



Press release

Sales and earnings for the first three quarters of the 2006/07 financial year (May 1, 2006 – January 31, 2007)

Wolford achieves double-digit sales and earnings growth in the first nine months of 2006/07

- **Sales up by 16.1 percent**
- **EBIT up by 66.4 percent year-on-year**
- **Earnings per share more than doubled**
- **Boutiques and department stores continue to drive growth**

Bregenz, 16 March 2007

Vienna-listed Wolford Group confirmed it is still successfully on course, with a 16.1 percent increase in sales to EUR 107.8 million in the first nine months of financial 2006/07 (EUR 92.9 million in the same period last financial year), and even higher rates of increase in EBITDA (earnings before interest, taxes, depreciation and amortization), EBIT (operating profit) and RCO (result from continuing operations).

“These results confirm the correctness of our strategy and clearly illustrate that the turnaround is lasting,” comments Wolford Chief Executive Holger Dahmen on the positive performance of the first nine months of the current financial year. “We are now reaping the initial rewards of the strategic repositioning of the Wolford brand, which we have been rigorously pursuing for about the last three years,” he adds. “The realignment of the Wolford range and intensification of brand communication have resulted in double-digit sales increases and earnings growing faster than sales. This growth is not only attributable to the successful, selective expansion of the range — particularly the ready-to-wear portfolio — but also to tightening the focus on the point of sale with the new store concept.”

Earnings grow faster than sales

Earnings grew at a faster rate than sales, thus increasing the profitability of the Austrian luxury brand. In the first three quarters of financial 2006/07, Wolford Group’s EBITDA grew from EUR 8.6 million to EUR 11.7 million, an increase of 36.8 percent compared with the first three quarters of 2005/06. EBIT was up 66.4 percent, from EUR 4.2 million to EUR 7 million, while the improvement in RCO was even more encouraging, with an 82.8 percent increase in the first nine months from EUR 3.2 million to EUR 5.8 million.

This development is even more satisfactory given the need, starting in the third quarter, to integrate over 100 new employees into the production process in order to cope with the increased demand and the resulting requirement for increased capacity, which in turn affects both productivity and costs.

As a result, the EBITDA margin for the first nine months rose to 10.9 percent, compared with 9.2 percent in the same period last year. The EBIT margin for the same period was 6.5 percent, compared with 4.5 percent for the first three quarters of 2005/06.

Earnings per share of EUR 1.20 after nine months have more than doubled compared with the like period a year earlier.

Sound equity capital base

At the reporting date of January 31, 2007, equity was EUR 73.7 million, up 16.2 percent from one year earlier, and up 11.1 percent compared with October 31, 2006. The equity ratio was 51.5 percent. Last year's net debt of EUR 19.1 million improved 6.2 percent, to EUR 17.9 million. Earnings before tax plus amortization and depreciation at January 31, 2007 of EUR 10.5 million were up 39.6 percent compared with the first nine months of financial 2005/06.

Double-digit sales increases in most main markets

Geographically, the Woldford Group recorded double-digit growth rates in almost all of its markets in the first nine months of the financial year. Woldford was particularly successful in the highly competitive US market, with an increase of 34.7 percent. The Group's product portfolio also scored successes in its main European markets, generating increases of 25.5 percent (UK), 22.7 percent (the Netherlands), 17.0 percent (Germany), 15.0 percent (Italy), 11.7 percent (Scandinavian markets) and 11.3 percent in Central and Eastern Europe. Woldford Group also expanded in its Austrian home market, where a 11.2 percent rise further bolstered its market position. The Group's performance was also positive in its French market, with sales increases of 7.5 percent, and in Switzerland, where Woldford held sales at the same level as in the same period in the previous year. The only decline was in Spain - this is chiefly attributable to an exceptionally strong third quarter in the last financial year.

The Group's performance is also encouraging in Asia and Oceania, where in the course of the reorganization sales improved by 37.9 percent.

Boutiques and department stores continue to drive growth

Once again Woldford boutiques were the main growth motor in the third quarter of 2006/07. The 222 Woldford boutiques (78 Woldford-owned and 144 partner-operated) together generated sales growth of 27.1 percent and accounted for the largest contribution to revenues, with double-digit sales increases in all markets.

Woldford-owned stores (boutiques, shop-in-shops and factory outlets) together recorded sales increases of 33.1 percent compared with the first nine months of the previous year. On a like-for-like basis, this amounts to a highly encouraging increase of 14.4 percent. The performance of the Group's own boutiques is particularly gratifying, with sales increases of 33.9 percent, or 17.3 percent like-for-like.

The redesigning of boutiques in line with the uniform store concept also continued at a rapid pace. Since the launch of the new store concept in August 2005, a total of 76 outlets (36 Woldford-owned and 40 partner-operated) has been opened or refitted in the new design.

Business with department stores reflected positive growth rates in the third quarter, with increases of 19.2 percent by the end of the period under review. The performance relating to department stores in the USA was particularly encouraging. Following a relatively strong third quarter with a growth of 6.2 percent, the improvement left cumulative sales in the multibrand retail segment only down slightly.

Fashion highlights — encouraging growth for all product groups

The two main Wolford product groups — legwear and ready-to-wear — recorded revenue growth in the double digits in the period under review. In particular, Wolford's gradual strategic expansion of the ready-to-wear product line is being well received by the market, and the products continue to perform very promisingly. The lingerie and swimwear categories registered slight improvements. The newly introduced leather accessories collection has performed well and shows signs of further potential.

Initial reactions from fashion professionals and retailers to the new 07/08 fall winter collection are exceptionally positive and confirm that the brand is on the right track.

Outlook

In the fourth quarter, the Wolford Group will continue to pursue its chosen strategy energetically, particularly with regard to product range and distribution, and will continue with the roll-out of the e-commerce business — launched in November 2006 — in the new financial year.

In March 2007 Ronald van der Kemp joined the Wolford team as designer. He has already begun work on the 2008/09 fall winter collection in his new role. He is taking over from Antonio Berardi, who will be moving on after completion of the 2008 summer collection, following three highly successful seasons designing for Wolford.

As a result of the good order situation and the very positive Christmas season, the management expects sales for this financial year to grow to at least EUR 136 million, with growth in operating profit disproportionately higher.

Earnings data for the first three quarters of 2006/07 (May 1, 2006 to January 31, 2007)

EUR million	First three quarters cumulative		
	31.01.2007	31.01.2006	Change in %
Sales	107.79	92.88	16.1%
EBITDA	11.71	8.56	36.8%
EBITDA margin	10.86%	9.22%	-
EBIT	6.99	4.20	66.4%
EBIT margin	6.49%	4.52%	-
RCO	5.80	3.17	82.8%
Result for the period	5.87	2.66	120,5%
Earnings before tax plus amortization and depreciation	10.51	7.53	39.6%
Cash generated by operations	5.04	4.46	13.0%
Earnings per share in EUR	1.20	0.56	114.1%

The full consolidated balance sheet and income statement are available on the Internet at: www.wolford.com

Contacts: Holger Dahmen, Chief Executive Officer
Peter Simma, Deputy Chief Executive Officer
investor@wolford.com
Wolford AG, Wolfordstraße 1, A-6901 Bregenz, Austria
+43 (0) 5574/690-0
www.wolford.com