**Press information**
**Sales and earnings in the first half of the 2010/11 fiscal year**

## Wolford achieves sales growth and significant earnings increase

- **Sales up 8.1 percent to EUR 74.0 million**
- **Gratifying performance of retail stores**
- **Net profit for the period more than doubled**
- **Further optimization of the asset and capital structure**

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In the first half of the 2010/11 fiscal year (May 1, 2010 – October 31, 2010), the Wolford Group succeeded in further raising total sales from the previous year's period and achieving disproportionately high increases in its earnings indicators. Whereas sales of the international fashion company climbed 8.1 percent above the prior-year level, the result from continuing operations was almost doubled. *"The positive sales trend of previous quarters has continued. Our retail business developed particularly gratifyingly, serving as the main growth driver of the Group in the first half-year. This shows that strategic orientation focusing on expanding monobrand outlets together with the persistent improvement of distribution quality has clearly been and still is the right path to take",* comments Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft. *"The positive earnings development shows that we have emerged strengthened from this economically challenging period. At the beginning of the economic crisis, we reacted timely and flexibly and continue to strongly concentrate on consistently implementing cost reduction and efficiency-enhancement measures. As a result, we can report a considerable improvement in operating earnings indicators in the reporting period",* Holger Dahmen concludes.

**Further upturn in sales and significant improvement of all relevant earnings indicators**
On balance, total sales of the Wolford Group rose 8.1 percent in the first half of the 2010/11 fiscal year, amounting to EUR 74.0 million (H1 2009/10: EUR 68.5 million). This development can primarily be attributed to the gratifying performance of Wolford's proprietary stores, which raised sales by 16.1 percent in the first half of the current fiscal year.

The positive development of key earnings indicators was even more pronounced in the reporting period, posting disproportionate growth compared to the rise in sales. Accordingly, EBITDA of the Wolford Group amounted to EUR 7.1 million, an increase of 20.3 percent from the level of EUR 5.9 million in the first half of 2009/10. The corresponding EBITDA margin improved from 8.7 to 9.6 percent. The increase in the operating profit (EBIT) was even more impressive, climbing by 55.8 percent to EUR 3.2 million, up from EUR 2.1 million in the first six months of the previous year. The gratifying development in the operating earnings indicators is the result of the ongoing persistent implementation of cost reduction and efficiency-enhancement measures.

Against this backdrop, the Wolford Group came close to doubling the result from continuing operations, which totaled EUR 2.5 million in the reporting period (H1 2009/10: EUR 1.3 million). The profit for the period rose to EUR 1.9 million compared to EUR 0.8 million in the first half of the previous year, an improvement of 152.8 percent. Earnings per share were EUR 0.39 (H1 2009/10: EUR 0.15).

**Reduction of net debt and higher equity ratio**

In the first half of the current fiscal year, Wolford continued its efforts to optimize financial resources tied up in working capital. An efficient inventory management reduced inventories by EUR 5.7 million from the level at the reporting date for the first half of the 2009/10 fiscal year. At the same time, the Wolford Group succeeded in reducing liabilities to banks, which in turn resulted in a significant reduction of net debt to EUR 23.5 million at present, down from EUR 37.7 million at the end of previous year's reporting period.The gearing ratio fell from 48.6 to 29.1 percent. The equity ratio as at October 31, 2010 improved to 52.5 percent (October 31, 2009: 48.2 percent). On an absolute basis, shareholders' equity rose from EUR 77.4 million at the half-year 2009/10 reporting date to the current level of EUR 81.0 million as at October 31, 2010.

**Almost all of Wolford's core geographic markets on a growth path**

Most of Wolford's core geographic markets generated double-digit growth rates in sales in the reporting period. In particular, the promising future market of Asia/Oceania once again achieved a significant expansion of sales, which rose 37.0 percent in the first half-year 2010/11. Considerable growth was also posted in the USA (+24.3 percent), Switzerland (+18.6 percent) and Great Britain (+17.9 percent). The market in Spain and Belgium achieved a sales increase of about 15 percent, compared to approximately 12 percent in Italy and Scandinavia. Whereas Germany (+5.4 percent) also boosted sales and Central and Eastern Europe matched the previous year's figures, declining sales were reported in Austria (-0.3 percent), the Netherlands (-3.4 percent) and France (-3.5 percent).

**Retail locations propel growth**

Sales in Wolford's proprietary stores (boutiques, shop-in-shops and factory outlets) as well as with distribution partners both increased in the first six months of the 2010/11 fiscal year, with retail outlets generating a much higher sales increase of 16.1 percent. In part, this was due to expanded distribution of Wolford-owned locations. On a like-for-like basis, sales were up 7.7 percent. As a consequence, the retail segment increased its share of total Group sales to 47.4 percent (H1 2009/10: 44.3 percent).

Considering the sales development of the individual distribution channels in greater detail, Wolford's own boutiques developed particularly positively (+14.2 percent). Due to the fact that sales with partner-operated boutiques also improved by 4.2 percent, the most important distribution channel "boutiques", which accounted for 46.0 percent of sales in the reporting period, generated an overall sales growth of 11.4 percent. As at the reporting date of October 31, 2010, Wolford distributed its products via a network of 217 boutiques (105 owned by Wolford and 112 operated by partners). The business with department stores (+12.4 percent) also developed particularly gratifyingly in the first half of the 2010/11 fiscal year, which is mainly related to growth at Wolford's own concession shop-in-shops. Taking account of the nine additional concession shop-in-shops opened in Spain by the end of October 2010, this category achieved a 53.1 percent jump in sales during the reporting period. Whereas sales at factory outlets were up 10.4 percent, business with multi-brand retailers remained stable at the prior-year level. Wolford's online business further gained in importance in the reporting period, with e-commerce sales rising 60.2 percent on a like-for-like basis compared to the previous year.

Based on the good performance of Wolford's controlled distribution channels (own and partner-operated boutiques, factory outlets and concession shop-in-shops), the sales share of monobrand distribution was up to 59.1 percent (H1 2009/10: 56.7 percent) in the reporting period.

**Outlook**

The financial results of the Wolford Group developed positively as expected in the first half of the 2010/11 fiscal year, due to the gratifying sales growth as well as the rigorous implementation of cost reduction and efficiency-enhancement measures. For this reason, Wolford will continue to strongly concentrate on both of these aspects. With respect to marketing, the market launch of new products and the already-planned measures to expand market penetration should further contribute to increasing demand. The focus of expanded sales activities will be on the Asian region (in particular China), which reported gratifying growth rates in the reporting period. Corresponding measures were already initiated at the end of the first half of 2010/11 to more intensively cultivate this region's markets, which should show perceptible results in the next two to three years.

Compared to the previous 2009/10 fiscal year, the Executive Board expects a rise in sales as well as a further improvement in earnings for the 2010/11 fiscal year as a whole.

## Overview of sales and financial data for the first half of the 2010/11 fiscal year
**(May 1, 2010 – October 31, 2010)**

| in EUR '000 | H1 2010/11 | H1 2009/10 | Change absolute | Change in percent |
|---|---|---|---|---|
| Sales | **74,025** | 68,471 | 5,554 | 8.1 % |
| EBITDA | **7,141** | 5,934 | 1,207 | 20.3 % |
| EBIT | **3,205** | 2,057 | 1,148 | 55.8 % |
| Result from continuing operations | **2,467** | 1,287 | 1,180 | 91.6 % |
| Net profit/loss for the period | **1,910** | 755 | 1,155 | 152.8 % |
| Net profit/loss per share in EUR | **0.39** | 0.15 | 0.24 | 152.8 % |
| Gross cash flow* | **6,349** | 4,649 | 1,700 | 36.6 % |
| Capital investments excluding financial assets | **2,832** | 4,583 | -1,751 | -38.2 % |
| Shareholders' equity | **80,963** | 77,437 | 3,526 | 4.6 % |
| Equity-to-assets ratio | **52.5 %** | 48.2 % | 4.3 | |
| Net debt | **23,533** | 37,659 | -14,126 | -37.5 % |
| Gearing ratio in % | **29.1 %** | 48.6 % | -19.5 | |
| Average number of full-time equivalents | **1,501** | 1,499 | 2 | 0.1 % |
| Number of full-time equivalents at period end | **1,554** | 1,496 | 58 | 3.9 % |

*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 Half-year Financial Report 2010/11 is available on the Internet at www.wolford.com under Investor Relations.

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