



**HALF-YEAR REPORT 2015/16**

**(MAY 2015 – OCTOBER 2015)**

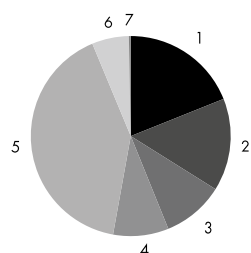
# Wolford Group Key Data

Earnings Data		05 -10/15	05 -10/14	Chg. in %	2014/15
Revenues	in € mill.	79.24	72.63	+9	157.35
EBIT	in € mill.	-0.28	3.17	>100	2.17
Earnings before tax	in € mill.	-0.80	2.72	>100	1.21
Earnings after tax	in € mill.	-0.90	1.38	>100	1.03
Capital expenditure	in € mill.	3.60	5.44	-34	10.97
Free cash flow	in € mill.	-7.33	-3.87	-89	-0.54
Employees (on average)	FTE	1,578	1,567	+1	1,574

Balance Sheet Data		31.10.2015	31.10.2014	Chg. in %	30.04.2015
Equity	in € mill.	73.28	76.22	-4	74.83
Net debt	in € mill.	25.50	20.66	+23	17.12
Working capital	in € mill.	43.74	39.97	+9	38.14
Balance sheet total	in € mill.	154.28	148.14	+4	147.44
Equity ratio	in %	48	51	-	51
Gearing	in %	35	27	-	23

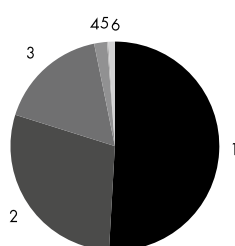
Stock Exchange Data		05 -10/15	05 -10/14	Chg. in %	2014/15
Earnings per share	in €	-0.18	0.28	>100	0.21
Share price high	in €	23.98	24.05	0	24.12
Share price low	in €	20.89	18.75	+11	18.75
Share price at end of period	in €	22.42	19.45	+15	24.00
Shares outstanding (weighted)	in 1,000	4,900	4,900	0	4,900
Market capitalization (ultimo)	in € mill.	112.10	97.25	+15	120.00

## REVENUES BY MARKET



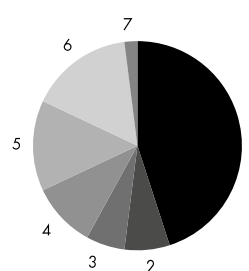
- 1 North America 19 %
- 2 Germany 15 %
- 3 Austria 10 %
- 4 France 9 %
- 5 Rest of Europe 41 %
- 6 Asia/Oceania 6 %
- 7 Rest of the World 0 %

## REVENUES BY PRODUCT GROUP



- 1 Legwear 51 %
- 2 Ready-to-wear 29 %
- 3 Lingerie 17 %
- 4 Accessories 2 %
- 5 Swimwear 0 %
- 6 Trading goods 1 %
- 7

## REVENUES BY DISTRIBUTION



- 1 Boutiques 45 %
- 2 Concession/Shop-in-shops 7 %
- 3 Online Business 6 %
- 4 Factory Outlets 10 %
- 5 Department Stores 14 %
- 6 Multi-brand Retailers 16 %
- 7 Private Label 2 %

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# Letter from the Board



Ashish Sensarma and Axel Dreher, Management Board of Wolford AG

Dear shareholders,

We can look back at a very challenging first half of 2015/16, which was mainly impacted by the difficult macroeconomic and political conditions in Europe and a regionally uneven development in the premium and luxury goods sector. Moreover, the very warm summer temperatures in large parts of Europe further hampered sales in the fashion industry. Against this backdrop, the Wolford Group continued to successfully implement its strategic reorientation and thus performed quite well in international markets. Accordingly, Wolford generated substantial revenue growth in all segments, and also gained momentum in its operating business by increasing second-quarter EBIT compared to the prior-year results.

## **Retail and online business as growth drivers**

Once again, the decisive growth drivers were the Wolford-owned retail and online businesses. Revenues generated by Wolford-owned retail stores rose by more than 7% in absolute terms and on a like-for-like basis. We also achieved growth in our own retail segment in a year-on-year comparison when adjusted for currency effects. Our online business was extremely successful in the first six months, showing a 63.9% increase in revenues. At the same time, the wholesale segment reported solid growth of 5.2%, which can be mainly attributed to changed delivery dates.

## **Revenue growth in all segments**

From a product perspective, Wolford profited from the ongoing trend towards figure-shaping lingerie with a functional character, a segment in which Wolford has played a significant role for many years. The extensive shape & control product line is primarily part of our lingerie portfolio. Accordingly, the Lingerie Segment generated double-digit revenue growth in the first six months of the financial year. Other segments of the Wolford Group - Legwear, Ready-to-wear, Accessories and Trading Goods - also increased revenues.

A breakdown by region shows a fundamentally positive but differentiated picture in Wolford's core markets. Wolford achieved double-digit revenue increases in the USA, Great Britain and on the Asian growth market. Revenues in Belgium, Netherlands, France and the southern European markets increased in spite of the difficult economic conditions, whereas Austria and Germany suffered from a slight revenue decline due to the summer heat wave.

On balance, Wolford generated substantial revenue growth in the first six months of the current financial year, with revenues up 9.1% to € 79.24 million, due to positive currency effects of the US dollar and British pound.

It is important to consider the development of Wolford's operating earnings indicators in the first half of 2015/16 in connection with the one-off effects reported in the 2014/15 financial year as well as the cost increases related to the strengthening of the US dollar and British pound. The half-year operating results (EBIT) of € -0.28 million were below the prior-year figure (H1 2014/15: € 3.17 million). However, when adjusted to take account of all one-off effects, EBIT in the first half of the current financial year actually rose by € 2.63 million. During the reported period, earnings before tax amounted to € -0.80 million (H1 2014/15: € 2.72 million) and earnings after tax totaled € -0.90 million (H1 2014/15: € 1.38 million).

**Operating results still burdened by one-off effects**

The Wolford Group continued to boast a very solid asset and capital structure, featuring equity of € 73.28 million and an equity ratio of 48% at the balance sheet date of October 31, 2015.

**Solid balance sheet structure**

The gratifying revenue development, the earnings improvement in the second quarter and positive feedback on the part of customers and retailers encourage us to further focus on the needs of the retail sector and establishing a new go-to-market model in order to fully exploit the strengths of our monobrand stores.

The consistent orientation of all our activities to our strategic refocusing delivered visible results in the first half-year. We not only achieved significant revenue growth in our online and retail business, but also scored points on the basis of a strengthened innovation process accompanied by product innovations. Following last year's presentation of the Pure 50 Tights, the world's first bonded tights, we have now set a further milestone thanks to our Pure 10 Tights, a unique bonding technique developed by Wolford after years of research. The market launch of this innovation in the fall of 2015 was a resounding success. A joint 360° promotion of the Pure 50 Tights and Pure 10 Tights secured a strong global presence for us, with 1.1 million touchpoints.

**Product innovations set milestones**

One declared goal of Wolford is to enhance its retail competence in all regions. In this regard, we considerably strengthened our retail team in the European core markets, and attracted proven retail experts to support our further expansion in the top-selling markets in Asia and the USA. The extension of our retail activities and hiring of new staff was also reflected in the total number of employees working for the Wolford Group, which rose to an average of 1,578 people in the first half of 2015/16.

**Strengthening of retail competence**

Even if we cannot draw reliable conclusions about market developments in the coming months, we assume that the decisive quarters lie ahead of us due to the fact that the first half-year is traditionally the weakest because of the seasonality of our business model. The management and employees of the Wolford Group resolutely implemented the strategic reorientation in recent months, thus laying the foundation for increased revenues and improved earnings. For this reason, the management team is optimistic that Wolford will be able to generate a further rise in revenues in the entire 2015/16 financial year and once again conclude the current financial year with positive operating results.

**Outlook remains unchanged**

We would like to thank you for the confidence you have placed in Wolford AG.



Ashish Sensarma, CEO



Axel Dreher, COO/CFO

# Management Report

## EARNINGS (MAY TO OCTOBER 2015)

### Substantial revenue increase

Against the backdrop of fair to middling macroeconomic conditions and a regionally uneven development in the premium and luxury goods sector, the Wolford Group generated revenues of € 79.24 million in the first half of the current financial year, comprising a rise of 9.1% from the prior-year level of € 72.63 million. Revenue growth amounted to 3.1% when adjusted in particular to take account of the currency effects related to the increase in value of the US dollar and the British pound.

The Wolford Group's own online business, which expanded by 63.9%, and the positive development of the company's own retail activities were largely responsible for the increase in revenues. Accordingly, revenues generated by Wolford-owned retail stores rose by more than 7% in absolute terms and on a like-for-like basis. Adjusted to reflect the above-mentioned currency effects, Wolford's retail segment still achieved growth compared to the prior-year period. The wholesale segment registered a revenue increase of 5.2% due to changed delivery dates.

### Positive development of sales markets

From a regional perspective, Wolford's core sales markets showed a fundamentally positive picture. Wolford generated double-digit growth rates in the USA, Great Britain and on the Asian market. Revenues in Great Britain and on the Asian market also rose even when adjusted for currency effects. In spite of the difficult economic conditions in Europe, Wolford still reported double-digit revenue increases in Belgium, Netherlands and several markets in South Europe and single-digit growth in France. Austria and Germany showed a slight decline in revenues, with both markets suffering from the negative consequences of the long heat wave in Europe. Wolford reported a drop in revenues in Central and Eastern Europe, which was mainly due to the difficult situation on the Russian market.

### Growth in all segments

The trend towards figure-shaping lingerie with a functional character continued unabated in the first half of 2015/16, as shown by double-digit revenue growth in the Lingerie Segment. The other segments of the Wolford Group - Legwear, Ready-to-wear, Accessories and Trading Goods - also increased revenues.

### EBIT above the previous year after excluding one-off effects

The positive revenue development only had a moderate impact on operating results in the first half-year, due to the fact that Wolford was also faced with cost increases within the context of the increased in value of the US dollar and British pound, especially for personnel expenses, rental and freight costs (other operating expenses). Moreover, there was a slight increase in the total number of employees due to the staff expansion in the retail segment. In the first half of the current financial year, the Wolford Group employed an average of 1,578 people (H1 2014/15 1,567).

A comparison of half-year results shows that earnings were strongly influenced by one-off effects in the entire 2014/15 financial year. Against this backdrop, and in light of the fact that no significant costs are expected to arise any longer in connection with the restructuring of the company, Wolford AG is returning to simply reporting its operating results as EBIT in the current 2015/16 financial year without distinguishing it from EBIT adjusted for restructuring costs. Accordingly, no "non-recurring expenses" and "non-recurring income" will be recognized in the 2015/16 financial year, but will only be included in the comparisons to the previous year. As a result, EBIT and adjusted EBIT will subsequently coincide starting in the first half of 2015/16. The book gain amounting to € 1.09 million from the sale of employee apartments concluded at the beginning of May 2015 was recognized as other operating income (totaling € 1.58 million).

In the first six months of the current financial year, EBIT totaled to € -0.28 million (H1 2014/15: € 3.17 million). Prior-year EBIT not only included the sale of the above-mentioned lease option (other operating income to the amount of € 4.04 million), but also the book gain from the sale of non-core

land in Bregenz (non-recurring income of € 3.37 million). This was in contrast to non-recurring expenses of € 0.25 million to update the Essentials collection as well as follow-up costs for closing company-owned locations. EBIT rose by € 2.63 million from the previous year excluding all one-off effects including the recent income from the sale of employee apartments (other operating income amounting to € 1.09 million).

In the light of a negative net investment securities income, the financial result was at € -0.51 million and thus marginally lower than € -0.45 million in the previous year, due to the development of the securities held by the Group. Earnings before tax before the above-mentioned effects totaled € -0.80 million, compared to € 2.72 million in the previous year. The income tax expense equaled € 0.10 million (previous year: € 1.34 million). As a result, earnings after tax amounted to € -0.90 million, compared to the prior-year level of € 1.38 million. Earnings per share equaled € -0.18, down from € 0.28 in the first half of 2014/15.

**Further improvement in earnings after tax**

### **CASH FLOW (MAY TO OCTOBER 2015)**

The cash flow from operating activities (operating cash flow) fell by € -0.38 million in the first six months of 2015/16 to € -5.07 million. This development can be primarily attributed to the lower proceeds from one-off effects compared to the previous year. The cash flow from investing activities in the reporting period amounted to € -2.25 million, comprising a decrease of € 3.08 million from the previous year, which was influenced by the sale of non-core land. In the first half of the current financial year, Wolford mainly invested in a new company-owned retail location in Puerto Banús, Marbella, which opened at the end of June 2015. In addition, the Milan location was further expanded by opening the flagship store and showroom.

**Higher working capital due to increase in inventories**

Within the context of the above-mentioned effects, the free cash flow (cash flow from operating activities less the cash flow from investing activities) declined from € -3.87 million to € -7.33 million. The very positive development of the online business in the USA in the first half year resulted in a build-up of inventories. As a consequence of the higher working capital, the cash flow from financing activities rose from € 6.83 million to € 8.71 million during the reporting period. Cash and cash equivalents amounted to € 6.14 million at the end of the first half of 2015/16 compared to € 7.78 million in the prior-year period.

### **ASSETS AND FINANCIAL POSITION (AS OF OCTOBER 31, 2015)**

The Wolford Group continued to boast a sound asset and capital structure at the balance sheet date of October 31, 2015. The balance sheet total increased to € 154.28 million compared to € 148.14 million at the prior half-year balance sheet date of October 31, 2014, which was the result of higher inventories and higher deferred tax assets. Equity of the Wolford Group as of October 31, 2015 amounted to € 73.28 million, a drop of € 2.94 million from the comparable figure at the end of 2014/15. As a result, net debt rose from € 20.66 million to € 25.50 million. The equity ratio was 48% (October 31, 2014: 51%) and gearing equaled 35% (October 31, 2014: 27%).

**Solid balance sheet structure, equity ratio of 48%**

### **SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE**

No major events occurred after the balance sheet date that would have had a significant effect on the financial position, financial performance or cash flows of the Wolford Group.

### **OUTLOOK**

The first half of the Wolford business year is traditionally the weakest for seasonal reasons. The quarterly periods which are decisive still lie ahead of the company. The necessary strategic reorientation has been implemented as a means of raising revenues and improving earnings. For this reason, Wolford confirms its original target of generating a further increase in revenues and once again concluding the current financial year with positive operating results.

**Positive operating results (EBIT) expected**

# Interim Financial Statements (IFRS)

## Statement of Comprehensive Income

in TEUR	08 -10/15	08 -10/14	05 -10/15	05 -10/14
<b>Revenues</b>	<b>45,252</b>	<b>40,721</b>	<b>79,235</b>	<b>72,631</b>
Other operating income	252	600	1,585	5,114
Changes in inventories of finished goods and work-in-process	-514	-1,348	3,099	2,141
Own work capitalized	19	15	28	28
<b>Operating output</b>	<b>45,009</b>	<b>39,988</b>	<b>83,947</b>	<b>79,914</b>
Cost of materials and purchased services	-7,057	-6,763	-14,767	-15,005
Personnel expenses	-18,273	-17,874	-37,180	-35,676
Other operating expenses	-14,597	-13,062	-27,665	-25,006
Depreciation and amortization	-2,325	-2,079	-4,619	-4,184
<b>EBIT adjusted</b>	<b>2,757</b>	<b>210</b>	<b>-284</b>	<b>43</b>
Non-recurring expenses	0	-61	0	-247
Non-recurring income	0	0	0	3,370
<b>EBIT</b>	<b>2,757</b>	<b>149</b>	<b>-284</b>	<b>3,166</b>
Net interest cost	-168	-137	-330	-298
Net investment securities income	12	36	-36	81
Interest cost of employee benefit liabilities	-73	-115	-146	-230
<b>Financial result</b>	<b>-229</b>	<b>-216</b>	<b>-512</b>	<b>-447</b>
<b>Earnings before tax</b>	<b>2,528</b>	<b>-67</b>	<b>-796</b>	<b>2,719</b>
Income tax	-874	-41	-103	-1,336
<b>Earnings after tax</b>	<b>1,654</b>	<b>-108</b>	<b>-899</b>	<b>1,383</b>
Amounts that will not be recognized through profit and loss in future periods	0	0	0	0
thereof actuarial gains and losses	0	0	0	0
Amounts that will potentially be recognized through profit and loss in future periods	138	334	331	450
thereof currency translation differences	138	326	326	488
thereof change from cash flow hedges	0	8	5	-38
<b>Other comprehensive income<sup>1)</sup></b>	<b>138</b>	<b>334</b>	<b>331</b>	<b>450</b>
<b>Total comprehensive income</b>	<b>1,792</b>	<b>226</b>	<b>-568</b>	<b>1,833</b>
Attributable to the equity holders of the parent company	1,792	226	-568	1,833
Earnings after tax attributable to equity holders of the parent company	1,654	-108	-899	1,383
<b>Earnings per share (diluted = basic)</b>	<b>0.34</b>	<b>-0.02</b>	<b>-0.18</b>	<b>0.28</b>

1) The items presented under other comprehensive income are shown after tax..



# Cash Flow Statement

in TEUR	05 -10/15	05 -10/14
<b>Earnings before tax</b>	<b>-796</b>	<b>2,719</b>
Depreciation and amortization	4,619	4,184
Interest result	366	217
Gains / losses from disposal of property, plant and equipment	-936	-3,384
Changes in non-current provisions	-456	134
Changes in inventories	-3,355	-2,768
Changes in trade receivables	-3,748	-4,755
Changes in other assets	271	-1,530
Changes in trade payables	353	1,298
Changes in current provisions	-2,027	-781
Changes in other liabilities	965	489
Changes in the cash flow hedge reserve	6	51
Currency translation differences	262	294
Net interest paid	-277	-332
Income taxes paid / received	-320	-534
<b>Cash flow from operating activities</b>	<b>-5,073</b>	<b>-4,698</b>
Investments in property, plant and equipment and other intangible assets	-3,641	-5,940
Proceeds from the sale of property, plant and equipment and other intangible assets	1,389	6,764
Proceeds from the disposal of securities	0	0
<b>Cash flow from investing activities</b>	<b>-2,252</b>	<b>824</b>
Payment received from current and non-current financing liabilities	10,904	7,108
Repayment of current and non-current financing liabilities	-1,219	-274
Dividends paid	-980	0
<b>Cash flow from financing activities</b>	<b>8,705</b>	<b>6,834</b>
<b>Change in cash and cash equivalents</b>	<b>1,380</b>	<b>2,960</b>
Cash and cash equivalents at the beginning of the period	4,785	4,653
Effects of exchange rate fluctuations on cash and cash equivalents	-22	168
<b>Cash and cash equivalents at the end of the period</b>	<b>6,143</b>	<b>7,781</b>

# Balance Sheet

in TEUR	31.10.2015	31.10.2014	30.04.2015
Property, plant and equipment	52,688	53,519	53,470
Goodwill	1,280	1,212	1,278
Other Intangible assets	11,875	11,147	12,311
Financial assets	1,559	1,554	1,595
Non-current receivables and assets	2,112	1,562	2,168
Deferred tax assets	10,622	7,548	10,445
<b>Non-current assets</b>	<b>80,136</b>	<b>76,542</b>	<b>81,267</b>
Inventories	45,556	42,836	42,201
Trade receivables	13,829	13,545	10,081
Other receivables and assets	5,020	3,046	5,219
Prepaid expenses	3,593	4,101	3,595
Cash and cash equivalents	6,143	7,781	4,785
Non-current assets held for sale	0	289	289
<b>Current assets</b>	<b>74,141</b>	<b>71,598</b>	<b>66,170</b>
<b>Total assets</b>	<b>154,277</b>	<b>148,140</b>	<b>147,437</b>
Share capital	36,350	36,350	36,350
Capital reserves	1,817	1,817	1,817
Other reserves	36,026	40,541	37,902
Currency translation differences	-913	-2,493	-1,241
<b>Equity</b>	<b>73,280</b>	<b>76,215</b>	<b>74,828</b>
Financial liabilities	4,972	5,102	4,940
Other liabilities	1,018	1,081	1,052
Provision for long-term employee benefits	18,764	15,831	19,220
Deferred tax liabilities	54	93	54
<b>Non-current liabilities</b>	<b>24,808</b>	<b>22,107</b>	<b>25,266</b>
Financial liabilities	28,225	24,892	18,572
Trade payables	5,463	6,212	5,155
Other liabilities	15,203	13,248	14,204
Income tax liabilities	1,481	928	1,568
Other provisions	5,817	4,538	7,844
<b>Current liabilities</b>	<b>56,189</b>	<b>49,818</b>	<b>47,343</b>
<b>Total equity and liabilities</b>	<b>154,277</b>	<b>148,140</b>	<b>147,437</b>

## Statement of Changes in Equity

in TEUR	Attributable to equity holders of the parent company							Total equity
	Share capital	Capital reserves	Hedging reserve	Actuarial gain/loss	Other reserves	Treasury stock	Currency translation	
<b>01.05.2014</b>	<b>36,350</b>	<b>1,817</b>	<b>-3</b>	<b>-1,542</b>	<b>45,404</b>	<b>-4,663</b>	<b>-2,981</b>	<b>74,382</b>
Dividends 2013/14	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	-38	0	1,383	0	488	1,833
<b>31.10.2014</b>	<b>36,350</b>	<b>1,817</b>	<b>-41</b>	<b>-1,542</b>	<b>46,787</b>	<b>-4,663</b>	<b>-2,493</b>	<b>76,215</b>
<b>01.05.2015</b>	<b>36,350</b>	<b>1,817</b>	<b>-5</b>	<b>-3,867</b>	<b>46,437</b>	<b>-4,663</b>	<b>-1,241</b>	<b>74,828</b>
Dividends 2014/15	0	0	0	0	-980	0	0	-980
Total comprehensive income	0	0	5	0	-900	0	327	-568
<b>31.10.2015</b>	<b>36,350</b>	<b>1,817</b>	<b>0</b>	<b>-3,867</b>	<b>44,557</b>	<b>-4,663</b>	<b>-914</b>	<b>73,280</b>

## Segment Reporting

05 -10/15 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
<b>Revenues</b>	<b>48,841</b>	<b>48,460</b>	<b>15,135</b>	<b>3,459</b>	<b>-36,660</b>	<b>79,235</b>
thereof intersegment	32,493	4,167	0	0	-36,660	0
<b>External revenues</b>	<b>16,348</b>	<b>44,293</b>	<b>15,135</b>	<b>3,459</b>	<b>0</b>	<b>79,235</b>
<b>EBIT adjusted</b>	<b>3,237</b>	<b>-1,171</b>	<b>-1,304</b>	<b>-486</b>	<b>-561</b>	<b>-285</b>
Non-recurring expenses	0	0	0	0	0	0
Non-recurring income	0	0	0	0	0	0
<b>EBIT</b>	<b>3,237</b>	<b>-1,171</b>	<b>-1,304</b>	<b>-486</b>	<b>-561</b>	<b>-285</b>
Segment assets	171,247	55,457	19,204	3,789	-95,420	154,277
Segment liabilities	70,460	45,930	13,552	2,827	-51,771	80,998
Investments	1,368	1,719	283	250	-24	3,596
Depreciation and amortization	2,577	1,513	361	181	-12	4,620
<b>Employees on average (FTE)</b>	<b>720</b>	<b>721</b>	<b>101</b>	<b>36</b>	<b>0</b>	<b>1,578</b>

05 -10/14 in TEUR	Austria	Rest of Europe	North America	Asia	Consolidations	Group
<b>Revenues</b>	<b>42,237</b>	<b>44,764</b>	<b>12,350</b>	<b>2,527</b>	<b>-29,247</b>	<b>72,631</b>
thereof intersegment	26,564	2,683	0	0	-29,247	0
<b>External revenues</b>	<b>15,673</b>	<b>42,081</b>	<b>12,350</b>	<b>2,527</b>	<b>0</b>	<b>72,631</b>
<b>EBIT adjusted</b>	<b>-1,418</b>	<b>2,311</b>	<b>-1,498</b>	<b>-404</b>	<b>1,052</b>	<b>43</b>
Non-recurring expenses	-204	-24	-19	0	0	-247
Non-recurring income	3,370	0	0	0	0	3,370
<b>EBIT</b>	<b>1,748</b>	<b>2,287</b>	<b>-1,517</b>	<b>-404</b>	<b>1,052</b>	<b>3,166</b>
Segment assets	163,100	52,485	14,488	3,512	-85,445	148,140
Segment liabilities	62,672	39,561	10,061	1,670	-42,039	71,925
Investments	2,723	2,223	366	138	-6	5,444
Depreciation and amortization	2,514	1,283	226	174	-13	4,184
<b>Employees on average (FTE)</b>	<b>716</b>	<b>697</b>	<b>116</b>	<b>38</b>	<b>0</b>	<b>1,567</b>

# Notes to the Interim Financial Statements

## GENERAL INFORMATION

The consolidated interim financial statements of the Wolford Group for the first six months of the 2015/16 financial year (May 1, 2015 to October 31, 2015) were prepared in accordance with International Financial Reporting Standards (IFRS) on the basis of IAS 34 (Interim Financial Reporting). The accounting and valuation policies applied in preparing the consolidated interim financial statements reflect the policies applied to the consolidated financial statements for the 2014/15 financial year. The following new or revised standards and interpretations require mandatory application in the 2015/16 financial year.

<b>Standard/ Interpretation</b>	<b>Description</b>	<b>Effective date</b>
IFRIC 21	Levies	June 17, 2014
Improvements to IFRS 2011-2013	Changes to IFRS 1, IFRS 3, IFRS 13 und IAS 40	January 1, 2015
Improvements to IFRS 2010-2012	Changes to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38	February 1, 2015
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	February 1, 2015

The application of the new standards and interpretations has no effect on the consolidated interim financial statements of the Wolford Group. The consolidated interim financial statements do not include all information and disclosures required for the consolidated annual financial statements. For this reason, the consolidated interim financial statements should also be read in connection with the latest consolidated financial statements as of April 30, 2015. The amounts included in this quarterly report are presented in thousands of euros (TEUR). Rounding differences may arise from the application of commercial rounding principles.

No significant costs should arise from Wolford's strategic refocusing efforts in the future. Therefore no additional non-recurring expenses and income will be reported in the current financial year but only in the comparison with prior-year figures. In order to more transparently present the development of the Wolford Group's operating business, all non-recurring effects in previous years related to the strategic refocusing were excluded from the calculation of adjusted EBITDA and adjusted EBIT and reported separately as non-recurring items in the statement of comprehensive income in accordance with IAS 1.98. These non-recurring items include expenses for updating the Essentials collection, follow-up costs from closing company-owned locations and the related severance payments as well as income from the sale of non-core land.

## SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation since the balance sheet date on April 30, 2015.

## SEASONALITY OF BUSINESS

Wolford generates lower revenues in the first and last months of the financial year due to the weather. These seasonal fluctuations are reflected in revenues for the first and fourth quarters, which are generally lower than the comparable figures for the second and third quarters.

## NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

Revenues recorded by the Wolford Group rose by 9.1%, or TEUR 6,605 to TEUR 79,235 in the first six months of 2015/16 (previous year: TEUR 72,631). The increase can mainly be attributed to currency effects. Operating output was up by TEUR 4,034 to TEUR 83,947 (previous year: TEUR 79,913). This was due to the fact that the changes in inventories increased from TEUR 2,141 to TEUR 3,099 as a result of higher production volumes in preparation for the very successful online business.

The development of operating profit was influenced by an increase in personnel expenses of TEUR 1,505 and a rise in other operating expenses to the amount of TEUR 2,530 mainly related to higher rental and lease payments as well as freight costs. EBIT in the first half of the 2015/16 financial year totaled TEUR -284, compared to TEUR 42 in the prior-year period. Adjusted EBIT rose by TEUR 2,626 from the previous year after taking account of the proceeds from the sale of the lease option in the previous year and the employee apartments in the current year.

The financial result in the first half of the current financial year deteriorated by TEUR 65 to TEUR -512, which is due to the negative value development of the securities held by the Wolford Group totaling TEUR -36 (previous year: TEUR 81).

The reported tax expense amounted to TEUR 103 in the first six months of 2015/16, whereas a tax expense of TEUR 1,336 related to the taxable sale of a lease option was recognized in the previous year. Accordingly, earnings after tax were TEUR -900 (previous year: TEUR 1,381).

Positive currency translation differences of TEUR 326 (previous year: TEUR 488) which were recorded without recognition through profit or loss as well as a positive change in the hedging reserve of TEUR 5 (previous year: TEUR -38) led to other comprehensive income of TEUR 331 (previous year: TEUR 450). The total comprehensive income resulted in a decline in equity in the reporting period by TEUR 569 (previous year: increase of TEUR 1,831).

## NOTES ON SEGMENT REPORTING

The Wolford Group has four reportable segments: Austria, Other Europe, North America and Asia. Segment reporting is based on the same accounting and valuation policies applied in preparing the consolidated financial statements.

External sales rose by 4% in the Austria segment and by 8% in the Other Europe segment. The North America and Asia segments showed particularly gratifying growth, with sales increasing by 23% and 37% respectively. Adjusted EBIT in the Austria segment rose by TEUR 4,655 from the prior-year level after taking accounting of the proceeds from the sale of non-core land in Bregenz and employee apartments. Adjusted EBIT in the Other Europe segment was down by TEUR 3,482 in a year-on-year comparison after taking account of proceeds from the sale of a lease option in Switzerland in the previous year. The North America segment showed a particularly gratifying performance, with adjusted EBIT up TEUR 194 from the previous year. Adjusted EBIT in Asia declined by TEUR 82. Segment assets rose by TEUR 6,137 year-on-year to TEUR 154,277. This increase reflects the higher working capital.

## NOTES ON THE CASH FLOW STATEMENT

The cash flow from operating activities (operating cash flow) fell by TEUR 375 to TEUR -5,073 in the first six months of 2015/16. This development can be mainly attributed to the lower proceeds from one-off effects compared to the previous year. The cash flow from investing activities amounted to TEUR -2,252 in the reporting period, comprising a year-on-year decrease of TEUR 3,076. The prior-year cash flow from investing activities included net proceeds of TEUR 6,713 from the sale of non-core land. Net proceeds from the sale of employee apartments totaled TEUR 1,357 in the current financial year. Wolford's investment activity included a new company-owned retail location in Marbella which opened at the end of June. In addition, the store in Milan, Italy was further expanded.

The above-mentioned developments led to a decline in the free cash flow (cash flow from operating activities minus the cash flow from investing activities) during the reporting period from TEUR -3,874 to TEUR -7,325.

Accordingly, the cash flow from financing activities rose from TEUR 6,834 to TEUR 8,705 during the reporting period. Cash and cash equivalents totaled TEUR 6,143 at the end of the reporting period, compared to TEUR 7,781 at the end of the first half of 2014/15.

## NOTES ON THE BALANCE SHEET

The balance sheet total amounted to TEUR 154,277 as of the balance sheet date of October 31, 2015, which represents an increase of 4% over the level at October 31, 2014. Non-current assets rose by 5% to TEUR 80,136, accounting for 52% of total assets. Investments of TEUR 3,596 in intangible assets and property, plant and equipment were in contrast to scheduled amortization and depreciation of TEUR 4,619. Current assets equaled about 48% of total assets as of October 31, 2015. Inventories rose by 6% to TEUR 45,556 or 30% of total assets, whereas trade receivables remained were up slightly by 2% to TEUR 13,829, comprising about 9% of total assets.

Equity totaled TEUR 73,279 as of October 31, 2015, which represents an equity ratio of 48% (previous year: 51%). Non-current liabilities rose by TEUR 2,702, from TEUR 22,107 to TEUR 24,809, or 16% of the balance sheet total, primarily due to an interest rate-related increase in non-current employee-related provisions. Current liabilities rose to TEUR 56,189 (previous year: TEUR 49,818), primarily owing to an increase of TEUR 3,333 in current financial liabilities to TEUR 28,225 and an increase in other liabilities. Working capital rose to TEUR 43,742 on October 31, 2015 from the prior-year figure of EUR 39,967, which was due to the increase in inventories. Net debt totaled TEUR 25,498 at the reporting date, representing a rise of TEUR 4,837 from the comparable figure at October 31, 2014.

## FINANCIAL INSTRUMENTS

The following hierarchy is used to determine and report the fair value of financial instruments:

Level 1: Quoted prices for identical assets or liabilities on active markets

Level 2: Valuation factors other than quoted prices that can be directly (i.e. as prices) or indirectly (i.e. derived from prices) monitored for assets and liabilities

Level 3: Valuation factors for assets and liabilities that are not based on observable market data.

The financial assets classified under Level 1 consist of publicly traded investment fund shares, while the securities and financial assets reported under current assets in the prior year represent securities used to hedge rental and leasing obligations. The other receivables and other liabilities included under Level 2 result from the valuation of outstanding foreign currency derivative transactions. No financial instruments are valued in accordance with Level 3, and there were no reclassifications between the fair value hierarchy levels during the reporting period.

in TEUR	Level	31.10.2015		31.10.2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets	1	1,559	1,559	1,554	1,554
Trade receivables		13,829	13,829	13,545	13,545
Other receivables and assets		5,020	5,020	3,046	3,046
thereof derivatives	2	0	0	1	1
Prepaid expenses		3,593	3,593	4,101	4,101
Cash and cash equivalents		6,143	6,143	7,781	7,781
<b>Total financial assets</b>		<b>30,144</b>	<b>30,144</b>	<b>30,027</b>	<b>30,027</b>
Financial liabilities, non-current		4,972	4,972	5,102	5,102
Financial liabilities, current		28,225	28,225	24,892	24,892
Trade payables		5,463	5,463	6,212	6,212
Other liabilities		15,203	15,203	13,248	13,248
thereof derivatives	2	0	0	55	55
<b>Total financial liabilities</b>		<b>53,863</b>	<b>53,863</b>	<b>49,454</b>	<b>49,454</b>

## OTHER DISCLOSURES

There were no material changes in contingent liabilities since the last balance sheet date.

## RELATED PARTY TRANSACTIONS

The company maintains business relationships with several members of the Supervisory Board, which are immaterial in scope and are billed at ordinary market rates.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No major events occurred after that balance sheet date that would have had a significant effect on the financial position, financial performance or cash flows of the Woldford Group.

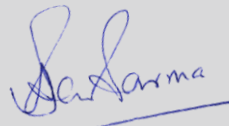
## WAIVER OF REVIEW

This report on the first half of the 2015/16 financial year was neither audited nor reviewed by a certified public accountant.

**STATEMENT BY THE MANAGEMENT BOARD IN ACCORDANCE WITH § 87 (1)  
NO. 3 OF THE AUSTRIAN STOCK EXCHANGE ACT**

The Management Board of Wolford AG hereby confirms the best of its knowledge that these condensed consolidated interim financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report provides a true and fair view of the important events that occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Bregenz, December 14, 2015



Ashish Sensarma  
CEO

Responsible for Marketing, Sales and  
Coordination of the Corporate  
Strategy



Axel Dreher  
Deputy CEO

Responsible for Product Development,  
Production and Technology, Procurement,  
Distribution Logistics, Quality Management,  
Market Services, Merchandising, Finance,  
Internal Audit, Investor Relations, Legal  
Affairs and Human Resources



## Financial Calendar

<b>Datum</b>	<b>Event</b>
March 18, 2016	Q3 Report 2015/16
July 15, 2016	Press conference on 2015/16 annual results
September 04, 2016	Record date AGM
September 09, 2016	Q1 Report 2016/17
September 14, 2016	29th Annual General Meeting
September 19, 2016	Deduction of dividends (ex-day)
September 20, 2016	Record date dividend
September 21, 2016	First day of dividend payment
December 16, 2016	HalfYear Report 2016/17
March 17, 2017	Q3 Report 2016/17

## Information on the Company and the Share

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## **Wolford AG**

Wolfordstraße 1, 6900 Bregenz, Austria

This report on the first half of 2015/16 is available in the Internet under [company.wolford.com](http://company.wolford.com) in the Investor Relations section.

To ensure readability, statements referring to her or she are intended to be gender neutral and are equally valid for both women and men.

## **Disclaimer**

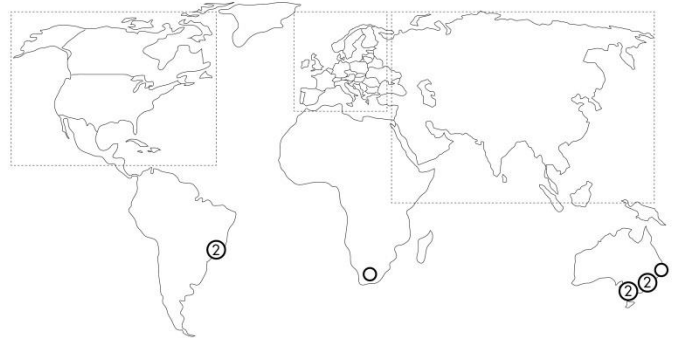
This quarterly report was prepared with the greatest possible care, and all data were subjected to multiple reviews by Wolford AG. Nevertheless, rounding, typesetting or printing errors cannot be excluded. This report is also published in English, but only the German text is binding. The quarterly report contains forward-looking statements which reflect the opinions and expectations of the Management Board and are subject to risks and uncertainties that could have a significant impact on actual results. Readers are therefore cautioned not to place undue reliance on these forward-looking statements. Wolford AG is not required to publish any updates or revisions of the forward-looking statements contained in this report unless required by law.

# Monobrand Points of Sale

## WORLDWIDE

Monobrand points of sale  
October 31, 2015: 272

- Thereof Wolford-owned points of sale:  
114 boutiques  
41 concession shop-in-shops  
25 factory outlets
- Thereof partner-operated points of sale:  
92 boutiques  
approx. 3,000 other distribution partners



## NORTH AMERICA: 35

- Thereof Wolford-owned points of sale:  
24 boutiques  
7 concession shop-in-shops  
3 factory outlets
- Thereof partner-operated points of sale:  
1 boutiques



## ASIA: 38 <sup>1)</sup>

- Thereof Wolford-owned points of sale:  
6 boutiques  
3 concession shop-in-shop
- Thereof partner-operated points of sale:  
29 boutiques

1) Including Russia, Ukraine

**EUROPE: 191 <sup>2)</sup>**

- Thereof Wolford-owned points of sale:
  - 84 boutiques
  - 31 concession shop-in-shops
  - 22 factory outlets
  
- Thereof partner-operated points of sale:
  - 54 boutiques

2) Excluding Russia, Ukraine



