Press Information

Wolford Announces Third-Quarter 2013/14 Results and Confirms Guidance

- **Revenue growth of 2.2% in Q3, decline of 0.6% in the first nine months**
- **Decline in adjusted EBIT from May 2013 to January 2014, but improvement in the third quarter**
- **Strong balance sheet, substantial optimization of working capital**
- **Consistent implementation of strategic refocusing plan**
- **Guidance confirmed for entire financial year**

Vienna/Bregenz, March 14, 2014. Wolford AG is currently in a phase of sustainable change. The strategic refocusing plan presented in December 2013 is being consistently implemented in order to return the company to profitability as quickly as possible. Revenues in the nine-month period from May to January of the current financial year fell by 0.6% to € 123.42 million (Q1-3 2012/13: € 124.13 million). However, adjusted for negative foreign exchange effects of € 1.94 million which Wolford had to absorb, mainly from the US dollar and British pound, revenues actually rose by 1%. Business at Wolford's own retail locations proceeded satisfactory, registering a 5% increase in revenues, and the online shops recorded a very positive revenue growth of 21%. In contrast, the wholesale business remained restrained during the reporting period, which led to a 9% decline in wholesale revenues and negatively affected overall revenues and earnings of the Wolford Group. Adjusted EBITDA, corrected for non-recurring expenses totaling € 0.64 million, fell from € 10.71 million to € 8.68 million in the first nine months, whereas adjusted EBIT was down from € 4.57 million to € 2.80 million.

Third-quarter revenue and earnings increase

In contrast to the previous downward trend, a good third quarter with a satisfactory Christmas business pushed revenues up 2.2% in the period from November 2013 to January 2014, whereas the adjusted EBIT increased from € 4.66 million to € 5.09 million. "The revenue and earnings increase in the third quarter is a clear proof of the effectiveness of the cost reduction measures being implemented as well as the efforts to stimulate revenue growth", says Thomas Melzer, Chief Financial Officer of Wolford AG. In particular, cost savings were generated with respect to staff, material and logistics expenses. In contrast, cost increases resulted from the opening of new sales locations and higher expenditures to strengthen the brand and activate sales.

Strong balance sheet, substantial optimization of working capital

The balance sheet structure of Wolford Group remained solid on the reporting date of January 31, 2014. Equity of Wolford totaled € 78.95 million (January 31, 2013: € 84.75 million), and the equity ratio equaled 55% (January 31, 2013: 57%). The gearing ratio reached 19% (January 31, 2013: 18%). Working capital was reduced by € 6.56 million during the reporting period. As a result, the cash flow from operating activities improved by € 1.84 million in spite of the lower earnings. The strong balance sheet and the optimization of working capital ensure that the measures designed to restore profitability and the strategic refocusing can be financed from Wolford's own resources and consistently implemented.

Revenue increase in growth markets and the USA, uneven development in Europe

The regional development of revenues shows an ambivalent picture. In spite of the negative foreign exchange effects, considerable revenue growth was achieved in the USA, which currently generates the highest revenues in the Wolford Group. Satisfying double-digit revenue increases were recorded in the growth markets of Greater China and the Gulf Region. Revenues also climbed significantly in the Italian market, which can be attributed to the opening of new Wolford-owned and partner-operated points of sale, amongst other reasons. Belgium and Spain also clearly exceeded the comparable prior-year figures. Revenues in Great Britain declined slightly as a consequence of foreign exchange effects, but were higher year-on-year in the local currency. Revenues were down year-on-year in Scandinavia, Germany, France and the Netherlands. Higher declines were reported in Central and Eastern Europe as well as in Switzerland, which was mainly attributable to the closing down of points of sale. The Austrian domestic market returned to a growth path after the two boutiques at Vienna Airport, one of which was recently renovated and the other newly opened, made first relevant contributions.

Consistent implementation of strategic refocusing plan

Within the context of the strategic refocusing efforts of the company, Wolford is currently concentrating on those measures which will directly increase revenues and improve profitability. "In addition to the focus on cost and process optimization, our declared goal is to sustainably strengthen the Wolford brand and its corporate image. Accordingly, we want to enhance the desirability of our products at the point of sale for customers in our own retail locations as well as for our trading partners", states Axel Dreher, Speaker of the Management Board of Wolford AG.

Guidance confirmed for the entire 2013/14 financial year

After the third quarter, the Management Board of Wolford AG confirms the guidance for the current financial year. From today's perspective, revenues should remain at around the previous year's level, whereas EBIT is expected to total up to approximately € -5 million, including non-recurring expenses of roughly € 3 million. The company maintains its objective to finance the strategic refocusing measures from its own cash flow and the sale of non-operating assets. The Management Board of Wolford AG is convinced that it has set the right course for a sustainably positive development of the company.

Wolford's Quarterly Report Q3 2013/14 can be downloaded at www.wolford.com at Investor Relations:

http://www.wolford.com/en/quarterly-reports/Wolford_Quarterly_Report_Q3_201314.pdf

Contact:

Axel Dreher (COO/CTO, Speaker of the Board)

Thomas Melzer (CFO, Member of the Board)

+43 (0) 5574 690-1258 (IR)

+43 (0) 5574 690-1477 (PR)

About Wolford AG

Wolford AG headquartered in Bregenz on Lake Constance (Austria) operates 16 subsidiaries and markets its products 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 € 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 hosiery to a global fashion brand in the segment of affordable luxury products.

Wolford Group Key Data

Earnings Data		**05/13 - 01/14**	**05/12 - 01/13**	**Chg. in %**	**2012/13**
Revenues	in € mill.	123.42	124.13	-1	156.47
EBITDA adjusted[1)]	in € mill.	8.68	10.71	-19	7.90
EBIT adjusted[1)]	in € mill.	2.80	4.57	-39	-0.91
Earnings before tax	in € mill.	1.26	3.71	-66	-2.25
Earnings after tax	in € mill.	1.74	3.17	-45	-2.76
Employees on average	FTE	1,563	1,614	-3	1,606

1) Adjustment for non-recurring items

Balance Sheet Data		**31.01.2014**	**31.01.2013**	**Chg. in %**	**30.04.2013**
Equity	in € mill.	78.95	84.75	-7	78.15
Net debt	in € mill.	14.93	15.22	-2	15.73
Working capital	in € mill.	35.72	42.27	-16	38.26
Balance sheet total	in € mill.	144.72	148.27	-2	142.32
Equity ratio	in %	55	57	-	55
Gearing	in %	19	18	-	20