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EANS-News: Wolford AG: Detailed Figures announced for the First Half-Year 2018/19

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Quarterly Report

Bregenz -

- * Slightly improved operating earnings despite revenue decline
- * Positive second-quarter EBIT
- * Successful brand relaunch
- * Outlook confirmed

Bregenz, December 14, 2018: Wolford AG, which is listed on the Vienna Stock Exchange, generated revenue of EUR 62.37 million in the first half of the current financial year, comprising a decline of 11% compared to EUR 70.15 million in the previous year. The decrease in revenue equaled 10% during the first six months when adjusted for changes in currency exchange rates (especially the decrease in value of the Swiss franc and the US dollar). Within the context of systematically reducing ongoing costs, Wolford managed to slightly improve operating earnings (EBIT) in spite of the revenue decline and higher marketing costs. EBIT in the first half of the current 2018/19 financial year amounted to EUR -5.92 million, compared to EUR -6.18 million in the prior-year period. Wolford generated a positive second-quarter EBIT of about EUR 1 million. However, as the consequence of a tax payment, earnings after tax deteriorated to EUR -7.33 million, down from EUR -6.62 million in the first six months of 2017/18. The revenue decline in the first half-year affected the company's own retail (-9.3%) and wholesale (-10.3%) business, whereas the online segment reported a 14% rise in revenue. Wolford's second-quarter business operations were also negatively impacted by weak customer frequency related to the long-lasting summerlike temperatures and the late start of the autumn season. The entire European fashion market was affected by this development. Revenue of German fashion retailers fell by 13% in September alone.

Declining fixed costs and higher equity Ratio

Wolford succeeded in slightly improving operating earnings in spite of the revenue decrease and higher marketing expenses. The restructuring program, above all the systematic reduction of excess capacities and the streamlining of corporate processes, showed a sustainably positive effect. Personnel expenses fell substantially by EUR 3.31 million year-on-year to EUR 31.16 million. Moreover, other operating expenses were down by EUR 2.16 million to EUR 24.45 million.

The equity ratio improved substantially to 39% compared to 29% in the previous year as a result of the successfully concluded capital increase in July 2018. The repayment of loans led to a substantial drop in net debt, from EUR 39.15 million to EUR 25.21 million. Accordingly, the gearing ratio was also cut in half, from 102% to 52%.

Successful relaunch of the brand / New strategy for China on the home straight

Wolford made considerable progress in implementing its new brand strategy with the objective of increasingly appeal to younger target groups. In addition to a fashion collection featuring numerous fashion highlights focusing on the core competence of skinwear, the company also presented further milestones in recent weeks designed to ensure a consistent brand experience.

The new market presence was introduced within the context of a comprehensive brand presentation in London at the beginning of November. Since then, Wolford has been present across the globe with a new visual language both online and in the display windows of 117 points of sale. In line with the campaign motto #truecharacter, the Wolford brand presents itself in a playful, emotional and occasionally provocative manner. Every image of the well-known fashion photographer Ellen von Unwerth tells a short story and underlines Wolford's brand claim that women wearing Wolford garments will look good in all situations in life.

The company will also present its new shop concept in January 2019 in two Paris boutiques and one store in Amsterdam. "We are creating a modern world of experience matching the brand promise", explains CEO Axel Dreher. "The modular concept is flexibly adaptable to local characteristics and is economically feasible". Moreover, the online shops will already present themselves in a new look and feel at the end of 2018.

Wolford also made progress in developing a new sales strategy for the important future market of China. The company will substantially expand its local market presence there with the support of the new large shareholder Fosun. Details are currently being negotiated, and a comprehensive solution is expected to be presented in the near future.

However, the Management Board warns against having overly high expectations regarding short-term revenue effects and points to the difficult conditions in the Chinese retail fashion segment likely to prevail for the foreseeable future. "We continue to be called upon to identify and leverage cost savings potential - This is and will continue to be an ongoing process", says Wolford CFO Brigitte Kurz. For example, a current focus is on the issue of procurement optimization.

Outlook

Wolford confirms its outlook for the current financial year in spite of the weak revenue development in the first half-year. The third quarter of the year which traditionally generates the highest revenue has just commenced, the generated cost savings have proven to be sustainable, and the company is continually striving to reduce fixed costs. For these reasons, the management continues to expect positive operating earnings (EBIT) in the current 2018/19 financial year. However, third-quarter revenue development will be of crucial importance.

The report for the first half-year 2018/19 can be downloaded under company.wolford.com, Investor Relations.

<https://tinyurl.com/y8y2xtvk> [<https://tinyurl.com/y8y2xtvk>]

Earnings Data	05 -10/18	05 -10/17	Chg. in %	2017/18
Revenues	in EUR mill. 62.37	70.15	-11	149.07
EBIT	in EUR mill. -5.92	-6.18	+4	-9.22
Earnings before tax	in EUR mill. -6.61	-7.36	+10	-11.43
Earnings after tax	in EUR mill. -7.33	-6.62	-11	-11.54
Capital expenditure	in EUR mill. 1.84	0.78	>100	1.40
Free cash flow	in EUR mill. -16.41	-7.88	>100	1.83
Employees (on average) FTE	1,350	1,476	+9	1,433

Balance Sheet Data	31.10.2018	31.10.2017	Chg. in %	30.04.2018
Equity	in EUR mill. 48.16	38.23	+26	33.90
Net debt	in EUR mill. 25.21	39.15	-36	30.09
Working capital	in EUR mill. 43.29	48.65	-11	34.59
Balance sheet total	in EUR mill. 123.68	130.68	-5	114.33
Equity ratio	in % 39	29	+34	30
Gearing	in % 52	102	-49	89

Stock Exchange Data	05 -10/18	05 -10/17	Chg. in %	2017/18
Earnings per share	in EUR -1.10	-1.35	+19	-2.35

Share price high	in EUR	17.70	21.45	-17	19.75
Share price low	in EUR	12.30	15.92	-23	11.36
Share price at end of period	in EUR	12.30	15.92	-23	13.60
Shares outstanding (weighted) in 1,000		6,631	4,912	+35	4,912
Market capitalization	in EUR mill.	82.65	79.60	+4	68.00

(ultimo)

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