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EANS-News: Wolford AG: Detailed Figures Announced for the First Half-Year 2019/20

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Mid Year Results**Bregenz -**

- * New Management Board is developing a plan to reposition the company
- * Revenue down 3% - Operating loss of EUR 9.4 million
- * Medium-term forecast remains unchanged

Bregenz, December 13, 2019: Wolford AG, which is listed on the Vienna Stock Exchange, generated revenue of EUR 60.49 million in the first six months of the current financial year (May 2019 to April 2020), comprising a decrease of 3.0% from the comparable prior-year figure of EUR 62.37 million. Similar to fashion retailers across the globe, Wolford is suffering the consequences of a far-reaching structural transformation along with declining customer frequencies in the Western European fashion markets. Operating earnings (EBIT) in the first half-year amounted to EUR -9.38 million, compared to EUR -5.92 million in the previous year. This development is primarily related to the drop in revenue. Interest payments rose substantially by EUR 1.60 million, which is mainly due to the first-time application of the new accounting standards IFRS 16. Accordingly, earnings before tax equaled EUR -12.03 million, down from EUR -6.61 million in the prior-year period. Earnings after tax totaled EUR -11.86 million compared to EUR -7.33 million in the first half of the previous financial year.

New accounting standard IFRS 16 leads to shifts in the income statement and balance sheet

Within the context of further reduction of administrative staff in Bregenz in the 2018/19 financial year, the average number of employees (FTE) in the first six months was down by 68 to the current total of 1,282 employees (previous year's average: 1,350 employees (FTE)). Accordingly, personnel expenses fell by EUR 0.89 million compared to the first half of 2018/19 to EUR 30.27 million. Depreciation and amortization in the first half of the current financial year climbed from EUR 3.63 million to EUR 9.22 million as a result of the initial application of IFRS 16.

As a result of the losses generated in the current and previous financial years, equity of the Wolford Group fell to EUR 30.96 million as at October 31, 2019 (October 31, 2018: EUR 48.16 million). In light of the shareholder loan of EUR 10 million granted by Fosun Fashion Investment Holdings (HK) Limited, net debt rose from EUR 25.21 million to EUR 33.51 million as at October 31, 2019. The equity ratio fell to 18% (October 31, 2018: 39%) whereas gearing deteriorated to 108% from 52% in the prior-year period. Both developments must be considered against the backdrop of the initial application of IFRS 16 and the increase in the balance sheet total.

Plan to reposition Wolford currently under development: Program for revenue growth, improved efficiency and cost reductions

The new Management Board team consisting of Silvia Azzali and Andrew Thorndike, which has only been in office for a few weeks, is currently working with company executives to precisely analyze the situation and on this basis develop a master plan for Wolford consisting of short-, medium- and long-term measures. The target is to achieve a sustainable repositioning of Wolford as a profitable

company with strong product lines and a clear customer orientation. At the same time, the goal is to adjust costs in line with revenue development.

It goes without saying that the company is examining the viability of some individual boutique locations. On the other hand, Woldford's presence should be expanded in markets where there is a demonstrable growth potential, predominantly with the help of wholesale partners. For example, Woldford is now represented on the Japanese market again for the first time after an absence of several years. There were further important openings of partner boutiques in the EMEA region i.e. in Istanbul, Prague and Belgrade. In the Chinese growth market, Woldford opened three new partner boutiques on the Chinese mainland during the first half of the current financial year. Furthermore, Woldford is making targeted investments in omni-channel sales. Accordingly, Woldford recently began to cooperate with the luxury fashion platform Farfetch, one of the world's most important online shippers of luxury fashion. The first pilot project with the Woldford boutique in Milan led to a revenue increase of about 30% within a three-week period, including many orders from countries in which Woldford has hardly been active up until now, for example Saudi Arabia and Hungary.

The management has identified considerable cost-saving potential along the value chain, including purchasing. Woldford centralized its purchasing process within a single management structure over the last few weeks and has developed specific cost-reduction measures in cooperation with the new Head of Purchasing and his team which are already being implemented.

Outlook

On the basis of the current analysis of all relevant areas in the company, the new Management Board team will develop a plan to reposition Woldford AG encompassing short-, medium- and long-term measures. On the basis of the latest findings, the management confirms its previous plans to return Woldford to profitability in the 2020/21 financial year.

The report for the first half-year 2019/20 can be downloaded under company.woldford.com, Investor Relations.

Earnings Data		05 - 10/19	05 - 10/18	Chg. in %	2018/19
Revenues	in EUR mill.	60,49	62,37	-3	137,22
EBIT	in EUR mill.	-9,38	-5,92	-58	-8,98
Earnings before tax	in EUR mill.	-12,03	-6,61	-82	-10,11
Earnings after tax	in EUR mill.	-11,86	-7,33	-62	-11,10
Capital expenditure	in EUR mill.	0,93	1,84	-49	5,16
Free cash flow	in EUR mill.	-6,04	-16,41	63	-10,88
Employees (on average)	FTE	1.282	1.350	-5	1.347

Balance Sheet Data		31.10.2019	31.10.2018	Chg. in %	30.04.2019
Equity	in EUR mill.	30,96	48,16	-36	42,72
Net debt	in EUR mill.	33,51	25,21	33	19,62
Working capital	in EUR mill.	33,26	43,29	-23	31,07
Balance sheet total	in EUR mill.	174,88	123,68	41	117,99
Equity ratio	in %	18	39	-54	36
Gearing	in %	108	52	<100	46

Stock Exchange Data		05 - 10/19	05 - 10/18	Chg. in %	2018/19
Earnings per share	in EUR	-1,79	-1,10	-63	-1,76
Share price high	in EUR	11,80	17,70	-33	17,70
Share price low	in EUR	5,50	12,30	-55	10,60
Share price at end of period	in EUR	6,40	12,30	-48	11,40
Shares outstanding (weighted)	in 1,000	6.320	6.631	-5	6.320
Market capitalization in EUR mill. (ultimo)		43,00	82,65	-48	75,59

Further inquiry note:

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