	0.26	0.98	1.38	
DPS	0.60	0.60	0.40	0.40	0.40	

Source: Raiffeisen Centrobank estimates

Risks to our planning model:

- The biggest potential risk to our forecasts is the cyclical nature of sales in the luxury segment. In case of weak macroeconomic data we rather overestimate the growth potential.
- At the moment the company's floor expansion lags behind our expectations. For FY 2012/13e we have included 10 net store additions into our planning model; thus, our estimates are rather overstated should the company add fewer stores.
- Our projection of an improvement in the inventories turnover and working capital level has strong implications on the DCF-valuation and financial result. A different development will lead to significant changes in our estimates and fair value.
- The company already has a deep level of vertical integration and increases it further by raising the number of own boutiques. This increases the potential loss in case of a collection failure.
- Wolford's biggest asset is its brand. Quality failures of products and services or negative publicity could damage the company's image and affect its value and business projects.

Valuation

Despite the substantial cuts in our earnings estimates for FY 12/13e and FY 13/14e we calculate a slightly higher DCF fair value compared to our update we published in March 2012 (EUR 26.0 vs. EUR 25.3). This is based mainly on the massive decline in the Austrian risk free rates of around 100bp and thus a significant reduction of our WACC assumptions for FY 12/13e – FY 16/17e. On the peer group comparison the share trades as usually at a discount on sales- and assets multiples and at a premium on profitability multiples but valuation gap between the

Target price EUR 26.0 (EUR 25.5 previously); "hold" unchanged

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share and the peer group increased quite considerably. However, we believe that (although not at the same extent) the peer group estimates are likely to come down as well. At the current level we see the share well supported by its attractive book multiples and once again reiterate our "hold" recommendation while set our new target price at EUR 26.00 (EUR 25.50 previously).

	P/BV				EV/EBITDA				EV/EBIT				P/E			
	2011	2012e	2013e	2014e	2011	2012e	2013e	2014e	2011	2012e	2013e	2014e	2011	2012e	2013e	2014e
LVMH	3.1	2.8	2.5	2.3	9.8	10.6	9.4	8.2	11.5	12.4	11.0	9.7	22.1	19.2	17.4	15.6
Hugo Boss	11.0	9.6	7.8	6.5	8.6	11.9	10.5	9.2	10.2	14.2	12.5	10.9	19.4	18.8	16.6	14.6
Gerry Webber	5.3	4.7	4.2	3.6	8.4	12.1	10.1	8.8	9.4	13.7	11.4	9.8	24.7	21.4	18.0	15.7
Calida	1.7	1.7	1.6	1.5	6.0	6.5	6.4	5.7	7.5	8.5	8.5	7.6	8.7	12.6	12.5	11.7
Van de Velde	2.7	2.7	2.4	2.3	8.2	8.9	8.3	7.5	8.9	10.0	9.2	8.3	11.0	14.4	13.6	12.4
Median	3.1	2.8	2.5	2.3	8.4	10.6	9.4	8.2	9.4	12.4	11.0	9.7	19.4	18.8	16.6	14.6
Mean	4.8	4.3	3.7	3.2	8.2	10.0	8.9	7.9	9.5	11.8	10.5	9.3	17.2	17.3	15.6	14.0
Wolford	1.4	1.4	1.4	1.3	8.4	11.2	8.4	6.9	18.3	37.6	18.1	12.6	83.9	93.1	24.5	17.4
Dis/Prem Median	-55.7%	-48.9%	-45.6%	-43.1%	-0.5%	6.0%	-10.0%	-16.3%	95.1%	202.8%	64.3%	29.9%	333.2%	395.7%	47.3%	19.2%
Dis/Premium Mean	-71.4%	-67.1%	-62.9%	-59.6%	2.1%	12.2%	-5.7%	-12.4%	93.3%	220.0%	71.7%	36.4%	388.3%	438.7%	56.9%	24.3%

Source: Bloomberg, Raiffeisen Centrobank estimates

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DCF Valuation

FCF projection (EUR mn)	2012e	2013e	2014e	2015e	2016e	2017e	TV CF
Consolidated sales	160.2	166.9	172.6	179.5	185.8	190.4	190.4
EBITDA	12.1	15.9	18.8	20.6	22.3	22.9	22.9
EBITA	3.6	7.4	10.3	12.6	14.3	14.9	14.9
Taxes paid on EBITDA	-0.6	-1.1	-2.2	-2.7	-3.0	-3.1	-3.1
NOPLAT	3.0	6.4	8.1	10.0	11.3	11.7	11.7
Adj. NOPLAT	3.0	6.4	8.1	10.0	11.3	11.7	11.7
Depreciation of PPE & intangibles	8.5	8.5	8.5	8.0	8.0	8.0	8.0
Gross investment in PPE & intangibles	-10.1	-9.9	-8.5	-8.5	-8.1	-8.1	-8.6
Change in working capital	3.6	-1.0	-1.2	-0.2	-1.3	-0.9	-0.6
NWC/Sales	20.8%	20.6%	20.7%	20.0%	20.0%	20.0%	20.0%
Change in LT provisions other than tax	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Net acquisitions & disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow to firm	5.6	4.6	7.5	9.9	10.5	11.3	11.2
Adj. free cash flow to firm	5.6	4.6	7.5	9.9	10.5	11.3	11.2
EV DCF, mid-year assumption	139.2	143.2					
+ MV of non-operating assets eop	0.0	0.0					
- MV of net debt eop	17.0	16.0					
- MV of minorities eop	0.0	0.0					
Adjustments to EV eop	0.0	0.0					
Fair value of equity	122.2	127.2					
Shares outstanding (mn)	4.9	4.9					
Fair value per share (in EUR)	24.93	25.97					

Value drivers	2012e	2013e	2014e	2015e	2016e	2017e	TV CF
Consolidated sales yoy	4.0%	4.2%	3.4%	4.0%	3.5%	2.5%	1.5%
EBITDA margin	7.5%	9.5%	10.9%	11.5%	12.0%	12.0%	12.0%
Rate of taxes paid	-15.9%	-14.3%	-21.0%	-21.0%	-21.0%	-21.0%	-21.0%
Working capital/sales	20.8%	20.6%	20.7%	20.0%	20.0%	20.0%	20.0%
Capex/depreciation	119.2%	115.9%	99.7%	106.3%	101.3%	101.3%	107.6%
Free cash flow margin	3.5%	2.7%	4.4%	5.5%	5.7%	5.9%	5.9%

WACC	2012e	2013e	2014e	2015e	2016e	2017e	TV CF
Target capital structure (at MV)	89.5%	87.6%	90.0%	90.0%	90.0%	90.0%	85.0%
Debt/equity ratio (at MV)	11.8%	14.2%	11.1%	11.1%	11.1%	11.1%	17.6%
Risk free rate (local)	0.6%	0.6%	1.0%	1.5%	2.3%	2.5%	4.3%
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	6.6%	6.6%	7.1%	7.6%	8.4%	8.6%	10.4%
Cost of debt	4.0%	4.0%	4.0%	4.0%	4.5%	5.0%	5.8%
Tax rate	-15.9%	-14.3%	-21.0%	-21.0%	-21.0%	-21.0%	-21.0%
WACC	6.3%	6.2%	6.7%	7.1%	7.9%	8.1%	9.5%

Sensitivity analysis

Growth sensitivity (EUR)	Terminal growth rate						
WACC	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
8.0%	27.2	28.9	30.8	33.0	35.6	38.7	42.4
8.5%	25.3	26.8	28.4	30.3	32.5	35.1	38.1
9.0%	23.6	24.9	26.4	28.0	29.9	32.0	34.6
9.5%	22.1	23.3	24.5	26.0	27.6	29.4	31.6
10.0%	20.8	21.8	22.9	24.2	25.6	27.2	29.0
10.5%	19.6	20.5	21.5	22.6	23.8	25.2	26.8
11.0%	18.5	19.3	20.2	21.2	22.2	23.5	24.8

Margin sensitivity (EUR)	FCF margin TV						
WACC	4.4%	4.9%	5.4%	5.9%	6.4%	6.9%	7.4%
8.0%	25.5	28.0	30.5	33.0	35.5	38.0	40.5
8.5%	23.5	25.8	28.1	30.3	32.6	34.9	37.2
9.0%	21.7	23.8	25.9	28.0	30.1	32.2	34.3
9.5%	20.2	22.1	24.0	26.0	27.9	29.8	31.7
10.0%	18.9	20.6	22.4	24.2	25.9	27.7	29.5
10.5%	17.6	19.3	20.9	22.6	24.2	25.9	27.5
11.0%	16.6	18.1	19.6	21.2	22.7	24.2	25.7

Source: Raiffeisen Centrobank estimates

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<i>Income statement (EUR mn)</i>	<i>4/2010</i>	<i>4/2011</i>	<i>4/2012</i>	<i>4/2013e</i>	<i>4/2014e</i>	<i>4/2015e</i>
Consolidated sales	144.0	152.2	154.1	160.2	166.9	172.6
Changes in inventories & own work capitalised	-5.0	3.9	3.4	-0.4	0.7	1.7
Other operating income	3.5	3.5	4.0	4.0	4.0	4.1
Total revenues	142.5	159.6	161.5	163.8	171.6	178.3
Material costs	-24.3	-28.3	-28.5	-30.6	-32.5	-33.7
Personnel expenses	-68.1	-73.9	-73.2	-73.1	-74.2	-76.0
Other operating expenses	-37.7	-41.7	-44.5	-48.0	-48.9	-49.9
EBITDA	12.5	15.7	15.3	12.1	15.9	18.8
Adjusted EBITDA	12.5	15.7	15.3	12.1	15.9	18.8
Depreciation of PPE and intangibles	-8.0	-8.4	-8.3	-8.5	-8.5	-8.5
EBITA	4.5	7.3	7.0	3.6	7.4	10.3
Amortisation, impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.5	7.3	7.0	3.6	7.4	10.3
Adjusted EBIT	4.5	7.3	7.0	3.6	7.4	10.3
Investment income	0.2	0.0	-0.3	-0.1	0.1	0.2
Net interest income	-0.5	-0.8	-0.7	-0.8	-1.0	-0.9
Other financial result	-0.7	-0.8	-0.8	-0.6	-0.7	-0.7
Financial result	-1.1	-1.5	-1.8	-1.5	-1.5	-1.4
Earnings before taxes	3.4	5.8	5.2	2.0	5.9	8.9
Taxes on income	-0.8	-0.8	-3.8	-0.8	-1.1	-2.1
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	2.6	5.1	1.4	1.3	4.8	6.8
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit after minorities	2.6	5.1	1.4	1.3	4.8	6.8
Adjusted Net profit	2.6	5.1	1.4	1.3	4.8	6.8
Changes yoy	4/2010	4/2011	4/2012	4/2013e	4/2014e	4/2015e
Consolidated sales yoy	-2.2%	5.6%	1.3%	4.0%	4.2%	3.4%
EBITDA yoy	30.2%	26.0%	-2.7%	-21.3%	32.0%	18.2%
EBITA yoy	106.1%	62.7%	-4.5%	-48.7%	106.5%	38.7%
EBIT yoy	106.1%	62.7%	-4.5%	-48.7%	106.5%	38.7%
EBT yoy	n.a.	70.8%	-11.0%	-60.5%	187.5%	51.8%
Net profit after minorities yoy	n.a.	97.2%	-73.0%	-6.8%	280.3%	40.7%
Margins	4/2010	4/2011	4/2012	4/2013e	4/2014e	4/2015e
Material costs margin	-16.9%	-18.6%	-18.5%	-19.1%	-19.5%	-19.5%
EBITDA margin	8.7%	10.3%	9.9%	7.5%	9.5%	10.9%
EBITA margin	3.1%	4.8%	4.5%	2.2%	4.4%	6.0%
EBIT margin	3.1%	4.8%	4.5%	2.2%	4.4%	6.0%
EBT margin	2.4%	3.8%	3.4%	1.3%	3.5%	5.2%
Net margin	1.8%	3.3%	0.9%	0.8%	2.9%	3.9%
Profitability	4/2010	4/2011	4/2012	4/2013e	4/2014e	4/2015e
Return on assets	2.2%	4.0%	1.1%	1.2%	3.8%	5.0%
Return on equity	3.3%	6.2%	1.6%	1.5%	5.7%	7.7%
Return on capital employed	3.0%	5.5%	1.5%	1.7%	5.3%	6.9%
Cash flow statement (EUR mn)	4/2010	4/2011	4/2012	4/2013e	4/2014e	4/2015e
Earnings before taxes	3.4	5.8	5.2	2.0	5.9	8.9
Taxes paid	-0.3	-0.9	-1.9	-0.6	-1.1	-2.1
Amortisation and depreciation	8.0	8.5	8.5	8.5	8.5	8.5
Other non-cash items	-0.3	0.3	-0.1	0.6	0.6	0.6
Cash flow from result	10.8	13.8	11.7	10.5	13.9	15.9
Change in working capital	11.3	0.4	-4.4	1.0	-1.0	-1.2
Operating cash flow	22.1	14.2	7.3	11.5	12.9	14.7
Capex PPE and intangible assets	-8.3	-6.1	-8.3	-10.1	-9.9	-8.5
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Disposal of fixed assets (total)	0.2	0.0	0.0	0.0	0.0	0.0
Other items (investments)	-0.0	2.1	1.4	0.0	0.0	0.0
Investing cash flow	-8.1	-4.0	-6.9	-10.1	-9.9	-8.5
Dividend payments	0.0	-1.0	-2.0	-2.0	-2.0	-2.0
Other changes in equity	0.0	0.0	0.0	0.0	0.0	0.0
Change in financial liabilities	-13.2	-9.5	2.3	2.2	-0.8	-4.5
Other items	0.0	0.0	0.0	-2.4	0.0	0.0
Financing cash flow	-13.2	-10.5	0.3	-2.1	-2.8	-6.5

Source: Wolford, Raiffeisen Centrobank estimates

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<i>Balance sheet (EUR mn)</i>	<i>4/2010</i>	<i>4/2011</i>	<i>4/2012</i>	<i>4/2013e</i>	<i>4/2014e</i>	<i>4/2015e</i>
Current assets	58.3	60.9	64.2	63.4	65.6	67.4
Liquid funds	4.7	4.4	5.3	4.6	4.8	4.5
Receivables	16.1	15.1	14.7	15.2	16.7	17.3
Inventories	37.6	41.4	44.2	43.6	44.1	45.6
Other assets	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	82.3	77.7	76.1	77.7	79.1	79.1
Property, plant & equipment	64.4	62.2	62.4	63.0	63.6	63.1
Intangible assets	10.6	10.5	10.0	11.0	11.7	12.2
Goodwill	1.2	1.1	1.2	1.2	1.2	1.2
Financial assets	6.1	3.9	2.6	2.6	2.6	2.6
Deferred tax assets	4.9	5.9	5.2	5.0	5.0	5.0
Total assets	145.5	144.5	145.5	146.1	149.7	151.4
Current liabilities	34.2	33.9	27.3	41.3	41.4	37.7
Short-term borrowings	11.7	8.3	2.8	15.9	15.1	10.6
Notes & trade payables, payments received	4.8	5.8	4.9	5.3	5.5	5.7
Other current liabilities	17.7	19.8	19.6	20.1	20.8	21.5
Long-term liabilities	31.7	26.4	34.4	21.7	22.3	22.9
Long-term borrowings	16.4	10.3	18.1	7.2	7.2	7.2
Long-term provisions	13.9	14.6	13.9	14.5	15.1	15.7
Other long-term liabilities	1.5	1.4	2.4	0.0	0.0	0.0
Hybrid & other mezzanine capital	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	79.4	83.9	83.6	82.9	85.8	90.6
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.2	0.3	0.2	0.2	0.2	0.2
Total liabilities	145.5	144.5	145.5	146.1	149.7	151.4
Balance sheet (EUR mn)	4/2010	4/2011	4/2012	4/2013e	4/2014e	4/2015e
Net working capital	31.2	30.9	34.4	33.4	34.4	35.7
Net interest-bearing debt	18.4	11.4	14.1	17.0	16.0	11.8
Capital employed	107.5	102.5	104.5	106.0	108.1	108.4
Market capitalisation	81.1	132.3	114.2	118.1	118.1	118.1
Enterprise value	99.5	143.7	128.3	135.1	134.1	129.9
Financing (x)	4/2010	4/2011	4/2012	4/2013e	4/2014e	4/2015e
Interest cover	12.5	19.1	19.8	13.7	15.6	20.9
Internal financing ratio	2.7	2.3	0.9	1.1	1.3	1.7
Net gearing	23.2%	13.6%	16.9%	20.6%	18.6%	13.0%
Quick ratio	0.6	0.6	0.7	0.5	0.5	0.6
Fixed assets cover	1.4	1.4	1.5	1.3	1.4	1.4
Capex / depreciation	1.0	0.7	1.0	1.2	1.2	1.0
Equity ratio	54.5%	58.0%	57.5%	56.7%	57.3%	59.8%
Per share data (EUR)	4/2010	4/2011	4/2012	4/2013e	4/2014e	4/2015e
Weighted avg. no. of shares (mn)	4.9	4.9	4.9	4.9	4.9	4.9
EPS reported	0.52	1.03	0.28	0.26	0.98	1.38
Earnings per share (adj.)	0.52	1.03	0.28	0.26	0.98	1.38
Operating cash flow per share	4.52	2.89	1.48	2.35	2.62	3.00
Book value per share	16.20	17.11	17.06	16.92	17.51	18.49
DPS	0.20	0.40	0.40	0.40	0.40	0.40
Payout ratio	38.3%	38.8%	144.0%	154.6%	40.7%	28.9%
Valuation (x)	4/2010	4/2011	4/2012	4/2013e	4/2014e	4/2015e
PE reported	31.7	26.2	83.9	93.1	24.5	17.4
Adjusted PE ratio	31.7	26.2	83.9	93.1	24.5	17.4
Price cash flow	3.7	9.3	15.7	10.3	9.2	8.0
Price book value	1.0	1.6	1.4	1.4	1.4	1.3
Dividend yield	1.2%	1.5%	1.7%	1.7%	1.7%	1.7%
Free cash flow yield	17.3%	6.1%	-0.9%	1.2%	2.6%	5.2%
EV/sales	0.7	0.9	0.8	0.8	0.8	0.8
EV/EBITDA	8.0	9.1	8.4	11.2	8.4	6.9
EV/EBIT	22.1	19.6	18.3	37.6	18.1	12.6
EV/operating cash flow	4.5	10.1	17.7	11.8	10.4	8.8
Adjusted EV/CE	1.0	1.5	1.3	1.3	1.3	1.3
Adjusted EV/CE vs. ROCE/WACC				4.8	1.5	1.2

Source: Wolford, Raiffeisen Centrobank estimates

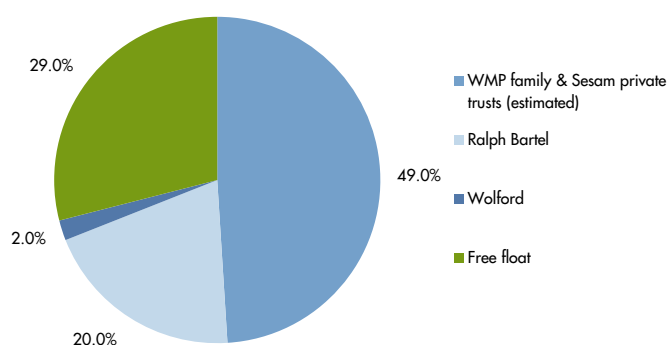
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Fact Sheet

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)	4/2012	4/2013e	4/2014e	4/2015e
Consolidated sales	154.1	160.2	166.9	172.6
EBITDA	15.3	12.1	15.9	18.8
EBIT	7.0	3.6	7.4	10.3
EBT	5.2	2.0	5.9	8.9
Net profit bef. min.	1.4	1.3	4.8	6.8
Net profit after min.	1.4	1.3	4.8	6.8

Balance sheet	4/2012	4/2013e	4/2014e	4/2015e
Total assets	145.5	146.1	149.7	151.4
Shareholders' equity	83.6	82.9	85.8	90.6
Goodwill	1.2	1.2	1.2	1.2
NIBD	14.1	17.0	16.0	11.8

Cash flow statement	4/2012	4/2013e	4/2014e	4/2015e
Operating cash flow	7.3	11.5	12.9	14.7
Investing cash flow	-6.9	-10.1	-9.9	-8.5
Change NIBD	-2.7	-2.9	1.1	4.2

Source: Wolford, Raiffeisen Centrobank estimates

Per share data (EUR)	4/2012	4/2013e	4/2014e	4/2015e
EPS pre-goodwill	0.28	0.26	0.98	1.38
Adj. EPS diluted	0.28	0.26	0.98	1.38
Operating cash flow	1.48	2.35	2.62	3.00
Book value	17.06	16.92	17.51	18.49
Dividend	0.40	0.40	0.40	0.40
Payout ratio	144.0%	154.6%	40.7%	28.9%

Valuation (x)	4/2012	4/2013e	4/2014e	4/2015e
PE pre-goodwill	83.9	93.1	24.5	17.4
Adj. PE diluted	83.9	93.1	24.5	17.4
Price cash flow	15.7	10.3	9.2	8.0
Price book value	1.4	1.4	1.4	1.3
Dividend yield	1.7%	1.7%	1.7%	1.7%
FCF yield	-0.9%	1.2%	2.6%	5.2%
EV/EBITDA	8.4	11.2	8.4	6.9
EV/EBIT	18.3	37.6	18.1	12.6
EV/operating CF	17.7	11.8	10.4	8.8

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Publication schedule

Date	Publication
15.03.2013	3Q Earnings release
19.07.2013	4Q Earnings release
13.09.2013	1Q Earnings release
17.09.2013	Annual General Meeting
19.09.2013	Ex-Dividend
23.09.2013	Dividend Payment

Recommendation history

Date	Rating	Target Price	Prev. day's close	Upside
28.03.2012	Hold	25.50	24.55	3.9%

Coverage universe recommendation overview

	buy	hold	reduce	sell	suspended	UR
Universe	45	61	9	2	5	12
Universe %	34%	46%	7%	1%	4%	9%
Investment banking services	8	19	0	0	0	4
Investment banking services %	26%	61%	0%	0%	0%	13%

Source: Raiffeisen Centrobank, rounding differences may occur

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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.

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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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Given the cyclical nature of the sector in which this company, Wolford, operates, 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.

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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