



PRESS RELEASE

OVS ANNOUNCES AN OPPORTUNITY FOR INTERNATIONAL EXPANSION THROUGH A MINORITY INVESTMENT IN SEMPIONE RETAIL AG WHICH LAUNCHED TODAY A RECOMMENDED PUBLIC TENDER OFFER FOR SWISS CHARLES VÖGELE HOLDING AG

- ❑ OVS SpA made an overall investment of CHF 14.1 million to acquire a 35% stake (and related shareholder loan) in Sempione Retail AG, a Company which today announced an all cash public tender offer for all publicly held bearer shares of Swiss Charles Vögele Holding AG at a price of CHF 6.38 per share. The public tender offer from Sempione Retail is subject to various conditions.
- ❑ Charles Vögele is a Swiss apparel retailer, with a turnover of about CHF 800 million in 2015 and a network of approximately 760 stores in seven European countries.
- ❑ Upon successful completion of the public tender offer by Sempione Retail, Charles Vögele will enter into a cooperation agreement with OVS aimed at
 - ✓ introduction of OVS brands and merchandising in Switzerland, Austria, Slovenia and Hungary through a defined conversion plan.
 - ✓ realignment of the assortment, store format, marketing campaigns and commercial strategy to those of OVS.
- ❑ The business in Belgium is currently under disposal and, upon successful completion of the public tender offer, Charles Vögele Germany will be, for the largest part, sold to a European retailer.
- ❑ Upon successful completion of the public tender offer, royalties will be granted from Charles Vögele to OVS, based on the turnover generated.
- ❑ Based on the quality of the Charles Vögele stores network, OVS firmly believes that the investment constitutes a unique opportunity to strengthen its international presence focusing almost exclusively on two interesting and stable markets such as Switzerland and Austria.
- ❑ OVS will be granted an option to purchase a further 44.5% stake in Sempione Retail from Retails Investment, one of the two financial co-investors, from the third year following the acquisition of the shares.
- ❑ Conference call at 9:00 a.m.

Mestre, 19 September 2016 – OVS S.p.A. ("OVS") announces a minority investment, equal to a 35% stake, in Sempione Retail AG ("Sempione Retail") for an overall investment of CHF 14.1 million (and related shareholder loan) with no material impact on its financial leverage. Sempione Retail and Charles Vögele Holding AG ("Charles Vögele") jointly announced today that the two companies have entered into a definitive transaction agreement pursuant to which Sempione Retail will launch an all cash public tender



offer (the "Offer") for all publicly held bearer shares of Charles Vögele. Sempione Retail is a company owned by a consortium consisting of OVS (35%), Aspen Trust Services Limited as trustee of the Elarof Trust (20.5%), already a 15.2% shareholder of Charles Vögele, and Retails Investment S.R.L. (44.5%), a company with an expertise in the apparel sector. OVS and Retails Investment S.R.L. have entered into a shareholders' agreement relating to Sempione Retail to launch the Offer on Charles Vögele and to regulate the management of Sempione Retail.

The Offer is subject to a minimum ownership condition of at least 70% of all Charles Vögele shares that will be issued and outstanding at the end of the offer period. In addition, the Offer is subject to the approval of all competent regulatory and merger control authorities and other customary closing conditions. Upon completion of the Offer, Sempione Retail intends to delist Charles Vögele from the SIX Swiss Exchange.

The Board of Directors of Charles Vögele has unanimously resolved to support the Offer and to recommend that shareholders accept the Offer. The main offer period is expected to commence on or about 26 October 2016 and to end on 23 November 2016.

Upon successful completion of the Offer, Charles Vögele will enter into a cooperation agreement with OVS. The agreement envisages the conversion of Charles Vögele's network into OVS formats. The conversion plan will be carried out with local management over a period of 18 months following the acquisition. The cooperation will provide OVS the opportunity to enter with its brands and assortments into new countries through a high quality store network.

Upon successful conversion of the stores the merchandising will be more contemporary and more value for money compared to Charles Vögele, and it will benefit from the superior offer of the OVS kids, a format that fits with the existing customer base of Charles Vögele, mostly composed by families. The vast majority of the stores will be converted into OVS, and the non-performing ones will be either disposed or closed. Sourcing and procurement synergies will be relevant, and also the headquarters structure will become more efficient. Focus will be on areas close to Italy with attractive growth potential, mostly Switzerland, Austria and to a much lower extent Slovenia and Hungary, and withdraw from non-strategic locations.

Upon successful completion of the Offer, Charles Vögele will i) sell the vast majority of the German business to a European retailer, based on an already agreed formula which takes into account goodwill, inventory and fixed assets; ii) sell to a reputed Swiss landlord the majority of its real estate assets. Charles Vögele will use the proceeds from these disposals to repay a considerable part of the existing syndicated loan.

The Board of Directors of Charles Vögele believes that a cooperation with OVS will enable Charles Vögele to improve operating results also thanks to an acceleration of the cost streamlining already envisaged in the turnaround plan. The Board of Charles Vögele has unanimously resolved to support



Sempione Retail's Offer as it will offer better perspectives with significant strategic, operational and financial advantages.

Building upon its successful track record of store network conversions, OVS will combine its relevant apparel know how and retail expertise with Charles Vögele network and knowledge of its markets. Stefano Beraldo, CEO of OVS, added: “We have carefully analyzed Charles Vögele’s network and merchandising and we believe that in the selected countries and in particular in Switzerland Austria and Slovenia the quality of the locations and the store size are interesting and aligned with OVS standards. At customer level the present positioning of Charles Vögele, a family brand, and OVS are similar. We believe that customers will be happy to see that the newly converted stores will include a great kids range and a generally broader assortment at a more compelling price positioning. With this transaction, OVS aims to accelerate its internationalization process in three relevant adjacent markets.”

Starting from 3 years post successful closing of the public tender offer OVS will be able to exercise its option to purchase a further 44.5% stake in Sempione Retail from Retails Investment, one of the two financial co-investors.

A joint press release of Charles Vögele and Sempione Retail is available at the following link: <http://www.sempioneretail.com/>.

Conference Call

A conference call held by OVS will take place today, 19 September 2016, at 9.00 a.m CET. Dial in: +41 58 262 07 22, access code 961301.

A press conference held jointly by Sempione Retail, OVS and Charles Vögele will take place today, 19 September 2016, at 10.00 a.m. in Room Decision of the ConventionPoint at the SIX Swiss Exchange, Selnaustrasse 30, 8021 Zurich. Dial in by phone: +41 (0)58 310 50 00.

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