

# Company Update

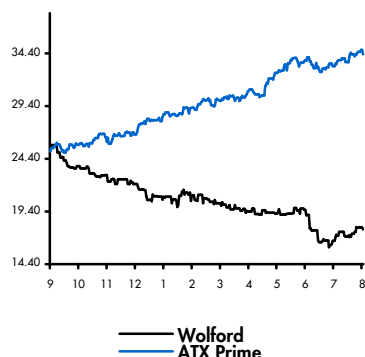
## Wolford

August 10, 2017

Consumer, Cyclical/Austria

### Reduce

Price 09.08.17*	17.70
Price target	16.00
Volatility risk	medium
Year high/low	25.70/16.00
Currency	EUR
EUR/EUR	1.00
GDR rate	n.a.
Shares outstanding eoy in mn	4.90
Market capitalisation (total shares) in EUR mn	86.7
Free float	33.0%
Free float in EUR mn	28.6
Avg. daily turnover (12 m) in EUR mn	0.02
Index	ATX Prime
ISIN code	AT0000834007
Bloomberg	WOL AV
Reuters	WLFD.VI
www.wolford.com	



Source: Raiffeisen Centrobank

### FY 16/17 in line with guidance, major change looms

Following the release of corporate news on August 8, 2017 including the results for 2016/17 we decrease our TP to EUR 16.0 from EUR 19.0 while confirming our REDUCE recommendation for Wolford. While the FY 16/17 operating loss of EUR 15.7 mn fell within the guided range burdened by revaluations and restructuring costs, the company adjusted the FY 15/16 figure, decreasing the operating result from a profit of EUR 1.6 mn to a loss of EUR 2.9 mn. As the main shareholders seek an exit in an open process and a potential equity financing looms we remain cautious with regard to prospects for minority investors. We are not surprised by the changes at the top given the challenges the company has been facing with the implementation of the restructuring plan and a planned sale by the main shareholder group.

**FY 16/17 results:** The top line shrank by 5.0% yoy to EUR 154.3 mn, while the operating loss worsened to EUR 15.7 mn (within the guided EUR 15-19 mn range) from EUR 2.9 mn (adjusted) in FY 15/16. The bottom line loss amounted to EUR 17.9 mn vs a loss of EUR 10.7 mn (adjusted) in FY 15/16. The company will release full annual consolidated statements on August 24.

**Changes at the helm:** Mr. Ashish Sensarma, CEO since January 2015, has left the management board on August 1 and Mr. Axel Dreher (previously CFO), assumed his responsibilities (strategy, marketing, production). The head of the finance department, Ms. Brigitte Kurz took over the role of CFO as well as the responsibility for HR, IT, legal and investor relations.

**Outlook:** On June 9 Wolford communicated that the main shareholder group (WMP Familien-Privatstiftung, Sesam Privatstiftung and its subsidiary the "M. Erthal & Co." Beteiligungsgesellschaft m.b.H.), as well as related parties announced the intention to sell their stake (ca 65%). The shareholders have hired a financial advisor and started a process for the selection of interested parties. The purchase of the majority stake by a future core shareholder shall be combined with an equity financing transaction the size of which has not yet been determined. On July 11, Wolford announced that it has achieved an extension of its credit lines until June 30, 2018 and secured a bridge financing of up to EUR 10 mn for seasonal liquidity requirements. Thus the company has managed to secure financing for the current financial year. We would expect the company and core shareholders to be focussed on achieving a sale within the next 6 months, otherwise we would expect another extension of financing to be required.

**Valuation:** We have lowered our forecasts for 17/18e-19/20e. We base the valuation on our DCF model and decrease our one-year target price to EUR 16.0 per share which results in a confirmed REDUCE recommendation. Our valuation is based on our fundamental assessment of the company which is on the brink of a major shareholder change which could present various scenarios for minority investors.

### Key figures and ratios

EUR	4/2016	4/2017	4/2018e	4/2019e	4/2020e
Sales (mn)	162.4	154.3	156.0	159.5	165.0
EBITDA (mn)	8.4	-3.4	-0.3	9.9	14.1
EBIT (mn)	-2.9	-15.7	-9.3	0.8	5.0
Net profit a.m. (mn)	-10.7	-17.9	-7.8	-0.1	2.8
Earnings per share (adj.)	-2.18	-3.65	-1.58	-0.02	0.56
EPS adjusted growth	-1,131.8%	-67.8%	56.6%	98.5%	n.a.
Adjusted PE ratio	-11.3	-5.3	-11.2	-748.1	31.5
DPS	0.20	0.00	0.00	0.00	0.00
Dividend yield	0.8%	0.0%	0.0%	0.0%	0.0%
EV/EBITDA	16.9	-37.1	-422.8	12.9	8.8
Price book value	1.9	2.1	2.3	2.3	2.2

Source: Wolford, Raiffeisen Centrobank estimates

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Bloomberg: RCBR <GO>

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\* The indicated price is the last price as available at

6.30 AM on 10.08.17, Source: Reuters/Bloomberg

## Wolford FY 16/17 and FY 15/16 adjusted results

in EUR mn	FY 16/17	FY 15/16 (adj.)	yoy	FY 15/16 (prev.)	adj.
Sales	154.28	162.40	-5.0%	162.40	0.0%
EBITDA	-3.39	8.38	n.m.	11.01	-23.9%
EBIT	-15.72	-2.92	n.m.	1.55	n.m.
EBT	-16.58	-3.85	n.m.	0.62	n.m.
Net profit	-17.88	-10.66	n.m.	-6.19	n.m.
EPS	-3.65	-2.18	n.m.	-1.26	n.m.
EBITDA margin	n.m.	5.2%		6.8%	
EBIT margin	n.m.	n.m.		1.0%	
Net margin	n.m.	n.m.		n.m.	

Source: Wolford

### FY 16/17 operating loss of EUR 15.7 mn in line with guidance

On August 8 during trading hours Wolford released FY 16/17 figures. The operating loss amounted to EUR 15.7 mn. The implied operating loss amounted to EUR 11.0 mn in 4Q 16/17. As the company previously guided (12 April) that management expects impairments related to revaluations and restructuring measures of EUR 7-9 mn, in addition to the confirmed expected operating loss of EUR 8-10 mn for FY 16/17e, we consider the released figures fully in line with expectations, and actually better than the worst case guided scenario of an operating loss of EUR 19 mn. The company stated that the details of the results will be presented on the scheduled date of the publication of consolidated annual financial statements on August 24, 2017.

### FY 15/16 figures adjusted following the review by the AFREP

Furthermore the company announced it was adjusting FY 15/16 figures following the review carried out by the OePR (Österreichischen Prüfstelle für Rechnungslegung), known as the Austrian Financial Reporting Enforcement Panel (AFREP) in English. The conclusion was that the consolidated results for 15/16 contained flawed assumptions underlying cash flow forecasts for determining the value in use of impairment tests implemented in accordance with IAS 36. In addition, the review by AFREP also uncovered misrepresentations in the cash flow statement. Errors made in earlier periods were retroactively adjusted. The adjusted operating loss for FY 15/16 amounted to a loss of EUR 2.92 mn (vs. a profit EUR 1.55 mn as previously stated), while EBITDA was decreased from EUR 11.01 mn to EUR 8.38 mn and the net loss increased from EUR 6.19 mn to EUR 10.66 mn. We note that other operating expenses have been increased from EUR 56.94 mn to EUR 59.57 mn, while depreciation has been increased from EUR 9.46 mn to EUR 11.30 mn. Thus the EBITDA for 15/16 was retroactively reduced by EUR 2.63 mn while EBIT and the net loss by 4.47 mn. We expect more details on adjustments on the date of the full consolidated release on August 24.

### Slight top line growth expected in FY 17/18e

Additionally the company stated that in the 1Q 17/18 it managed to increase revenue by about 3% yoy adjusted for currency effects. Despite the decent start of the year however, the company communicated that management expects the company to only deliver a modest yoy revenue growth in FY 17/18e. A time-frame of two years designated for implementing the planned restructuring measures has been confirmed (ie. operating loss expected for 17/18e and only a positive operating earnings again starting in 18/19e) as communicated on April 12.

Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

## DCF Valuation

<i>FCF projection (EUR mn)</i>	<i>2017e</i>	<i>2018e</i>	<i>2019e</i>	<i>2020e</i>	<i>2021e</i>	<i>2022e</i>	<i>TV CF</i>
Consolidated sales	156.0	159.5	165.0	170.8	176.4	182.2	187.7
EBITDA	-0.3	9.9	14.1	15.9	18.2	19.1	19.7
EBITA	-9.3	0.8	5.0	6.7	8.9	9.9	10.4
Taxes paid on EBITDA	2.3	0.0	-1.2	-1.6	-2.1	-2.4	-2.5
<b>NOPLAT</b>	<b>-7.1</b>	<b>0.6</b>	<b>3.8</b>	<b>5.1</b>	<b>6.8</b>	<b>7.5</b>	<b>7.9</b>
Adj. NOPLAT	-7.1	0.6	3.8	5.1	6.8	7.5	7.9
Depreciation of PPE & intangibles	9.0	9.1	9.1	9.2	9.2	9.3	9.3
Gross investment in PPE & intangibles	-8.5	-8.5	-8.5	-8.4	-8.4	-8.4	-10.0
Change in working capital	-2.2	-2.2	-1.4	-0.1	-1.4	-1.5	-0.7
NWC/Sales	25.1%	25.9%	25.8%	25.0%	25.0%	25.0%	19.0%
Change in LT provisions other than tax	1.0	1.0	1.1	1.0	1.0	0.5	0.5
Net acquisitions & disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow to firm	-7.8	0.1	4.1	6.8	7.2	7.4	7.0
<b>Adj. free cash flow to firm</b>	<b>-7.8</b>	<b>0.1</b>	<b>4.1</b>	<b>6.8</b>	<b>7.2</b>	<b>7.4</b>	<b>7.0</b>
<b>EV DCF, mid-year assumption</b>	<b>114.3</b>	<b>121.0</b>					
+ MV of non-operating assets eop	0.0	0.0					
- MV of net debt eop	40.1	40.8					
- MV of minorities eop	0.0	0.0					
Adjustments to EV eop	0.0	0.0					
<b>Fair value of equity</b>	<b>74.2</b>	<b>80.2</b>					
Shares outstanding (mn)	4.9	4.9					
<b>Fair value per share (in EUR)</b>	<b>15.14</b>	<b>16.37</b>					

<i>Value drivers</i>	<i>2017e</i>	<i>2018e</i>	<i>2019e</i>	<i>2020e</i>	<i>2021e</i>	<i>2022e</i>	<i>TV CF</i>
Consolidated sales yoy	1.1%	2.2%	3.4%	3.5%	3.3%	3.3%	2.0%
EBITDA margin	-0.2%	6.2%	8.5%	9.3%	10.3%	10.5%	10.5%
Rate of taxes paid	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%
Working capital/sales	25.1%	25.9%	25.8%	25.0%	25.0%	25.0%	19.0%
Capex/depreciation	94.4%	93.8%	93.7%	91.3%	90.9%	90.5%	107.1%
Free cash flow margin	-5.0%	0.0%	2.5%	4.0%	4.1%	4.1%	3.7%

<i>WACC</i>	<i>2017e</i>	<i>2018e</i>	<i>2019e</i>	<i>2020e</i>	<i>2021e</i>	<i>2022e</i>	<i>TV CF</i>
Target capital structure (at MV)	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Debt/equity ratio (at MV)	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Risk free rate (local)	0.8%	1.1%	1.4%	1.6%	1.8%	1.9%	3.0%
Equity market premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Levered beta	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Cost of equity	6.9%	7.2%	7.4%	7.7%	7.8%	8.0%	9.1%
Cost of debt	2.8%	3.1%	3.4%	3.6%	3.8%	3.9%	5.0%
Tax rate	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%
<b>WACC</b>	<b>5.7%</b>	<b>6.0%</b>	<b>6.2%</b>	<b>6.4%</b>	<b>6.6%</b>	<b>6.7%</b>	<b>7.7%</b>

## Sensitivity analysis

<i>Growth sensitivity (EUR)</i>	<i>Terminal growth rate</i>						
<b>WACC</b>	<b>0.5%</b>	<b>1.0%</b>	<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.5%</b>
6.2%	16.5	18.5	21.0	24.0	27.9	32.9	39.9
6.7%	14.3	16.0	18.0	20.4	23.4	27.2	32.2
7.2%	12.5	13.9	15.6	17.5	19.9	22.8	26.6
7.7%	11.0	12.1	13.5	15.1	17.1	19.4	22.3
8.2%	9.6	10.6	11.8	13.1	14.7	16.6	18.9
8.7%	8.4	9.3	10.3	11.4	12.7	14.3	16.2
9.2%	7.4	8.1	9.0	9.9	11.1	12.4	13.9

<i>Margin sensitivity (EUR)</i>	<i>FCF margin TV</i>						
<b>WACC</b>	<b>2.2%</b>	<b>2.7%</b>	<b>3.2%</b>	<b>3.7%</b>	<b>4.2%</b>	<b>4.7%</b>	<b>5.2%</b>
6.2%	12.9	16.6	20.3	24.0	27.7	31.4	35.1
6.7%	10.7	14.0	17.2	20.4	23.7	26.9	30.1
7.2%	9.0	11.8	14.7	17.5	20.4	23.2	26.1
7.7%	7.5	10.0	12.6	15.1	17.7	20.2	22.8
8.2%	6.3	8.6	10.8	13.1	15.4	17.7	20.0
8.7%	5.2	7.3	9.4	11.4	13.5	15.6	17.6
9.2%	4.3	6.2	8.1	9.9	11.8	13.7	15.6

Source: Raiffeisen Centrobank estimates

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<i>Income statement (EUR mn)</i>	<i>4/2015</i>	<i>4/2016</i>	<i>4/2017</i>	<i>4/2018e</i>	<i>4/2019e</i>	<i>4/2020e</i>
<b>Consolidated sales</b>	<b>157.4</b>	<b>162.4</b>	<b>154.3</b>	<b>156.0</b>	<b>159.5</b>	<b>165.0</b>
Changes in inventories & own work capitalised	2.7	4.5	1.7	3.1	4.0	2.1
Other operating income	9.4	2.3	1.0	1.5	2.8	2.5
<b>Total revenues</b>	<b>169.4</b>	<b>169.2</b>	<b>157.0</b>	<b>160.6</b>	<b>166.3</b>	<b>169.6</b>
Material costs	-30.3	-27.4	-27.6	-27.9	-27.4	-27.5
Personnel expenses	-74.2	-73.9	-75.2	-76.0	-75.0	-75.0
Other operating expenses	-54.0	-59.6	-57.5	-57.0	-54.0	-53.0
<b>EBITDA</b>	<b>10.9</b>	<b>8.4</b>	<b>-3.4</b>	<b>-0.3</b>	<b>9.9</b>	<b>14.1</b>
Adjusted EBITDA	10.3	8.4	-3.4	-0.3	9.9	14.1
Depreciation of PPE and intangibles	-8.8	-11.3	-12.3	-9.0	-9.1	-9.1
<b>EBITA</b>	<b>2.2</b>	<b>-2.9</b>	<b>-15.7</b>	<b>-9.3</b>	<b>0.8</b>	<b>5.0</b>
Amortisation, impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>2.2</b>	<b>-2.9</b>	<b>-15.7</b>	<b>-9.3</b>	<b>0.8</b>	<b>5.0</b>
Adjusted EBIT	1.6	-2.9	-15.7	-9.3	0.8	5.0
Investment income	0.2	-0.1	0.0	0.1	0.1	0.1
Net interest income	-0.6	-0.6	-0.9	-0.6	-0.7	-0.9
Other financial result	-0.5	-0.3	0.0	-0.5	-0.4	-0.5
<b>Financial result</b>	<b>-1.0</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-1.4</b>
<b>Earnings before taxes</b>	<b>1.2</b>	<b>-3.9</b>	<b>-16.6</b>	<b>-10.4</b>	<b>-0.2</b>	<b>3.7</b>
Taxes on income	-0.2	-6.8	-1.3	2.6	0.0	-0.9
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit before minorities</b>	<b>1.0</b>	<b>-10.7</b>	<b>-17.9</b>	<b>-7.8</b>	<b>-0.1</b>	<b>2.8</b>
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit after minorities</b>	<b>1.0</b>	<b>-10.7</b>	<b>-17.9</b>	<b>-7.8</b>	<b>-0.1</b>	<b>2.8</b>
Adjusted Net profit	1.0	-10.7	-17.9	-7.8	-0.1	2.8
<b>Changes yoy</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
Consolidated sales yoy	0.9%	3.2%	-5.0%	1.1%	2.2%	3.4%
EBITDA yoy	176.0%	-23.4%	-140.5%	91.2%	n.a.	42.4%
EBITA yoy	n.a.	-234.9%	-437.8%	40.8%	n.a.	500.3%
EBIT yoy	n.a.	-234.9%	-437.8%	40.8%	n.a.	500.3%
EBT yoy	n.a.	-419.1%	-330.5%	37.6%	98.5%	n.a.
Net profit after minorities yoy	n.a.	-1,131.8%	-67.8%	56.6%	98.5%	n.a.
<b>Margins</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
Material costs margin	-19.3%	-16.9%	-17.9%	-17.9%	-17.2%	-16.7%
EBITDA margin	7.0%	5.2%	-2.2%	-0.2%	6.2%	8.5%
EBITA margin	1.4%	-1.8%	-10.2%	-6.0%	0.5%	3.0%
EBIT margin	1.4%	-1.8%	-10.2%	-6.0%	0.5%	3.0%
EBT margin	0.8%	-2.4%	-10.7%	-6.6%	-0.1%	2.2%
Net margin	0.7%	-6.6%	-11.6%	-5.0%	-0.1%	1.7%
<b>Profitability</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
Return on assets	1.1%	-6.3%	-12.3%	-5.5%	0.3%	2.6%
Return on equity	1.4%	-15.4%	-32.9%	-18.9%	-0.3%	7.2%
Return on capital employed	1.6%	-9.6%	-19.1%	-8.6%	0.5%	4.0%
<b>Cash flow statement (EUR mn)</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
<b>Earnings before taxes</b>	<b>1.2</b>	<b>-3.9</b>	<b>-16.6</b>	<b>-10.4</b>	<b>-0.2</b>	<b>3.7</b>
Taxes paid	-0.4	-1.0	-0.7	2.3	0.0	-0.8
Amortisation and depreciation	8.8	11.3	12.3	9.0	9.1	9.1
Other non-cash items	-3.0	-0.8	0.2	1.0	1.0	1.1
<b>Cash flow from result</b>	<b>6.5</b>	<b>5.7</b>	<b>-4.8</b>	<b>1.9</b>	<b>10.0</b>	<b>13.0</b>
Change in working capital	-2.8	-2.8	1.8	-2.3	-2.2	-1.4
<b>Operating cash flow</b>	<b>3.7</b>	<b>3.0</b>	<b>-2.9</b>	<b>-0.4</b>	<b>7.8</b>	<b>11.7</b>
Capex PPE and intangible assets	-11.0	-7.7	-6.7	-8.5	-8.5	-8.5
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Disposal of fixed assets (total)	7.0	1.7	0.2	0.0	0.0	0.0
Other items (investments)	-0.1	0.0	0.0	-0.0	0.0	0.0
<b>Investing cash flow</b>	<b>-4.2</b>	<b>-5.9</b>	<b>-6.5</b>	<b>-8.5</b>	<b>-8.5</b>	<b>-8.5</b>
Dividend payments	0.0	-1.0	-1.0	0.0	0.0	0.0
Other changes in equity	0.0	0.3	0.0	0.0	0.0	0.0
Change in financial liabilities	0.3	2.5	16.8	2.1	4.5	-2.5
Other items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Financing cash flow</b>	<b>0.3</b>	<b>1.8</b>	<b>15.8</b>	<b>2.1</b>	<b>4.5</b>	<b>-2.5</b>

Source: Wolford, Raiffeisen Centrobank estimates

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<b>Balance sheet (EUR mn)</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
<b>Current assets</b>	<b>66.2</b>	<b>68.8</b>	<b>76.9</b>	<b>67.0</b>	<b>73.6</b>	<b>75.7</b>
Liquid funds	4.8	3.9	10.3	3.6	7.4	8.1
Receivables	18.9	13.9	14.5	16.6	17.6	18.2
Inventories	42.2	47.8	49.4	46.8	48.6	49.5
Other assets	0.3	3.3	2.7	0.0	0.0	0.0
<b>Fixed assets</b>	<b>70.8</b>	<b>65.7</b>	<b>59.6</b>	<b>59.1</b>	<b>58.5</b>	<b>58.0</b>
Property, plant & equipment	53.5	50.2	45.6	44.6	43.5	42.4
Intangible assets	12.3	11.6	10.7	11.2	11.7	12.2
Goodwill	1.3	0.7	0.2	0.2	0.2	0.2
Financial assets	3.8	3.2	3.2	3.2	3.2	3.2
<b>Deferred tax assets</b>	<b>10.4</b>	<b>2.9</b>	<b>1.9</b>	<b>2.2</b>	<b>2.2</b>	<b>2.1</b>
<b>Total assets</b>	<b>147.4</b>	<b>137.5</b>	<b>138.4</b>	<b>128.3</b>	<b>134.3</b>	<b>135.8</b>
<b>Current liabilities</b>	<b>47.3</b>	<b>51.7</b>	<b>72.4</b>	<b>69.1</b>	<b>74.1</b>	<b>71.8</b>
Short-term borrowings	18.6	25.1	42.6	44.8	49.3	46.8
Notes & trade payables, payments received	5.2	5.1	5.0	4.8	5.0	5.0
Other current liabilities	23.6	21.6	24.7	19.6	19.9	20.1
<b>Long-term liabilities</b>	<b>25.2</b>	<b>21.9</b>	<b>21.0</b>	<b>22.0</b>	<b>23.1</b>	<b>24.2</b>
Long-term borrowings	4.9	1.0	0.2	0.2	0.3	0.2
Long-term provisions	19.2	19.9	19.9	20.9	21.9	23.0
Other long-term liabilities	1.1	1.0	0.9	0.9	0.9	0.9
<b>Hybrid &amp; other mezzanine capital</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Shareholders' equity</b>	<b>74.8</b>	<b>63.8</b>	<b>44.9</b>	<b>37.1</b>	<b>37.0</b>	<b>39.8</b>
<b>Minority interests</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Deferred tax liabilities</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Total liabilities</b>	<b>147.4</b>	<b>137.5</b>	<b>138.4</b>	<b>128.3</b>	<b>134.3</b>	<b>135.8</b>
<b>Balance sheet (EUR mn)</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
Net working capital	32.6	38.3	36.8	39.1	41.3	42.6
Net interest-bearing debt	17.1	20.9	31.3	40.1	40.8	37.6
Capital employed	98.3	89.8	87.7	82.1	86.5	86.8
Market capitalisation	117.6	120.9	94.4	86.7	86.7	86.7
Enterprise value	134.7	141.7	125.7	126.8	127.5	124.4
<b>Financing (x)</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
Interest cover	16.3	14.0	-3.9	-0.4	14.0	14.6
Internal financing ratio	0.9	0.5	-0.5	-0.0	0.9	1.4
Net gearing	22.9%	32.7%	69.7%	108.1%	110.3%	94.7%
Quick ratio	0.5	0.4	0.4	0.3	0.3	0.4
Fixed assets cover	1.4	1.3	1.1	1.0	1.0	1.1
Capex / depreciation	1.3	0.7	0.5	0.9	0.9	0.9
Equity ratio	50.8%	46.4%	32.4%	28.9%	27.5%	29.3%
<b>Per share data (EUR)</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
Weighted avg. no. of shares (mn)	4.9	4.9	4.9	4.9	4.9	4.9
EPS reported	0.21	-2.18	-3.65	-1.58	-0.02	0.56
Earnings per share (adj.)	0.21	-2.18	-3.65	-1.58	-0.02	0.56
Operating cash flow per share	0.75	0.60	-0.60	-0.07	1.59	2.38
Book value per share	15.27	13.02	9.16	7.58	7.55	8.11
DPS	0.20	0.20	0.00	0.00	0.00	0.00
Payout ratio	94.9%	-9.2%	0.0%	0.0%	0.0%	0.0%
<b>Valuation (x)</b>	<b>4/2015</b>	<b>4/2016</b>	<b>4/2017</b>	<b>4/2018e</b>	<b>4/2019e</b>	<b>4/2020e</b>
PE reported	113.8	-11.3	-5.3	-11.2	-748.1	31.5
Adjusted PE ratio	113.8	-11.3	-5.3	-11.2	-748.1	31.5
Price cash flow	32.0	40.9	-32.1	-244.8	11.1	7.4
Price book value	1.6	1.9	2.1	2.3	2.3	2.2
Dividend yield	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%
Free cash flow yield	-0.3%	-2.7%	-10.0%	-10.2%	-0.8%	3.7%
EV/sales	0.9	0.9	0.8	0.8	0.8	0.8
EV/EBITDA	12.3	16.9	-37.1	-422.8	12.9	8.8
EV/EBIT	62.2	-48.5	-8.0	-13.6	152.2	24.7
EV/operating cash flow	36.6	48.0	-42.8	-358.0	16.3	10.7
Adjusted EV/CE	1.4	1.6	1.6	1.6	1.6	1.5
Adjusted EV/CE vs. ROCE/WACC				-1.1	19.0	2.4

Source: Wolford, Raiffeisen Centrobank estimates

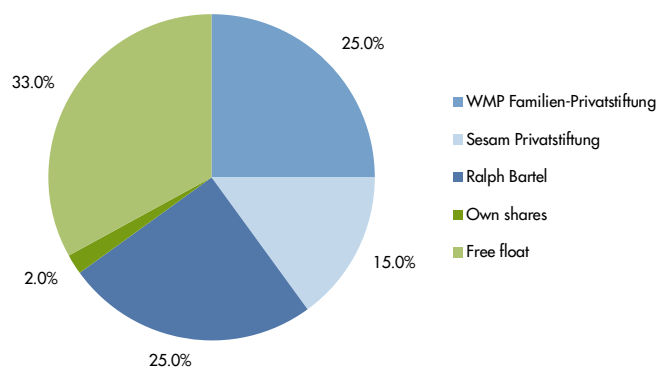
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## Fact Sheet

### Company description

Vienna-listed Wolford Group manufactures and distributes women's bodywear, lingerie, swimwear and legwear in the luxury fashion segment. Based in Austria, the company is comprised of 14 subsidiaries worldwide. Wolford distributes its products in 70 countries through a network of over 270 own and partner-run boutiques, factory outlets, concession shop-in-shops and 3,000 retail partners (department stores & specialist shops).

### Shareholder structure



### Strengths/Opportunities

- Global luxury brand with a strong retail network
- High quality products & highly innovative goods in the legwear segment
- High growth potential in currently low penetrated Asian market
- Currently benefits from FX environment
- Strong growth of online sales channel
- New retail store concept roll-out

### Weaknesses/Threats

- High production costs due to manufacturing in Austria
- High inventory level
- Foreign currency risk (especially USD)
- Low profitability
- Restructuring needed to turn-around operating performance
- Challenges with timing of deliveries

Income statement (EUR mn)	4/2017	4/2018e	4/2019e	4/2020e
Consolidated sales	154.3	156.0	159.5	165.0
EBITDA	-3.4	-0.3	9.9	14.1
EBIT	-15.7	-9.3	0.8	5.0
EBT	-16.6	-10.4	-0.2	3.7
Net profit bef. min.	-17.9	-7.8	-0.1	2.8
Net profit after min.	-17.9	-7.8	-0.1	2.8

Balance sheet	4/2017	4/2018e	4/2019e	4/2020e
Total assets	138.4	128.3	134.3	135.8
Shareholders' equity	44.9	37.1	37.0	39.8
Goodwill	0.2	0.2	0.2	0.2
NIBD	31.3	40.1	40.8	37.6

Cash flow statement	4/2017	4/2018e	4/2019e	4/2020e
Operating cash flow	-2.9	-0.4	7.8	11.7
Investing cash flow	-6.5	-8.5	-8.5	-8.5
Change NIBD	-10.4	-8.9	-0.7	3.2

Source: Wolford, Raiffeisen Centrobank estimates

Per share data (EUR)	4/2017	4/2018e	4/2019e	4/2020e
EPS pre-goodwill	-3.65	-1.58	-0.02	0.56
Adj. EPS diluted	-3.65	-1.58	-0.02	0.56
Operating cash flow	-0.60	-0.07	1.59	2.38
Book value	9.16	7.58	7.55	8.11
Dividend	0.00	0.00	0.00	0.00
Payout ratio	0.0%	0.0%	0.0%	0.0%

Valuation (x)	4/2017	4/2018e	4/2019e	4/2020e
PE pre-goodwill	-5.3	-11.2	-748.1	31.5
Adj. PE diluted	-5.3	-11.2	-748.1	31.5
Price cash flow	-32.1	-244.8	11.1	7.4
Price book value	2.1	2.3	2.3	2.2
Dividend yield	0.0%	0.0%	0.0%	0.0%
FCF yield	-10.0%	-10.2%	-0.8%	3.7%
EV/EBITDA	-37.1	-422.8	12.9	8.8
EV/EBIT	-8.0	-13.6	152.2	24.7
EV/operating CF	-42.8	-358.0	16.3	10.7

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## Publication schedule

Date	Publication
24.08.2017	Annual report publication
08.09.2017	1Q Earnings release
14.09.2017	Annual General Meeting
19.09.2017	Ex-Dividend
21.09.2017	Dividend Payment

## Recommendation history

01.02.2002 (Initiation date)	Rating	Target Price	Prev. day's close	Upside
19.12.2016	Reduce	19.00	20.50	-7.3%
01.07.2016	Reduce	25.00	25.50	-2.0%
05.04.2016	Hold	25.00	25.00	0.0%
18.12.2015	Hold	25.50	25.00	2.0%
21.08.2015	Hold	22.50	22.41	0.4%

## Coverage universe recommendation overview

	buy	hold	reduce	sell	suspended	UR
Universe	49	65	6	5	2	2
Universe %	38%	50%	5%	4%	2%	2%
Investment banking services	19	28	3	0	1	1
Investment banking services %	37%	54%	6%	0%	2%	2%

Source: Raiffeisen Centrobank, rounding differences may occur

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