



de GRISOGONO
GENEVE

Chairman meeting

26th November 2013

Agenda

Financial flows map

Cash needs 2013

Cash needs 2014

5 year plan update

Board meeting agenda

dG Real Estate

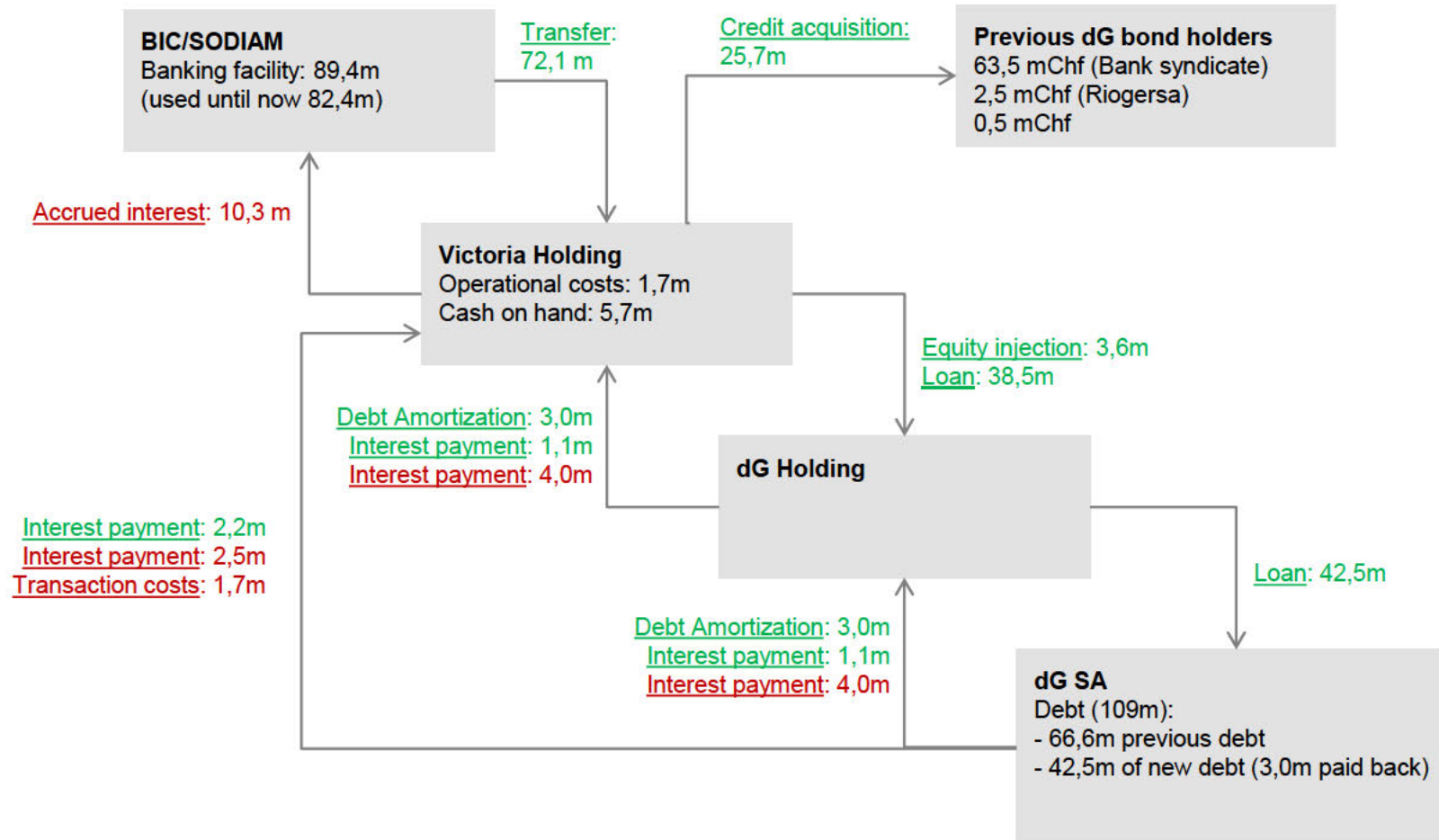
dG France

Current financial facility still has 13m available

Financial flows summary

XXX: Done
 XXX: Not done

Unit: mChf



Shareholder loan needs for 2014 still at ~20m, due to decision to invest in growth (Capex)

Cash flow	2012	2013F	2014 B	2015 F	2016	2017	2018
Sales	70.4	77.6	71.6	81.2	107.7	132.9	158.7
EBITDA	-24.2	-8.9	-4.0	2.5	10.4	19.6	28.4
Working capital requirements	3.9	(2.4)	(2.9)	(12.3)	(7.8)	(7.4)	(7.3)
Melting	10.1	0.7	0.4	0.4	0.4	0.4	0.4
Others	(6.2)	(3.1)	(3.3)	(12.7)	(8.2)	(7.8)	(7.7)
Capex	(1.2)	(3.7)	(11.2)	(10.0)	(6.2)	(6.2)	(6.2)
Key money	–	–	(5.0)	(6.0)	(3.0)	(3.0)	(3.0)
Financing Cash flow	19.1	20.6	24.1	8.2	(4.4)	(14.0)	(15.5)
Shareholder loans	22.4	21.6	27.8	16.3	8.4	0.5	–
Interest	(3.3)	(6.4)	(8.0)	(10.4)	(12.8)	(14.5)	(15.5)
Credit Line		5.4	4.3	2.3	–	–	–
Debt	2012	2013F	2014 B	2015 F	2016	2017	2018
Victoria Holding	60.1	82.5	104.1	131.9	148.2	156.6	157.1
dG SA	98.7	119.2	140.9	168.7	184.9	193.3	193.8

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Interest payment in December secured even in worst scenario if decision taken to stretch payables

		Budget	Board (14.10)	SC (15.11)	Low perf. in Dec (Ret+PS)	Notes
Sales	Retail	40	37	37	33,5	Retail performance in-line to date
	Wholesale	22	27	27	27	Wholesale expected to finish 20% above budget
	Private Sales	30,5 ¹	15	7,5	6	PS at 5m today, with limited visibility on next weeks
	Total	92,5	79	71,5	66,5	PS with very large impact on sales
Receivables	Value	14,2	9,5	9,5	9,5	Cash collection effort during 2013
Payables	Value	-10,7	-5,5	-7,5	-12,7	Low perf. scenario cash balance achieved through extending payables
	% overdue	N.D.	0%	8%	45%	
Share-holder loan	Net new loan	+15,6	+20,5	+20,5	+20,5	Peak funding of 23,5m with repayment of 3m (already done)
	Interest payment	-6,3	-6,6	-6,6	-6,6	Does not include 3,3m 2012 interest paid in January 2013
Cash on hand	End of year	+1,4	+0,5	+0,5	+0,5	

1. Including Special sales

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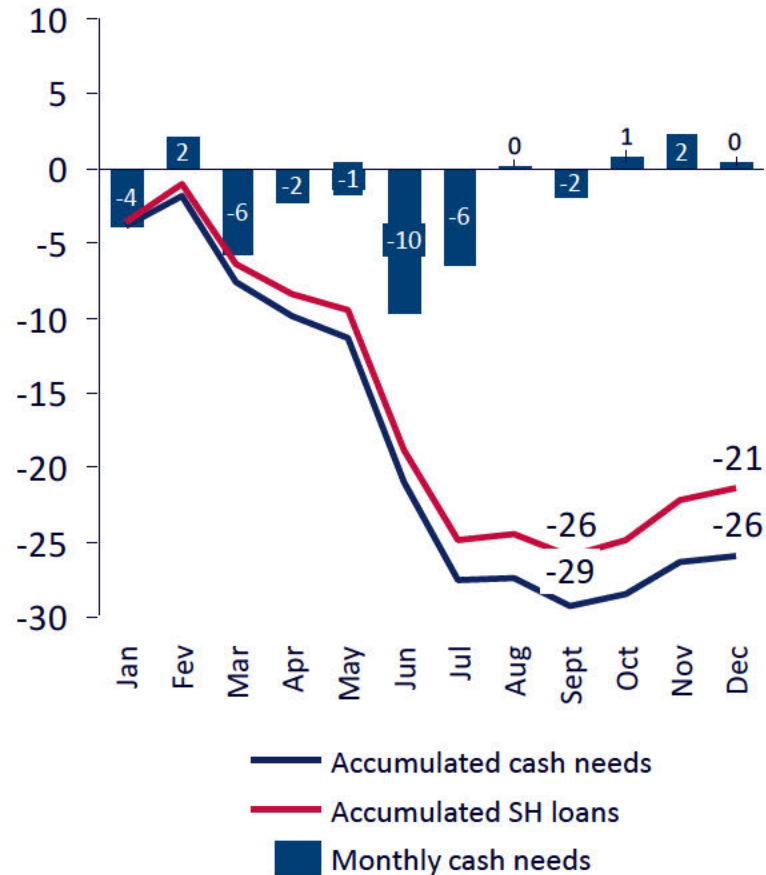
Cashflow map

	2014 B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Cash flow from Operating activities													
EBITDA (1-T)	(3'989)	(920)	(807)	10	(1'098)	(1'224)	(750)	(556)	721	50	195	195	195
(-) Other Assets and Liabilities													
(-) Δ Working Capital Requirement	(2'883)	(2'518)	3'393	(5'220)	(750)	304	(3'418)	(5'390)	(109)	(1'414)	1'083	2'546	8'611
<i>(-) Δ Cash on hand</i>	77	(3'000)	0	0	0	0	0	0	0	0	0	0	3'077
<i>(-) Δ Accounts receivable</i>	(964)	(53)	(50)	(74)	(47)	(72)	(60)	(76)	(126)	(90)	(105)	(105)	(105)
<i>(+) Δ Accounts payable</i>	311	1'652	4'661	(2'800)	2'816	4'954	(2'161)	(4'561)	(1'401)	(3'695)	(770)	(685)	2'303
<i>(-) Δ Stocks</i>	(2'306)	(1'116)	(1'218)	(2'346)	(3'518)	(4'578)	(1'197)	(752)	1'417	2'371	1'958	3'336	3'336
<i>(-) Other Δ Stocks</i>	(2'679)	(1'116)	(1'218)	(2'346)	(3'518)	(4'702)	(1'321)	(876)	1'417	2'371	1'958	3'336	3'336
<i>(+) Destructions</i>	373					124	124	124					
Total cashflow from operations	(6'872)	(3'438)	2'586	(5'210)	(1'848)	(920)	(4'169)	(5'945)	611	(1'364)	1'278	2'741	8'806
Cash flow from Investing activities													
(-) CAPEX	(6'188)	(516)	(516)	(516)	(516)	(516)	(516)	(516)	(516)	(516)	(516)	(516)	(516)
(-) Key money	(5'000)						(5'000)						
Total cashflow from investments	(11'188)	(516)	(516)	(516)	(516)	(516)	(5'516)	(516)	(516)	(516)	(516)	(516)	(516)

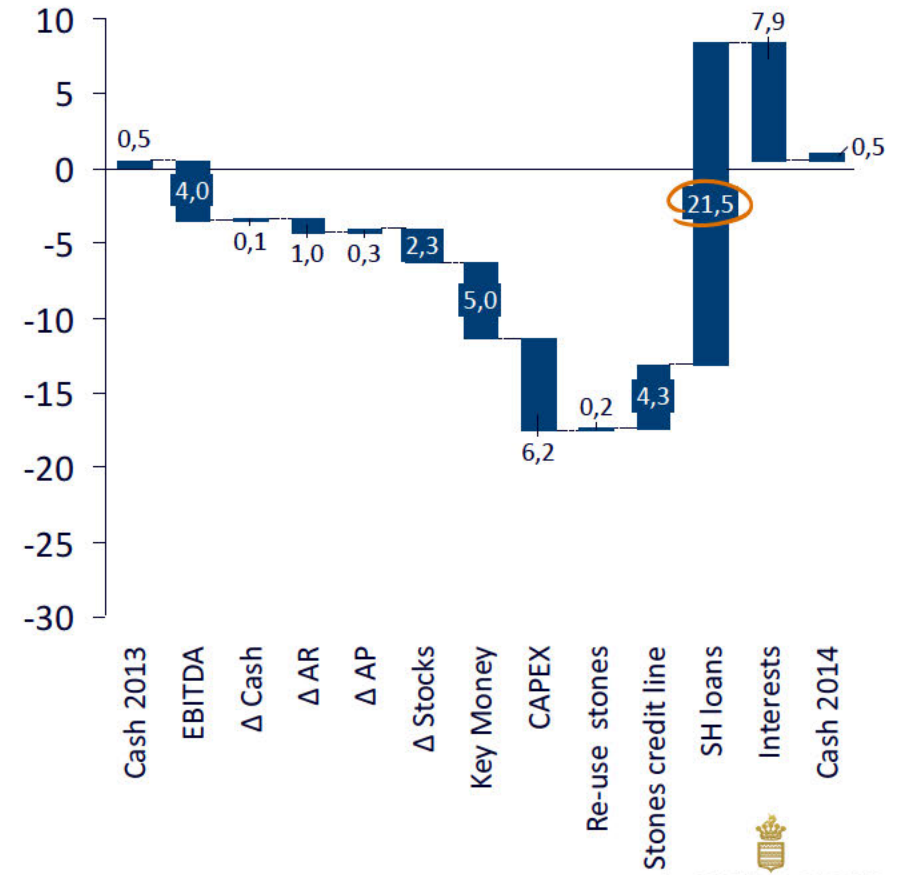
Cash needs of 2014 are 26m, with a peak funding of 29m in September

Shareholder loans of 21m, with a peak of 26m

Cash needs of 21m, with peak of 24m...



... funded with 16m SH loans and 5m credit lines



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dG France

Base cenário with peak funding at 160m

	2012	2013F	2014 B	2015 F	2016	2017	2018
Cash flow							
Sales	70.4	77.6	71.6	81.2	107.7	132.9	158.7
EBITDA	-24.2	-8.9	-4.0	2.5	10.4	19.6	28.4
Working capital requirements	3.9	(2.4)	(2.9)	(12.3)	(7.8)	(7.4)	(7.3)
Melting	10.1	0.7	0.4	0.4	0.4	0.4	0.4
Others	(6.2)	(3.1)	(3.3)	(12.7)	(8.2)	(7.8)	(7.7)
Capex	(1.2)	(3.7)	(11.2)	(10.0)	(6.2)	(6.2)	(6.2)
Key money	-	-	(5.0)	(6.0)	(3.0)	(3.0)	(3.0)
Financing Cash flow	19.1	20.6	24.1	8.2	(4.4)	(14.0)	(15.5)
Shareholder loans	22.4	21.6	27.8	16.3	8.4	0.5	-
Interest	(3.3)	(6.4)	(8.0)	(10.4)	(12.8)	(14.5)	(15.5)
Credit Line		5.4	4.3	2.3	-	-	-
Debt							
Victoria Holding	60.1	82.5	104.1	131.9	148.2	156.6	157.1
dG SA	98.7	119.2	140.9	168.7	184.9	193.3	193.8

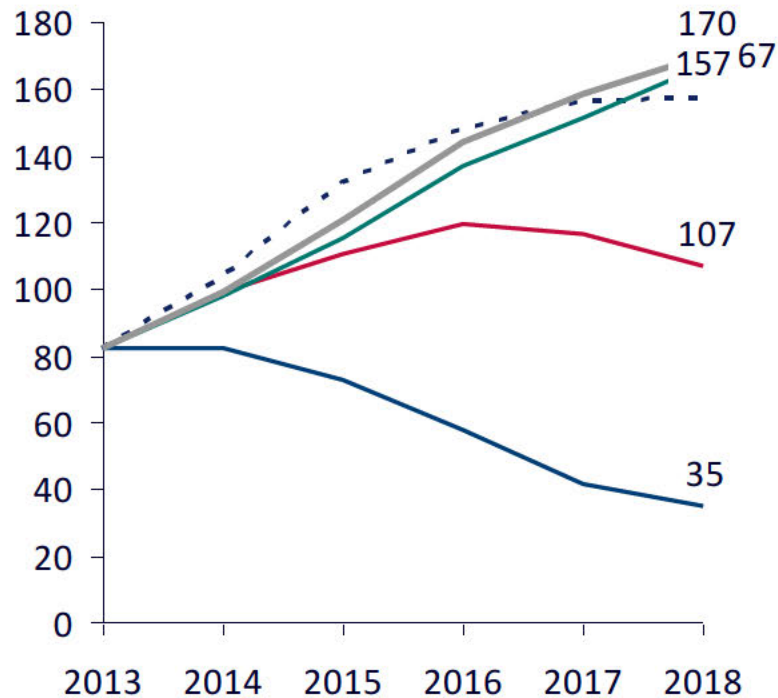
Projeções suportadas por sólidos pressupostos

Principais indicadores do negócio assentes em benchmarks

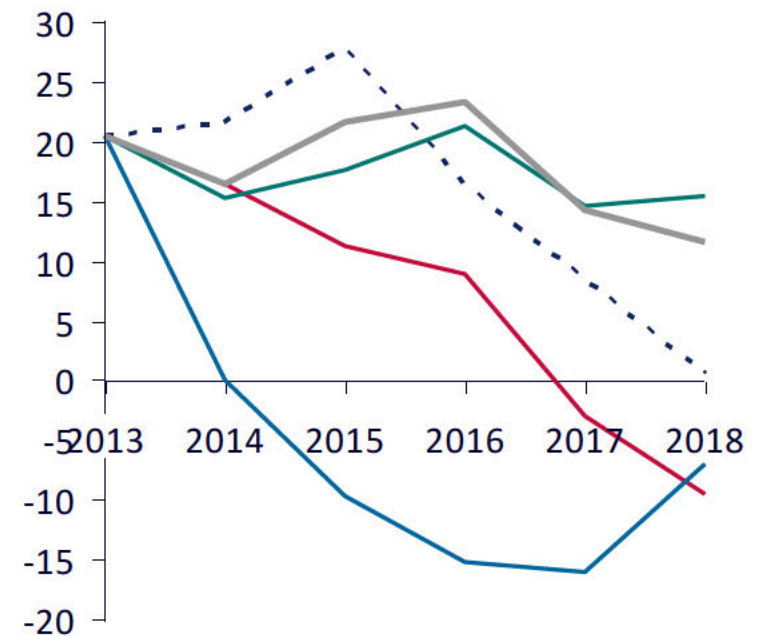
		de GRISOGONO [®] GENEVE			Benchmark						
CHF		Drivers	2012	2013	2018 E	HARRY WINSTON [®]	G R A F F	TIFFANY & CO.	Van Cleef & Arpels	Cartier	BVLGARI
Vendas	Retalho	• # boutiques • Vendas/boutique (M)	12 3	10 4	19 8	27 15	32 18	281 13	-	-	-
	Grossista	• # clientes • Vendas/clientes (M)	131 0,2	120 0,2	120 0,3	160 0,5		(Piaget tem 800 clientes e 0,3 vendas/cliente)			1200 0,6
	Vendas privadas	• Vendedores • Vendas/pessoa (M)	2 7	2 8	4 6,5			Highly variable			
	COGS	• % vendas	50%	40%	40%	54%	-	42%	-	37%	36%
Custos	Rendas	• M ² / boutique • Renda/m ² btq (k) • Key money/btq	80 4,9 0	80 4,8 0	80 5,5 3	← Muito variável → ← Rendas por m ² vão desde 4 a 15k →					
	Marketing	• % vendas	15%	21%	15%	15%	15%	8%	10%	10%	12%
	Rotação stock	• Stock / COGS • Stock per boutique	1,7 5.6	3,2 7.2	2,0 7,0	1,3 11,4	1,4	1,4 6,2	2,8	2 9.8	1,3
	EBITDA	• % vendas	-14%	-5%	17%	8%	20%	24%	23%	33%	14%

Sensitivity analysis

VH debt (MCHF)



VH ΔDebt (MCHF)



- - - Base scenario
- 120m in Sales by 2015
- 3,5% interest after 2015
- Larger stock needs (9m/btq)
- Slower growth (15% p.a.)

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Board meeting preparation

Proposed agenda

- 2013 performance update
- 2014 budget
- 5 year plan and funding needs
- Potential funding sources

Questions to clarify in advance

- Level of disclosure of funding needs and assumptions
- Message to shareholders regarding additional funds to dG

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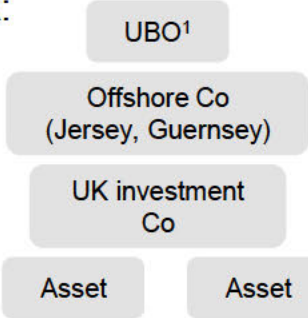

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dG Real Estate

dG France

Typical approach to real estate investments by retail brands

Dedicated funds, regulated in local markets For large investment volumes (100m+)

Approach to Real Estate investments	Type of transactions	Source of funding	Typical Structures
<ul style="list-style-type: none"> Premium retail locations are critical to visibility of global luxury brands RS investments are done off balance sheet: <ul style="list-style-type: none"> Family offices (e.g. LVMH; Zara) Sale and leaseback to RS funds 	<ul style="list-style-type: none"> Acquire freehold (typically the entire building), w/ or w/o refurbishment Acquire long leasehold w/ or w/o key money 	<ul style="list-style-type: none"> Freehold: Asset backed loan (up to 70% loan to value) Lease hold: Corporate finance solution, not linked to the asset 	<ul style="list-style-type: none"> UK:  <pre> graph TD UBO1[UBO1] --> OffshoreCo[Offshore Co (Jersey, Guernsey)] OffshoreCo --> UKInvestCo[UK investment Co] UKInvestCo --> Asset1[Asset] UKInvestCo --> Asset2[Asset] </pre> Continental Europe  <pre> graph TD UBO1[UBO1] --> LuxInvestCo[Luxembourg investment Co] LuxInvestCo --> Asset1[Asset] LuxInvestCo --> Asset2[Asset] </pre>

For large investment volumes (100m plus), it is economical to create dedicated fund, regulated in local markets

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dG France status

Status update

- dG France legal entity created
 - Commercial conditions agreed
 - Bank account opened at BPI France
-
- Annual budget approved in London
-
- Paris office and Courchevel works still undergoing
 - Logistics IT system parameterization undergoing

Next steps

- Get legal validation for the chosen model (Euro Atlantic / dG France)
 - Final iteration on commercial conditions and contract signature
 - Transfer funds to BPI account (including share capital), revise account signing rules and receive payment terminal and credit card
 - Open accounts in other banks
-
- Define and approve monthly budget
 - Contract accounting services
 - Define articulation model with Euro Atlantic
-
- Open Paris office (1st week Dec) and Courchevel (15th Dec). Receive initial stock.
 - Test Logistics IT system

Bottom up P&L				
P&L	k EUR	2013 F	Bottom up 2014 B	Delta 2014 BU Vs 2013F
Revenues				
	Retail	1'089	3'300	203%
	Wholesale - France	0	4'790	
	Wholesale - International	0	5'000	
	Private Sales	0	1'000	
	Total Net Sales	1'089	14'090	1194%
	<i>% growth</i>		<i>1194%</i>	
Gross margin				
	Cost of goods sold	770	10'388	1250%
	Gross margin	319	3'702	1060%
Financial margin				
	Sales commissions(external)	26	78	203%
	Financial margin	294	3'625	1134%
	<i>% net sales</i>	<i>27%</i>	<i>26%</i>	
Operational Costs				
	Salaries	(208)	(1'366)	558%
	Rental costs	(123)	(260)	112%
	Other operating expenses	(78)	(802)	931%
	Total Opex	(408)	(2'428)	495%
	<i>% net sales</i>	<i>37%</i>	<i>17%</i>	
Marketing				
	Total Marketing	(54)	(705)	
	<i>% net sales</i>	<i>7%</i>	<i>7%</i>	
EBIDTA				
	EBIDTA w/o Restructuring costs	(169)	492	-392%

(K EUR)	2013F	2014 B
Cash flow from Operating activities		
EBITDA (1-T)	(169)	492
(-) Δ Working Capital Requirement	(2'469)	749
(-) Δ Cash on hand	1'000	
(-) Δ Accounts receivable	0	(1'181)
(+) Δ Accounts payable	31	1'360
(-) Δ Stocks	(3'500)	570
Total cashflow from operations	(2'637)	1'241
Cash flow from Investing activities	-	
(-) CAPEX	(330)	0
Total cashflow from investments	(330)	0
Net free cash flow	(2'967)	1'241
	2013F	2014 B
Stock		
Jewelry	1800	1769
Watches	1200	1022
High Jewelry (including consigned stones; not including consignment from dG)	1346	1396
Total stock	4'346	4'187