



Press information

Sales and earnings in the first half of the 2009/10 fiscal year

Wolford posts slight earnings increase in the first half-year 2009/10

- **Sales reach EUR 68.5 million, picking up in the second quarter**
- **Proprietary stores increase sales**
- **Result from continuing operations up 27.1 percent**
- **Positive impact of efficiency-enhancing and cost reduction measures**
- **Equity ratio further improves to 48.2 percent**

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Against the backdrop of an ongoing difficult market environment, featuring considerable restraint in respect to consumer demand, the Wolford Group was confronted with a further decrease in sales in the first half of the 2009/10 fiscal year. Nevertheless, the company succeeded in increasing its net result for the period and result from continuing operations. *“There is no doubt that the prevailing market and consumer environment continues to be challenging. However, we responded to this situation at an early stage based on the consistent implementation of cost reduction and efficiency-enhancing measures. The development of the result from continuing operations shows that we are headed on the right path, and that the measures we initiated are having a sustainable impact. From a sales perspective, we were able to curb somewhat the downward trend resulting from the economic crisis, which is further proof that the strategy being pursued is working”*, says Holger Dahmen, Chief Executive Officer of Wolford Aktiengesellschaft in commenting on the first half-year business results of the Wolford Group.

Sales improvement in the second quarter

On balance, total sales of the Wolford Group were down 10.7 percent in the first half of the 2009/10 fiscal year (May 1, 2009 – October 31, 2009), to EUR 68.5 million. This year-on-year decline has to be seen in light of the record sales of EUR 76.7 million achieved in the first half of the 2008/09 fiscal year, which in turn was partly related to a much more favorable market environment. Whereas sales fell by 14.4 percent during the first three months of the current fiscal year, the situation improved slightly in the second quarter, with sales down 8.0 percent compared to the previous year.

Improved result from continuing operations and net result for the period

The result from continuing operations amounted to EUR 1.3 million in the first six months of 2009/10, improving by 27.1 percent in a year-on-year comparison. The net result for the period totaled EUR 0.8 million, a rise of 5.5 percent from the first half of the 2008/09 fiscal year (H1 2008/09: EUR 0.7 million). This development demonstrates that the cost reduction and efficiency-enhancing measures which were initiated have had a sustainable impact and positively affect the earnings situation of the Wolford Group.

The financial result improved significantly in the first six months of the current fiscal year, rising EUR 1.9 million due to the lower net interest expenses and a more favorable mark-to-market valuation of foreign currency transactions.

Solid capital structure – further rise in the equity ratio

Inventories could be cut back by EUR 6.5 million compared to the previous year's level based on the implementation of inventory optimization measures. This represents a 13 percent inventory decrease, whereas delivery quality continues to remain high. The reduction in the financial resources tied up in working capital also had a very positive effect on the financial result. The Wolford Group will continue to determinedly pursue optimization measures in the second half of the fiscal year.

The persistent reduction of borrowings from banks and other financial liabilities combined with a lower level of capital expenditure resulted in a decline in net debt to EUR 37.7 million at the half-year balance sheet date of October 31, 2009, down from EUR 40.6 million as at October 31, 2008. Shareholders' equity of the Wolford Group totaled EUR 77.4 million on October 31, 2009, compared to the previous year's figure of EUR 79.0 million. The equity ratio climbed 2.5 percentage points in a year-on-year comparison to 48.2 percent as at the end of October 2009.

Consistent increase in sales at proprietary stores

Wolford's proprietary stores (own boutiques, shop-in-shops and factory outlets) achieved a further increase in sales of 4.0 percent in the period under review, which is related to the strategic expansion of Wolford's distribution network. However, sales fell by 7.7 percent on a like-for-like basis. The Retail segment increased its share of total Group sales to 44.3 percent, which in turn 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 56.7 percent.

Considering the sales development of the individual distribution channels, sales with boutiques (Wolford-owned and partner-operated), which accounted for the largest share, or 45.0 percent of total sales in the first half of 2009/10, were down 6.5 percent. This development is due to the declining business generated with partner-operated boutiques. In contrast, sales at the 107 Wolford-owned boutiques could be maintained at a stable level due to the opening of new stores or the takeover of existing partner-operated outlets. Department stores and multi-brand retailers posted a drop in sales, whereas factory outlets generated a gratifying sales increase of 8.8 percent.

Wolford determinedly pushed ahead with the roll-out of its store concept during the period under review. Accordingly, 11 points of sales were newly opened or redesigned to display the distinctive premium look in the first half of the 2009/10 fiscal year. As at October 31, 2009, a total of 210 outlets (93 proprietary and 117 partner-owned) embodied the modern and light look of the Wolford store concept.

Favorable development of the Woford share in the first half-year

In the first six months of the 2009/10 fiscal year, the Woford share profited from the perceptible recovery on global stock markets, with the share price rising to EUR 12.05 as at October 31, 2009. This compares to a share price of EUR 8.34 on April 30, 2009. The highest share price in the first half 2009/10 was reached on September 23, 2009, closing at EUR 12.35, with the lowest closing price of the first six months at EUR 7.80, posted on July 17, 2009.

Woford in the future: well prepared for future growth

Although there were initial signs of a recovery in several markets during the second quarter, the Executive Board of Woford Aktiengesellschaft still expects a continuing difficult market environment to prevail in the second half of the 2009/10 fiscal year. Order volume for the spring/summer 2010 collection was rather restrained due to the ongoing uncertain economic situation. However, demand slightly picked up in November and the first days of the Christmas trade. Based on the strategic orientation of the company accompanied by the consistent implementation of efficiency-enhancing measures, the Woford Group is well prepared for the future. From today's point of view, the Executive Board anticipates moderate growth once again in the 2010/11 fiscal year.

**Overview of sales and financial data for the first half of 2009/10
(May 1, 2009 – October 31, 2009)**

in EUR '000	Six months ended October 31, 2009	Six months ended October 31, 2008	Change (absolute / % points)
Sales	68,471	76,656	(8,185)
EBITDA	5,934	7,154	(1,220)
EBITDA margin	8.7%	9.3%	(0.6)
Currency-adjusted EBIT (operating profit) ^{*)}	2,209	2,623	(414)
Result from continuing operations (before taxes)	1,287	1,013	274
Net result for the period	755	716	39
Result from continuing operations before taxes, plus depreciation, amortization and impairment	5,163	4,499	664
Net cash from operating activities	433	(6,468)	6,901
Capital investments excluding financial assets	4,583	9,294	(4,711)
Net debt	37,659	40,559	(2,900)
Shareholders' equity	77,437	78,958	(1,521)
Equity-to-assets ratio	48.2%	45.7%	2.5
Earnings per share in EUR	0.15	0.15	+/-0.0
Number of full-time equivalents at period end	1,496	1,689	(193)

^{*)} Operating profit before realized currency translation differences = EBIT +/- currency translation differences

The interim report for the first half of the 2009/10 fiscal year is available on the Internet at www.wolford.com under Investor Relations.

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