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## **EANS-News: Wolford Aktiengesellschaft / Visible success of restructuring program ? free cash flow now positive again**

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- Loss reduced by more than a third
- Successful capital increase boosts equity base
- Key focus on digitization and internationalization

### **Annual Reports**

Bregenz - Wolford AG, which is listed on the Vienna Stock Exchange, today published its annual financial statements for the 2017/18 financial year (May 2017 to April 2018). The Wolford Group's revenues fell by 3.4% to EUR 149.07 million in the 2017/18 financial year. Adjusted for currency items, the downturn in revenues came to 1.4%. Given the systematic reduction in current expenses, operating earnings (EBIT) rose by EUR 6.5 million to EUR -9.22 million, while the annual loss after tax amounted to EUR -11.54 million, as against EUR -17.88 million in the previous year.

Past financial year with key focus on restructuring / significant reduction in fixed costs

Within the company's extensive restructuring program, personnel expenses fell by EUR 6.35 million to EUR 68.86 million. In the past financial year, Wolford significantly streamlined and enhanced the efficiency of its processes while systematically reducing excess capacities. Among other measures, the company integrated production into supply chain management, streamlined its logistics processes, and optimized deployment planning at its boutiques. As a result, the average number of employees (full-time equivalents) fell by 111 to 1,433 in the 2017/18 financial year (previous year's average: 1,544 FTE employees). The company stands to benefit from the corresponding cost savings on a sustainable basis. Other operating expenses also decreased in the past financial year, in this case from EUR 57.49 million to EUR 55.64 million, with particularly marked year-on-year reductions in customs duties (-39%), travel expenses (-16%), freight charges (-15%), insurance premiums (-10%), and rental expenses (-6%).

Free cash flow positive for the first time in 5 years

At EUR 1.83 million, the free cash flow was significantly higher than in the previous year (EUR -9.45 million). This was mainly due to the successful reduction in working capital and the improved loss after tax.

Successful capital increase boosts financial structure

The capital increase resolved by the extraordinary shareholders' meeting on May 4, 2018 was successfully completed on July 11, 2018. As a result, Wolford AG will receive fresh equity of around EUR 22 million. This will substantially boost the company's equity, with the equity ratio set to rise to around 46%.

Key focus on digitization and internationalization in current financial year

Wolford will be investing above all in digitizing its business in the current financial year, and especially in expanding its online business and digital marketing aimed at younger target groups. This also includes the planned expansion in the company's cooperation with global and national online retail partners. Wolford plans to systematically expand its business in Asia. The

management will be relying on local distributors (master franchise partners) for its entry into the Japanese market. The company is still planning its marketing strategy for China and is being assisted here by Fosun, its new principal shareholder.

#### Outlook confirmed

In the past financial year, the management laid important foundations enabling the company to regain profitability on an operating level (EBIT). Personnel expenses alone were sustainably reduced by EUR 6.35 million in the 2017/18 financial year. Not only that, the one-off expenses incurred in connection with the restructuring program will no longer apply in future. In the current financial year, customers will notice the realignment of the company's branding and enjoy an enhanced shopping experience.

The 2017/18 Annual Report can be viewed and downloaded in the Investor Relations section of the company's website at: [company.wolford.com](http://company.wolford.com).  
[http://company.wolford.com/wp-content/uploads/2018/07/Annual\\_Report\\_2017\\_18.pdf](http://company.wolford.com/wp-content/uploads/2018/07/Annual_Report_2017_18.pdf)  
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Earnings Data		2017/18	2016/17	Vdg. %
Revenues	in EUR mill.	149.07	154.28	-3
EBIT	in EUR mill.	-9.22	-15.72	-41
Revenues before tax	in EUR mill.	-11.43	-16.57	-31
Revenues after tax	in EUR mill.	-11.54	-17.88	-36
Capital expenditure	in EUR mill.	1.40	6.72	-79
Free Cashflow	in EUR mill.	1.83	-9.45	>100
Employees on average	FTE	1,433	1,544	-7

Balance Sheet Data		30.04.2018	30.04.2017	Vdg. %
Equity	in EUR mill.	33.90	44.88	-25
Net debt	in EUR mill.	30.09	31.27	-4
Working Capital	in EUR mill.	34.59	45.73	-24
Balance sheet total	in EUR mill.	114.33	138.39	-17
Equity ratio	in %	30	32	-9
Gearing	in %	89	70	27

Stock Exchange Data		2017/18	2016/17	Vdg. %
Earnings per share	in EUR	-2.35	-3.64	-35
Share price high	in EUR	19.75	26.01	-24
Share price low	in EUR	11.36	19.10	-41
Share price at the end of period	in EUR	13.60	19.28	-30
Shares outstanding (weighted)	in Tsd.	4,912	4,912	0
Market capitalization (ultimo)	in EUR mill.	68.00	96.38	-29

Further inquiry note:

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end of announcement

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