Press Information
Sales and earnings in the first quarter of the 2010/11 fiscal year

Wolford achieves significant improvement in sales and earnings

- **Positive sales trend confirmed with rise of 9.2 percent**
- **Sales growth with all distribution channels**
- **Considerable improvement of all relevant earnings indicators**
- **Further optimization of asset and capital structure**
- **Outlook 2010/11: Sales increase and higher earnings expected**

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In the first quarter of the 2010/11 fiscal year, the Wolford Group succeeded in seamlessly following up on its good business development in the third and fourth quarters of the 2009/10 fiscal year. The positive sales trend was further strengthened in comparison to the previous quarterly periods, and earnings indicators showed double-digit growth rates in the reporting period. *"The upward trend during the second half of 2009/10 has continued. We registered increased demand in all distribution channels and in almost all regions during the reporting period. Earnings indicators improved even more impressively, demonstrating that our cost reduction and efficiency-enhancement measures implemented at an early stage have had a sustainable impact",* says Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft, in reviewing first-quarter results. *"In recent years we have created the pre-requisites required to ensure the long-term success of the company. Rigorous inventory management and the reduction of liabilities enabled us to once again improve our asset and capital structure in the first quarter of the new fiscal year. Looking ahead to the future, a core strategic task will continue to be the optimization of the Group's cost structure in addition to the market launch of new products and measures designed to expand our market penetration",* Holger Dahmen concludes.

Further upturn in sales and significant improvement of earnings indicators

On balance, total sales of the Wolford Group in the reporting period (May 1, 2010 – July 31, 2010) climbed to EUR 29.8 million, up from EUR 27.3 million in the first three months of the previous fiscal year. Thus the sales upswing which first became evident in the middle of 2009/10 continued. Whereas Group sales increased by 5.7 percent in the third quarter and 8.7 percent in the fourth quarter of 2009/10 compared to the prior-year quarters, the Wolford Group boosted sales by 9.2 percent in the period under review from the first quarter of the previous year. This positive development can be attributed to a considerable rise in demand in most of Wolford's core geographic markets, with all distribution channels posting higher sales.

Generally, the seasonality of business development means the first quarter of the fiscal year is traditionally the weakest for the Wolford Group and also usually involves disproportionately high costs in relation to sales. As a result, the relevant earnings indicators are generally negative in the first quarter, even in growth years. This was also the case in the first quarter of the 2010/11 fiscal year, although earnings indicators developed significantly better than sales in the reporting period. Against this backdrop, EBITDA of the Wolford Group was EUR -0.5 million in the first quarter of the 2010/11 fiscal year, up 66.6 percent year-on-year (Q1 2009/10: EUR -1.4 million). The operating profit (EBIT) also climbed considerably, rising by 26.0 percent from the level of EUR -3.3 million in the prior-year quarter to EUR -2.4 million at present. The improved operating earnings are the result of the persistent implementation of cost reduction and efficiency-enhancing measures. The result from continuing operations also showed a gratifying increase of 22.7 percent in the reporting period.

Further optimization of asset and capital structure

In the first quarter of 2011/11, the Wolford Group continued its efforts to optimize its asset structure. On the basis of rigorous inventory management, inventories could be reduced by EUR 6.9 million from the prior-year quarter without impairing the company's delivery capacity.

During the reporting period, borrowings from banks also decreased by 33.7 percent or EUR 13.6 million. Accordingly, net debt was only at EUR 27.5 million as at July 31, 2010. In comparison, net debt was still at a level of EUR 41.6 million one year earlier. The corresponding gearing ratio improved to 35.6 percent (July 31, 2009: 56.6 percent). The equity ratio rose by 5.2 percentage points in a year-on-year comparison to 51.3 percent, which is related to the consistent reduction in financial liabilities. Shareholders' equity of the Wolford Group at the balance sheet date of July 31, 2010 amounted to EUR 77.2 million (July 31, 2009: EUR 73.5 million).

Sales increase in most of Wolford's core geographic markets

Wolford posted a significant sales increase in most markets in the first quarter of the 2010/11 fiscal year. Accordingly, a considerable rise in sales was achieved in the Asia/Oceania region (+46.1 percent) and in the countries of Central and Eastern Europe (+ 38.8 percent) during the reporting period. Wolford also generated gratifying sales growth in most of its core markets. The USA (+38.7 percent in Group currency, +27.8 percent in the local currency), Spain (+28.9 percent), UK (+18.7 percent in Group currency, +15.5 percent in the local currency), Belgium (+8.6 percent), Italy (+6.9 percent), Germany (+5.7 percent) and Scandinavia (+3.8 percent) showed substantial sales increases for the most part. In contrast, only Switzerland (-1.2 percent in Group currency, -9.3 percent in the local currency), Austria (-4.7 percent), France (-5.6 percent) and the Netherlands (-17.1 percent) reported declining sales in the period under review.

Sales growth with all distribution channels

In the first three months of the current fiscal year, a pronounced sales increase was achieved both in the business with distribution partners (+4.9 percent) as well as with Wolford's proprietary stores (boutiques, shop-in-shops and factory outlets), which showed a 13.9 percent increase from the prior-year quarter (up 5.1 percent on a like-for-like basis). As a consequence of the disproportionately high sales growth of Wolford's proprietary stores, the Retail segment increased its share of total Group sales to 49.2 percent, up from 47.1 percent in the first quarter of the 2009/10 fiscal year.

Considering the sales development of the individual distribution channels in greater detail, sales with department stores showed an extremely positive trend, improving by 19.0 percent. This is related to the business with prominent department store chains as well as the good performance of Wolford's own concession shop-in-shops (retail space operated by Wolford itself). Sales with traditional multi-brand retailers also rose by 3.2 percent. Once again, factory outlets posted gratifying growth, raising sales by 15.1 percent in the first quarter of the 2011/11 fiscal year. On balance, the largest distribution channel boutiques, accounting for 48.6 percent of total Group sales, registered a 10.0 percent sales increase in the reporting period. Sales with the 105 Wolford-owned boutiques climbed 12.9 percent.

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 61.9 percent of total Group sales (Q1 2009/10: 61.0 percent).

Dividend of EUR 0.20 per share for the 2009/10 fiscal year

At the Annual General Meeting held on September 14, 2010, the shareholders of Wolford Aktiengesellschaft resolved to distribute a dividend amounting to EUR 0.20 per share for the 2009/10 fiscal year. The dividend payment date was scheduled for September 30, 2010.

Outlook

In the first quarter of the 2010/11 fiscal year, the Wolford Group was able to continue the positive development of previous quarters. The upswing in consumer confidence demonstrated during the second half of the 2009/10 fiscal year continued in the reporting period. At a company level, the market launch of new products and the already-planned measures to expand market penetration should contribute to boosting demand. Moreover, the initiated cost optimization measures should have a sustainably positive impact on the earnings development of the Wolford Group. Against this backdrop, the Executive Board of Wolford Aktiengesellschaft expects an increase in sales and a further improvement in earnings for the 2010/11 fiscal year as a whole.

Overview of sales and financial data for the first quarter of the 2010/11 fiscal year (May 1, 2010 – July 31, 2010)

in TEUR	Q1 2010/11	Q1 2009/10	Change (absolute) from previous year	Change (%) from previous year
Sales	**29,842**	27,319	2,523	9.2 %
EBITDA	**-459**	-1,377	918	66.6 %
EBIT	**-2,446**	-3,307	861	26.0 %
Result from continuing operations	**-2,817**	-3,646	829	22.7 %
Net profit/loss for the period	**-2,512**	-3,295	783	23.8 %
Earnings per share in EUR	**-0.51**	-0.67	0.16	23.8 %
Gross cash flow*	**-291**	-1,354	1,063	78.5 %
Capital investments excluding financial assets	**805**	1,191	-386	-32.4 %
Shareholders‘ equity	**77,186**	73,473	3,713	5.1 %
Equity-to-assets ratio	**51.3 %**	46.1 %	5.2	
Net debt	**27,499**	41,558	-14,059	-33.8 %
Gearing ratio in %	**35.6 %**	56.6 %	-21.0	
Average number of full-time equivalents	**1,469**	1,496	-27	-1.8 %
Number of full-time equivalents at period end	**1,494**	1,499	-5	-0.4 %

* 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 quarter of the 2010/11 fiscal year is available on the Internet at www.wolford.com under Investor Relations.

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