



Investors Presentation

September 27, 2013

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The Wolford Group at a Glance

The 2012/13 Financial Year

- ▶ Revenue development
- ▶ Analysis of earnings
- ▶ Financial review

Q1 2013/14

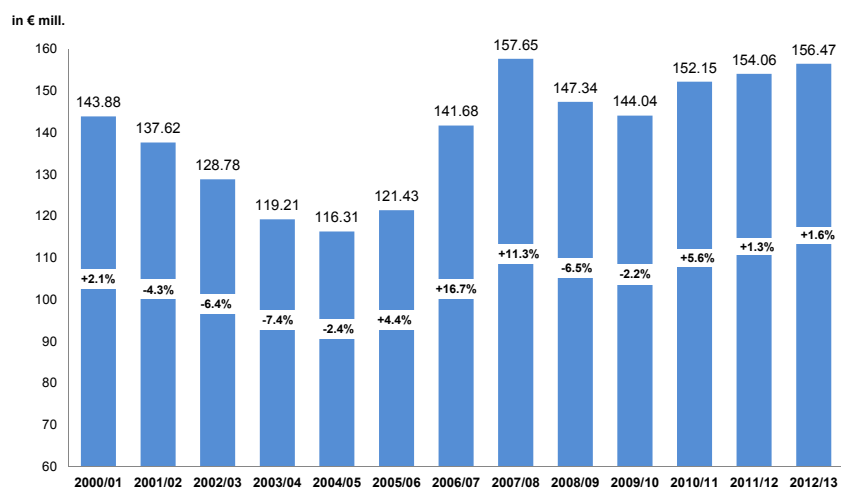
Strategy and Outlook

Financial Calendar and IR Information

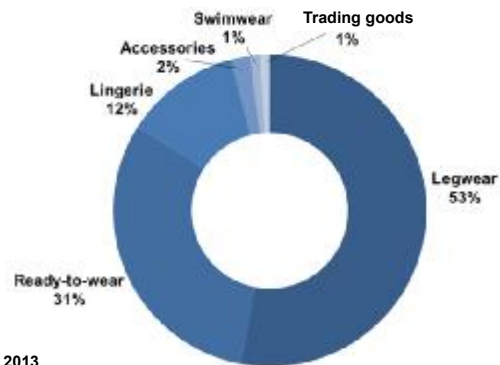
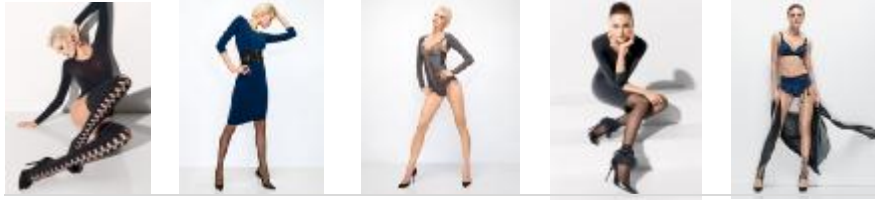


The Wolford Group at a Glance

Revenue Development by Financial Year



Revenues by Product Group



Status: May 2012 – April 2013

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USPs of Wolford's Product range

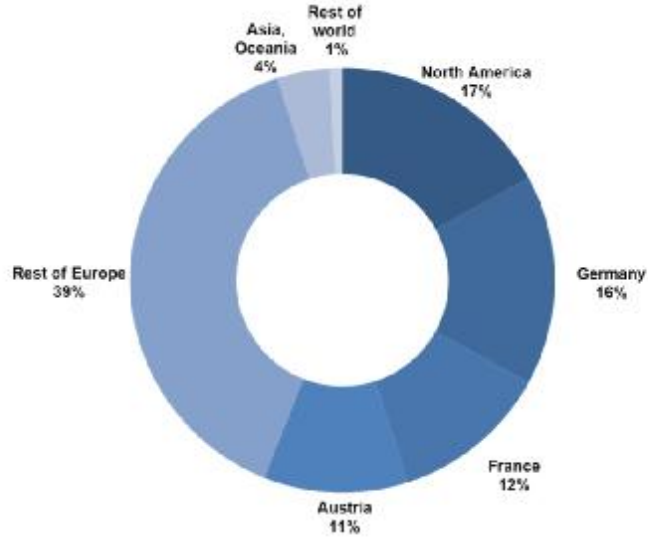


- ▶ Product quality
- ▶ Product innovations
- ▶ Comfort
- ▶ Easy care
- ▶ Unique design
- ▶ Accentuates the female silhouette
- ▶ Fashion versatility
- ▶ Functionality
- ▶ **Deliberate contrast to "fast fashion"**

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Revenue Development by Market

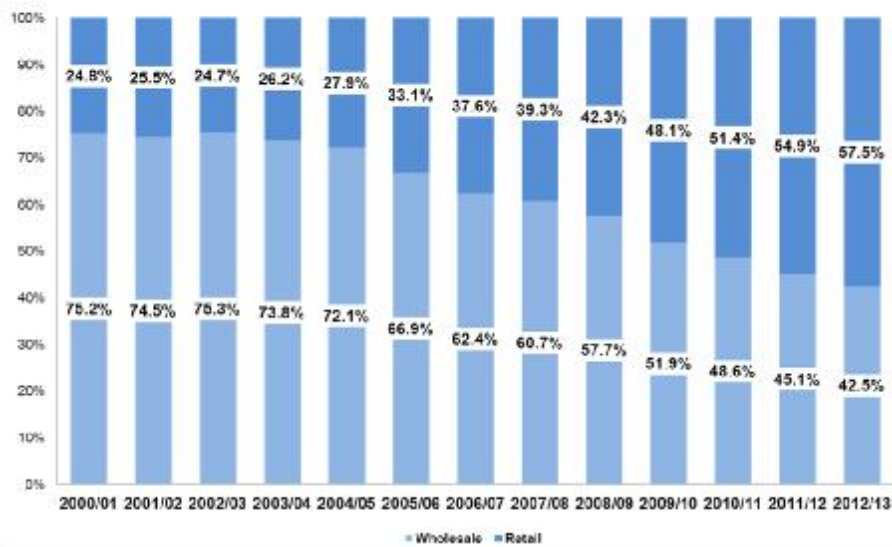


Status: May 2012 – April 2013

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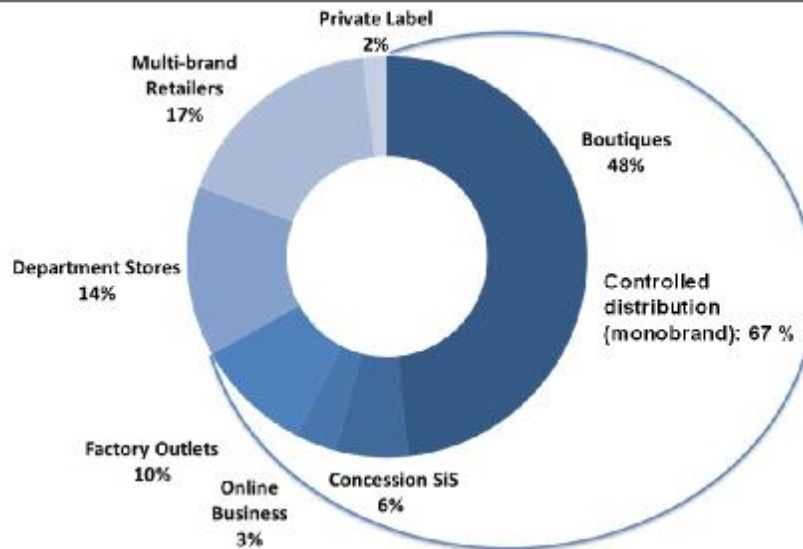
Share of Revenues Retail vs. Wholesale



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Revenues by Distribution Channel



Status: May 2012 – April 2013

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267 Monobrand Points of Sale



- ▶ **Status at April 30, 2013**
- ▶ **181 own points of sale (monobrand)**
 - ▶ 120 boutiques (operated by Wolford)
 - ▶ 28 factory outlets (operated by Wolford)
 - ▶ 33 concession shop-in-shops (operated by Wolford)
- ▶ **86 partner-operated points of sale (monobrand)**
 - ▶ 86 boutiques
- ▶ **approx. 3,000 selected trading partners**
- ▶ **as well as online shops in 15 countries**

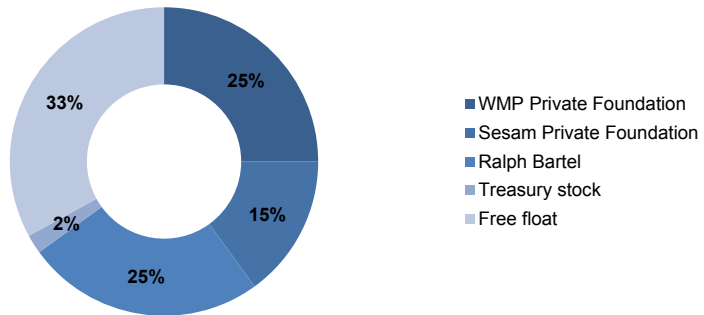
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Shareholder Structure



► Based on available notifications of shareholdings



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The 2012/13 Financial Year

The 2012/13 Financial Year

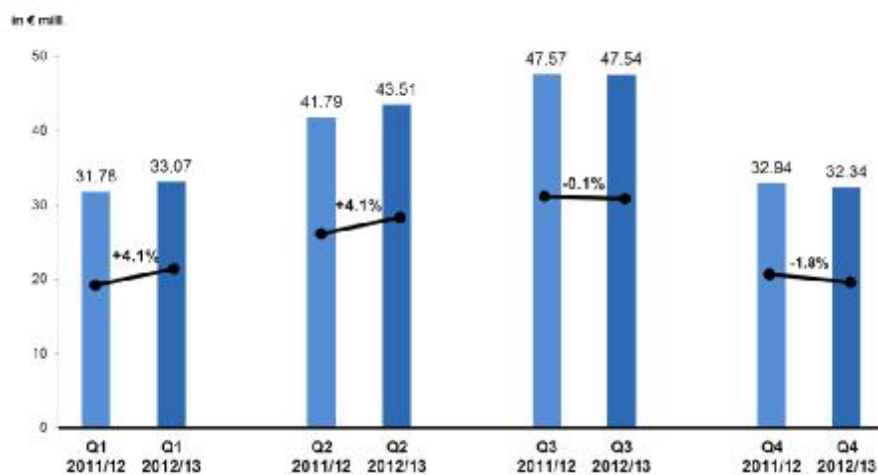


- ▶ **Revenues up slightly by 1.6%**
 - ▶ Positive sales trend from recent years continued in 2012/13
 - ▶ Group revenues up to € 156.5 million
 - ▶ Satisfactory development in most core markets
- ▶ **EBITDA and EBIT significantly lower than in the previous year**
- ▶ **Positive cash flow and consistently sound balance sheet structure**
- ▶ **Continuation of expansion strategy**
 - ▶ Extension of monobrand network
 - ▶ Targeted expansion in the core markets in Europe and North America
 - ▶ Store openings in the growth market of Greater China
 - ▶ Market entry in the Middle East

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Revenue Development by Quarter



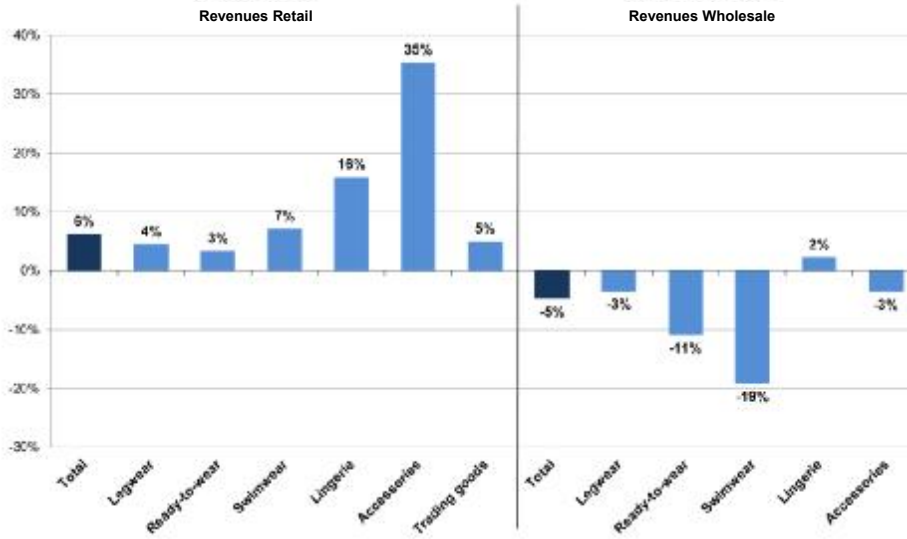
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Revenue Development by Product Group



May 2012 – April 2013 vs. previous year



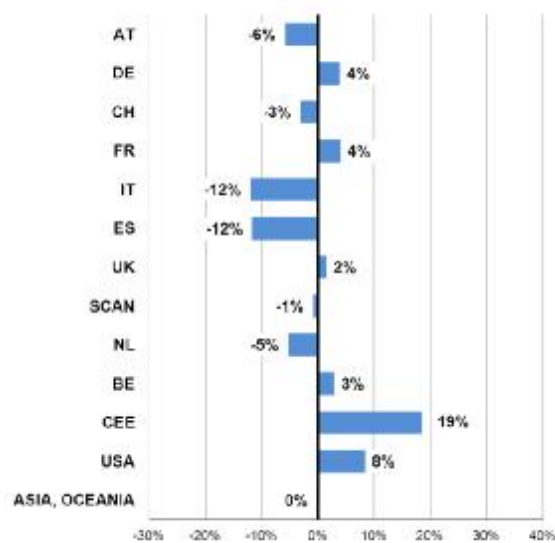
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Revenue Development by Country / Region



May 2012 – April 2013 vs. previous year

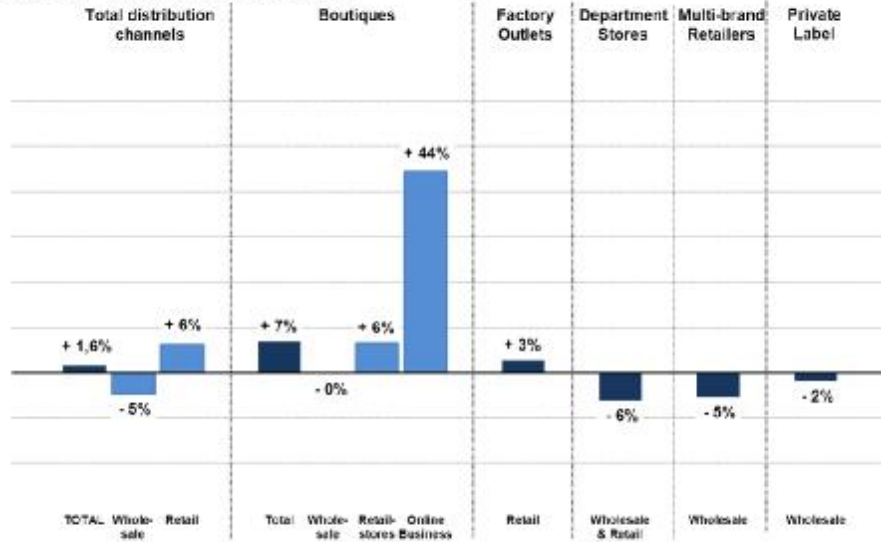


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Revenue Development by Distribution Channel

May 2012 – April 2013 vs. previous year

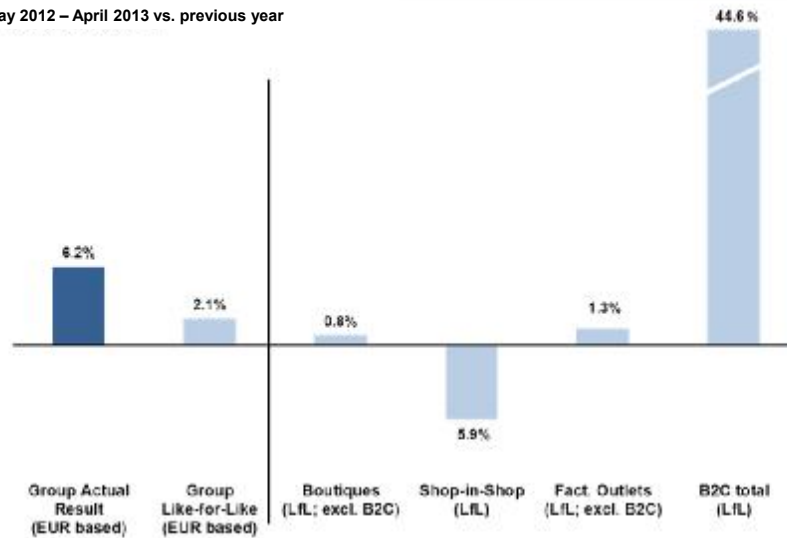


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Revenue Development Retail (like-for-like)

May 2012 – April 2013 vs. previous year



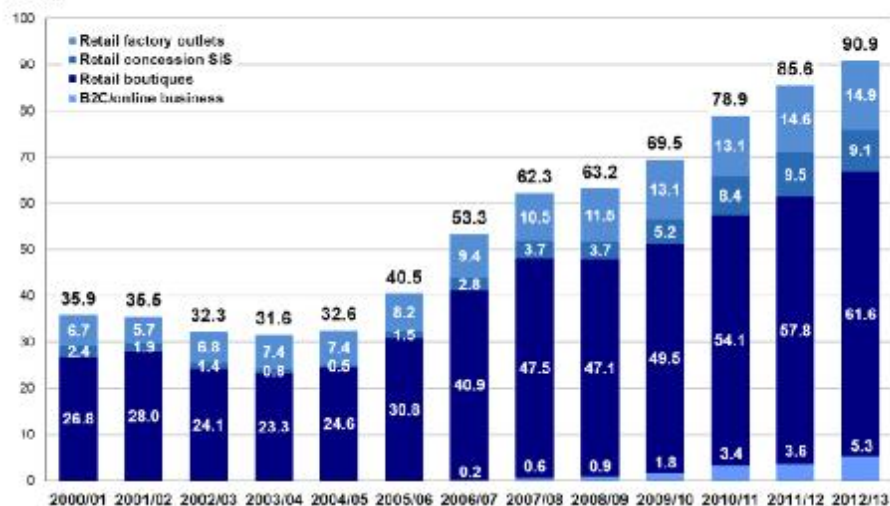
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Retail Distribution



in € mill.



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Earnings Data



Earnings Data		2012/13	2011/12 ¹⁾	Chg. in %
Revenues	in € mill.	156.47	154.06	+1.6
EBITDA	in € mill.	7.90	15.18	-48
EBIT (operating profit)	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
Employees on average	FTE	1,606	1,665	-4

1) Retroactively adjusted due to the early application of IAS 19 (revised).

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Profitability Indicators



Profitability Indicators in %	2012/13	2011/12 ¹⁾
Material cost as a percent of revenues	18.5	18.5
Staff costs as a percent of revenues	47.4	47.6
Other operating expenses as a percent of revenues	31.0	28.9
EBITDA margin	5.0	9.9
Depreciation to capital expenditure	146.0	104.8
EBIT margin	-0.6	4.5

1) Retroactively adjusted due to the early application of IAS 19 (revised).

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Analysis of Results in 2012/13



- ▶ **Revenue development below expectations**
- ▶ **Significant cost increases could not be fully compensated by revenue growth**
 - ▶ Since the wholesale business is shrinking and the retail channels with high fixed costs do not generate sufficiently high revenue contributions
 - ▶ Higher rental costs of about € 2 million in own retail business due to new stores and increased rents in existing locations
 - ▶ Higher staff costs attributable to salary increases and new locations (€ 0.9 million)
 - ▶ Advertising campaign to strengthen the brand in the DACH region (expenses of about € 0.7 million)
 - ▶ Non-recurring effects of € 1.5 million (strategic measures, costs from past legacies)
 - ▶ Closing of low-performing retail stores and external storage facilities
 - ▶ Disposal of old merchandise
 - ▶ Evaluation of last year's audit (tax audit)
 - ▶ Start-up costs for market development in Greater China
 - ▶ Consulting fees relating to the reorientation of the wholesale business

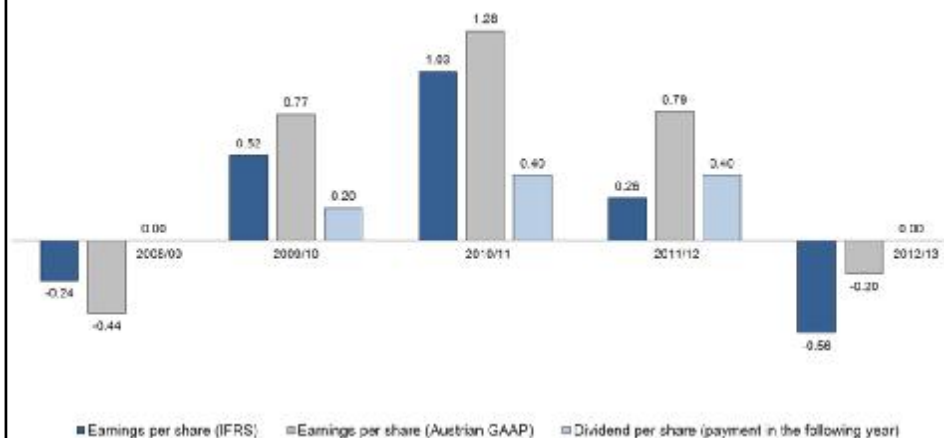
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Results and Dividend per Share



in €



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Cash Flow Statement (summary)



Cash Flow Statement (summary)	2012/13 in € mill.	2011/12 ¹⁾ in € mill.	Chg. in %
Cash flow from operating activities	6.31	7.27	-13
Cash flow from investing activities	-5.83	-6.90	+16
Free cash flow	0.48	0.37	+30
Cash flow from financing activities	-0.38	0.31	>100
Change in cash and cash equivalents	0.10	0.68	-85
Cash and cash equiv. at end of period	4.99	4.91	+2

1) Retroactively adjusted due to the early application of IAS 19 (revised).

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Balance Sheet Data



Balance Sheet Data		30.04.2013	30.04.2012 ¹⁾	Chg. in %
Equity	in € mill.	78.15	83.77	-7
Net debt	in € mill.	15.73	14.15	+11
Capital employed	in € mill.	93.88	97.92	-4
Working capital	in € mill.	38.26	39.77	-4
Balance sheet total	in € mill.	142.32	145.46	-2
Equity ratio	in %	54.9	57.6	-
Gearing	in %	20.1	16.9	-
Working capital as a percent of revenues	in %	24.5	25.8	-
Net debt to EBITDA		2.0	0.9	-
EBITDA to net interest cost		9.3	20.8	-

1) Retroactively adjusted due to the early application of IAS 19 (revised).

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Financial Review



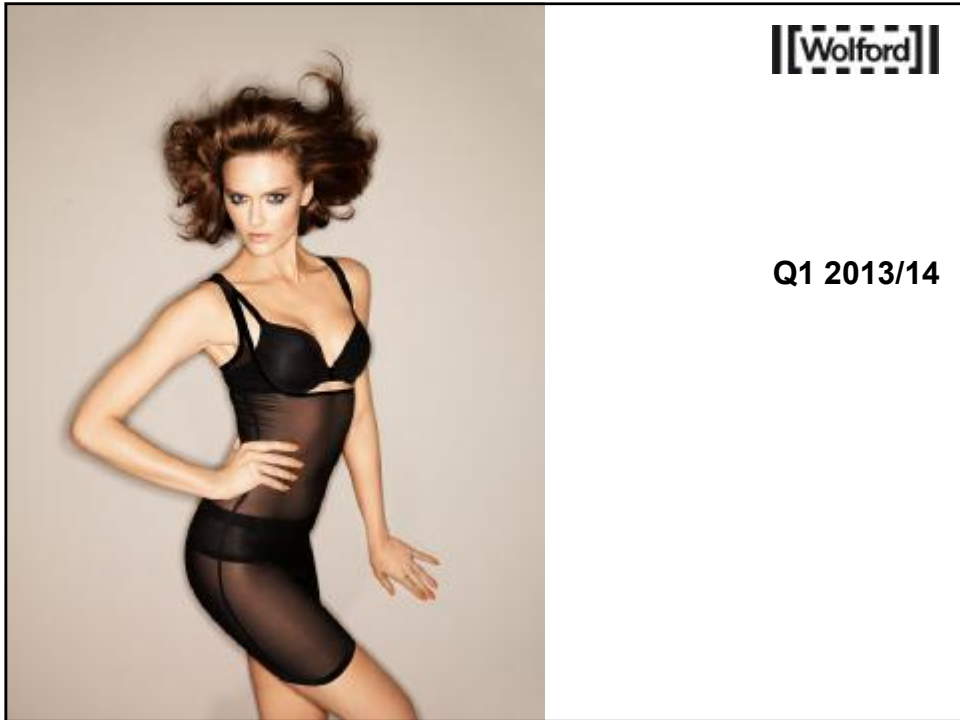
- ▶ **Clearly positive cash flow due to working capital optimization in spite of earnings decline**
 - ▶ Operating cash flow of € 6.31 million (2011/12: € 7.27 million), mainly due to a decrease in inventories
 - ▶ Ratio of working capital to revenues reduced from about 26% to 25%
 - ▶ Positive free cash flow of € 0.48 million (2011/12: € 0.37 million), primarily as a result of strict investment monitoring

- ▶ **Consistently sound balance sheet structure**
 - ▶ Equity ratio of 55% (2011/12: 58%)
 - ▶ Gearing of 20% (2011/12: 17%)
 - ▶ Debt repayment period (net debt to EBITDA) of 2.0 years

- ▶ **Financing of business strategy secured from today's perspective**
 - ▶ Based on equity financing from cash flow and leveraging balance sheet
 - ▶ Good long-term bank relations and sufficient unused lines of credit of about € 75 million at the balance sheet date

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Summary Q1 2013/14



- ▶ **Q1 is the weakest quarter of the year due to seasonal reasons**
 - ▶ Furthermore negatively influenced by deviant production and delivery dates
- ▶ **Revenues below previous year: -2.4%**
 - ▶ Partly due to negative FX effects, mainly from USD and GBP
 - ▶ Adjusted for FX effects: -1.1%
 - ▶ Retail +5%, Online +19%, Wholesale -12%
- ▶ **Results below previous year** (but consistent with expectations)
 - ▶ Due to decline in revenues
 - ▶ Additional expenditure for marketing (brand)
 - ▶ Raise in rental costs (new and existing locations)
 - ▶ Negative FX effects, mainly from debtors

Earnings Data in Q1 2013/14



Earnings Data		05/13 – 07/13	05/12 – 07/12¹⁾	Vdg. in %
Revenues	in € mill.	32.28	33.07	-2.4
EBITDA	in € mill.	-3.19	-0.98	>100
EBIT (operating profit)	in € mill.	-5.18	-3.01	-72
Earnings before tax	in € mill.	-5.49	-3.28	-67
Earnings after tax	in € mill.	-4.35	-2.97	-46
Capital expenditure	in € mill.	1.40	1.30	+8
Free cash flow	in € mill.	-12.82	-11.41	-12
Employees on average	FTEs	1,564	1,612	-3

1) Retroactively adjusted due to the early application of IAS 19 (revised).

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Balance Sheet Data as of July 31, 2013



Balance Sheet Data		31.07.2013	31.07.2012¹⁾	Chg. in %
Equity	in € mill.	73.72	81.02	-9
Net debt	in € mill.	28.61	25.37	+13
Working capital	in € mill.	43.07	44.77	-4
Balance sheet total	in € mill.	147.96	152.70	-3
Equity ratio	in %	50	53	-
Gearing	in %	39	31	-

1) Retroactively adjusted due to the early application of IAS 19 (revised).

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Strategy and Outlook

Strategy Review



- ▶ **Evaluation of strategic and operational optimization potential**
- ▶ **Relaunch of the wholesale business**
 - ▶ Reallocation of personnel and financial resources
 - ▶ Establishment of an incentive and contribution system for wholesalers
- ▶ **Optimization of retail segment**
 - ▶ Concept to increase frequency in own shops
 - ▶ Assessment of profitability of proprietary locations
- ▶ **Sharpening of product range and fashion collection statement**
 - ▶ Inter-seasonal collection concept
 - ▶ Distinctive Wolford style: timeless elegance und classical chic
 - ▶ Accompanying marketing measures in selected markets
- ▶ **Cost evaluation and process optimization**

Strategy: Distribution and Expansion



▶ **Distribution strategy**

- ▶ Expansion of international monobrand distribution
- ▶ Intensified cooperation with wholesale partners
 - ▶ Establishment of **commission affiliation**
 - ▶ Strategic selection of boutique partners
 - ▶ Extensive support in logistics, merchandise planning, training
 - ▶ Introduction of **soft corner** concept
 - ▶ Modular concept for multi-brand retailers
 - ▶ Integrated merchandise logistics

▶ **Continuation of expansion**

- ▶ Development of existing markets and entry into growth markets
- ▶ New points of sale in Europe, North America, Greater China, Middle East
- ▶ Expansion of travel retail
- ▶ Online business

Strategy: Brand Development



▶ **Retention of existing customers**

- ▶ Continuation of regular customers program "My Wolford"

▶ **Rejuvenation of the brand and attracting new customer groups**

- ▶ Product development and innovation
- ▶ Online business
- ▶ Social media

▶ **Strong brand presence**

- ▶ Implementation of globally uniform store concept
- ▶ Continuation of marketing measures in core markets
- ▶ Intensification of marketing measures in growth markets

Strategy: Profitability



- ▶ Closing of low-performing points of sale
- ▶ Strict investment monitoring
- ▶ Efficiency enhancement program for internal processes
- ▶ Optimization of time-to-market
- ▶ Improvement of efficiency in production and procurement

Improved Efficiency



- ▶ **Production and procurement**
 - ▶ Strengthening of operational and technological core competencies in Bregenz and Slovenia
 - ▶ Improved utilization of existing production capacities
 - ▶ Targeted expansion of supplier basis in selected product and process areas which do not belong to Wolford's core competencies



AW 13/14: Racer Belt



AW 13/14: Magic Belt



SS 14: Luna Belt

Improved Efficiency



- ▶ **Warehouse and distribution logistics**
 - ▶ Intralogistical optimization at the central storage facility in Bregenz
 - ▶ Improved integration between the central warehouse in Bregenz and the markets (including returns processes)

- ▶ **Product development**
 - ▶ Establishing of standards, especially for materials and process technologies
 - ▶ Focusing of development resources on key technologies and core product groups

- ▶ **Product groups, processes and organization**
 - ▶ Review in relation to opportunities for optimizing individual product groups as well as process and organizational structure

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Optimization of Business Processes



- ▶ **Shortening of time span between product idea and market launch (time to market)**
 - ▶ Innovative products: more quickly available on the marketplace
 - ▶ Agility with respect to new trends (products, colors, functions)
 - ▶ Reduction of financial and operating risks

- ▶ **Establishing process-integrated, cross-functional product line teams**

- ▶ **Process and system integration**
 - ▶ From product development to the availability for end consumers
 - ▶ From distribution and sales planning to the supplier base

- ▶ **Improvement of the robustness and agility of the supply chain**

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Product Development and Innovation



- ▶ **Own research and development department**
 - ▶ R&D expenditures in 2012/13: € 6.74 million (4.3% of revenues)
 - ▶ Extension of innovation leadership
- ▶ **Expansion of product portfolio**
 - ▶ Focus on Shape & Control
 - ▶ Additional functionality in Lingerie and Legwear products by developing and adapting new bonding techniques
- ▶ **New types of production process**
 - ▶ Realization of a unique and innovative style approach
 - ▶ New product categories which link Wolford's unique wearing comfort with shaping functionality
- ▶ **Systematic expansion of network of innovation partners**
 - ▶ Development of new marketable products
 - ▶ Platform concept for technology areas

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Product Development and Innovation



AW 13/14: Tulle Forming Dress



AW 13/14 Essential: Individual 100 Leg Support Tights

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Environmental and Social Standards



▶ Responsibility as a flagship company

- ▶ Economy: Sustainable growth
- ▶ Ecology: Material cycles; water protection area at the site
- ▶ Society: Employer and company offering apprenticeship training

Outlook



▶ Economic environment

- ▶ Europe: remains challenging
- ▶ USA: slight recovery
- ▶ Asia and Middle East: growth

▶ Priorities

- ▶ Continuation of expansion strategy
- ▶ Strengthening of marketing and distribution
- ▶ Product innovations
- ▶ Increased profitability

▶ Objectives for the 2013/14 financial year

- ▶ Further revenue growth
- ▶ Positive operating result

Financial Calendar and IR Information



Date	Event
Dec. 13, 2013	Half-Year Report 2013/14
Mar. 14, 2014	Q3 Report 2013/14
July 18, 2014	Annual Results 2013/14 and press conference
Sep. 12, 2014	Q1 Report 2014/15
Sep. 18, 2014	27 th Annual General Meeting
Sep. 22, 2014	Ex-dividend day
Sep. 24, 2014	First day of dividend payment
Dec. 12, 2014	Half-Year Report 2014/15
Mar. 13, 2015	Q3 Report 2014/15

IR Information

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attention!**

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www.wolfordshop.at**

