



WIEN PARIS LONDON

PRESS RELEASE

Wolford gains ground in first quarter

- Substantial improvement in profitability
- EBIT improved by 21.9%, net loss lightened by 23.5%
- Significant debt reduction

Bregenz, Austria, September 14, 2004

Wolford AG, a listed company, had a positive first quarter in its 2004/05 fiscal year. Sales in this period increased for the first time in three years and profitability improved significantly, although EBIT is still negative. In the seasonal cycle, sales are typically lowest in the first quarter while costs are disproportionately high.

Sales from May to July 2004 were EUR 24.14 million, or 2.6 percent higher than one year earlier. The positive sales trend in the fourth quarter of last year continued in the reporting period. EBIT improved by 21.9 percent and the net loss for the quarter was lightened by 23.5 percent.

Sales

What makes the sales growth particularly gratifying is that, in the interest of a stronger positioning as a luxury brand, no appreciable volume of discounted sale items was shipped in the first quarter. With the exception of Switzerland and Germany, Wolford lifted sales at all subsidiaries. The trend was especially positive in the USA, UK, Italy and the Eastern European countries.

The most important driver of this growth was the Retail segment, which expanded by 7.3 percent. For the first time since 2002, revenues from the new Wolford-owned boutiques exceeded the sales lost to closures. In the first quarter of 2004/05 a total of seven boutiques (including two owned by Wolford) were closed, while four new partner boutiques opened in high-traffic locations. In Austria, ten outlets operated by Palmers were taken over by Wolford in the first quarter.

Profitability

Compared to the first quarter of the 2003/04 fiscal year, EBIT was lifted from EUR – 3.18 million to EUR – 2.48 million. This represents an improvement of 21.9 percent. The quarterly loss, at EUR 1.74 million, was 23.5 percent closer to the break-even point than the year-earlier deficit of EUR 2.27 million. The financial result improved by 33.0 percent to EUR – 0.27 million.

Shareholders' equity was up slightly to EUR 63.46 million from the year-ago value of EUR 62.22 million, and the equity ratio rose to 45.0 percent. Net debt was reduced by 20.3 percent from EUR 38.91 million to EUR 31.03 million. As of the end of the first quarter, this improved the gearing from 62.6 percent to 48.9 percent.

Earnings per share improved from EUR – 0.48 in the first quarter of 2003/04 to EUR – 0.37 in the reporting period.



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Fashion developments

In the first quarter of 2004/05, brand sales in the core Legwear business increased by 17 percent. Demand was particularly strong for trendy designs from the seasonal line-up and for colorful opaques from the classic year-round collection.

The distribution of the Armani collection is being built up according to plan. Sales of the first collection to distributors and retailers and the first sell-through results fulfill the high expectations.

The design partnerships with Vivienne Westwood and Lagerfeld Gallery are being continued for the 2005 summer season. The Vivienne Westwood collection in particular met with a very warm reception in the first presentations to vendors.

From mid-October 2004, Emilio Pucci and Wolford are jointly launching a limited collection of pantyhose and bodywear that will be available in Pucci and Wolford boutiques and at exclusive multi-brand retailers. The models from this initial collaboration were extremely well received by distributors and retailers.

Outlook

The welcome trend in sales seen in the first quarter has continued. If it persists, further improvements in profitability can be expected. For the year as a whole the management's focus remains on the fundamental transformation of the marketing mix with the goal of margin-oriented growth in sales.

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KEY IAS FIGURES FOR THE WOLFORD GROUP

in millions of euros	First quarter ended		Change
	July 31, 2004	July 31, 2003	
Sales	24.14	23.54	2.6%
EBITDA	(0.89)	(1.50)	40.7%
EBITDA margin	(3.7%)	(6.4%)	
EBIT	(2.48)	(3.18)	21.9%
EBIT margin	(10.3%)	(13.5%)	
Financial result	(0.27)	(0.41)	33.0%
EBT	(2.76)	(3.59)	23.2%
Net profit (loss) for the period	(1.74)	(2.27)	23.5%
Total assets	141.08	143.64	- 1.8%
Gross liquidity	13.65	14.36	- 4.9%
Bank and other debt	44.69	53.27	- 16.1%
Net debt	31.03	38.91	- 20.3%
Shareholders' equity	63.46	62.22	2.0%
Equity ratio based on total assets	45.0%	43.3%	
Gearing	48.9%	62.6%	
Cash flow from operating activities	(5.26)	(4.32)	- 21.6%
Capital expenditure	2.04	0.30	571.6%
Amortization, depreciation and write-downs	1.60	1.68	- 5.2%
Number of employees (average full-time equivalents for period)	1,380	1,451	- 4.9%

STOCK DATA

in euros	First quarter ended	
	July 31, 2004	July 31, 2003
Earnings (loss) per share for period	(0.37)	(0.48)
Stock price high for period	28.80	13.35
Stock price low for period	21.50	9.50



WIEN PARIS LONDON

CONSOLIDATED BALANCE SHEETS

in thousands of euros	July 31, 2004	July 31, 2003	April 30, 2004
ASSETS			
Non-current assets			
Property, plant and equipment	63,756	65,833	63,922
Goodwill	1,795	1,382	1,140
Other intangible assets	2,820	3,065	2,911
Financial assets	10,620	11,638	10,702
Long-term receivables and assets	731	785	901
	79,722	82,703	79,576
Deferred tax assets	7,886	7,155	6,727
Current assets			
Inventories	24,398	24,918	22,268
Current receivables and other assets	23,323	23,054	21,034
Securities held as current assets	2,000	3,195	2,500
Cash and cash equivalents	3,746	2,615	3,845
	53,467	53,782	49,647
TOTAL ASSETS	141,075	143,640	135,950
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Capital stock and additional paid-in capital	38,167	38,167	38,167
Other reserves	35,040	33,797	36,635
Treasury stock	(9,748)	(9,748)	(9,748)
	63,459	62,216	65,054
Non-current liabilities			
Long-term debt	15,498	19,561	12,634
Provisions for employee benefits	12,981	12,440	12,645
Other long-term liabilities	514	430	520
	28,993	32,431	25,799
Current liabilities			
Bank loans and overdrafts	29,189	33,711	25,138
Other provisions	4,460	7,949	3,929
Trade payables	4,075	2,926	5,052
Other current liabilities	10,899	4,407	10,978
	48,623	48,993	45,097
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	141,075	143,640	135,950

CONSOLIDATED STATEMENTS OF INCOME

in thousands of euros	First quarter ended	
	July 31, 2004	July 31, 2003
Sales	24,142	23,536
Other operating income	1,457	871
Change in inventories of finished goods and work-in-process	1,471	1,165
Other own work capitalized	64	24
Operating output	27,134	25,596
Cost of materials and purchased services	(6,124)	(6,037)
Staff costs	(14,996)	(14,977)
Amortization, depreciation and write-downs	(1,537)	(1,622)
Goodwill amortization and write-downs	(59)	(62)
Other operating expenses	(6,901)	(6,077)
Operating profit (loss)	(2,483)	(3,179)
Financial result	(274)	(409)
Profit (loss) before taxes	(2,757)	(3,588)
Income taxes	1,021	1,319
Net profit (loss) for the period	(1,736)	(2,269)
Earnings per share (basic) in EUR	(0.37)	(0.48)
Earnings per share (diluted) in EUR	(0.35)	(0.45)
Average number of shares outstanding (basic) in thousands	4,750	4,750
Average number of shares outstanding (diluted) in thousands	5,000	5,000

CONSOLIDATED STATEMENTS OF CASH FLOWS

in thousands of euros	First quarter ended	
	July 31, 2004	July 31, 2003
Cash flow from operating activities	(5,259)	(4,325)
Cash flow from investing activities	(931)	1,427
Cash flow from financing activities	6,090	1,066
Change in cash and cash equivalents	(100)	(1,832)
Cash and cash equivalents at beginning of period	3,845	4,460
Effect of exchange rates on cash and cash equivalents at beginning of period	1	(13)
Cash and cash equivalents at end of period	3,746	2,615

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

in thousands of euros	First quarter ended	
	July 31, 2004	July 31, 2003
Shareholders' equity at beginning of period	65,054	64,397
Net profit (loss) for the period	(1,736)	(2,269)
Dividend	0	0
Capital increase	0	0
Purchase of treasury stock	0	0
Currency translation	(73)	(398)
Other changes	214	486
Shareholders' equity at end of period	63,459	62,216