



Press information

Sales and earnings in the 2010/11 fiscal year

Wolford Group: Significant sales and earnings increase

- **Sales rose 5.6 percent to EUR 152.2 million**
- **Monobrand distribution surpasses 60 percent threshold for the first time**
- **Disproportionate improvement in profitability**
- **Net profit for the period almost doubled**
- **Equity ratio up to 58 percent**

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Wolford Aktiengesellschaft, a publicly listed company on the Vienna Stock Exchange, can look back at a successful 2010/11 fiscal year, characterized by a rise in sales and a disproportionate improvement in profitability. *“After two challenging years we have once again returned to the growth path, marked by a sales rise of 5.6 percent to EUR 152.2 million and a disproportionately high increase in profitability”,* says Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft in summarizing the positive track record over the past fiscal year. *“The results achieved in 2010/11 show that we have created the necessary preconditions in recent years to sustainably position the Wolford brand as an international luxury label and to maintain the company’s path to success. The sales increase reflects our concentration on the ongoing expansion of monobrand distribution and the focus on our retail business i.e. our own boutiques, concession shop-in-shops and factory outlets. We also invested in cost-optimizing planning, development and steering instruments in a targeted manner at an early stage at the beginning of the economic crisis. This has considerably enhanced our efficiency and now has a sustainable effect on profitability”,* adds Holger Dahmen in explaining the main factors underlying Wolford's success.

Significant sales rise and disproportionate improvement in profitability

For six successive quarters the Wolford Group has increased sales in all important distribution channels and markets compared to previous periods. On balance, sales of the Austrian luxury fashion brand rose by 5.6 percent in the past fiscal year (May 1, 2010 to April 30, 2011) to EUR 152.2 million. This growth was primarily due, amongst other reasons, to the persistent expansion of Wolford's proprietary distribution network.

All relevant earnings indicators and thus profitability increased even more than the rise in sales. Accordingly, EBITDA climbed by 26.0 percent from the prior-year level of EUR 12.5 million to EUR 15.7 million, and the operating profit (EBIT) improved by 62.7 percent to EUR 7.3 million (previous year: EUR 4.5 million). As a result, the EBITDA margin was up 1.6 percentage points to 10.3 percent.

During the year under review, the result from continuing operations (Result before taxes) of the Wolford Group also improved by 70.8 percent to EUR 5.8 million (previous year: EUR 3.4 million). The net result for the 2010/11 fiscal year even came close to doubling, rising by 97.2 percent to EUR 5.1 million (previous year: EUR 2.6 million). Earnings per share also improved accordingly to EUR 1.03 (previous year: EUR 0.52).

Very solid asset and capital structure

As at the reporting date of April 30, 2011, shareholders' equity of the Woldford Group amounted to EUR 83.9 million, corresponding to a rise of 5.6 percent or EUR 4.5 million from the comparable level on April 30, 2010. As a consequence, the equity ratio improved in the past fiscal year to 58.0 percent (previous year: 54.5 percent). In the same period, net debt was reduced to EUR 12.7 million (previous year: EUR 19.7 million). The gearing ratio as at April 30, 2011 was 15.1 percent, considerably lower than the prior-year level of 24.8 percent. Based on the higher amount of financial resources tied up in inventories, the net cash from operating activities did not match the figure of EUR 23.5 million in the previous fiscal year, but was still at a satisfactory level of EUR 15.7 million in 2010/11.

Sales growth in all main distribution channels

Considering the sales development of the individual distribution channels in greater detail, Woldford boutiques showed a very positive development in the past fiscal year. On balance, the 106 Woldford-owned and 103 partner-operated boutiques as at April 30, 2011 increased sales by 10.4 percent. The ongoing dynamic sales development of boutiques in recent years is also reflected in their growing importance for the total sales of the Woldford Group. Sales with boutiques, the most important distribution channel, accounted for 48.6 percent of total sales (previous year: 46.8 percent), a considerable rise in recent years. The Woldford Group also considerably improved sales with department stores, which were up by 11.6 percent in the 2010/11 fiscal year. In addition to the impressive sales rise of 62.0 percent posted by the concession shop-in-shops, department store chains in the wholesale business also made a positive contribution to the overall rise in total Group sales. Sales with factory outlets remained at the same high level as in the previous year. The Woldford Group achieved significant growth with its online business, continuing the pronounced upward trend in recent years with sales up 24.8 percent on a like-for-like basis. At the end of the 2010/11 fiscal year, consumers in 14 countries could purchase Woldford products in the exclusive virtual shopping world at www.woldford.com. These online shops were already complemented by e-factory outlets in six countries.

Growing significance of Woldford's proprietary outlets

Sales with Woldford's proprietary stores (own boutiques, shop-in-shops and factory outlets) showed a positive development during the period under review, featuring a 13.5 percent rise in sales. Sales were up 6.0 percent on a like-for-like basis. Thus the share of total sales generated by retail outlets further increased in the past fiscal year, rising to 51.4 percent at the end of 2010/11 from the level of 48.1 percent in 2009/10.

Against this backdrop, in particular Woldford's own boutiques developed very positively during the period under review, with sales climbing by 12.0 percent. Accordingly, Woldford-owned boutiques increased their share of total sales in the course of the 2010/11 fiscal year from 35.4 percent to 37.3 percent.

Monobrand distribution surpasses the 60 percent threshold

Woldford's strategy of continually improving distribution quality and brand presence at the point of sale by the company's controlled distribution showed clearly recognizable success in the 2010/11 fiscal year. The positive development of Woldford-owned and partner-operated boutiques, factory outlets and concession shop-in-shops was reflected in the sales share of monobrand distribution. Monobrand distribution accounted for 62.7 percent of total sales, surpassing the 60 percent threshold for the first time in the company's history (previous year: 59.5 percent).

Sales growth in almost all of Woldford's core geographic markets

From a regional perspective, most of Woldford's core geographic markets generated in part considerable sales increases during the reporting period. In particular, Woldford expanded its sales by 36.8 percent in the region Asia/Oceania, as a result of the intensified growth strategy implemented there. Sales in the USA showed a very good development, rising by 19.3 percent in the 2010/11 fiscal year. Woldford was also very successful with its product portfolio in its established European markets, achieving sales growth of 28.3 percent (Spain), 14.5 percent

(Switzerland), 11.4 percent (CEE), 9.3 percent (Scandinavia) and 9.0 percent (UK). Sales also rose in Belgium (+ 4.8 percent), Italy (+ 4.6 percent) and Germany (+ 1.6 percent). Whereas sales in the Netherlands declined by 5.2 percent, the company maintained approximately the same high sales level in Austria (- 0.5 percent) and France (- 0.6 percent) as in the previous year.

Outlook

The Executive Board of the Wolford Group looks ahead optimistically to the 2011/12 fiscal year based on a slight increase in sales during the first weeks of the new fiscal year as well as a notable rise in fixed orders for the fall/winter collection 2011/12 compared to the previous year. Against this backdrop, the management of the Wolford Group expects the company to achieve a further improvement in sales and earnings in the 2011/12 fiscal year thanks to the planned market launch of new products, the measures implemented to expand market penetration, the development of new markets as well as the initiated efficiency enhancement initiatives.

In the future, Wolford will continue its efforts to strengthen its Retail segment, continually expand the number of monobrand points of sale and further intensify its cooperation with multi-brand retailers. In addition to systematically focusing on its core geographical markets, Wolford will also more strongly devote attention to expanding in China over the next few years, in order to ensure future growth and the broadening of the Wolford brand.

**Overview of sales and financial data for the 2010/11 fiscal year
(May 1, 2010 to April 30, 2011)**

in TEUR	2010/11	2009/10	Change absolute / in % points	Change in %
Sales	152,151	144,040	8.111	5.6%
EBITDA	15,740	12,490	3.250	26.0%
EBITDA margin	10.3%	8.7%	1,6	
EBIT	7,327	4,502	2,825	62.7%
Result from continuing operations (Result before taxes)	5,811	3,403	2,408	70.8%
Net result for the year	5,050	2,561	2,489	97.2%
Earnings per share in EUR	1.03	0.52	0.51	98.1%
Total assets	144,458	145,535	(1,077)	-0.7%
Liabilities to banks and other financial liabilities	18,622	28,094	(9,472)	-33.7%
Net debt	12,693	19,668	(6,975)	-35.5%
Debt / equity ratio (gearing)	15.1%	24.8%	(9.7)	
Shareholders' equity	83,853	79,379	4,474	5.6%
Equity-to-assets ratio	58.0%	54.5%	3.5	
Cash generated from operations	15,702	23,497	(7,795)	-33.2%
Cash generated from operations per share in EUR	3.20	4.80	(1.60)	-33.3%
Net cash from operating activities	14,184	22,141	(7,957)	-35.9%
Capital investments excluding financial assets	6,397	8,009	(1,612)	-20.1%
Depreciation, amortization, impairment and reversal of impairment	8,413	7,988	425	5.3%
Average number of employees (in full- time equivalents)	1,560	1,484	76	5.1%
Number of employees at year-end (in full-time equivalents incl. apprentices)	1,649	1,472	177	12.0%

The Annual Report 2010/11 is available on the Internet at www.wolford.com under Investor Relations.

Contacts: Holger Dahmen (Chief Executive Officer)
Peter Simma (Deputy Chief Executive Officer)

Investor@wolford.com

Wolford Aktiengesellschaft, Wolfordstraße 1, A-6901 Bregenz
+43 (0) 5574 690-0

www.wolford.com