Press information
Sales and earnings in the first three quarters of the 2010/11 fiscal year

Wolford achieves significant sales and earnings growth in Q1-Q3

- **Sales increase of 6.6 percent to EUR 120.0 million**
- **Above-average improvement in earnings indicators**
- **Result from continuing operations almost doubled**
- **Net debt reduced by 47.8 percent**
- **Monobrand distribution surpasses 60 percent threshold**

Bregenz, March 18, 2011

In the third quarter of the 2010/11 fiscal year, the Wolford Group also succeeded in seamlessly continuing the positive development manifested in the first two quarters. On balance, sales of the international fashion company in the first nine months of the current fiscal year (May 1, 2010 – January 31, 2011) rose by 6.6 percent to EUR 120.0 million. The operating performance indicators developed even more gratifyingly. The result from continuing operations was improved by 93 percent from the prior-year's period, from EUR 4.6 million to EUR 8.9 million. *"We have been able to significantly increase sales in almost all markets and distribution channels for five straight quarters. At the same time, we expanded monobrand distribution to comprise more than 60 percent of total sales. This shows that our strategy of continually improving distribution quality and focusing on Wolford-controlled distribution has had a sustainably positive impact",* comments Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft. "*The considerably improved operating performance indicators and the net profit for the period, which we came close to doubling, reflect sales growth but are also the logical result of consistently implemented cost reduction and efficiency improvement measures, which we will continue to work on in the future as well,"* Holger Dahmen concludes.

Ongoing earnings improvement and disproportionately high increases in all relevant earnings indicators

On balance, total sales of the Wolford Group rose 6.6 percent in the first three quarters of the 2010/11 fiscal year, amounting to EUR 120.0 million (Q1-Q3 2009/10: EUR 112.6 million). This development can primarily be attributed to the performance of Wolford's proprietary stores, which raised sales by 14.1 percent during the period under review.

The positive development of key earnings indicators was even more pronounced in the reporting period, posting above-average growth compared to the rise in sales. Accordingly, EBITDA of the Wolford Group amounted to EUR 15.9 million, representing an increase of 31 percent from the level of EUR 12.1 million in the first nine months of 2009/10. The corresponding EBITDA margin improved to 13.2 percent (Q1-Q3 2009/10: 10.8 percent). The increase in the operating profit (EBIT) was even more impressive, climbing by 59 percent to EUR 9.9 million, up from EUR 6.2 million in the first three quarters of the previous year. In addition to the growth in sales, the gratifying development in the operating performance indicators also reflects the persistent implementation of far-reaching cost reduction and efficiency enhancement measures.

Against this backdrop, the Wolford Group came close to doubling the result from continuing operations, which totaled EUR 8.9 million in the reporting period (Q1-Q3 2009/10: EUR 4.6 million). The net profit for the period rose to EUR 7.0 million compared to EUR 3.8 million in the first three quarters of the previous year, a rise of 86 percent. Earnings per share were EUR 1.43 (Q1-Q3 2009/10: EUR 0.77).

Reduction of net debt and higher equity ratio

In the first nine months of the current fiscal year, Wolford continued its efforts to optimize financial resources tied up in working capital. At the same time, the Wolford Group succeeded in reducing liabilities to banks, which in turn resulted in a significant reduction of net debt, which was almost cut in half to EUR 12.9 million as at January 31, 2011, from EUR 24.7 million on January 31, 2010. The gearing ratio clearly improved from 30.7 percent to 15.1 percent. On an absolute basis, shareholders' equity rose from EUR 80.5 million at the third-quarter 2009/10 reporting date to the current level of EUR 85.3 million as at January 31, 2011. The equity ratio as at January 31, 2011 improved to 57.1 percent (January 31, 2010: 52.5 percent).

Significant sales increase in Wolford's core geographic markets

From a regional perspective, most of Wolford's core geographic markets generated considerable sales increases during the reporting period. The strongest growth rates were achieved by the Wolford Group in the region Asia/Oceania, where sales were raised by 33.7 percent. A similar development took place in Spain, where sales expanded by 27.9 percent, and in the USA, which posted growth of 23.2 percent. Wolford also achieved double-digit growth in Switzerland (+14.1 percent), Scandinavia (+ 12.3 percent) and Great Britain (+11.8 percent). Wolford also managed to further increase total sales in Belgium (+ 7.4 percent), Italy (+ 5.8 percent) and Germany (+ 2.2 percent). Sales in France during the first three quarters of 2009/10 also rose (+ 0.5 percent) due to a clearly positive development in the third quarter, whereas Wolford suffered a slight decline in sales in Austria (- 1.6 percent) and in the Netherlands (-3.9 percent) compared to the prior-year period.

Monobrand distribution expanded to 61.8 percent of sales

Sales with Wolford's proprietary stores (boutiques, shop-in-shops and factory outlets) showed a positive development during the period under review, featuring a 14.1 percent rise in sales. This growth was partially due to the consistent expansion of Wolford's own distribution network. On a like-for-like basis, sales were up 5.9 percent. The share of total sales generated by retail outlets also increased further in the third quarter of the current fiscal year, rising from 47.4 percent in the first half of 2010/11 to 50.6 percent in the first nine months (Q1-Q3 2009/10: 47.4 percent).

Considering the sales development of the individual distribution channels in greater detail, Wolford's own boutiques showed a pronounced positive development, achieving a 12.7 percent rise in sales. At the same time, sales with partner-operated boutiques also improved by 3.4 percent. As a result, sales with boutiques, the most important distribution channel accounting for 48.0 percent of total sales (Q1-Q3 2009/10: 46.6 percent), rose by 10.4 percent during the first three quarters of the 2010/11 fiscal year. At the reporting date of January 31, 2011, Wolford distributed its products via a network of 215 boutiques, of which 105 are operated by Wolford and 110 are operated by partners.

The business with department stores in the first three nine months of 2010/11 also developed particularly gratifyingly, increasing by 14.2 percent. This development is primarily due to the performance of Wolford's own concession shop-in-shops. Whereas sales with multi-brand retailers were slightly down from the prior-year period (-1.6 percent), Wolford's online business climbed 35.4 percent on a like-for-like basis, providing a clear continuity to the upward trend. As of the end of January 2011, Wolford operated online shops in 13 countries.

The positive development of Wolford's controlled distribution channels (own and partner-operated boutiques, factory outlets and concession shop-in-shops) was reflected by the rising sales share of monobrand distribution. With 61.8 percent of total sales (Q1-Q3 2009/10: 59.1 percent), monobrand distribution exceeded the 60 percent threshold for the first time in the company's history.

Outlook

The business results of the Wolford Group reflect the persistent focus on improving distribution quality in line with the targeted expansion of monobrand sales outlets and the implementation of cost reduction and efficiency enhancement measures. Wolford will further strengthen its market presence in the future by continuing these measures, as well as by expanding its sales and marketing activities, particularly in the Asian region. Moreover, the implementation of these measures will be supported by the timely market launch of new products. Retailers reacted very positively to the new Wolford fashion collection. Pre-orders which were placed for the spring-summer 2011 collection could be increased by 6.8 percent, and Wolford has already received consistently positive feedback on its fall-winter 2011/12 collection presented in January 2011.

Against this backdrop, the Executive Board confirms its recently published forecasts, and expects a rise in sales as well as a significant improvement in earnings for the entire 2010/11 fiscal year compared to 2009/10.

Overview of sales and financial data for the first three quarters of the 2010/11 fiscal year

(May 1, 2010 – January 31, 2011)

in TEUR	Q1-Q3 2010/11	Q1-Q3 2009/10	Change absolute	Change in percent
Revenue	**120,045**	112,641	7,404	6.6 %
EBITDA	**15,850**	12,123	3,727	30.7 %
EBITDA margin	**13.2 %**	10.8 %	2.4	
Operating profit (EBIT)	**9,895**	6,227	3,668	58.9 %
EBIT margin	**8.2 %**	5.5 %	2.7	
Result from continuing operations (before taxes)	**8,931**	4,630	4,301	92.9 %
Net result for the period	**6,986**	3,753	3,233	86.1 %
Earnings per share in EUR	**1.43**	0.77	0.66	86.1 %
Net cash from operating activities	**12,250**	16,524	-4,274	-25.9 %
Gross cash flow*)	**13,499**	9,762	3,737	38.3 %
Capital investments excluding financial assets	**4,402**	7,154	-2,752	-38.5 %
Shareholders' equity	**85,299**	80,533	4,766	5.9 %
Equity-to-assets ratio	**57.1 %**	52.5 %	4.6	
Net debt	**12,892**	24,700	-11,808	-47.8 %
Debt/equity ratio (gearing) in %	**15.1 %**	30.7 %	-15.6	
Number of employees at period end (full-time equivalents)	**1,634**	1,466	168	11.5 %

* 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
= Gross cash flow

The interim report for the first three quarters of the 2010/11 fiscal year 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