Press information
Sales and earnings in the first three quarters of the 2009/10 fiscal year
(May 1, 2009 – January 31, 2010)

Wolford achieves significant earnings improvement in the first three quarters

- **Net result for the period more than tripled in the first nine months**
- **Increased third-quarter sales (+5.7 percent)**
- **Proprietary stores as the growth driver**
- **Positive earnings outlook for the 2009/10 fiscal year as a whole**

Bregenz, March 19, 2010

Despite an ongoing challenging market environment, the Wolford Group succeeded in achieving a significant improvement in key earnings indicators for the first nine months of the 2009/10 fiscal year (May 1, 2009 – January 31, 2010). The international fashion brand also increased third-quarter sales compared to the prior-year quarter, as already announced, driven by the performance of its proprietary stores. "*The positive earnings development in the course of the 2009/10 fiscal year shows that the measures initiated by Wolford have had a positive impact. We were aware of and responded to the difficult economic conditions at an early stage. We are well prepared for further growth, based on the consistent implementation of cost reduction and efficiency-enhancing measures as well as a clear focus on our core competencies and markets",* says Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft, commenting on the positive earnings development.

Upward sales trend

Whereas the Wolford Group was faced with a decline in sales during the first two quarters of the 2009/10 fiscal year, sales picked up again in the third quarter compared to the previous year's quarter. The sales increase of 5.7 percent in the third quarter was not extensive enough to completely compensate for the 10.7 percent drop in sales in the first half of 2009/10, but marked the start of Wolford's return to the growth path. On balance, total sales of the Wolford Group fell by 4.9 percent in the first nine months, to EUR 112.6 million. The positive development in the third quarter is also the result of intensive training measures targeting employees at the point of sale, which were implemented in order to further improve service quality.

From a regional perspective, almost all of Wolford's core geographic markets increased sales in the third quarter of the 2009/10 fiscal year. The luxury brand particularly succeeded in generating gratifying sales growth in Spain (+17.8 percent), USA (+16.7 percent in USD, +3.6 percent in Group currency), Great Britain (+9.8 percent in GBP, +4.8 percent in Group currency) as well as in the regions CEE (+16.3 percent) and Asia/Oceania (+12.8 percent). Sales also rose between 4 and 7 percent in Germany, Scandinavia, Italy and Switzerland. Whereas sales in Belgium and Austria were maintained at a stable high level, France and the Netherlands were the only markets facing a downswing.

Further sales growth of proprietary stores

Wolford's proprietary stores showed a positive sales development in the first nine months of the 2009/10 fiscal year. Accordingly, Wolford-owned boutiques, shop-in-shops and factory outlets increased sales by 7.4 percent during the period under review. This improvement was primarily due to the strategic expansion of Wolford's own distribution network. In the first nine months of the current fiscal year, Wolford opened or took over from existing partner-operated outlets a total of four boutiques, eight concession shop-in-shops and three factory outlets. As a result, the Retail segment increased its share of total Group sales to a record level of 47.4 percent. In turn, this resulted in a rise of the share attributable to controlled distribution (via Wolford-owned and partner-operated boutiques, factory outlets and concession shop-in-shops) to 59.1 percent.

Considering the sales development of the individual distribution channels, the largest distribution channel consisting of Wolford-owned and partner-operated boutiques further increased its share of total sales to 46.6 percent. Whereas third-quarter sales with boutiques climbed by 4.1 percent, cumulative sales with boutiques in the first three quarters of 2009/10 were down 2.3 percent overall. This development is due to the declining business generated with partner-operated boutiques. Department stores and multi-brand retailers continued to post a drop in sales over the first nine months.

Earnings clearly above the previous year's level

During the period under review, the Wolford Group achieved a significant improvement in key earnings indicators. Accordingly, EBITDA of the Wolford Group totaled EUR 12.1 million in the first nine months of 2009/10, corresponding to a 20.1 percent rise year-on-year (Q1-3 2008/09: EUR 10.1 million). The related EBITDA margin was at a level of 10.8 percent in the first nine months, up from 8.5 percent in the comparable period of the previous year. At the same time, operating profit (EBIT) improved by 32.7 percent, to EUR 6.2 million (Q1-3 2008/09: EUR 4.7 million). The result from continuing operations rose to EUR 4.6 million (Q1-3 2008/09: EUR 2.1 million) in the first three quarters of the current fiscal year, whereas the financial results climbed by EUR 1.0 million. As a consequence, the net result for the period amounted to EUR 3.8 million, more than triple the previous year's level (Q1-3 2008/09: EUR 1.2 million). Thus the earnings per share in the first nine months of 2009/10 were EUR 0.77, up from EUR 0.24 in the prior-year period.

Solid capital structure – further improvement in net debt and cash flow

The consistent implementation of inventory optimization measures as well as the low level of investment contributed towards reducing net debt to EUR 24.7 million at the balance sheet date of January 31, 2010, a year-on-year decrease of 30.4 percent. The gearing ratio improved by 13.9 percentage points compared to the previous year, to EUR 30.7 percent. In the same period, shareholders' equity of the Wolford Group rose form EUR 79.5 million to EUR 80.5 million, corresponding to a solid equity ratio of 52.5 percent (January 31, 2009: 48.6 percent). The net cash from operating activities amounted to EUR 16.5 million, an increase of EUR 14.5 million.

Outlook

Although there were initial signs of a recovery in the second and third quarters of the 2009/10 fiscal year and order volume for the fall/winter collection 2010/11 indicates a slight upturn in demand, the Executive Board of Wolford Aktiengesellschaft expects the market environment to remain challenging. From today's perspective, the Executive Board anticipates positive earnings for the 2009/10 fiscal year as a whole.

Overview of sales and financial data for the first three quarters of 2009/10
(May 1, 2009 – January 31, 2010)

in EUR '000	Q1-3 2009/10	Q1-3 2008/09	Change in %	Change in % points
Sales	**112,641**	118,450	-4.9%	
EBITDA	**12,123**	10,093	20.1%	
EBITDA margin	**10.8%**	8.5%		2.3
Operating profit (EBIT)	**6,227**	4,693	32.7%	
EBIT margin	**5.5%**	4.0%		1.5
Result from continuing operations	**4,630**	2,060	124.8%	
Net result for the period	**3,753**	1,184	216.9%	
Earnings per share in EUR	**0.77**	0.24	216.9%	
Net cash from operating activities	**16,524**	2,018	718.8%	
Result from continuing operations before taxes, plus depreciation, amortization and impairment	**10,526**	7,460	41.1%	
Capital investments excluding financial assets	**7,154**	12,423	-42.4%	
Shareholders‘ equity	**80,533**	79,480	1.3%	
Equity ratio based on total assets	**52.5%**	48.6%		3.9
Net debt	**24,700**	35,481	30.4%	
Debt/equity ratio	**30.7%**	44.6%		13.9
Number o full-time equivalents at period end	**1,466**	1,620	-9.5%	

The interim report for the first nine months of the 2009/10 fiscal year is available at the Investor Relations pages of the corporate site www.wolford.com.

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