

Fairness Opinion Charles Vögele

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working world**

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Introduction

1. Background and engagement
2. Approach

Background and engagement

Overview over the number of relevant shares as of 16 September 2016

Share type	
Issued shares	8,800,000
Treasury stock	(263,399)
Shares outstanding (relevant for the valuation)	8,536,601
Employee stock	(70,144)
Strategic investors	(1,752,244)
Excluded from the free float	(1,822,388)
Free Float (shares)	6,714,213
Free Float (%)	78.7%

Sources: Charles Vögele, Capital IQ, EY

Background

- ▶ Charles Vögele is an independent European fashion retail group with sales offices in Switzerland, Liechtenstein, Germany, Austria, Slovenia, Hungary, Belgium and the Netherlands.
- ▶ The company consists of Charles Vögele Holding AG and several subsidiaries, which are entirely held by the holding. The holding company and its subsidiaries are hereinafter collectively referred to as "Charles Vögele".
- ▶ The shares of Charles Vögele are listed on the SIX Swiss Exchange (SIX) since 1999 (www.charles-voegele.com; Valor: VCH). As of 16 September 2016, 8,800,000 shares with a nominal value of CHF3.00 per share have been issued (excl. stock options). The number of treasury shares was 263,399. According to Capital IQ, 1,822,388 shares were excluded from the free float. As a result, 6,714,213 shares with a nominal value of CHF3.00 are in the free float. The free float amounts to 78.7% (excl. treasury stock and stock excluded from the free float).
- ▶ On 19 September 2016 the newly established bidding company Sempione Retail AG (Sempione Retail), launched a public tender offer for Charles Vögele (offer). Sempione Retail is a group of investors composed of the Italian fashion group OVS S.p.A. (35.0%), Retails Investment S.R.L. (44.5%) and Aspen Trust Services Limited as trustee of Elarof Trust (20.5%). The offer includes all outstanding shares of Charles Vögele, except for the treasury stock and shares, which are directly or indirectly owned by the buyer or its subsidiaries.
- ▶ The offer for the outstanding shares of Charles Vögele consists of a cash payment of CHF6.38 per one share with a nominal value of CHF3.00 and equals the volume weighted average price per share of the last 60 trading days (VWAP60) as of 16 September 2016.

Engagement

- ▶ The board of directors of Charles Vögele (board of directors) has engaged Ernst & Young Ltd, Switzerland (EY or us) to prepare a fairness opinion. The fairness opinion serves as a basis to assess the financial adequacy of Sempione Retail's offer.
- ▶ The fairness opinion intends to give Charles Vögele's board of directors and public shareholders a neutral opinion and assure that the offered price per share is fair and reasonable from a financial point of view.
- ▶ The fairness opinion does not constitute a recommendation regarding the acceptance or rejection of the offer. The fairness opinion does not contain any assessment of the possible impact an acceptance or rejection of the offer may have and makes no statement about the future performance of a Charles Vögele share and the price at which the Charles Vögele shares that are not being tendered may trade in the future.

Background and engagement

- ▶ Since our assessment is largely based on information obtained from Charles Vögele, our responsibility is limited to the careful and professional analysis and assessment of the information provided to us. Furthermore, Charles Vögele confirmed to us that they are not aware of any facts or circumstances, according to which the information provided would be misleading, inaccurate or incomplete.
- ▶ The fairness opinion may be made available to the public.

General approach and valuation principles

Contact persons at Charles Vögele

Name	Position
Markus Vögeli	CEO & CFO
Jürg Bieri	Director Group Finance & Systems

General approach

- ▶ To assess the financial fairness of the offer, we performed our own valuation considerations. Essentially, the following steps were part of this fairness opinion:
 - Request relevant information for the valuation
 - Analyze the information obtained from the target, in particular, the business plan and financials
 - Conduct interviews with responsible persons (management, see table on the left)
 - Valuation considerations regarding Charles Vögele by means of stock price analysis and appropriate valuation methods
 - Sensitivity analyses on key value drivers
 - Plausibility considerations based on alternative valuation methods
 - Assessment of the offer by an EY internal Fairness Opinion Committee
- ▶ This fairness opinion has been prepared from the point of view of all public shareholders. Individual tax and other effects related to shareholders as a result of the acceptance or rejection of the offer have not been considered in our analysis. Considering such elements would not be possible due to the large number of different requirements of the shareholders.

Valuation principles

- ▶ The aim of the valuation is to determine the value of one share of Charles Vögele, including the associated companies as of 16 September 2016. The total number of issued Charles Vögele shares was 8,800,000 with a nominal value of CHF3.00. The number of treasury shares is 263,399. The number of employee stock options was 159,965, with a strike price between CHF15.85 and CHF33.90. Based on the calculated equity value, we have concluded that all options are out-of-the-money.

General approach and valuation principles

Analyses and valuation methods applied

Approach

Discounted Cash Flow method (DCF)

Market multiples (trading und transaction multiples)

Analyst estimates of the target price

Share price analysis – VWAP(60)

Source: EY

- ▶ In principle and assuming efficient stock markets, the share price of a listed company is an adequate indication of the company value. This requires that the shares are traded sufficiently, which is true for Charles Vögele as will be shown in the next section.
- ▶ In order to develop a substantiated fairness opinion, further analyses and valuation methods were applied for Charles Vögele in addition to the stock price analysis. These methods are listed in the adjacent table.

Conclusion

Based on the results of the various valuation methods, we have determined a range for the fair market value of one share of Charles Vögele.

In order to be seen as financially fair, the public offer of Sempione Retail must be within or above this range.

Business description

3. Company
4. Operating results
5. Market analysis

Company

Company logo

Source: Charles Vögele



Overview of the markets of Charles Vögele

Source: Charles Vögele



History

- ▶ Today`s Charles Vögele was established in 1955, when Charles Vögele GmbH was founded by Charles and Agnes Vögele. In the following years a branch network in Switzerland was created and expanded.
- ▶ By opening a branch in Germany in 1979 the company started its expansion to neighboring countries. The establishment of numerous other branches in Austria (1944), Belgium and the Netherlands (2000), Slovenia (2005), Hungary, Poland and Czech Republic (2006) as well as Liechtenstein (2011) followed. In 2014 Charles Vögele finalized its operational withdrawal from the Polish and Czech markets.
- ▶ In 1999, the company was listed on the SIX Swiss Exchange. Since then, the shares of Charles Vögele are traded on the stock exchange.
- ▶ By the end of 2015 Charles Vögele has operated 761 store and employed 6,209 people (compared to 817 stores and 7,279 employees by the end of 2011).
- ▶ Our valuation is performed on a consolidated level for the entire group.

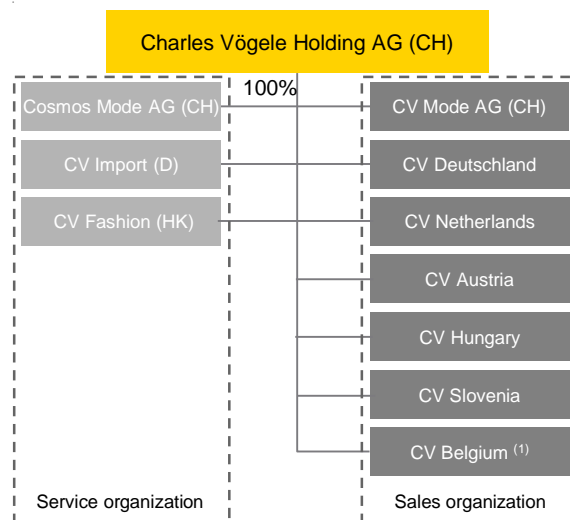
Business model

- ▶ Charles Vögele is a European apparel retailer, which sells clothing and accessories for women, men and children through its own stores. Since 2011, the products are also being distributed via online shop.
- ▶ Charles Vögele segments its business into four key markets: Switzerland, Germany, Central and Eastern Europe and Benelux countries.
- ▶ The products are positioned in the medium price segment, whereby, the focus is in particular set on the target group of women 40+. The aim is to offer good value for money to customers through fashionable and quality products.

Company

Company's structure

Source: Charles Vögele



Footnote:
1. Charles Vögele will withdraw from the Belgian market in FY16

Company's structure

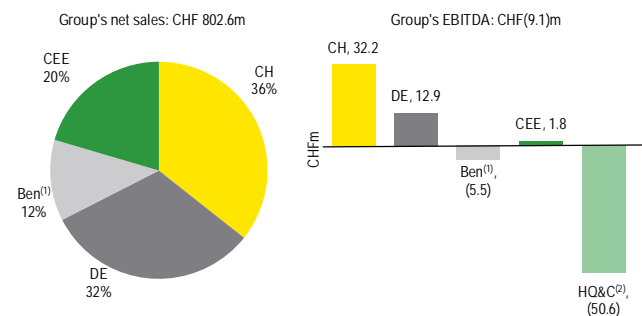
- ▶ The headquarters of Charles Vögele is located in Pfäffikon SZ, Switzerland. In addition to country-specific distribution companies, which manage the local sales, the remaining group companies take over supporting functions. All subsidiaries are held by the Charles Vögele Holding AG.
- ▶ Charles Vögele Mode AG (CV Mode AG), which has merged with Charles Vögele Trading AG in June 2015, manages sales activities in Switzerland and abroad and is responsible for various services, such as Procurement, IT, HR, Accounting, Controlling, Legal & Compliance.
- ▶ The Cosmos Mode AG holds all the brands of the group. Charles Vögele Fashion (HK) is the group's sourcing office and coordinates activities with its own sourcing offices in Asia, whereas the Charles Vögele Import GmbH (CV Import) is responsible for the customs clearance.

Group revenue and EBITDA margin

- ▶ Group revenue in FY15A was generated mainly in key markets Switzerland (36%) and Germany (32%). Both markets have also achieved the highest EBITDA margins (11.3% and 5.0% accordingly).
- ▶ The market Central and Eastern Europe contributed with 20% to revenues in FY15A and achieved an EBITDA margin of 1.1%, while the Benelux countries generated 12% of revenues and a negative EBITDA margin of (5.7%).

Regional sales and EBITDA split for FY15A

Source: Charles Vögele (Annual Report 2015)



Footnote:
1. Ben=Benelux
2. HQ&C=Headquarters and Consolidation

Company

Operational challenges

- ▶ Since 2011 Charles Vögele experiences a significant decline in revenue and profitability.
- ▶ In recent years, Charles Vögele has repeatedly repositioned itself and changed the number of brands offered as well as performed numerous replacements on management level. Since 2015 Charles Vögele follows a strategy with one brand and two clearly separated collections (Modern and Classic). Despite these changes and active expansion into new markets, Charles Vögele did not manage to reverse the negative trend in revenues and achieve a sustainable growth in profitability.
- ▶ The appreciation of the Swiss Franc in 2012 and 2015 had significant negative implications on Charles Vögele and continues to negatively impact its financial results.
- ▶ Active expansion of direct competitors in key markets of Charles Vögele has led to increasing price pressure, longer sale periods and higher rental costs, which in turn have created additional challenges for Charles Vögele.
- ▶ Furthermore, the demand in the Swiss market has steadily weakened since 2009 and thus has negatively affected the operating results of Charles Vögele.

Withdrawal from Belgian market

- ▶ Due to continuous negative results of the Belgian business, the management of Charles Vögele has decided to withdraw from the Belgian market.
- ▶ The turnaround measures, initiated in Belgium in the past, incl. optimization of the store portfolio, changes in management team and investments in brand awareness, have indeed led to significant improvement of the results, however, were not sufficient to achieve operating profits in the Belgian market. Furthermore, difficult economic conditions, complexity of the Belgian market and critical consumer sentiment have negatively contributed to the operative earnings.
- ▶ According to a press release, in June 2016 Charles Vögele has applied for a judicial reorganization through transfer of operations, in order to withdraw from Belgian market by the end of 2016.

Company

Restructuring measures

- ▶ In order to overcome operational challenges and achieve sustainable growth in profitability, a transformation program was created. The initiated measures include in particular product innovations (development of “lighthouse”-products), stock control, implementation of store format strategy as well as revitalization of the brand and changes in organizational structure. By the end of 2015, the majority of stores in Switzerland were renovated under the store format strategy.
- ▶ Charles Vögele has conducted a strategic profitability analysis for existing stores. It is planned that certain unprofitable stores will be closed over the next few years. Stores, which are currently not profitable, but are positioned in strategically important locations, will be retained and optimized.

Financing

- ▶ In April 2016 the expiring syndicated loan agreement was extended until June 2018. The secured credit line of maximum CHF245m will allow Charles Vögele to continue operations and implement transformation of activities.
- ▶ Through selling certain non-strategic properties, Charles Vögele plans to reduce the credit line in the long-term and strengthen the equity base.

Financials and benchmarking

1 Over several years, net sales of Charles Vögele are steadily declining. From FY13A to FY15A net sales declined on average by 7.9% p.a. and dropped from CHF947m to CHF803m.

Historical revenue decline is driven by strong price pressure and intense competition. Moreover, on the reporting level (CHF), foreign sales are negatively impacted by a strong Swiss currency.

The warm autumn in FY15A in all sales regions has also negatively affected revenues.

Management expects a moderate revenue growth in the future.

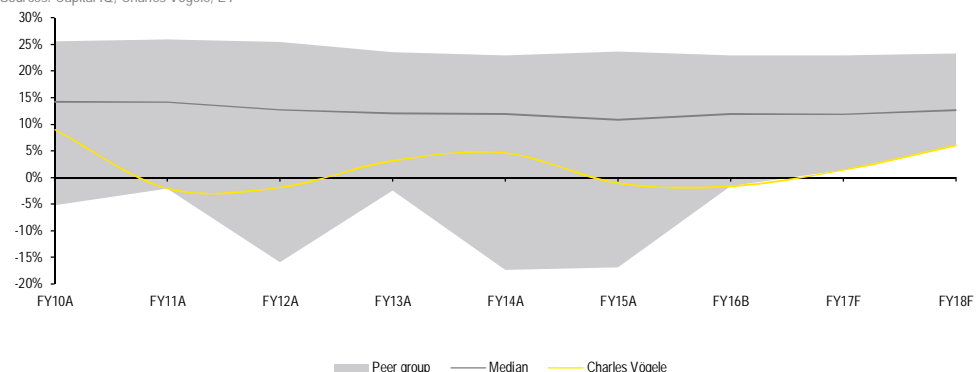
Key financials for FY13A to FY15A

Currency: CHF 000				
	FY13A	FY14A	FY15A	
Net sales	946,518	901,160	802,577	
Gross profit	622,735	603,858	516,548	
EBITDA	29,603	40,914	(9,102)	
EBIT	(20,036)	1,604	(51,324)	
Net income/(loss)	(29,563)	(10,833)	(61,787)	
KPIs				
Sales growth/(decline)	1	(2.6)	(4.8)	(10.9)
Gross margin	65.8	67.0	64.4	
EBITDA margin	3.1	4.5	(1.1)	
EBIT margin	(2.1)	0.2	(6.4)	

Sources: Charles Vögele, EY

EBITDA margin **2**

Sources: Capital IQ, Charles Vögele, EY



2 Historical and future EBITDA margins of Charles Vögele are located in the bottom area of the bandwidth of comparable companies. In FY11A, FY12A and FY15A EBITDA margins were negative. Also in FY16B a negative operating EBITDA margin of (1.7%) is expected (excl. effects from sale of properties).

Similarly to revenues, relatively low EBITDA margins result primarily from the Euro-shock and intense competition in apparel industry. Starting from FY17F a positive EBITDA margin of 1.4% is expected, which in part will be achieved through the "CVision" transformation program. The necessary investments are consistently considered in the business plan.

Despite the optimization activities and improved margins, it is expected that the long-term EBITDA margin of Charles Vögele will remain in the lower area of the bandwidth of comparable companies.

Future margins of Charles Vögele were adjusted for non-recurring effects (one-offs).

Benchmarking

1 The EBIT margin has developed similarly to the EBITDA margin and is located at the lower end of the bandwidth of comparable companies.

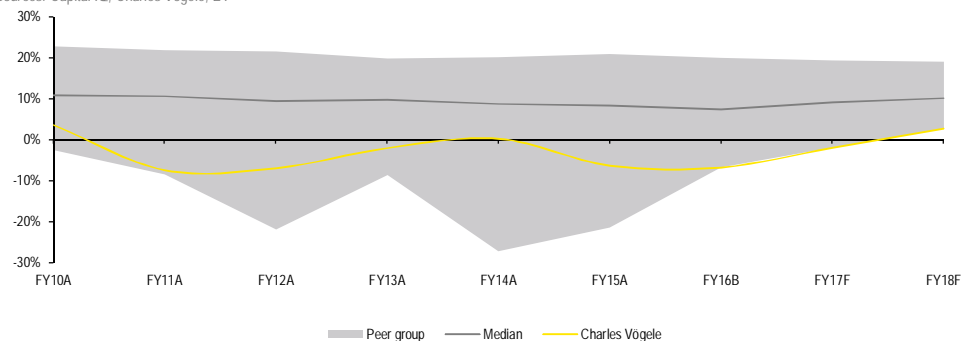
From FY16B to FY18F the EBIT margin is expected to grow from (6.8%) to 2.7% and remain at this level in the long term.

In order to achieve a turnaround and sustainable improvement of profitability, management will intensify the implementation of "CVision" measures. This includes:

- Accelerating the renewal of collections (10 times per year) and development of "lighthouse"-products
- Improve emotional appeal of sales areas through new design concepts
- Process optimization and introduction of structural changes

EBIT margin **1**

Sources: Capital IQ, Charles Vögele, EY



2 In FY10A and FY11A Capex of Charles Vögele were comparable to the median values of the peer group. In FY12A to FY14A Capex was cut substantially.

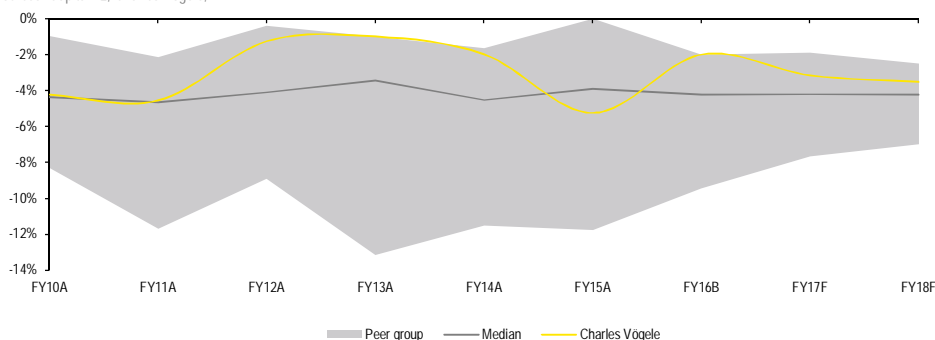
Under the "CVision" transformation program Charles Vögele has made substantial investments in modernization of retail space in FY15A. By the end of FY15A 274 stores were renovated. As a result, Capex in % of revenue has increased to 5.3%.

The decline of investment volumes in FY16B is owed to negative operating results.

Capex in FY18F are based on normalized investment levels.

Investments in % of revenue (Capex, displayed negatively) **2**

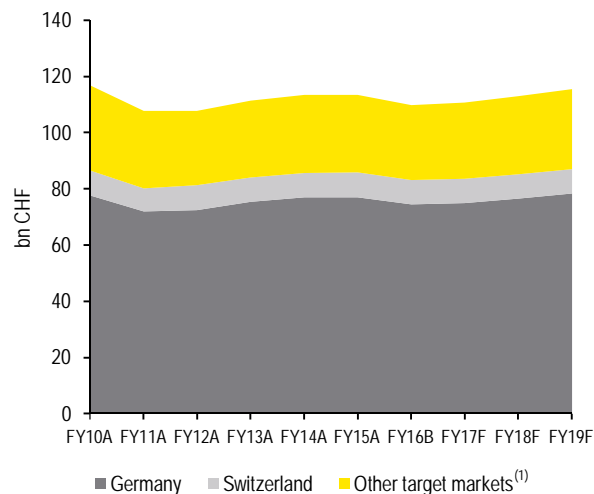
Sources: Capital IQ, Charles Vögele, EY



Relevant market

Total household spending on clothing in the markets of Charles Vögele, 2010 to 2019

Sources: BMI „Europe Retail. Market Forecasts to 2019“



Footnote:

1. Includes: Austria, the Netherlands, Hungary and Slovenia

Status quo

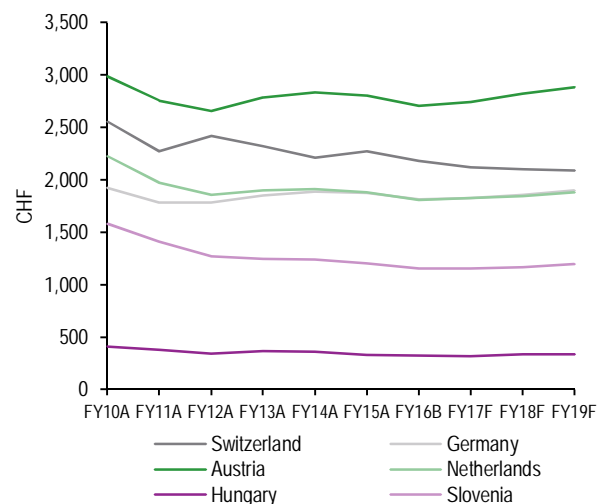
- ▶ In recent years, competition in textile and clothing industry in the markets of Charles Vögele has intensified.
- ▶ Increased price pressure, appreciation of the Swiss Franc and growing Internet shopping and cross-border shopping in neighboring countries have already led to several insolvency cases and closures In Switzerland:
 - As an example, the fashion company Bernie`s can be mentioned, which after filing a bankruptcy in 2011 was taken over by a new investor. However, already in 2015, the company had to close all its stores in Zurich. Since January 2016, the New Bernie's Fashion AG is in liquidation.
 - Another fashion chain Companys declared bankruptcy in Switzerland in autumn 2015. Despite the takeover by the Danish fashion group DK Company, several stores in Switzerland were closed.
- ▶ The German textile company Steilmann SE has filed for insolvency in March 2016 (five months after an IPO). The liquidator is currently looking for potential investors. Due to a difficult market situation and industry-wide challenges, it is probable that the company would be split and sold in parts.
- ▶ An increasing number of internet and app users has led to a significant growth in sales generated through e-commerce channels. The importance of online shops as a sales and marketing channel has increased substantially.
- ▶ According to the study „Centre for the Promotion of Imports“ (CPI), the European clothing market has changed significantly under the influence of globalization as well as technological and demographic factors. European consumers became more fashion conscious. They look for greater product variety and use Internet resources and social media more actively, in order to follow trends and order online. Furthermore, sustainability plays an ever increasing role for consumers.¹
- ▶ The graph on the left summarizes historical and expected future household spending on clothing in the markets of Charles Vögele.

¹ Centre for the Promotion of Imports: "Which trends offer opportunities on the European apparel market?" 09 December 2015

Relevant market

Country-specific spending on clothing per household in the markets of Charles Vögele, 2010 to 2019

Sources: BMI „Europe Retail. Market Forecasts to 2019“



Drivers and outlook

- ▶ According to CPI, European retailers and brands are offering greater flexibility as well as transparency and technology in relation to their sourcing processes and products. Furthermore, investments in their social media presence have to be made, in order to better target the needs of the consumers.
- ▶ Following trends and opportunities will play an important role for the European clothing industry, according to CPI:
 - Ageing population continues to grow. The percentage of European population in the age of 65+ will rise from 17% in 2010 to estimated 30% in 2060. At the same time, it is expected that the lifestyle of older people will shift towards a more physically active lifestyle than it was in the past decades. Thus, this consumer group will gain higher importance.
 - Over the next 5 to 10 years, baby boomers (those born between 1946 and 1964) will dominate apparel consumption. In the long-term perspective, the trend will shift towards millennials (those born between 1980 and 2000). This consumer group will have a different view on fashion and design and will prefer garments with integrated gadgets and wearable technology.
 - Changes in consumer shopping preferences (in particular, through growing usage of mobile, digital and social media).
 - Transparency, traceability and sustainability in the entire supply chain.
 - Greater efficiency in sales forecast as well as focus on speed to market and just-in-time (JIT) deliveries.
 - Development of production and consumption in developing countries. The global market for women's clothing is expected to grow by 5% p.a. over the next ten years. The growth in emerging markets could even exceed the 5% p.a. due to demographic and economic developments.
- ▶ The study of Business Monitor International (BMI) projects that the household spending on clothing in the key markets of Charles Vögele- Germany and Switzerland- will increase starting from 2017 and 2019 respectively (see the table on the left).

Valuation considerations

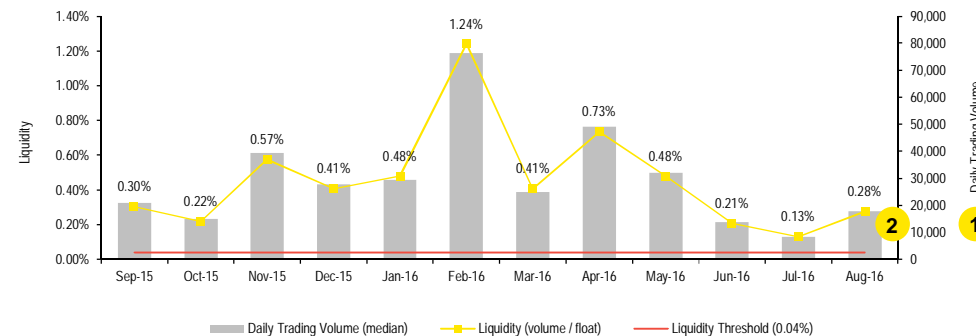
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Liquidity according to Swiss Takeover Board rules

1 The liquidity analysis shows that trades were recorded on all trading days.

Trading volume and liquidity

Sources: Capital IQ, EY



2 The analysis also shows that the monthly trading volume in each month (monthly median) was above the liquidity threshold of 0.04%. Charles Vögele shares are, therefore, considered to be liquid.

Notes to chart:

- ▶ The graph shows the trading volume (monthly median) and liquidity over the observation period from September 2015 to August 2016. The data underlying the liquidity analysis was obtained from Capital IQ.
- ▶ The liquidity threshold is set at 0.04% by the Swiss Takeover Board. See in particular the Circular No. 2: "Liquidity in the sense of the Takeover Law".

Conclusion

Based on the fact that Charles Vögele shares are liquid, the share price is an important element in assessing the financial fairness of the offer.

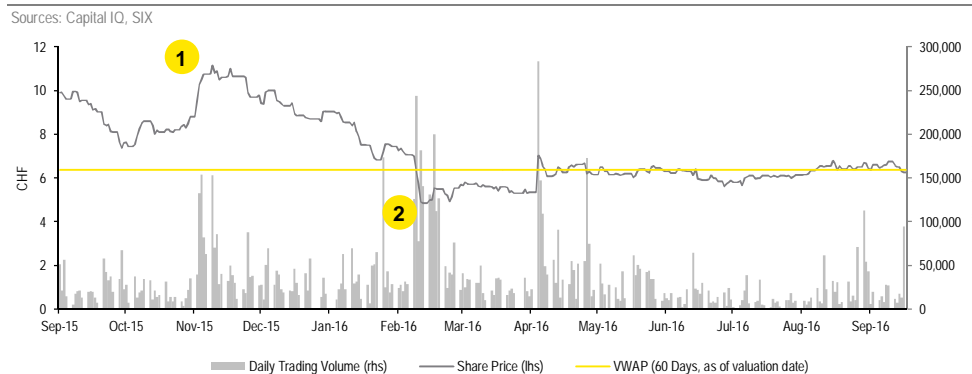
Share price development

1 The highest closing price of the last 12 months was CHF11.15 and was observed on 9 November 2015.

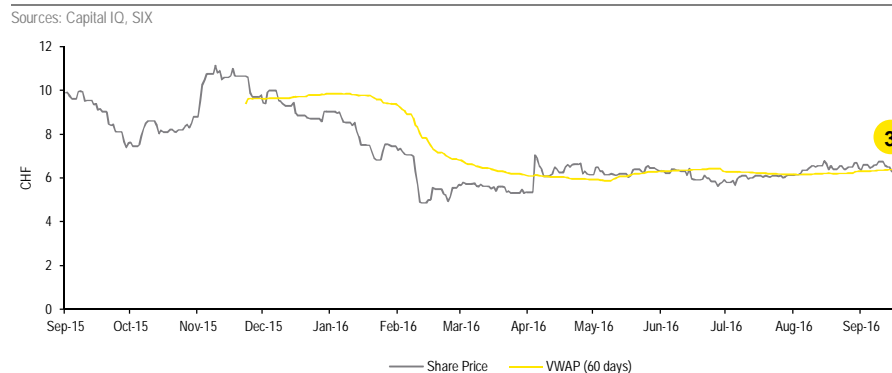
3 As of 16 September 2016, the closing price was CHF6.25, whereas the volume weighted average price (VWAP60) was CHF6.38, according to the SIX data.

2 The lowest closing price of the last 12 months was CHF4.85 and was observed on 12 February 2016.

Share price development and trading volume (September 2015 to September 2016)



VWAP60 development (November 2015 to September 2016)



Notes to graphics:

- ▶ The charts show the share price development over a 52-week observation period.
- ▶ VWAP is an approximation, which is based on Capital IQ and SIX figures.

Analyst forecasts and estimates on target prices

1 According to Vontobel analyst estimates from 25 August 2016, the current target price of one share is CHF5.0, whereas the target price does not represent a precise estimate at the valuation date. The target price indicates a possible/expected value development over the next 12 months.

Zürcher Kantonalbank published an analyst report on Charles Vögele on 25 August 2016. Depending on the WACC assumptions, the price of one share is marginally positive or even negative.

1 Overview of the business plan forecasts for Charles Vögele

Vontobel (CHF5.0), 25 August 2016	FY16B	FY17F	FY18F	FY19F
Revenue growth	(2.4%)	0.5%	0.6%	1.0%
Gross margin	65.1%	65.4%	65.9%	n/a
EBITDA margin	0.6%	2.2%	4.2%	n/a
EBIT margin	(3.4%)	(1.7%)	0.4%	1.6%

Source: Vontobel

Notes to table:

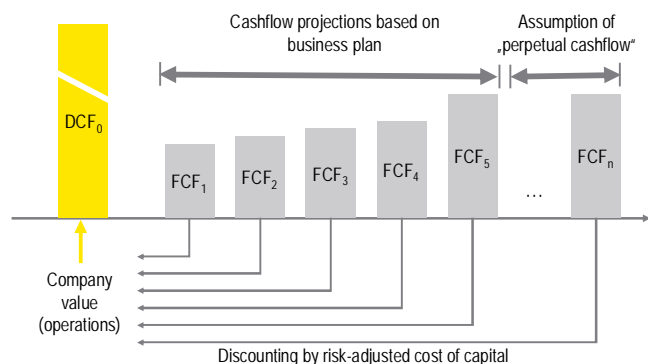
- ▶ The table shows key performance indicators (KPIs) underlying the target price estimates of Vontobel.
- ▶ Charles Vögele's withdrawal from the Belgian market is not reflected in the target price of Vontobel.

2 Analysts expect a positive EBIT margin of 0.4% starting from FY18F.

Basic assumptions and business plan

DCF method

Source: EY



Notes to graphic:

- ▶ The DCF method determines the operating value of a company by discounting the expected free cash flows (FCF) at the weighted average cost of capital (WACC).
- ▶ The FCF represent the cash flows before financing activities and therefore the cash flows to which both, debt and equity holders, are entitled. To derive the equity value, the market value of the company's debt is deducted. Moreover, further assets/liabilities not covered in the FCF calculation are added/deducted.
- ▶ If a going concern is assumed, the explicit business planning period is followed by an assumption regarding a sustainable FCF. This sustainable cash flow is the basis to calculate the terminal value. The terminal value includes the present value of all FCF that follow the business plan period.

DCF assumptions

- ▶ The following assumptions were made to perform our DCF analysis:

- Valuation date: 16 September 2016
- Planning period: assumptions for FY16B to FY18F are based on prospective figures provided by management. Figures for FY19F and FY20F were developed in coordination with management and are based on the values of FY18F, which were adjusted with a long-term growth rate of 1.0% (for further details please refer to the section "Assumptions for the terminal year FY20N").
- Terminal value based on FY20N
- Presentation currency: CHF
- Tax rate: 20% (average group tax rate of Charles Vögele according to management)

Business plan

- ▶ The DCF valuation is based on a business plan, which was prepared by the management. The business plan covers current period (FY16B) and business plan years (FY17F and FY18F). The business plan was developed on a consolidated level and is based on a constant exchange rate CHF/EUR 1.07.
- ▶ FY16B to FY18F figures were approved by Charles Vögele board of directors.
- ▶ Withdrawal from Belgian market was considered in the cash flows.
- ▶ Assumptions for the terminal value (in particular, EBIT(DA) margin and sustainable Capex level) were developed in discussions with management and are based on the benchmarking data and analyst estimates.
- ▶ It should be noted that at this stage not all scheduled restructuring and optimization measures, underlying the business plan, have been implemented. Therefore, the business plan contains a not insignificant risk of implementation. The expected positive development of the underlying figures depends, inter alia, on the factors mentioned below:
 - Effective and timely implementation of the "CVision" restructuring program
 - Achieving set goals in the property sale
 - Scheduled withdrawal from the Belgian market
 - No further significant appreciation of the Swiss Franc

Main DCF valuation assumptions

Overview of key DCF valuation assumptions

Parameter	Year(s)	Assumption	Source
Ø Revenue growth, CAGR %	FY16B-FY20F	2.9%	Mgmt./EY
Group tax rate %	FY16B-FY20N	20.0%	Mgmt.
TV calculation	FY20N	Gordon Growth ⁽¹⁾	EY
TV growth rate	FY20N	1.0%	EY
WACC	FY16B-FY20N	8.5%	EY

Sources: Charles Vögele, Capital IQ, BMI, EY

Notes to table:

1. Gordon Growth Model: Perpetuity formula to determine the terminal value in the DCF method.

Main DCF valuation assumptions

- ▶ The main assumptions of the financial plan are shown in the adjacent table and are further described in the following paragraphs.

Revenue

- ▶ The basis for the business plan are value drivers highlighted in the section “Company”. In FY16B a negative revenue growth of (4.0)% is expected. Beginning from FY17F a yearly revenue growth between 1.0% and 5.3% underlies the business plan. Over the forecast period (FY16B to FY20F) an average revenue growth (CAGR) of 2.9% was applied, which is primarily attributable to the successful implementation of the “CVision” transformation program. In addition, the rebranding and collection change in the Swiss market is expected to contribute to the revenue growth.
- ▶ Furthermore, it should be noted that the business plan does not consider any growth through acquisitions, but is based on organic growth.

EBITDA & EBIT margin

- ▶ The EBTIDA and EBIT margins are expected to improve over the long term and to achieve a positive value. Nevertheless, the margins will reside at the lower end of the range established by the benchmarking group.
- ▶ The positive trend is mainly attributable to growing revenues and decreasing costs as well as withdrawal from the Belgian market and expected positive effects from the planned optimization measures.

Capex/Depreciation

- ▶ Due to negative operating results, Capex were reduced in FY16B.
- ▶ An increase in Capex is already planned for the following years.
- ▶ In FY16B, the annual depreciation is forecasted to decline, based on the business plan assumptions. The decrease in depreciation is primarily attributable to the property sale (see below).

Main DCF valuation assumptions

Property sale

- ▶ Over the next years, Charles Vögele plans to sell a part of its real estate portfolio (some non-strategic properties) with a market value of approximately CHF100m. Some locations will be operated further based on a sale-and-leaseback model. Properties considered strategic will remain in Charles Vögele's portfolio.

Tax loss carryforwards

- ▶ Charles Vögele has substantial tax loss carryforwards in several countries, incl. on the level of the Swiss holding. However, under the group's transfer pricing system, individual country subsidiaries will report negligible profits. Therefore, the tax loss carryforwards may be used to a minimum extent only.
- ▶ Due to the upcoming challenging restructuring and optimization measures and related risks, which, inter alia, can lead to the expiration of tax loss carryforwards, only the tax loss carryforwards in Switzerland were considered in the valuation. Tax benefits up to FY20F are reflected in the business plan. For the following years, the present value of tax benefits was calculated separately.
- ▶ Based on the business model of Charles Vögele in Germany and Austria (cost-plus method), corresponding annual tax expenditures were considered in the business plan.

Non-operating assets and off-balance sheet liabilities

- ▶ Income from and costs for non-operating, but rented out properties of Charles Vögele are considered in the business plan and are therefore covered in the DCF valuation.
- ▶ According to management, except for properties, Charles Vögele does not own material non-operating assets or off-balance sheet liabilities.
- ▶ Entire cash and cash equivalents were classified by management as operating and were not considered as value appreciating.

Main DCF valuation assumptions

Financial liabilities and provisions

Currency: mCHF

Sum of financial liabilities ¹	200.6
Provisions (as of 31.07.2016)	10.3

Source: Charles Vögele

Notes to table:

1. Average on a monthly basis.

Financial liabilities/interest bearing debt and provisions

- ▶ The current credit facility of Charles Vögele amounts to CHF245m and is primarily used to cover seasonal fluctuations of the NWC (driven by inventory).
- ▶ Drawn loan and financial leasing were identified as the main financial liabilities of Charles Vögele.
- ▶ The valuation was made on an annual basis (in particular, for analyzing cash flow, NWC changes etc.). Due to high seasonal fluctuations of financial liabilities, for valuation purposes, an average value of monthly financial liabilities was applied (in contrast to using a value at the valuation date). Therefore, we used the average monthly values of drawn loan, deferred financing costs and financial leasing for the period September 2015 to August 2016. The sum of these three balance sheet items (CHF200.6m) was considered in the DCF valuation as interest bearing debt and was deducted from the enterprise value.
- ▶ Furthermore, provisions as of 31 July 2016 in the amount of CHF10.3m were considered as debt, because they result in cash outflows. Provisions were deducted from the enterprise value (see table on the left).

Employee stock options

- ▶ To motivate employees, Charles Vögele maintains an employee stock option plan. However, based on the current share price and our DCF valuation, all options are out-of-the-money. Therefore, these options were not considered in the DCF valuation.

Net working capital

1 Net working capital (NWC) for FY15A to FY18F is based on the respective December figures of the business plan. NWC values for FY19F and FY20F were set in relation to revenue based on the figures of FY18F.

NWC in FY16B is planned at 5.1% of revenues. According to the business plan and discussions with management, a NWC of 5.9% was applied for FY18F onwards, which is mainly driven by higher inventories.

Development of NWC **1**

Currency: CHF 000

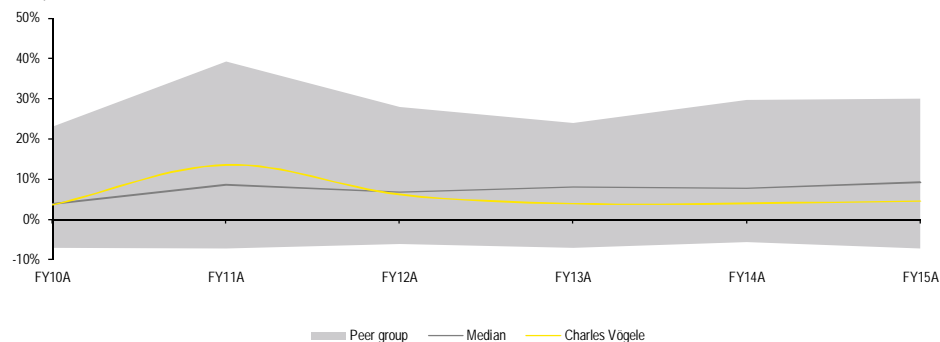
	FY15A	FY16B	FY17F	FY18F	FY19F	FY20F
Net sales	802,577	770,474	804,550	847,545	856,281	865,107
NWC	42,344	39,435	44,684	50,400	50,920	51,444
NWC in % of revenue	5.3%	5.1%	5.6%	5.9%	5.9%	5.9%

Source: Charles Vögele

2 Historical NWC values of Charles Vögele were positioned in the median area of the bandwidth of comparable companies.

Benchmarking, historical development of NWC **2**

Source: Capital IQ



Assumptions for the terminal year FY20N

Revenue weighted long-term inflation

Region	% Total revenue	Long-term inflation
Eurozone	64%	1.8%
Switzerland	36%	1.3%
Total	100%	1.6%

Sources: Charles Vögele, BMI, EY

Revenue weighted risk-free rate (terminal growth rate)

Region	% Total revenue	Risk-free rate
Eurozone	64%	1.4%
Switzerland	36%	0.4%
Total	100%	1.0%

Sources: Charles Vögele, Capital IQ, EY

Terminal growth rate

- ▶ To account for Charles Vögele is going concern assumption, an assumption regarding an indefinite growth rate has to be made. In general, the terminal growth rate equals the long-term expected inflation of the corresponding countries the target company is operating in. An indefinite growth rate equal to expected inflation would correspond to an assumption implying that the company's profits will remain constant in real terms. Long-term inflation can be applied as an indefinite growth rate, if this value does not exceed the risk-free rate applied in the valuation.
- ▶ We have calculated for Charles Vögele a revenue weighted long-term inflation rate of 1.6%, which is higher than the revenue weighted risk-free rate of 1.0% (see adjacent tables). Therefore, the terminal growth rate of 1.0% was applied in the Gordon growth formula and on the projected revenues of FY19F to FY20N.

EBITDA and EBIT margins

- ▶ Based on FY20F value, a sustainable EBITDA margin was applied for the terminal value.
- ▶ A sustainable EBIT margin results from the EBITDA assumption and planned Capex/depreciation (see below).

Capex/depreciation and NWC

- ▶ In consultation with management, long-term annual Capex were applied for the terminal value calculation.
- ▶ In calculating the terminal value we assume that depreciation corresponds to Capex in the long term. Thus, depreciation was set equal to Capex (constant ratio of Capex to sales). This assumption implies that fixed assets will remain constant, which is consistent with the assumption of real growth of 0.0%.
- ▶ The ratio of NWC to sales of 5.9% in FY20F was applied on sales of FY20N.

WACC

1 The beta reflects the systematic risk of a share and can be observed on the capital markets. Unlevering according to the observed capital structure yields the asset beta. Unlevering adjusts for the effects of different capital structures. The adjusted (adjustment according to Blume) asset beta has been derived from peer group median value.

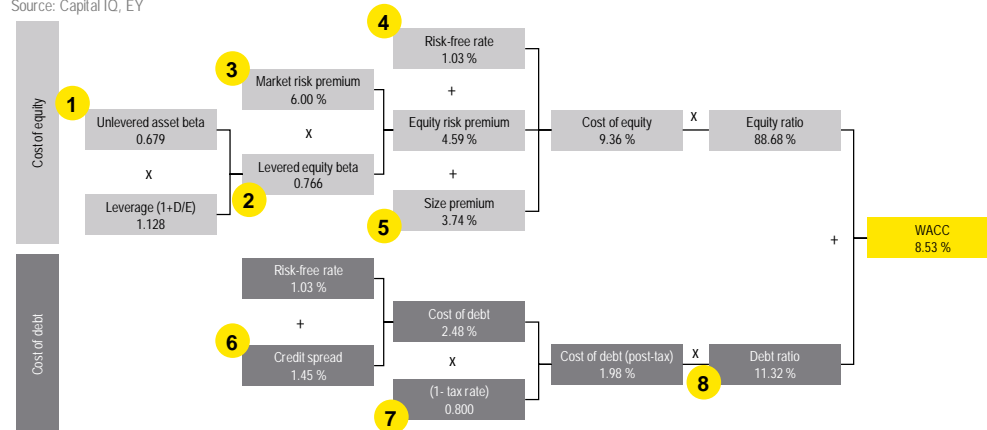
3 The market risk premium (MRP) approximates the difference between the return on the stock market and the risk-free rate. Average MRP is based on market studies and equals 6.0%.

5 Empirical studies have shown that in long-term smaller companies realize higher returns as compared to larger ones. These higher returns cannot be explained by the CAPM and go along with higher risks for which the market requires compensation. Size premium for Micro-Cap (2016 Valuation Handbook Duff & Phelps).

7 The tax rate equals the tax rate expected by management in the midterm (20.0%). The tax rate is applied to calculate the tax shield due to financing costs.

Charles Vögele WACC as of 16 September 2016

Source: Capital IQ, EY



Notes to graphic:

- ▶ The WACC describes the weighted average return required by debt and equity providers. Cost of equity is derived from the Capital Asset Pricing Model (CAPM).
- ▶ The risk-free rate was calculated based on regional risk-free rates and weighted by regional revenues.
- ▶ For WACC calculation (derivation of beta and capital structure) a peer group was determined (see appendix B).

2 The equity beta is obtained by relevering the asset beta according to Charles Vögele target capital structure. Relevering is done according to Practitioner's method.

4 Expected nominal return on risk-free investments based on 5-year historical average of the yield of a 10-year government bond in the corresponding country/region of each currency (i.e. revenue weighted).

6 The credit spread was derived from Barclays Europe Aggregate Index - BBB.

8 The debt (equity) ratio covers the median proportion of debt (equity) of the peer group. It is used to derive the weight of the cost of debt (equity) in the WACC calculation.

Valuation and sensitivity analysis

Share value

- ▶ The table below provides an overview of the results from the DCF valuation for Charles Vögele.
- ▶ Based on the previously mentioned underlying assumptions, management information, own valuation considerations and benchmarking, we have valued Charles Vögele at CHF50.5m (equity value) as of 16 September 2016 by applying the DCF method. 8,800,000 issued shares, excluding 263,399 treasury shares, result in 8,536,601 outstanding shares and, thus, a value per share of CHF5.9.

Valuation of Charles Vögele (DCF)

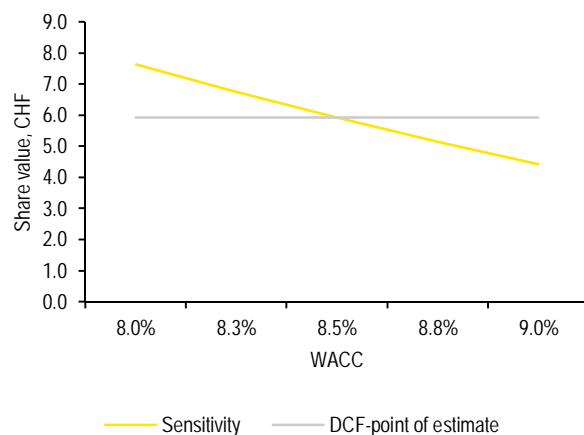
Currency: CHF 000

Sum of present values of FCFs	105,409
Terminal value	151,329
Present value of tax loss carryforwards	4,677
Enterprise value	261,415
Net financial debt	(200,594)
Provisions as of 31.07.2016	(10,282)
Equity value	50,539
Number of shares outstanding	8,536,601
Share price in CHF	5.9

Sources: Charles Vögele, EY

Sensitivity analysis: share value/WACC

Sources: Charles Vögele, EY



Sensitivity analysis

- ▶ In order to corroborate the findings obtained through the DCF, we performed sensitivity analysis on Charles Vögele share value. This analysis effectively demonstrates the sensitivity of the share value in relation to variations in the model's underlying assumptions.
- ▶ Changing the WACC (ceteris paribus) by +/- 0.5% points causes the share value to fluctuate between CHF4.4 and CHF7.6.
- ▶ Adjacent graphic shows the results of the sensitivity analysis.

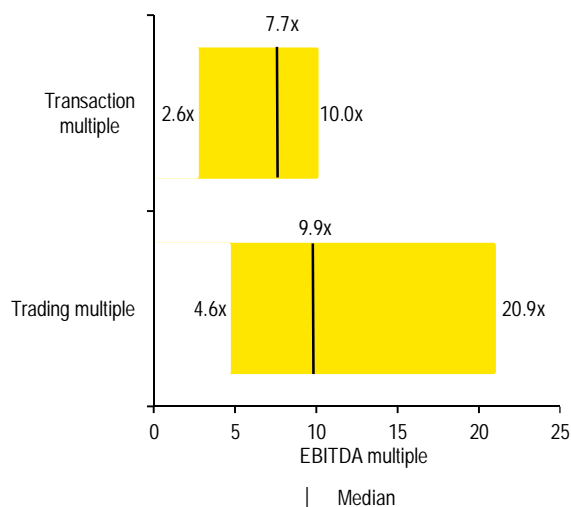
Conclusion

Based on the DCF method we have determined a point of estimate of CHF5.9 and a value range between CHF4.4 and CHF7.6 per Charles Vögele share.

Market multiples

Bandwidth of transaction/trading EBITDA multiples

Sources: Capital IQ, EY



Notes to graphic:

- ▶ The lower and upper limits represent the lowest and highest EBITDA multiples of the peer group.
- ▶ Trading multiples are based on financial data of the last twelve months (LTM).
- ▶ Further details of the transactions and the peer group are summarized in the appendix B.

Market multiples: trading/transaction multiples

- ▶ In order to corroborate the DCF valuation analysis and establish a range of enterprise values, an additional market multiples method is usually applied (trading and transaction multiples).
- ▶ The aim of this method is to determine the enterprise value by applying multiples on the company's earnings. These multiples are either trading multiples based on comparable listed companies or transaction multiples based on recent mergers and acquisitions in the same industry.
- ▶ Usually, to corroborate the DCF valuation, EY applies EBITDA multiples for the following reasons:
 - Revenues do not provide indications about the cost structure of the company;
 - EBIT could be affected by depreciation policy and level of fixed assets.
- ▶ Adjacent graph shows the results of our multiples analysis.
- ▶ Negative operative EBITDA values of Charles Vögele in FY15A and FY16B do not yield meaningful enterprise values based on the market multiples method.

Transaction EBITDA multiples

- ▶ Our considerations cover nine transactions, which seem reasonable for this analysis (see appendix B for further details).
- ▶ The median of transaction multiples is 7.7x, whereas the lowest and highest multiple is 2.6x und 10.0x respectively.

Trading EBITDA multiples

- ▶ Trading multiples analysis is based on the data of seventeen comparable companies. The analysis results in a median EBITDA multiple of 9.9x (see appendix B for further details).

Conclusion

Due to negative EBITDA values of Charles Vögele in FY15A and FY16B, the market multiples method does not yield meaningful enterprise values.

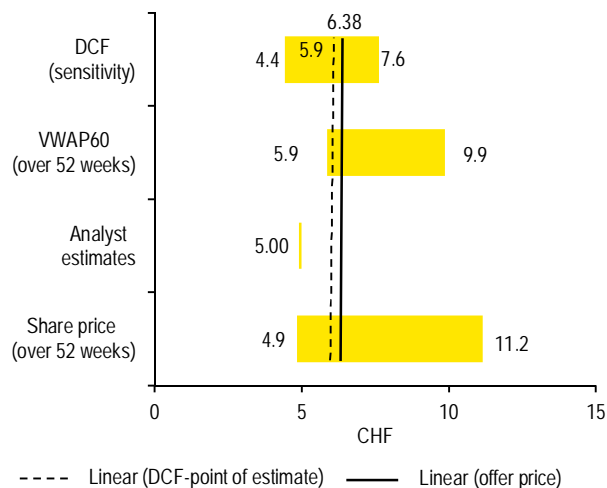
Fairness opinion

11. Overall conclusion/Fairness opinion

Fairness Opinion

Overview of valuation results (share value)

Source: EY



Fairness opinion

- ▶ The adjacent graph summarizes the results of our analyses of the share value. Based on the applied methods and our valuation considerations, a value range of CHF4.4 to CHF7.6 was determined for one share with a nominal value of CHF3.00. The DCF analysis, as a core valuation method, resulted in a point estimate of CHF5.9.
- ▶ The offer of CHF6.38 per share equals the VWAP(60) and corresponds to a premium of 2.1% over the closing price of CHF6.25 as at 16 September 2016.
- ▶ From a financial point of view, the offer price of CHF6.38 is considered fair.
- ▶ The fairness opinion has been completed on 17 October 2016.

Conclusion

From a financial point of view, the offer is considered fair.

Ernst & Young AG

Louis Siegrist
Partner

Hannes Schobinger, CFA
Executive Director

Appendices

Appendix A: Abbreviations

Appendix B: Peer group

Abbreviations

AG	Joint stock company (Aktiengesellschaft)
Ben	Benelux
BMI	Business Monitor International Research (a Fitch Group Company)
Bn	Billion
CAGR	Compound annual growth rate
CAPEX	Capital expenditures
CAPM	Capital asset pricing model
CEE	Central & Eastern Europe
Charles Vögele	Charles Vögele Holding AG, Gwattstrasse 15, CH-8808 Pfäffikon, Switzerland
CH	Switzerland
CHF	Swiss Franc
CPI	Centre for the Promotion of Imports
DCF	Discounted Cash Flow
DE	Germany
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EUR	Euro
EV	Enterprise value
EY	Ernst & Young AG, Maagplatz 1, CH-8010 Zurich, Switzerland
FCF	Free Cash Flow
FYXXA / FYXXB / FYXXF / FYXXN	Financial year 20XX actual / budgeted/ forecasted / normalized
GmbH	Limited liability company (Gesellschaft mit begrenzter Haftung)
HR	Human resources
IPO	Initial public offering
IT	Information technology
KPI	Key performance indicator
lhs	Left-hand side
LTM	Last twelve months
m	Million
NWC	Net working capital
p.a.	Per annum

Abbreviations

rhs	Right-hand side
SE	European company (Societas Europaea)
SIX	SIX Swiss Exchange
S.p.A	Joint stock company (Società per azioni)
S.R.L.	Limited liability company (Società a responsabilità Limitata)
SZ	Canton Schwyz, Switzerland
TV	Terminal value
VWAP	Volume weighted average price
WACC	Weighted average cost of capital

Peer group

Peer group: Beta and capital structure

Company	Ticker	Country	Currency	Filing date	Market cap	Minority interests	Total debt	Debt / total capital	Adjusted beta	Unlevered beta
Charles Voegelé Holding AG	SWX:VCH	Switzerland	CHF	06/2016	53	-	199	78.87%	1.254	0.265
Etam Développement SCA	ENXTPA:TAM	France	EUR	06/2016	216	39	237	48.21%	1.001	0.519
Gerry Weber International AG	DB:GWI1	Germany	EUR	07/2016	549	-	270	33.01%	0.943	0.631
IC Group A/S	CPSE:IC	Denmark	DKK	06/2016	2,816	7	109	3.72%	0.757	0.728
KappAhl AB (publ)	OM:KAHL	Sweden	SEK	05/2016	3,388	-	459	11.93%	0.937	0.825
SuperGroup Plc	LSE:SGP	United Kingdom	GBP	04/2016	1,213	-	-	0.00%	0.660	0.660
Ted Baker PLC	LSE:TED	United Kingdom	GBP	01/2016	1,175	-	98	7.69%	0.616	0.569
Tom Tailor Holding AG	XTRA:TTI	Germany	EUR	06/2016	91	7	274	73.67%	1.020	0.268
Adler Modemärkte AG	DB:ADD	Germany	EUR	06/2016	123	-	58	32.10%	0.888	0.603
Adolfo Dominguez SA	BME:ADZ	Spain	EUR	02/2016	32	1	3	7.05%	0.837	0.778
Esprit Holdings Limited	SEHK:330	Germany	HKD	06/2016	13,104	-	-	0.00%	1.397	1.397
LPP Spolka Akcyjna	WSE:LPP	Poland	PLN	06/2016	7,165	-	859	10.70%	0.782	0.698
Tod's SpA	BIT:TOD	Italy	EUR	06/2016	1,567	4	384	19.65%	0.645	0.518
CCC S.A.	WSE:CCC	Poland	PLN	06/2016	6,397	13	929	12.65%	0.855	0.746
Fast Retailing Co. Ltd.	TSE:9983	Japan	JPY	05/2016	3,503,356	24,729	276,500	7.27%	1.249	1.158
H & M Hennes & Mauritz AB (publ)	OM:HM B	Sweden	SEK	05/2016	406,651	-	4,915	1.19%	0.933	0.922
Industria de Diseño Textil SA	BME:ITX	Spain	EUR	04/2016	98,827	35	29	0.03%	0.735	0.735
Marks & Spencer Group plc	LSE:MKS	United Kingdom	GBP	04/2016	5,144	(2)	2,072	28.72%	0.851	0.606
Next Plc	LSE:NXT	United Kingdom	GBP	07/2016	7,155	-	971	14.06%	0.600	0.515
RNB Retail and Brands AB (publ)	OM:RNBS	Sweden	SEK	05/2016	368	10	1	0.34%	1.085	1.081
Low							0.00%		0.600	0.265
High							78.87%		1.397	1.397
Average							19.54%		0.902	0.711
Median							11.32%		0.871	0.679

Source: Capital IQ

Date of analysis: 16 September 2016

Figures for market capitalization, minority interests and total debt are in millions.

Peer group

Peer group: Trading Multiples, LTM

Company	Ticker	Country	Currency	Market cap	Minority interests	Cash & cash equivalents	Total debt	Enterprise value (EV)	EBITDA LTM	EV / EBITDA LTM
Charles Voegelé Holding AG	SWX:VCH	Switzerland	CHF	53	-	(47)	153	206	n/m	n/m
Etam Développement SCA	ENXTPA:TAM	France	EUR	216	39	(69)	168	423	93	4.6x
Gerry Weber International AG	DB:GWI1	Germany	EUR	549	-	(46)	224	773	91	8.5x
IC Group A/S	CPSE:IC	Denmark	DKK	2,816	7	(84)	25	2,848	288	9.9x
KappAhl AB (publ)	OM:KAHL	Sweden	SEK	3,388	-	(364)	95	3,483	422	8.3x
SuperGroup Plc	LSE:SGP	United Kingdom	GBP	1,213	-	(101)	-	1,213	99	12.3x
Ted Baker PLC	LSE:TED	United Kingdom	GBP	1,175	-	(13)	85	1,260	73	17.3x
Tom Tailor Holding AG	XTRA:TTI	Germany	EUR	91	7	(35)	239	337	61	5.5x
Adler Modemärkte AG	DB:ADD	Germany	EUR	123	-	(29)	29	152	24	6.3x
Adolfo Dominguez SA	BME:ADZ	Spain	EUR	32	1	(23)	-	33	n/m	n/m
Esprit Holdings Limited	SEHK:330	Germany	HKD	13,104	-	(5,341)	-	13,104	n/m	n/m
LPP Spolka Akcyjna	WSE:LPP	Poland	PLN	7,165	-	(219)	640	7,805	599	13.0x
Tod's SpA	BIT:TOD	Italy	EUR	1,567	4	(271)	113	1,683	158	10.7x
CCC S.A.	WSE:CCC	Poland	PLN	6,397	13	(254)	674	7,084	340	20.9x
Fast Retailing Co. Ltd.	TSE:9983	Japan	JPY	3,503,356	24,729	(653,017)	-	3,528,085	179,205	19.7x
H & M Hennes & Mauritz AB (publ)	OM:HM B	Sweden	SEK	406,651	-	(8,387)	-	406,651	31,041	13.1x
Industria de Diseño Textil SA	BME:ITX	Spain	EUR	98,827	35	(5,044)	-	98,862	4,730	20.9x
Marks & Spencer Group plc	LSE:MKS	United Kingdom	GBP	5,144	(2)	(265)	1,808	6,950	1,062	6.5x
Next Plc	LSE:NXT	United Kingdom	GBP	7,155	-	(199)	972	8,128	979	8.3x
RNB Retail and Brands AB (publ)	OM:RNBS	Sweden	SEK	368	10	(28)	-	378	81	4.6x
Low										4.6x
High										20.9x
Average										11.2x
Median										9.9x

Source: Capital IQ

Date of analysis: 16 September 2016

Figures for market capitalization, minority interests, cash & cash equivalents, total debt, EV and EBITDA are in millions.

Peer group

Description of peer group for Beta and Trading Multiples

<p>Charles Voegele Holding AG Charles Voegele Holding AG operates as a fashion retail company in Europe.</p>	<p>Etam Developpement SCA Etam Developpement SCA designs, distributes, and sells women's ready-to-wear clothing, lingerie, beauty products, and accessories under the ETAM, 1.2.3, and Undiz brand names.</p>	<p>Gerry Weber International AG Gerry Weber International AG operates as a fashion and lifestyle company.</p>
<p>IC Group A/S IC Group A/S designs and sells clothes for men and women in the Nordic region, rest of Europe, and internationally.</p>	<p>KappAhl AB (publ) KappAhl AB (publ) operates as a fashion retailer in Europe.</p>	<p>SuperGroup Plc SuperGroup Plc designs, produces, and sells clothing and accessories primarily under the Superdry brand for men and women worldwide.</p>
<p>Ted Baker PLC Ted Baker Plc engages in the design, wholesale, and retail of menswear, womenswear, and accessories under the Ted Baker name in Europe, North America, the Middle East, Asia, and Australasia.</p>	<p>Tom Tailor Holding AG TOM TAILOR Holding AG, an integrated fashion and lifestyle company, provides casual wear and accessories for women, men, and kids primarily under the TOM TAILOR and BONITA brand names.</p>	<p>Adler Modemärkte AG Adler Modemärkte AG operates textile retail chains.</p>
<p>Adolfo Dominguez SA Adolfo Dominguez S.A. engages in the design, manufacture, acquisition, sale, wholesale marketing, import, and export of ready-made clothing, footwear, handbags and accessories, household linens, furniture products, and decorative objects.</p>	<p>Esprit Holdings Limited Esprit Holdings Limited, an investment holding company, engages in the retail and wholesale distribution, and licensing of fashion and non-apparel products worldwide.</p>	<p>LPP Spolka Akcyjna LPP Spolka Akcyjna designs, distributes, wholesales, and retails clothing products in Poland, Central and Eastern Europe, Western Europe, Balkan countries, and the Middle East. The company provides clothing products including jackets, overcoats, jumpers, sweatshirts, trousers, dresses, blouses, shirts, and underwear, as well as other accessories such as caps, scarves, gloves, and shoes; and footwear.</p>
<p>Tod's SpA TOD'S S.p.A. creates, produces, and distributes shoes, leather goods and accessories, and apparel.</p>	<p>CCC S.A. CCC S.A. engages in the manufacture, wholesale, and retail of footwear for men, women, and children worldwide.</p>	<p>Fast Retailing Co. Ltd. Fast Retailing Co., Ltd., through its subsidiaries, operates as an apparel retailer in Japan and internationally.</p>
<p>H & M Hennes & Mauritz AB (publ) H & M Hennes & Mauritz AB (publ) provides clothes, shoes, bags, jewelry, make up products, underwear, and accessories for women, men, teenagers, and children.</p>	<p>Industria de Diseno Textil SA Industria de Diseño Textil, S.A., a fashion retailer, designs, sells, and distributes clothing, footwear, and accessories through various stores formats.</p>	<p>Marks & Spencer Group plc Marks and Spencer Group plc operates various retail stores in the United Kingdom and internationally.</p>
<p>Next Plc NEXT plc engages in the retail of clothing, footwear, accessories, and home products for men, women, and children in the United Kingdom, rest of Europe, the Middle East, Asia, and internationally.</p>	<p>RNB Retail and Brands AB (publ) RNB Retail and Brands AB (publ) owns, develops, and operates fashion, clothing, accessories, jewelry, and cosmetics stores primarily in Sweden, Finland, Norway, and the Netherlands.</p>	

Source: Capital IQ

Peer group

Peer group: Transaction Multiples

Closing date	Target/ Issuer	Primary industry of the target	Country of the target	Buyer/ Investor	Percent sought (%)	Implied equity value (mCHF, historical rate)	Implied EV/ EBITDA
n/a	Disys Commerce Inc.	Apparel Retail	United States	Metabrid LLC	100%	5.2	na
05/2016	Joy Shop AB	Apparel Retail	Sweden	MQ Holding AB	100%	4.5	na
08/2015	ANN INC.	Apparel Retail	United States	Ascena Retail Group Inc.	100%	2,035.6	8.4 x
06/2015	New Look Retail Group Limited	Apparel Retail	United Kingdom	Brait Mauritius Limited	100%	2,985.3	9.3 x
06/2015	Ikks Group S.A.S.	Apparel Retail	France	LBO France; The Silverfern Group, Inc.; White Knight IX	70%	526.7	na
01/2015	Poppy Holdco Limited	Apparel Retail	United Kingdom	The Foschini Group Limited	100%	324.9	10.0 x
01/2014	Moss Bros Group plc	Apparel Retail	United Kingdom	n/a	10%	11.9	6.5 x
10/2013	Greenwoods Menswear Ltd.	Apparel Retail	United Kingdom	Bosideng International Fashion Ltd.	96%	5.9	na
10/2013	rue21, Inc.	Apparel Retail	United States	Apax Partners LLP	100%	1,022.6	9.8 x
04/2013	Adler Modemärkte AG	Apparel Retail	Germany	Equinox S.A.; Steilmann-Boecker Fashion Point GmbH & Co. KG (nka:Steilmann SE); G&C Holding	50%	65.0	3.8 x
08/2012	Bonita International GmbH & Co. KG	Apparel Retail	Germany	Tom Tailor Holding AG	100%	257.2	3.6 x
08/2012	The Talbots Inc.	Apparel Retail	United States	Sycamore Partners	90%	367.2	nmf
05/2012	Moss Bros Group plc	Apparel Retail	United Kingdom	n/a	30%	18.3	2.6 x
01/2012	PM Retail AS	Apparel Retail	Norway	FSN Capital Partners AS; FSN Capital III	80%	63.2	7.7 x
Low							10.0 x
High							2.6 x
Average							6.9 x
Median							7.7 x

Source: Capital IQ
Date of analysis: 23 June 2016

Peer group

Description of peer group for Transaction Multiples

<p>Disys Commerce Inc. Disys Commerce Inc. retails apparel and accessories.</p>	<p>Joy Shop AB Joy Shop AB, a fashion retailer, retails clothing products for men and women.</p>	<p>ANN INC. ANN INC., through its subsidiaries, engages in the retailing of women's apparel, shoes, and accessories under the Ann Taylor and LOFT brands.</p>
<p>New Look Retail Group Limited New Look Retail Group Limited operates as a multichannel apparel retailer.</p>	<p>Ikks Group S.A.S. Ikks Group S.A.S. owns and operates apparel retail stores that sell apparel and clothing accessories.</p>	<p>Poppy Holdco Limited Poppy Holdco Limited, doing business as Phase Eight, retails clothing, footwear, and accessories for women.</p>
<p>Moss Bros Group plc Moss Bros Group PLC, together with its subsidiaries, retails and hires formal wear for men primarily in the United Kingdom.</p>	<p>Greenwoods Menswear Ltd. Greenwoods Menswear Ltd., doing business as GW Menswear, operates a chain of clothing retail stores in the United Kingdom.</p>	<p>rue21, Inc. rue21, Inc. operates as a specialty retailer of junior girls and young men's apparel and accessories in the United States.</p>
<p>Adler Modemärkte AG Adler Modemärkte AG operates textile retail chains.</p>	<p>Bonita International GmbH & Co. KG Bonita International GmbH & Co. KG is based in Hamminkeln, Germany. It operates as a subsidiary of Tom Tailor Holding AG, an integrated fashion and lifestyle company.</p>	<p>The Talbots Inc. The Talbots, Inc., together with its subsidiaries, operates as a specialty retailer and direct marketer of women's apparel, accessories, and shoes in the United States and Canada.</p>
<p>Moss Bros Group plc Moss Bros Group PLC, together with its subsidiaries, retails and hires formal wear for men primarily in the United Kingdom.</p>	<p>PM Retail AS PM Retail AS owns and operates women apparel retail stores in Norway.</p>	

Source: Capital IQ

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