Press Information
Sales and earnings in the first half of 2011/12

Wolford Group: First Half-Year Sales at the Prior Year Level

- **Sales of EUR 73.6 million in the first half of 2011/12**
- **EBITDA at EUR 6.6 million slightly below previous year, EBITDA margin of 9.0 percent**
- **Consistently solid capital structure**
- **Monobrand distribution remains above 60 percent level**
- **Increased sales and earnings expected for the entire 2011/12 fiscal year**

Vienna/Bregenz, December 16, 2011. Wolford Aktiengesellschaft, a publicly listed company on the Vienna Stock Exchange, generated sales of EUR 73.6 million in the first half of the current fiscal year (May 1, 2011 to October 31, 2011), thus maintaining the level of sales achieved in the previous year (1st HY 2010/11: EUR 74.0 million). Adjusted for currency effects, sales were up by 1.0 percent. This development must be considered against the backdrop of the ongoing market uncertainty and the unusually warm weather conditions prevailing in parts of Europe in the period September to October 2011. In turn, this resulted in the buying restraint exercised by consumers and retailers in several of Wolford's core European markets. Costs related to the targeted expansion of Wolford's proprietary stores which were already or will be opened in the present fiscal year were among the factors impacting earnings indicators. A slight rise in sales and earnings is expected for the entire 2011/12 fiscal year based on the perceptible signs of a recovery in the retail business and repeat orders placed by trade partners starting at the end of October.

Constant sales level – EBITDA slightly below the previous year

On balance, sales in the first half of 2011/12 amounted to EUR 73.6 million, a slight decline of 0.6 percent compared to the previous year (1st HY 2010/11: EUR 74.0 million). Adjusted for currency effects, sales actually rose by 1.0 percent. This development took place in the light of the strong prior-year performance, with sales in the first half of the 2010/11 fiscal year climbing 8.1 percent from the comparable period of 2009/10. The slight sales decrease in the first half of the current 2011/12 fiscal year is primarily due to the very warm weather, which prevailed in several of Wolford's core European markets between September and October. This led to spending restraint on the part of consumers with respect to products from the fall/winter collection which had already been delivered to stores.

In addition to the market- and weather-related consumer spending reluctance, investments for several retail stores which have already been opened or will soon be opened in the course of the current fiscal year also affected earnings indicators. EBITDA totaled EUR 6.6 million, which corresponds to an EBITDA margin of 9.0 percent (1st HY 2010/11: EBITDA at EUR 7.1 million, EBITDA margin of 9.6 percent). The operating profit amounted to EUR 2.7 million, down from EUR 3.2 million in the prior year. The result from continuing operations (result before taxes) was EUR 1.8 million (1st HY 2010/11: EUR 2.5 million).

Solid equity basis

As at the reporting date of October 31, 2011, shareholders‘ equity of the Wolford Group amounted to EUR 82.6 million, a rise of 2.1 percent from the comparable level of the previous year (October 31, 2010: EUR 81.0 million). The equity-to-asset ratio as at October 31, 2011 was 52.0 percent, thus maintaining the high prior-year level (October 31, 2010: 52.5 percent). Capital investments in the first six months of the 2011/12 fiscal year totaled EUR 4.4 million, a rise of 53.9 percent from the previous year. Wolford increasingly invested in expanding and optimizing its proprietary stores in the first two quarters of the current fiscal year as part of its targeted efforts to expand its own distribution network. In the same period net debt climbed to EUR 26.8 million (October 31, 2010: EUR 23.5 million), the debt/equity ratio (gearing) was 32.5 percent.

Sales growth with Wolford’s proprietary stores

The retail business continued to develop positively in the first six months of the 2011/12 fiscal year. Wolford’s proprietary stores (own boutiques, concession shop-in-shops and factory outlets) achieved sales growth of 3.2 percent in the reporting period. Thus the share of total sales generated by retail outlets amounted to 49.3 percent in the first half-year (1^{st} HY 2010/11: 47.4 percent).

An analysis of the sales development of the individual distribution channels indicates that sales with the 111 Wolford-owned boutiques increased slightly during the reporting period. However, total sales with boutiques including the 95 partner-operated boutiques were down slightly.

Sales via the department store distribution channel rose by 6.0 percent in the first half of the 2011/12 fiscal year and thus made a major contribution to overall sales development, whereas the business with multi-brand retailers fell by 8.1 percent. Sales at factory outlets were up 4.9 percent in the first half of 2011/12 compared to the first half of 2010/11.

Monobrand distribution remains above the 60 percent level

Wolford once again increased sales via its controlled distribution channels (own and partner-owned boutiques, factory outlets and concession shop-in-shops). As a result, it further expanded the share of its 262 monobrand points of sale in relation to total sales, which reached a level of 60.3 percent in the first half-year (1^{st} HY 2010/11: 59.1 percent).

Uneven development in core geographic markets

From a regional perspective, Wolford’s core geographic markets did not develop uniformly. Wolford generated sales growth in the UK (+ 6.3 percent in Group currency, + 11.2 percent in the local currency), Germany (+ 5.1 percent), CEE (+ 2.8 percent), Belgium (+ 1.3 percent) and Scandinavia (+ 1.1 percent). In contrast, sales dropped in Austria (- 1.5 percent), Italy (- 5.2 percent), France (- 6.8 percent) and the Netherlands (- 10.5 percent). In Switzerland Wolford was faced with a sales decline (- 12.7 percent in Group currency, - 22.7 percent in the local currency) as a consequence of the strong Swiss franc and the related outflow of purchasing power to neighboring countries.

In the first six months of the current fiscal year, sales in Spain showed a very good development (+ 37.0 percent) due to adaptations made to the distribution structure. Wolford continued the strong growth of 2010/11 on the Asia/Oceania market and generated a 6.3 percent sales increase in the first half of the current fiscal year. Sales in the USA were impacted by the exchange rate development, declining in the Group currency (- 6.1 percent in EUR) but rising in the local currency (+ 3.5 percent in USD).

Outlook

The Wolford Group will continue to systematically expand its own distribution network in the second half of 2011/12, open new points of sale and intensify its cooperation with trade partners. Wolford has already initiated future-oriented investments impacting earnings in the first half-year. Penetrating new markets and launching new products will remain top priorities, and the company will continue to focus on efficiency-enhancement measures in the months to come. Against this backdrop and based on the perceptible signs of a sales recovery since the end of October 2011, the Executive Board of the Wolford Group expects to generate a slight improvement in sales and earnings in the entire 2011/12 fiscal year.

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Photos available for download: http://service.wolford.com/download/nehe/photos_wolford_q2.zip
Photos: Wolford AG

Overview of sales and financial data for the first half of the 2011/12 fiscal year
(May 1, 2011 to October 31, 2011)

in TEUR	1st HY 2011/12	1st HY 2010/11	Change absolute	Change in %
Sales	**73,563**	**74,025**	(462)	- 0.6 %
EBITDA	**6,631**	**7,141**	(510)	- 7.1 %
EBITDA margin	**9.0 %**	**9.6 %**	(0.6)	
EBIT	**2,719**	**3,205**	(486)	- 15.2 %
EBIT margin	**3.7 %**	**4.3 %**	(0.6)	
Result from continuing operations (Result before taxes)	**1,757**	**2,467**	(710)	- 28.8 %
Net result for the period	**998**	**1,910**	(912)	- 47.7 %
Earnings per share in EUR	**0.20**	**0.39**	(0.19)	- 47.7 %
Gross cash flow*	**5,442**	**6,349**	(907)	- 14.3 %
Capital investments excluding financial assets	**4,357**	**2,832**	1,525	53.9 %
Depreciation, amortization, impairment and reversal of impairment	**3,913**	**3,936**	(23)	- 0.6 %
Net debt	**26,831**	**23,533**	3,298	14.0 %
Debt/equity ratio (gearing)	**32.5 %**	**29.1 %**	3.4	
Shareholders‘ equity	**82,635**	**80,963**	1,672	2.1 %
Equity-to-asset ratio	**52.0 %**	**52.5 %**	(0.5)	
Number of employees at period-end (in full-time equivalents incl. apprentices)	**1,719**	**1,567**	152	9.7 %

* Gross cash flow = Net result 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
= Gross cash flow

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