Press Information

Sales and earnings in the 2012/13 financial year

Wolford Announces Final Results for the 2012/13 Financial Year

- **Preliminary results published on June 14, 2013 confirmed**
- **Sales up 1.6% to € 156.47 million**
- **EBITDA and EBIT significantly below the prior-year level**
- **Clearly positive cash flow and consistently sound capital structure**
- **Continuation of international expansion, own retail stores generate sales increase**
- **Sales growth and positive operating results targeted for 2013/14**

Vienna/Bregenz, July 19, 2013. Wolford AG, a publicly listed company on the Vienna Stock Exchange, announced its final results for the 2012/13 financial year today, confirming the preliminary figures published on June 14, 2013. In the past financial year (May 1, 2012 - April 30, 2013), the company succeeded in increasing sales by 1.6% or € 2.40 million to € 156.47 million. EBITDA at € 7.90 million was significantly below the comparable prior-year level (2011/12: € 15.18 million), whereas EBIT totaled € -0.91 million (2011/12: € 6.86 million). In spite of this earnings decline, Wolford generated a positive operating cash flow of € 6.31 million and raised its free cash flow to € 0.48 million, and continues to boast a consistently sound balance sheet structure featuring an equity ratio of 55%. The company is striving to achieve sales growth as well as positive operating results again in the current 2013/14 financial year.

Growth in Wolford's own retail business, decline with trading partners

While Wolford's own retail stores generated considerable sales growth of 6%, its wholesale business with trading partners reported a decline of 5%. Accordingly, the overall rise in sales could not fully compensate for the increased costs, including the expenses incurred by the expansion of international distribution. Due to the earnings development, the Management Board will propose to the Annual General Meeting scheduled for September 17, 2013 that the dividend payment will be suspended for the 2012/13 financial year in order to use the financial resources for investments in growth areas. *"We managed to achieve satisfying sales increases in our own retail business against the backdrop of a challenging business environment. This shows that our long-term strategy focusing on our network of monobrand stores including the expansion of international distribution is right. We opened up a series of new boutiques both in our core markets as well as in growth markets. In addition, we have already begun to strengthen our wholesale business with new types of sales concepts",* says Holger Dahmen, Chief Executive Officer of Wolford AG, in commenting on the company's business development.

Continuation of international expansion – controlled distribution generates sales growth

As in past financial years, those points of sale which exclusively offer Wolford products showed a particularly good development during the period under review. Wolford-controlled distribution channels, i.e. own and partner-operated boutiques, concession shop-in-shops, e-commerce and factory outlets, succeeded in increasing sales by 5% overall, raising their share of total Group sales to 67% (2011/12: 65%).

Wolford's own retail stores (own boutiques, concession shop-in-shops, e-commerce and factory outlets) registered a 6% rise in sales in the 2012/13 financial year. In particular, the online business developed very well, posting sales growth of 47%. Accordingly, the share of total sales generated by the retail business rose to 58% (2011/12: 55%). In part, this growth was due to the expansion of Wolford's own distribution network in the past financial year. However, a satisfying sales growth of 2% was also achieved on a like-for-like basis.

Sales growth in economically challenging core markets

The 2012/13 financial year in most of Wolford's core markets was characterized by a weak economic situation and ongoing uncertainty on the part of consumers. In Wolford's core European market (share of Group sales in 2012/13 excl. Russia: 76%), the reluctance to purchase on the part of consumers had a considerable impact on sales, especially in Southern Europe. In addition, the unusually long and tough winter in 2013 also adversely influenced demand in the entire industry, which was particularly perceptible in the fourth quarter of the financial year. These factors combined to have a dampening effect on the sales and earnings development of the Wolford Group.

EBITDA and EBIT below the prior-year level

EBITDA at € 7.90 million in the past financial year was significantly below the comparable prior-year performance (2011/12: € 15.18 million), and EBIT totaled € -0.91 million (2011/12: € 6.86 million). In spite of the improved financial result and a lower income tax burden, the consolidated financial statements for 2012/13 show earnings after tax of € -2.76 million (2011/12: € 1.26 million).

"*In the short term we were simply not able to generate the level of sales growth required in order to compensate for the higher costs*", says Thomas Melzer, Chief Financial Officer of Wolford AG in commenting on the business results presented today. "*In particular, the start-up costs to prepare Wolford's market entry in Greater China, increased rental costs for the company's own retail stores, higher advertising expenditures to strengthen the brand as well as inventory write-downs and consulting fees focusing on the reorientation of the wholesale business were responsible for the decline in earnings*", he adds. Moreover, the evaluation of last year's audit also reduced earnings. Furthermore, it was decided to close loss-making stores in Europe and the USA, shut down external storage facilities and dispose of old merchandise, resulting in non-recurring expenses of € 1.52 million.

Clearly positive operating cash flow and consistently sound capital structure

The optimization of working capital, especially inventories, enabled Wolford to generate a clearly positive operating cash flow of € 6.31 million in the 2012/13 financial year (2011/12: € 7.27 million) and to generate a free cash flow of € 0.48 million, an improvement from the previous year (2011/12: € 0.37 million).

Total equity of the Wolford Group at the balance sheet date of April 30, 2013 amounted to € 78.15 million (April 30, 2012: € 83.77 million). This comprises an extremely solid equity ratio of 55% (April 30, 2012: 58%). The gearing ratio reached a level of 20% (April 30, 2012: 17%). "*From today's perspective, Wolford has the necessary financial resources to be able to implement the planned steps in product development, to further strengthen our brand and expand our international distribution*", Thomas Melzer affirms.

Outlook

Wolford will also further expand its global store network in the future. The opening of new Wolford-owned and partner-operated boutiques to strengthen the company's controlled distribution is planned along with the intensified cooperation with trade partners. Required investments should promote growth in the retail segment, and new concepts are designed to lead to increased sales also in the wholesale business. In addition, special attention will be paid to the online business activities of the Wolford Group. All in all, the objective is to further strengthen the international presence of the Wolford brand. In addition to concentrating on its core European markets as well as North America, the Wolford Group plans to extend its store network in the future especially in growth markets, mainly in Greater China and the Gulf Region. "*Although the external business environment is not ideal in many European markets at the present time, I am convinced that in the long term we will be able to successfully continue the path we have chosen to pursue. Wolford is a strong brand with potential. As the management we have the responsibility and the goal to generate sustainably profitable growth, and to achieve sales growth and positive operating results again in the current financial year*", concludes CEO Holger Dahmen.

The Annual Report 2012/13 and Annual Financial Report 2012/13 are available on the Internet at www.wolford.com under Investor Relations.

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About Wolford AG

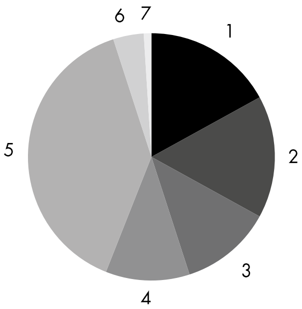
Wolford AG headquartered in Bregenz on Lake Constance (Austria) operates 16 subsidiaries and markets its Legwear, Ready-to-wear, Lingerie, Swimwear, Accessories and Trading Goods product segments in about 70 countries via more than 260 monobrand stores (own and partner-operated), approximately 3,000 trading partners and online. The Austrian company, which has been publicly listed on the Vienna Stock Exchange since 1995, generated sales of EUR 156.47 million in the 2012/13 financial year (May 1, 2012 – April 30, 2013), and has about 1,600 employees. Since its founding in the year 1950, Wolford has evolved from a local producer of pantyhose to a global fashion brand in the segment of affordable luxury products.

Wolford Group Key Data

Earnings data		2012/13	adjusted [1] 2011/12	Chg. %
Sales	in € mill.	156.47	154.06	+1,6
EBITDA	in € mill.	7.90	15.18	-48
EBIT	in € mill.	-0.91	6.86	>100
Earnings before tax	in € mill.	-2.25	5.04	>100
Earnings after tax	in € mill.	-2.76	1.26	>100
Capital expenditure	in € mill.	6.03	7.94	-24
Operating cash flow	in € mill.	6.31	7.27	-13
Free cash flow	in € mill.	0.48	0.37	+30
Employees on average	FTE	1,606	1,665	-4

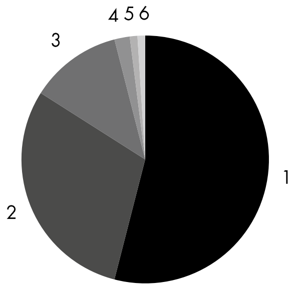
Balance sheet data		April 30, 2013	adjusted [1] April 30, 2012	Chg. %
Equity	in € mill.	78.15	83.77	-7
Net debt	in € mill.	15.73	14.15	+11
Working capital	in € mill.	38.26	39.77	-4
Balance sheet total	in € mill.	142.32	145.46	-2
Equity ratio	in %	55	58	-
Gearing	in %	20	17	-

REVENUES BY MARKET



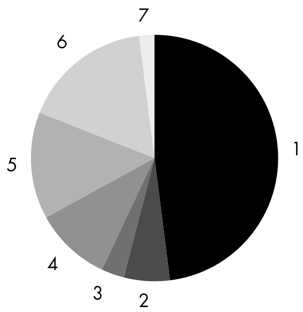
1 North America 17 %
2 Germany 16 %
3 France 12 %
4 Austria 11 %
5 Rest of Europe 39 %
6 Asia/Oceania 4 %
7 Rest of World 1 %

REVENUES BY PRODUCT GROUP



1 Legwear 53%
2 Ready-to-wear 31%
3 Lingerie 12%
4 Accessories 2%
5 Swimwear 1%
6 Trading goods 1%

REVENUES BY DISTRIBUTION



1 Boutiques 48 %
2 Concession-Shop-in-Shops 6 %
3 Online Business 3 %
4 Factory Outlets 10%
5 Department stores 14 %
6 Multibrand retailers 17 %
7 Private Label 2 %

1) Adjustments due to the early application of IAS 19 revised (Employee Benefits)