

## PRESS RELEASE

### SEMPIONE RETAIL LAUNCHES A RECOMMENDED ALL CASH PUBLIC TENDER OFFER TO ACQUIRE CHARLES VÖGELE - OVS TO BECOME A STRONG PARTNER

- **Sempione Retail AG announces today an all cash public tender offer to acquire all publicly held bearer shares of Charles Vögele Holding AG.**
- **The offer price of CHF 6.38 per bearer share represents a premium of 2.1% to the Charles Vögele closing price on 16 September 2016.**
- **Sempione Retail is a company owned by a consortium of three investors, namely OVS S.p.A. and two other investors.**
- **Upon successful completion of the public tender offer, Sempione Retail intends to delist Charles Vögele from the SIX Swiss Exchange.**
- **The opportunity to share services will allow the business to push down central costs even further.**
- **The Board of Directors of Charles Vögele unanimously supports the public tender offer and recommends that shareholders accept the offer.**
- **Press conference at 10.00 a.m. today in Zurich with live audio webcast.**

Pfäffikon, 19 September 2016 - Charles Vögele Holding AG ("Charles Vögele") and Sempione Retail AG ("Sempione Retail") 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 at a price of CHF 6.38 per share (the "Offer Price"). The Offer Price, corresponding to the volume-weighted average price of the last 60 trading days, represents a premium of 2.1% to the closing price of CHF 6.25 on 16 September 2016.

The pre-announcement of the Offer has been issued in the electronic media today and is available at [www.sempioneretail.com](http://www.sempioneretail.com). A summary of the material terms and conditions of the transaction agreement will be part of Sempione Retail's offer prospectus, which is expected to be published on or about 12 October 2016 and will be available, together with other offer documents as required by law, at [www.sempioneretail.com](http://www.sempioneretail.com). The main offer period is expected to commence on or about 26 October 2016 and to end on 23 November 2016.

The public tender 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 possibly extended offer period (including the Charles Vögele shares held by Aspen Trust Services Limited as Trustee of the Elarof Trust, and the treasury shares held by Charles Vögele). In addition, the public tender offer is subject to the approval of all competent regulatory and merger control authorities and other customary closing conditions. Upon completion of the public tender offer, Sempione Retail intends to delist Charles Vögele from the SIX Swiss Exchange.

### **Sempione Retail's Offer is in Charles Vögele's interest**

The Board of Directors of Charles Vögele has examined the Offer carefully. After consultation with the Charles Vögele Group Management and backed by an independent fairness opinion from audit and consultancy firm Ernst & Young AG, the Board of Directors decided unanimously to recommend that shareholders accept the Offer. "We have made substantial progress on Charles Vögele's turnaround in recent years. However, in light of the latest market developments and the related shakeout of the whole clothing market, the Board believes that a take-over by Sempione Retail and a cooperation with OVS S.p.A. would accelerate the turnaround and the return to profitability," explains Max E. Katz, Chairman of the Board of Directors of Charles Vögele. "Sempione Retail focuses on the strategic markets Switzerland, Austria, Hungary and Slovenia which offers continued opportunities and improved perspectives for Charles Vögele employees in these countries."

Christophe Spadone, who has been a member of the Board of Directors of Charles Vögele since the annual general meeting of shareholders 2016 and whose family is a beneficiary of the Elarof Trust, withdrew from all discussions and decision-making relating to the Offer. Christophe Spadone resigned as member of the Board of Directors of Charles Vögele effective as of the settlement of the Offer.

### **Rationale for Charles Vögele**

The increasingly competitive market environment together with the abolition of the minimum euro exchange rate by the Swiss National Bank (SNB) in January 2015 severely affected the industry especially in Charles Vögele's most profitable market, Switzerland. Given the fundamental changes in the European retail apparel industry and the beginning consolidation process, an acquisition of Charles Vögele by Sempione Retail entails a significant first-mover advantage. A successful tender offer would grant Charles Vögele the opportunity to cooperate with OVS and to improve the current business model:

- OVS is a contemporary fast fashion retailer, market leader in Italy, operating stores with similar size and targeting a broader and also younger customer base even if still mainly focused on families;
- The ladies range would be further expanded and modernized as well as augmented by an enlarged range of accessories;
- OVS also has an established and successful children's brand "OVS Kids" and has already opened its first children's clothes shop in Lausanne, Switzerland This provides an ideal base to reposition Charles Vögele's children's wear and generate sales growth for the range;
- The opportunity to share services will allow the business to push down central costs even further;
- Bundling procurement volumes and combining organisations in Asia would facilitate a further improvement in purchasing terms thanks to a broadened supplier base.
- Assortment, store format, marketing campaigns and commercial strategy would be realigned to those defined by OVS.

### **Rationale for Sempione Retail**

Sempione Retail is a vehicle owned by a consortium consisting of OVS (35%), the financial investor Aspen Trust Services Limited as trustee of the Elarof Trust (20.5%), currently largest shareholder of Charles Vögele, and the retail experienced Retails Investment S.R.L (44.5%).

OVS S.p.A, based in Mestre-Venezia, Italy and listed on the Milan Stock Exchange, is the Italian market leader in apparel retail with a market share of 7.1%, EUR 1.3 billion net sales in fiscal year 2015, a network of more than 800 full format stores and more than 500 kids stores (including about 150 stores abroad) and around 6,500 employees. OVS's brands include OVS, OVS kids, UPIM and Blukids.

Aspen Trust Services Limited, as the trustee of the Elarof Trust, is currently Charles Vögele's largest shareholder with a stake of 15.2%. Christophe Spadone's family is the beneficial owner of Elarof Trust. Mr. Christophe Spadone is a current member of the Board of Directors of Charles Vögele. In addition to its stake in Charles Vögele, Elarof Trust has a 20.5% shareholding in Sempione Retail.

Retails Investment S.R.L., a 44.5% shareholder in Sempione Retail, is owned by the Italian entrepreneurs Jonathan Kafri and Enzo de Gaspari.

Building upon OVS's successful track record of store network conversions OVS and Charles Vögele will combine the relevant retail apparel expertise. Stefano Beraldo, CEO of OVS, adds: "We have carefully analyzed Charles Vögele's network and merchandising and we believe that in selected countries and in particular in Switzerland and Austria 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 two relevant adjacent markets".

After the successful settlement of the Offer, Sempione Retail would focus of the strategic markets Switzerland, Austria, Hungary and Slovenia and sell Charles Vögele's German business. An agreement with a European retailer has already been signed under which most of the existing network would be sold. Furthermore, conditional upon the settlement of the Offer, Charles Vögele has signed an asset transfer agreement with a third party investor under which Charles Vögele will sell all of its real estate in Switzerland and will lease back parts of it. Expected total gross proceeds of the sale and lease back transaction will amount to approximately CHF169 million. The proceeds from these two transactions will be used to repay a considerable part of the existing syndicated loan.

### **Organizational structure**

As of the settlement of the public tender offer, all members of the Charles Vögele Board of Directors would resign from their functions and a new Board would be elected in an extraordinary general meeting of shareholders of Charles Vögele which is expected to be held during the additional acceptance period of the Offer, for which Sempione Retail would

propose the election of three representatives.

Charles Vögele would remain headquartered in Switzerland. The roll-out of the OVS brand would be introduced through a defined conversion plan that will be refined together with the local management. The elements of the integration and the new organization would be developed jointly until the settlement of the Offer. The current Charles Vögele management team will cooperate with OVS management in order to prepare the required measures under the store conversion plan and the achievement of potential synergies in order to ensure the company's return to profitability.

Lazard is acting as financial advisor and Homburger AG as legal advisor to Charles Vögele. UBS is acting as financial advisor to Sempione Retail and as offer manager in the context of the public tender offer, Bär & Karrer is acting as legal advisor.

#### **Invitation to a joint press conference**

A press conference held jointly by Charles Vögele and Sempione Retail 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.

There will be a live audio webcast of the conference at

<http://78449.choruscall.com/dataconf/productusers/yjoo/mediaframe/16763/indexl.html>

Dial in by phone on:

+41 (0)58 310 50 00 (Europe)

+44 (0)203 059 58 62 (UK)

+1 (1)631 570 5613 (USA)

The presentations made by Charles Vögele and Sempione Retail are available at [www.charles-voegele.com](http://www.charles-voegele.com)

Charles Vögele Group is the leading Swiss fashion retailer, offering highest quality in the mid-price sector. The company is known for its up-to-date, reliable range for the whole family and its friendly service. As of 30 June 2016, Charles Vögele has 759 outlets in seven countries: Switzerland, Germany, the Netherlands, Belgium, Austria, Slovenia and Hungary. In the first half of 2016 the Group and its approximately 6,330 employees generated gross sales of CHF 449 million. Charles Vögele Holding AG's shares are quoted on the SIX Swiss Exchange (securities number: 693 777).

#### **Disclaimer**

This press release does not constitute an offer to buy or sell, or a solicitation of an offer to buy or sell, bearer shares of Charles Vögele Holding AG ("Charles Vögele") or any other securities. Shareholders of Charles Vögele are urged to read the offer documents pertaining to the public tender offer of Sempione Retail AG ("Sempione Retail" or "Offeror") that have been or will be published by Sempione Retail, which are available at [www.sempioneretail.com](http://www.sempioneretail.com).

The Offer mentioned in this press release is and will not be made, directly or indirectly, in any country or jurisdiction in which such Offer would be considered unlawful or otherwise violate any applicable laws or regulations, or which would require the Offeror or any of its affiliates to change or amend the terms or conditions of the Offer in any way, to make any additional filing with any governmental or regulatory authority or take any additional action in relation to the Offer.

It is not intended to extend the Offer to any such country or jurisdiction. Documents relating to the Offer must neither be distributed in such countries or jurisdictions nor be sent into such countries or jurisdictions. Such documents must not be used for the purpose of soliciting the purchase of any securities of Charles Vögele by any person or entity resident or incorporated in any such country or jurisdiction.

This press release contains statements that constitute "forward-looking statements" including, but not limited to, those using the words "believes", "assumes", "expects" or formulations of a similar kind. In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Such forward-looking statements are made on the basis of assumptions and expectations that we believe to be reasonable at this time, but may prove to be erroneous. Because these forward-looking statements are subject to risks and uncertainties, actual future results, the financial condition, the development or performance of Charles Vögele and/or its affiliates may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Charles Vögele's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors detailed in Charles Vögele's past and future filings and reports, including press releases, reports and other information posted on the Charles Vögele's websites or in other form. Readers are cautioned not to put undue reliance on forward-looking statements which speak only of the date of this communication. Charles Vögele disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise. Charles Vögele assumes no liability in connection with such forward-looking statements, nor any responsibility to update such statements or adjust them to future events or developments. Charles Vögele reserves the right to change such statements at any time and without notice. It should be noted that past performance is not a guide to future performance.

**Charles Vögele media contact**

Nicole Borel-Schöwel, Corporate Communications Officer

Gwattstrasse 15, 8808 Pfäffikon SZ

Tel.: +41 55 416 74 02

E-mail: [nicole.borel@charles-voegele.com](mailto:nicole.borel@charles-voegele.com)

**Sempione Retail media contact**

Edwin van der Geest

Dynamics Group

Utoquai 43, 8024 Zürich

E-mail: [vdg@dynamicsgroup.ch](mailto:vdg@dynamicsgroup.ch)