

de Grisogono Holding SA

1. Introduction
2. Products
3. Distribution channels
4. Competition
5. Sourcing and production
6. Highlights, Challenges and Potential

1993: Mr. Fawaz Gruosi creates de Grisogono SA. The company operates exclusively in the high-end jewelry segment

2000: 39.5% of the shares of de Grisogono SA are sold to A & A Actienbank. Mr. Fawaz Gruosi owns the remaining 60.5%. The company starts to produce and to distribute watches. Turnover amounts to some CHF 57M.

2001: de Grisogono SA achieves a turnover of CHF 104M, almost doubling its revenues compared with the previous year.

2002: A & A Actienbank disposes of its investment to Chopard SA (acquiring 49% of the company) and the Scheufele family (acquiring 2%). Fawaz Gruosi is granted a purchase option on Chopard's and the Scheufele family's stake which can be exercised in 2007. The company reports revenues of approximately CHF 60M. It operates 4 boutiques in Geneva, London, Rome and Gstaad.

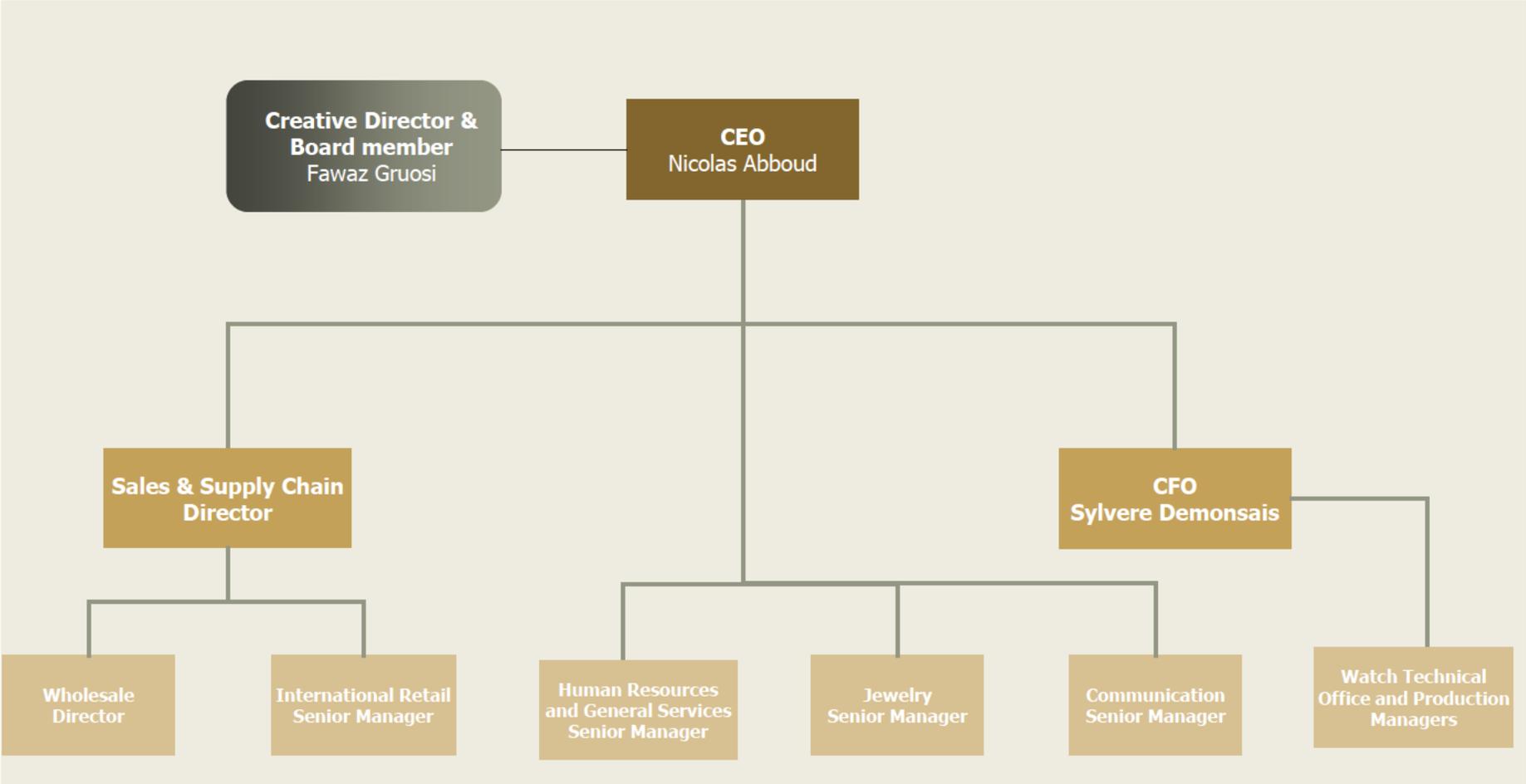
2007: Mr. Fawaz Gruosi exercises his option to acquire the stake Chopard and the Scheufele family own. An additional loan of CHF 50M is granted by the bank consortium to the company (CHF 20.5M) and de Grisogono Holding SA (CHF 29.5M) to finance the transaction. The Group achieves its highest revenues in an amount of CHF 136M (CAGR 27% between 2004 and 2007) and an EBITDA of CHF 14M. The group counts 14 boutiques.

2008: The group revenues decrease to CHF 117M with an EBITDA of CHF 7M. The group is not in a position to repay the bank loan of CHF 50M which was due by 31 December 2008.

2009: The group records revenues of CHF 68.6M and a negative EBITDA of CHF -7M. A restructuring team is appointed in May 2009. The company is seeking for an investor to repay the bank loans and to further develop its operations. In November 2009, Mr. Fawaz Gruosi sells 39.45% of the shares of de Grisogono Holding SA to four shareholders by mean of a capital increase of CHF 39.7M. This cash injection is predominantly used to repay overdue payables (suppliers). The bank loans are renegotiated and granted exclusively to de Grisogono SA (excluding de Grisogono Holding SA). The loans (transaction related debt and existing overdraft facility) are converted into a credit facility of CHF 6.5M and a fixed advance of CHF 58.1M (totalling CHF 64.6M).

2010: Revenues recovered to CHF 88M with an EBITDA of 3.4M. The restructuring team resigns in March and the company strengthens its internal management team with an experienced CEO and CFO. Moreover, the credit agreement has been renegotiated with the bank consortium in June 2010.

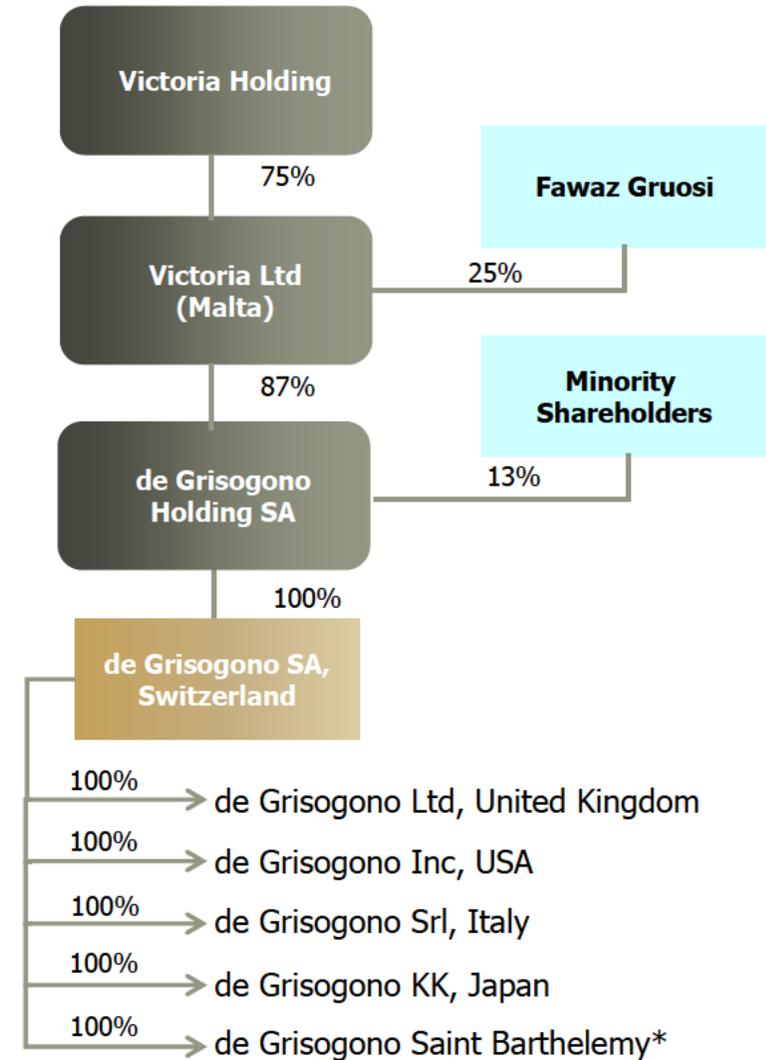
2012: New management (CEO and CFO) and new majority shareholder joined the company : Victoria Holding



➔ A total of 147 FTEs of which 105 are based in Switzerland (as of April 2012)

The de Grisogono group is structured as follows:

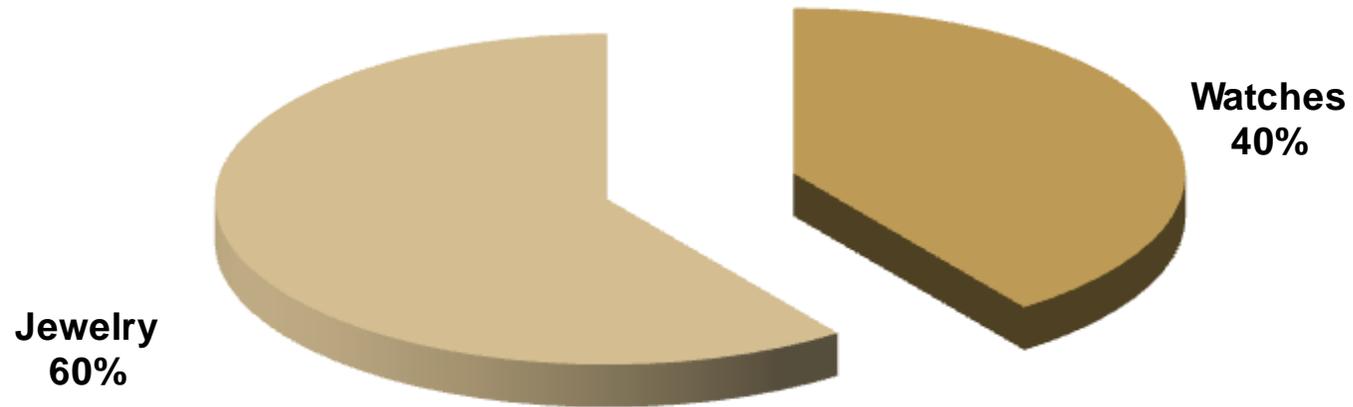
- de Grisogono Holding SA is a holding company with no operating activities. Its main asset is de Grisogono SA. It has granted a shareholder loan of CHF 12.6M to de Grisogono SA.
- de Grisogono SA is the main operating company of the group. It operates as a headquarter, produces and manufactures jewelry and watches, runs the wholesale activities worldwide (except for USA, Caraiibes and Japan), manages three boutiques in Switzerland, one in France and runs the private sales operations.
- The other entities of the group manage boutiques directly (Italy, Saint Barthelemy and UK), while the USA and Japan operations additionally take care of the wholesale in the respective territory.



* Will be closed down in 2012

1. Introduction
2. Products
3. Distribution channels
4. Competition
5. Sourcing and production
6. Highlights, Challenges and Potential

de Grisogono is a leading actor in the high-end luxury jewelry and watches business



In percentage of revenues 2010

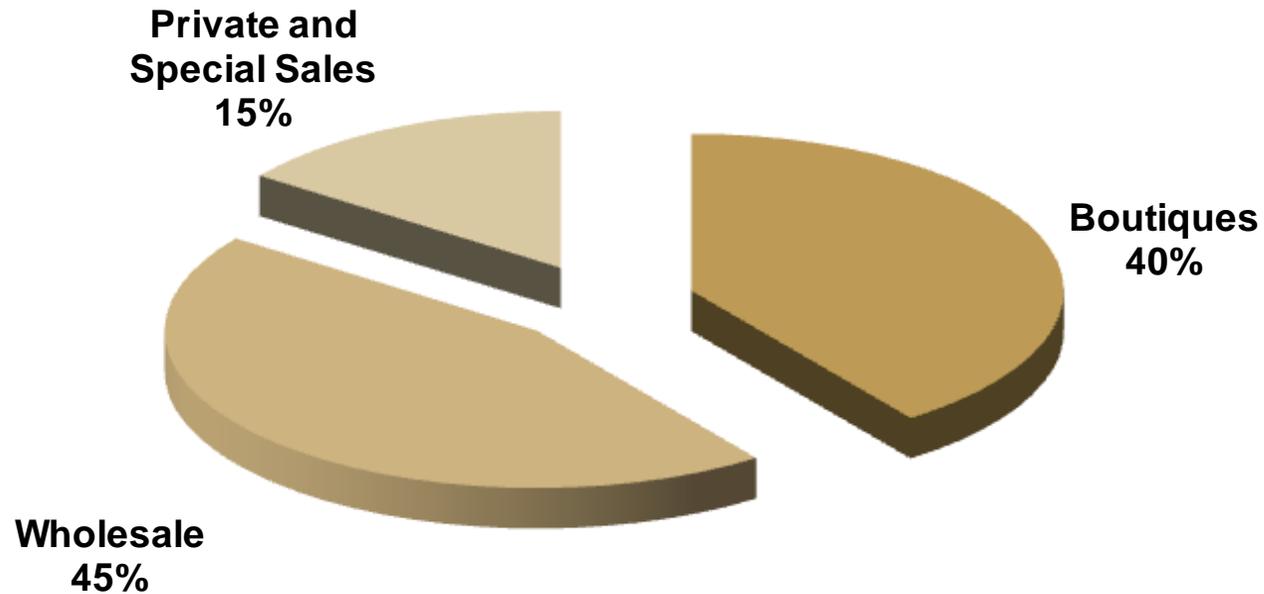
- The jewelry line (approximately 60% of sales) includes a wide array of precious stones incrustated necklaces, bracelets and rings.
- The standard collection prices are hovering around CHF 13'000 apiece. The high- to very high-end lines range between CHF 220'000 and CHF 2.5M.
- The high- and very high-end jewelry that represents some 50% of the jewelry segment is manufactured at the Company's own facilities in Switzerland. For the standard line collection, the Company relies on outsourcing capabilities in Switzerland, France and Italy.

Watches line

- The watches line (approximately 40% of sales) emphasizes the tradition of luxury Swiss watch makers and offers a selection of innovative designs and technical mechanical movements.
- The watches standard line catalogue displays pieces around CHF 17'000 whereas watches with complicated movements may reach up to CHF 300'000. Jewelry watches may reach up to CHF 1M.
- All watches are assembled in house while the mechanical movements are entirely outsourced. However, the Company has the know-how for developing complicated movements in-house.
- The focus of the company lies in creative and innovative watches.

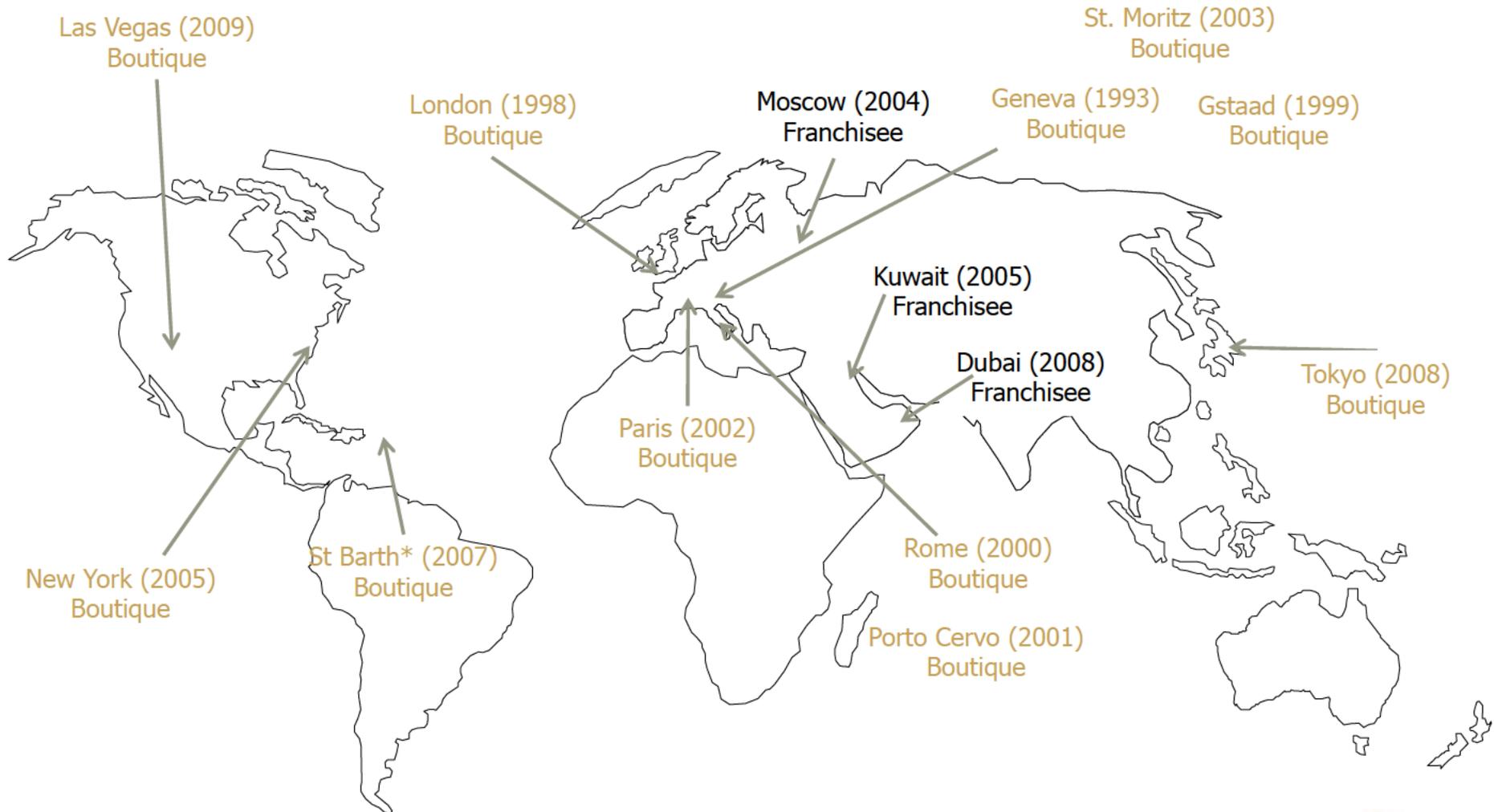
1. Introduction
2. Products
3. Distribution channels
4. Competition
5. Sourcing and production
6. Highlights, Challenges and Potential

de Grisogono has a well balanced distribution structure



In percentage of revenues 2010

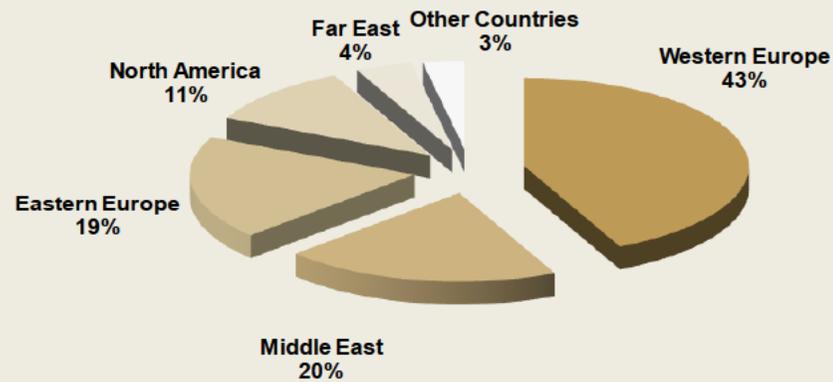
de Grisogono has currently 11 company-owned outlets and 3 franchisees



Company-owned outlet, Franchisee

* Will be closed down in 2011

The wholesale channel comprises currently 146 point of sales in the following regions:



In % of total sales of the wholesale channel (as of 2010)

A selection of wholesalers:

AHMED SEDDIQI & SONS LLC	United Arab Emirates
BERGDORF GOODMAN	United States
CHOPARD FRANCE	France
CHRONOVISION S.A.	Switzerland
HARRODS LTD.	United Kingdom
MERCURY DISTRIBUTION SA	Russian Federation
SAKS FIFTH AVENUE INC.	United States
SINCERE BRAND MANAGEMENT LTD.	Singapore
TRAFALGAR GENERAL TRADING CO.	Kuwait
VILED GROUP	Kazakhstan

- Yearly organization of private events around Mr Gruosi and VIP guests
- Exclusive presentation of very-high-end collections
- Top ten private customers and their spending in 2007*:

	Revenue generated in CHF
Customer 1	2'090'001
Customer 2	1'874'639
Customer 3	1'809'610
Customer 4	1'569'401
Customer 5	1'257'608
Customer 6	1'115'546
Customer 7	978'880
Customer 8	927'000
Customer 9	763'043
Customer 10	749'023
Total	13'134'750

* 2007 was taken as a pre-crisis proxy for a sustainable business year. The top ten private customers accounted for approximately 10% of total sales in 2007.

1. Introduction
2. Products
3. Distribution channels
4. Competition
5. Clients
6. Sourcing and production
7. Highlights, Challenges and Potential

de Grisogono is clearly positioned as one of the very few luxury hard goods player in the ultra-high-end market

	Watch specialist	Jewel specialist	Luxury Hard Goods Player	Luxury Hard Goods lifestyle brand	Fashion Brand
Ultra-High-End	Patek, Muller, Audemars,...	Graff, Jar,...	de Grisogono, Harry Winston	N/A	N/A
High-End	Rolex, IWC...	Damiani, Buccellati	Chopard	Cartier, Bulgari, Van Cleef, Tiffany	Chanel, Dior, Gucci, Armani
Product Range	Mostly watches	Mostly jewels	Watches and jewels	Diversified, Around a jewel core	Jewels & watches as brand extension
Distribution	Selected flagships (mostly franchised) Selective Multibrand (can account for up to 70-90%)			Own retail & selective multibrand	Own retail & selective multibrand

Key competitors: Harry Winston, an old-established and integrated luxury hard goods player

A fully integrated company with a long tradition

- Founded 1932 in New York
- Harry Winston was taken over by Aber Diamond Corp. in 2006 forming Harry Winston Diamond Corporation (HWDC).
- HDWC owns a 40% stake in Diavik Diamond Mine securing its sourcing in refined stones.
- Operations range from mining over rough sales, polishing and polished sales to jewelry manufacturing and retailing.

Financials

- HDWC's sales down from USD 679M in 2008 to USD 413M in 2010

Key competitors: Franck Muller, a young and progressive company in the watches segment

Positioned as design innovator with high level of complexity

- Established in 1992
- Innovative products, both in mechanics and style (title of “most complicated wristwatch”)
- Manufactures almost all the features of its timepieces in-house

Innovative and aggressive communication strategy

- Most of communication budget is devoted to “unique events” and sponsorships

Financials

- No financials available
- Suffered during economic downturn, staff reduced by 50%

Within this environment, de Grisogono shows a unique positioning...

Ultra luxury creations



- High-end jeweler and watchmaker
- Very exclusive
- Confidential distribution

Contemporary design



- Very creative and contemporary design
- Stands out in a sector that is rather conservative
- A market trend-setter

Innovative materials



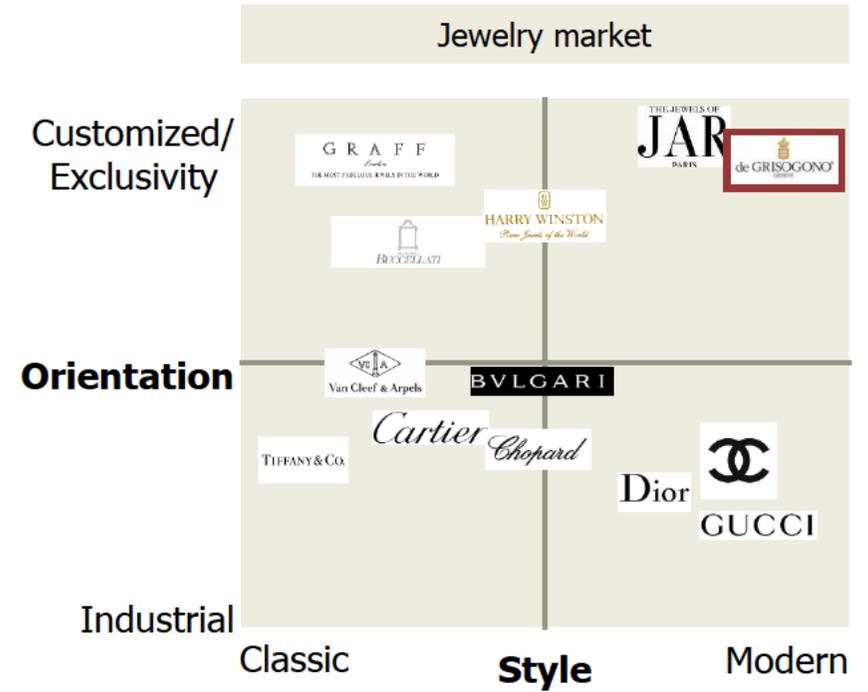
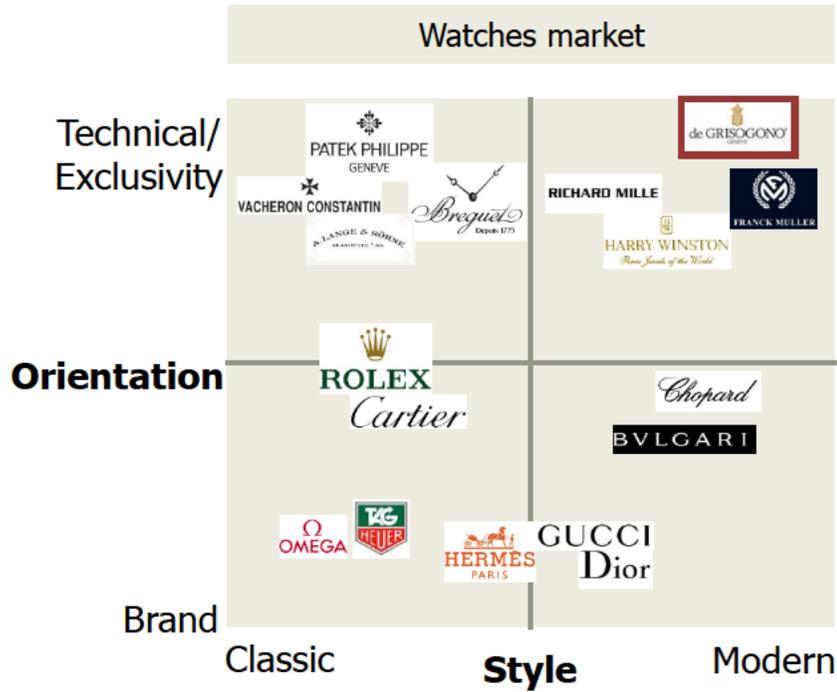
- Search for innovative materials
 - Black diamond
 - Icy diamonds
 - Brown or black gold
 - Galuchat
- Capacity to incorporate them in sublime creations

Constant PR efforts



- Ambitious PR events
 - Presence in major events: Cannes, Porto Cervo, ...

...combining exclusivity with a contemporary design for both the watches and the jewelry segment



de Grisogono embodies the style of its founder Fawaz Gruosi



A charismatic and charming leader with a strong expertise in luxury (40 years)

- Previous work experience at Harry Winston and then Bulgari
- An understated elegance

Master in PR with strong connections in the jet set

- "Everybody loves his generosity and his personality. I have never seen many parties that gather like here the world of music and cinema" - Naomi Campbell

For further information, please refer to the gallery section of de Grisogono's website.



1. Introduction
2. Products
3. Distribution channels
4. Competition
5. Sourcing and production
6. Highlights, Challenges and Potential

de Grisogono combines in-house manufacturing with outsourcing

	In-house	Outsourced
High- and very-high-end jewelry	Manufactured in company's own facilities in Switzerland	
Jewelry		Outsourced to companies in Switzerland, France and Italy
Watches	Assembly in-house	Production of mechanical movements entirely outsourced. However, know-how for development of complicated movements is present in company.

Jewelry sourcing: key messages

- Many channels exist to source stones.
- Although some myths exist, and despite concentration of suppliers, access to refined stones is not a concern for jewelry industry. The only concern is the level of “relationship” required to source very unique stones.
- Since scale effect is limited on diamond and colored stones, small players, like de Grisogono, are not penalized and can source at market prices.
- However, cash is king for precious stones suppliers and paying fast can lead to significant discount.

Jewelry sourcing: de Grisogono should not encounter major difficulties regarding the sourcing of refined stones in the future

Some myths exist about sourcing problems...

The diamond market is dominated by two manufacturers that own together more than 70% of the market:

- De Beers: 50% market share
- Alrosa: >20% market share

Despite this concentration of suppliers, sourcing of stones is not a concern for jewelry players.

...but industry experts do not consider the market tensed

- There are many channels in the distribution process.
- The market is driven by prices.
- Relationships do not play a crucial role to buy refined stones as opposed to unique stones.
- The critical point to contain prices is the rapidity to pay the supplier.

Watches: de Grisogono's size (<10'000 watches/yr) makes outsourcing very feasible, but requires close management of the supply chain

Outsourcing up to 10-20'000 pieces per year is not critical

- There are still a number of small independent manufacturers of movements in the market.
- Its relatively limited volumes make it easier for de Grisogono to secure components.
- de Grisogono can absorb price increases of components due to the comparatively high price of its finished goods.

Outsourcing is critical in the case of high complication levels and relatively high volumes

- Outsourcing is not sustainable in case of high complication level and volumes above 40'000 pieces/year

1. Introduction
2. Products
3. Distribution channels
4. Competition
5. Sourcing and production
6. Highlights, Challenges and Potential

Highlights

- Young and innovative brand designed for customers that privilege creativity over traditional style
- Strong international market recognition. The brand signature is perfectly identified by customers.
- A “Haute Couture” perception far off a mass market image
- Very innovative communication channels, unrivalled by its competitors (e.g. VIP events)
- Geneva/Switzerland, the brand’s origin, is considered a quality label internationally. The brand is associated with Swiss and French excellence in manufacturing jewelry and watches.
- The founder’s charismatic image combined with his strong expertise in luxury. This also helps promoting the brand internationally and promoting private sales.
- de Grisogono is very well connected to a number of VVIPs and (U-)HNWIs.
- One of the very last independent firms operating in the sector

Potential

- Strong market potential, especially regarding de Grisogono's target clientele, the (U-) HNWIs. They will move more and more to companies capable to deliver unique "Haute Couture" (tailor made) products. de Grisogono is very well positioned to capture this potential.
- Substantial development potential of the distribution structure (primarily franchised and retail stores)
- Strong potential through investments in creativity and innovation
- Enlargement of the client base. Potential of developing carefully the "prêt-à-porter" business without impacting the "Haute Couture" image
- Potential to expand into regions where the company is weak or not present. Priority is Asia (with focus on China where de Grisogono is not present yet) by using the same successful approach as in Europe and Middle East.
- Potential to transform de Grisogono in the years to come into a global player creating significant value for the investors