Press information
Sales and earnings in the first quarter of 2011/12

Wolford Group: Significant sales and earnings increase in the first quarter of the 2011/12 fiscal year

- **Sales up 6.5 percent to EUR 31.8 million**
- **Monobrand distribution reaches sales share of 62.4 percent**
- **Considerable earnings improvement – dividend of EUR 0.40 per share**
- **Further strengthening of asset and capital structure**

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In first three months of the current 2011/12 fiscal year (May 1, 2011 – April 30, 2012), Wolford Aktiengesellschaft, a publicly listed company on the Vienna Stock Exchange, once again continued on the growth path prevailing in the prior year. Although the first quarter (May 1, 2011 – July 31, 2011) is traditionally the weakest of all quarterly periods in terms of sales due to the seasonality of the business and also involves disproportionally high costs in relation to sales, the Austrian luxury label not only succeeded in increasing sales but significantly improved all relevant earnings indicators. "*This positive development against the backdrop of an economically challenging environment is primarily the result of the targeted expansion of our own sales outlets",* says Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft, explaining the success factors underlying the performance of the company during the first three months of the current fiscal year. "*At present the retail outlets account for more than half of total sales. Including our partner boutiques, monobrand distribution even generates more than 62 percent of sales now, and we intend to further increase this figure in the future. We are well positioned to achieve further growth, based on a strong brand presence at the point of sale combined with stringent cost controls and an outstanding asset and capital structure",* Holger Dahmen adds.

Further sales growth and considerable earnings improvement

On balance, Wolford increased its sales in the first quarter of the 2011/12 fiscal year by 6.5 percent compared to the prior-year quarter, to EUR 31.8 million (Q1 2010/11: EUR 29.8 million). This growth can mainly be attributed to the consistent expansion of Wolford's own distribution network.

All relevant earnings indicators and thus profitability of the Wolford Group improved even more than the rise in sales. In this connection, it is worth mentioning that the first quarter is traditionally the weakest of all quarterly sales periods due to the seasonality of business development and also involves disproportionally high costs in relation to sales. For this reason, Wolford's first-quarter earnings indicators were always negative up until now. Nevertheless, EBITDA climbed by EUR 1.1 million in the first three months of the current 2011/12 fiscal year to EUR 0.6 million (Q1 2010/11: EUR -0.5 million). The operating profit improved substantially by more than EUR 1.1 million, corresponding to a rise of 46.9 percent. The result from continuing operations (Result before taxes) showed a gratifying increase of 38.2 percent during the reporting period.

Reduction of net debt and higher equity ratio
The Wolford Group further strengthened its asset and capital structure in the course of the first quarter by reducing net debt and further increasing its equity ratio. As at the reporting date of July 31, 2011, shareholders' equity of the Wolford Group amounted to EUR 81.6 million, corresponding to a rise of 5.7 percent or EUR 4.4 million from the comparable level on July 31, 2010. As a consequence, the equity ratio improved in a quarterly comparison to 53.2 percent (July 31, 2010: 51.3 percent). During the same period, the Wolford Group reduced its financial liabilities to banks, which was reflected in a further decline in net debt of 7.0 percent, from EUR 27.5 million to EUR 25.6 million. The corresponding gearing ratio thus improved from 35.6 percent as at the end of prior year's first quarter to 31.4 percent at the end of the first quarter of the 2011/12 fiscal year.

Sales growth in the largest distribution channels
The dynamic sales development of boutiques further continued in the first quarter 2011/12. This applied particularly to Wolford-owned boutiques, whose sales climbed by 6.4 percent from the prior-year quarter. In the course of the targeted expansion of Wolford's own distribution network, four additional boutiques were opened during the reporting period, for example in Boca Raton (USA) and Brussels (Belgium). On balance, sales with the 110 Wolford-owned and 95 partner-operated boutiques were up by 3.8 percent on the reporting date of July 31, 2011. Boutiques also made the biggest contribution to total sales by far, featuring a share of 47.5 percent. In turn, the online business (www.wolford.com) also showed a positive sales development in the first quarter of the current fiscal year. Whereas sales with multi-brand retailers slightly decreased, sales via the department store distribution channel rose by 17.3 percent in the first quarter of the 2011/12 fiscal year. In addition to the impressive sales increase of 71.3 percent achieved with the concession shop-in-shops, sales with the department store chains in the wholesale business were up 5.8 percent, thus also making a positive contribution to the overall rise in total Group sales.

Wolford's proprietary outlets as the growth driver
The strategic importance of Wolford-owned outlets is reflected by the expansion of the company's own distribution network which is mainly responsible for driving growth. Wolford's proprietary stores (own boutiques, concession shop-in-shops and factory outlets) posted a 9.6 percent rise in sales during the reporting period, or a 3.2 percent rise on a like-for-like basis. Thus the share of total sales generated by retail outlets amounted to 50.9 percent in the first three months of the current fiscal year.

Monobrand distribution remains above the 60 percent level
Wolford also expanded sales via its own controlled distribution channels (own and partner-operated boutiques, factory outlets and concession shop-in-shops), and thus further increased the share of monobrand distribution in relation to total sales. Monobrand distribution surpassed the 60 percent threshold in the course of the 2010/11 fiscal year for the first time in the company's history, and reached a level of 62.4 percent at the end of the first quarter of 2011/12 (Q1 2010/11: 61.9 percent).

Sales increase in most geographic markets
From a regional perspective, the Wolford Group generated in part considerable sales increases in most markets during the first quarter of the 2011/12 fiscal year. Sales in Spain showed a very good development in the first three months, rising by 87.8 percent. However, Wolford was also very successful in most other European markets, achieving gratifying growth rates. Sales in Italy (+ 27.1 percent), UK (+ 14.9 percent in Group currency, + 20.6 percent in the local currency), Germany (+ 8.9 percent), France (+ 8.3 percent) and Austria (+ 3.4 percent) rose significantly. Wolford also posted a sales increase in the Netherlands (+1.7 percent) and Scandinavia (+0.5 percent). Sales in the USA were affected by the exchange rate development, declining by 5.0 percent in the Group currency (EUR) but notably rising by 9.2 percent in the local currency (USD). Against the backdrop of strong growth in the 2010/11 fiscal year, sales in the Far East region climbed 16.7 percent in the local currency. Despite the clearly negative exchange rate development (HKD), sales still rose slightly by 2.3 percent in the Group currency. In contrast, sales fell in Belgium (- 10.0 percent) and in the CEE region (- 10.4 percent), and also declined in

Switzerland (- 2.3 percent in Group currency, - 12.5 percent in the local currency) as a result of the strong Swiss franc and the related outflow of purchasing power to neighboring countries.

Dividend of EUR 0.40 per share for the 2010/11 fiscal year

At the Annual General Meeting held on September 15, 2011, the shareholders of Wolford Aktiengesellschaft resolved to distribute a dividend amounting to EUR 0.40 per share for the 2010/11 fiscal year. The dividend payment date was scheduled for September 29, 2011.

Outlook

The Executive Board of the Wolford Group looks ahead optimistically to the 2011/12 fiscal year. This is based on developments in the first quarter of 2011/12, as well as fixed orders for the winter season 2011/12, which are considerably higher than the prior-year level and will in part still be delivered in the upcoming weeks. Against this backdrop, the management of the Wolford Group expects the company to achieve a further improvement in sales and earnings in the entire 2011/12 fiscal year, thanks to the planned market launch of new products, measures implemented to expand market penetration as well as the development of new markets and the initiated efficiency enhancement measures.

Overview of sales and financial data for the first quarter of the 2011/12 fiscal year (May 1, 2011 – July 31, 2011)

in TEUR	Q1 2011/12	Q1 2010/11	Change absolute/ in % points	Change in %
Sales	**31,777**	**29,842**	1,935	6.5 %
EBITDA	**649**	**(459)**	1,108	241.2 %
EBITDA margin	**2.0 %**	**-1.5 %**	3.5	
EBIT	**(1,298)**	**(2,446)**	1,148	46.9 %
Result from continuing operations (Result before taxes)	**(1,740)**	**(2,817)**	1,077	38.2 %
Net result for the period	**(1,753)**	**(2,512)**	759	30.2 %
Total assets	**153,190**	**150,369**	2,821	1.9 %
Liabilities to banks and other financial liabilities	**30,531**	**34,815**	(4,284)	-12.3 %
Net debt	**25,576**	**27,499**	(1,923)	-7.0 %
Debt / equity ratio (gearing)	**31.4 %**	**35.6 %**	(4.2)	
Shareholders' equity	**81,573**	**77,186**	4,387	5.7 %
Equity-to-assets ratio	**53.2 %**	**51.3 %**	1.9	
Gross cash flow*	**482**	**(291)**	773	265.6 %
Cash generated from operations	**(10,313)**	**(6,645)**	(3,668)	-55.2 %
Net cash from operating activities	**(10,869)**	**(6,954)**	(3,915)	-56.3 %
Capital investments excluding financial assets	**2,033**	**805**	1,228	152.6 %
Depreciation, amortization, impairment and reversal of impairment	**1,946**	**1,987**	(41)	-2.0 %
Average number of employees (in full-time equivalents)	**1,643**	**1,469**	174	11.9 %
Number of employees at period-end (in full-time equivalents incl. apprentices)	**1,677**	**1,494**	183	12.2 %

* Gross cash flow = Net profit/loss for the period
+/- Depreciation, amortization, impairment losses/reversals of impairment losses on intangible assets and property, plant and equipment
-/+ Gains/losses on the disposal of property, plant and equipment
+/- Change in non-current provisions

The interim report for the first quarter of the 2011/12 fiscal year is available on the Internet at www.wolford.com under Investor Relations.

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