Press Information
Sales and earnings in the 2009/10 fiscal year

Wolford Group: Significant improvement of all relevant earnings indicators

- **Positive sales trend in the course of the year**
- **Sustainable effect of efficiency-enhancing measures**
- **Operating profit (EBIT) more than doubled**
- **Cash generated from operations reaches EUR 23.5 million**
- **Equity ratio up to 54.5 percent**

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The 2009/10 fiscal year (May 1, 2009 – April 30, 2010) was characterized by an ongoing difficult market environment, which burdened the sales development of the Wolford Group, particularly in the first half-year. However, as the year progressed, the demand behavior of Wolford customers increasingly stabilized, so that total Group sales could be maintained at a high level of EUR 144.0 million. There was an unqualified positive development of earnings indicators, which showed substantial growth rates in the reporting period. *"We were aware of and flexibly responded to the difficult economic conditions at an early stage. The cost reduction and efficiency-enhancing measures initiated by the Wolford Group have had a sustainable impact. This demonstrates that we are not only capable of surviving crisis situations, but emerge strengthened from them",* says Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft, commenting on the earnings development. *"Sales also stayed high despite a dampened consumer climate, declining slightly by 2.2 percent for the 2009/10 fiscal year as a whole. Moreover, consumer demand behavior seems to have further stabilized. Sales in the second half of the 2009/10 fiscal year already rose 6.9 percent year-on-year. This positive trend makes us quite optimistic for the future",* Holger Dahmen adds.

Significant upward sales trend in the course of the fiscal year

Total sales of the Wolford Group were down slightly by 2.2 percent in the 2009/10 fiscal year, to EUR 144.0 million, compared to EUR 147.3 million in the previous year. This development is primarily related to consumer restraint in the first half-year. Accordingly, Wolford suffered from a 10.7 percent drop in sales during the first six months of 2009/10. However, an upward sales trend became evident at the beginning of the second half of the fiscal year. Accordingly, third-quarter sales were up by 5.7 percent year-on-year. In the fourth quarter of the reporting period, sales climbed by 8.7 percent compared to the previous year's quarter.

Increases for all relevant earnings indicators

The consistent implementation of cost reduction and efficiency-enhancing measures already initiated in the 2008/09 fiscal year showed a sustainable impact. For example, investments in enterprise resource planning and development systems led to a considerable reduction in inventories, which in turn also positively affected the cost structure of the Wolford Group. In the light of this fact, EBITDA rose by 30.2 percent to EUR 12.5 million in the year under review (previous year: EUR 9.6 million). The EBITDA margin was 8.7 percent compared to 6.5 percent in the previous year. The operating profit could be more than doubled to EUR 4.5 million, up from EUR 2.2 million in 2008/09. There was a turnaround in the result from continuing operations (before taxes), which improved from EUR -0.8 million in the 2008/09 fiscal year to EUR 3.4 million. As a result, the net profit for the 2009/10 fiscal year amounted to EUR 2.6 million (previous year: loss of EUR 1.2 million). Accordingly, earnings per share climbed by EUR 0.76 to EUR 0.52 (previous year: EUR -0.24).

Further strengthening of the liquidity and capital structure

The cash generated from operations developed positively, reaching a level of EUR 23.5 million, more than tripling compared to the previous year. In percentage terms, the cash generated from operations comprised 16.3 percent of sales (previous year: 5.1 percent). Wolford also achieved a significant improvement in the financial result of EUR 1.9 million, which is chiefly related to lower financing costs and the reduced level of net debt. In particular, the lower amount of financial resources tied up in inventories, current receivables and other assets contributed to the decline in net debt of 41.9 percent, to EUR 19.7 million (previous year: EUR 33.9 million). The gearing ratio as at April 30, 2010 improved to 24.8 percent, compared to 44.1 percent in the previous year. In the same period, the Wolford Group consistently increased its equity ratio. Shareholders' equity at the balance sheet date of April 30, 2010 totaled EUR 79.4 million, up from EUR 76.8 million at the previous year's reporting date. The equity-to-assets ratio thus rose from 49.6 percent to 54.5 percent as at April 30, 2010.

Sales growth with proprietary stores

Wolford's proprietary stores (own boutiques, shop-in-shops and factory outlets) showed a positive sales development during the period under review, raising sales by 10.1 percent year-on-year. This growth was due to the persistent expansion of Wolford's own distribution network. Fourth-quarter 2009/10 sales of Wolford's proprietary stores showed a 20.3 percent increase from the previous year's quarter (also up 7.6 percent on a like-for-like basis). As a consequence of this positive trend, the Retail segment increased its share of total Group sales to 48.1 percent in the 2009/10 fiscal year (previous year: 42.3 percent).

Considering the sales development of the individual distribution channels in greater detail, the largest distribution channel *boutiques*, consisting of 103 Wolford-owned and 112 partner-operated boutiques as at April 30, 2010, came close to matching the previous year's sales level during the period under review. Factory outlets raised sales by 14.9 percent, whereas sales declined with both multi-brand retailers (-10.0 percent) and department stores (-8.9 percent). However, these two distribution channels once again achieved gratifying fourth-quarter sales growth of 3.4 percent and 14.0 percent respectively compared to the previous year's quarter. Wolford's online business comprised the fastest growing distribution channel by far. At the end of the 2009/10 fiscal year, customers in 13 countries could already purchase Wolford products in the exclusive virtual shopping world at www.wolford.com. These online shops have already been complemented by E-factory outlets in six countries.

Concentration on monobrand distribution

Wolford concentrated on the optimization of monobrand distribution in the reporting period in order to strengthen the effectiveness of the brand presentation at the point of sale. This means it promoted sales generated with Wolford-owned and partner-operated boutiques, factory outlets and concession shop-in-shops. Accordingly, the sales share of the company's controlled distribution rose to 59.5 percent in the 2009/10 fiscal year, up from 56.2 percent in the previous year. In upcoming years Wolford will even more strongly focus on consistently expanding monobrand distribution.

Sales pick-up in almost all of Wolford's core geographic markets

Wolford observed a significant increase in demand in almost all its core markets beginning in the third quarter and continuing in the fourth quarter of the 2009/10 fiscal year as well. However, most markets posted an overall sales decline in 2009/10 as a whole, due to the weaker performance in the first half-year. Thus sales were down in Switzerland, Spain, Austria, Germany, Italy, the Netherlands and in the CEE region. In contrast, Wolford achieved sales growth in France, Great Britain, the USA and in Scandinavia. Belgium continued its gratifying growth path from previous periods and the Asia/Oceania region once again expanded significantly.
Almost all markets showed a pronounced upward sales trend in the fourth quarter, in particular Scandinavia, the USA, Great Britain, France and Germany. The Spanish, Belgian and Italian markets also showed growth in the fourth quarter of the 2009/10 fiscal year.

Outlook

In past years Wolford created the pre-requisites required to ensure the long-term success of a company, i.e. a balanced, well-structured product portfolio and high-quality distribution combined with tight cost management, efficient planning and steering structures. Moreover, the start-up of the new production facility in Slovenia at the beginning of January 2010 should contribute to improving overall results.

In the light of a slight upswing in consumer confidence, the Executive Board of Wolford Aktiengesellschaft is optimistic that the planned market launch of new products in the 2010/11 fiscal year, measures designed to expand market penetration as well as the initiated cost optimization efforts will enable Wolford to achieve an increase in sales and a further improvement in earnings in the 2010/11 fiscal year.

Overview of sales and financial data for the 2009/10 fiscal year
(May 1, 2009 – April 30, 2010)

in TEUR	2009/10	2008/09	Change (absolute) from previous year	Change (%) from previous year
Sales	**144,040**	147,343	(3,303)	-2.2%
EBITDA	**12,490**	9,591	2,899	30.2%
EBITDA margin	**8.7%**	6.5%	2.2%	
EBIT (operating profit)	**4,502**	2,184	2,318	106.1%
EBIT margin	**3.1%**	1.5%	1.6%	
Result from continuing operations	**3,403**	(810)	4,213	
Net profit/loss for the period	**2,561**	(1,198)	3,759	
Cash generated from operations	**23,497**	7,455	16,042	215.2%
Capital investments excluding financial assets	**8,009**	14,719	(6,710)	-45.6%
Gearing ratio	**24.8 %**	44.1%	-19.3%	
Shareholders' equity	**79,379**	76,818	2,561	3.3%
Equity-to-assets ratio	**54.5 %**	49.6%	4.9%	
Earnings per share in EUR	**0.52**	(0.24)	0.76	
Number of full-time equivalents at period end	**1,462**	1,541	(79)	-5.1%

The Financial Statement/Annual Report 2009/10 is available on the Internet at www.wolford.com under Investor Relations.

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