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GENEVE

Board Meeting

11th of February

Agenda

2013 un-audited accounts

Turnaround operation overview

Middle East update

United States update

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2013 results overview

Executive summary

In Sales and Margin: 2013 started with revenue expectations of 92m CHF, of which 30m expected to come from Private Sales (doubling the peak value of the last 10 years). However, throughout the year it became evident that the Private Sales goal was unachievable, and thus efforts were focused on having Wholesale and Retail channels surpass their budget and partially compensate for PS' expected shortfall.

In the end, 2013 closed with 73.2m CHF in revenue whereby from a channel perspective:

- Retail sold 39m CHF the highest result since 2008, and aligned with the budget (despite the closing LV and Tokyo boutiques)
- Wholesale sold 30m, inverting the downward trend of the last 3 years and 10% above budget (after taking out the impact of dG France)
- Private Sales sold 5m, well below the 30m target and one of the worst performance of the last few years

From a product perspective:

- Jewelry sold 39m the highest result since 2008 and 29% higher than last year
- Watches sold 16m, continuing the deterioration planned to stop this year (i.e. Allegra watch)
- High Jewelry sold 18m, 32% below last year, but aligned with previous years and generating the same margin as in 2013

In terms of P&L: due to the shortfall in PS, dG failed to perform in-line with the ambitious budget set forward at the start of the year:

- Sales 74m, 19m below budget (PS's 25m shortfall only compensated in 6m by other channels)
- Gross margin 35m, 7m below budget, due to the lower than expected sales
- Operational costs 30m, 3m above budget, due to (1) the increased activity and (2) inability to achieve the ambitious cost decrease targets
- Marketing costs 16m, 1m above budget, in-line with the approval received from SC in May 2013
- EBIDTA -11m, a long way from the expected breakeven due to the lower sales (-7m in GM) and higher costs (4m)
- Net losses -25m, due to all the impacts above, plus an unrealized 5m exchange rate loss

In terms of cashflow: despite the shortfall in performance vs. budget, business financing needs were very much in-line with budget

- However, part of the financing planned to originate from stone credit lines, had to replaced by extra shareholder loans

In conclusion: dG failed significantly to achieve the set upon budget for the year, despite having improved its performance vs. 2012:

- Gross margin almost doubled from 19m to 36m, due to the stop of dump sales and stock destructions
- EBITDA losses decreased to half, from -21m to -11m
- Net Earnings improved by 6m, if unrealized exchange losses are not considered

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2013 still a year of large losses, despite improved performance

Result mostly due to shortfall in Private Sales, plus increase in costs

	2012	2013B	2013 F2	2013	Δ '13-'12	Reasons
Net Sales	**77.5**	**92.4**	**71.6**	**73.9**	**-3.6**	*Lower Private Sales / HJ*
Retail	*34.5*	*40.0*	*37.0*	*38.8*	*+4.2*	
Wholesale	*22.2*	*21.9*	*27.1*	*29.6*	*+7.4*	
Private Sales	*20.8*	*30.5*	*7.5*	*5.5*	*-15.3*	
Cost of Sales	**(58.0)**	**(50.7)**	**(35.3)**	**(37.4)**	**+20.6**	
Gross Margin	**18.9**	**41.7**	**36.3**	**34.7**	**+15.8**	
% net sales	*24%*	*45%*	*51%*	*47%*		
Operational costs (except Marketing)	**(28.1)**	**(26.8)**	**(27.3)**	**(30.0)**	**-1.9**	*Increased investment and activity*
Salaries (opex)	*(15.2)*	*(14.5)*	*(14.3)*	*(15.2)*	*-0.1*	
Rental costs	*(5.6)*	*(6.1)*	*(5.6)*	*(5.9)*	*-0.3*	*Closure & opening of boutiques*
Other opex	*(7.4)*	*(6.2)*	*(7.4)*	*(8.9)*	*-1.5*	*Increased activity & restatement of mkt costs*
Marketing costs	**(12.0)**	**(14.5)**	**(16.2)**	**(15.5)**	**-3.5**	*Increased planned investment*
% net sales	*16%*	*16%*	*23%*	*21%*		
Total operational costs	**(40.1)**	**(41.3)**	**(43.5)**	**(45.6)**	**-5.4**	*Increased mkt investment*
% net sales	*52%*	*45%*	*61%*	*62%*		
EBITDA	**(21.2)**	**0.4**	**(7.3)**	**(10.9)**	**+10.4**	*Performance improvement*
Depreciation & Amortization	(1.6)	(1.8)		(1.5)	+0.1	
Financial income / (charges) [1]	(4.0)	(6.3)		(7.2)	-3.2	*Increase in debt*
Exchange gain / (loss)	(1.9)	0.0		(4.5)	-2.7	*Changes in exhange rates*
Non recurring income / (expenses)	0.6	(1.6)		(0.9)	-1.5	
Net Earnings (Loss)	**(28.3)**	**(9.2)**		**(25.4)**	**+2.9**	
Net losses without unrealized exchange impact	(26.4)	(9.2)		(20.8)	**+5.6**	

Source: de Grisogono

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Sales 18m below budget, due to the shortfall in Private Sales

Although both retail and wholesale growing considerably vs. 2012

1. Defined as sales minus standard costs; Source: de Grisogono

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Operating costs 4m above budget, due to the organizational changes, the inability to capture savings, and increased investment in marketing

Operational costs (mCHF)

	2012	2013B	2013	Δ '13B-'13	Reasons
Salaries	(15.2)	(14.5)	(15.2)	-0.7	*Termination costs and new mng team*
Rental costs	(5.6)	(6.1)	(5.9)	+0.2	*Savings from closings*
Travel and expenses	(1.8)	(1.6)	(2.1)	-0.5	*Restatement of mkt costs*
Commercial and promotional expenses	0.0	0.0	(0.3)	-0.3	*(Same as above)*
Security costs	(0.8)	(0.7)	(0.9)	-0.2	*Innability to achieve planned savings*
Small equipment & office supplies	(0.4)	(0.2)	(0.5)	-0.3	*(Same as above)*
Telecommunication costs	(0.7)	(0.6)	(0.6)	-0.1	*(Same as above)*
Fees (excluding restructuring costs)	(1.5)	(1.1)	(1.3)	-0.2	*(Same as above)*
Bad debt	0.6	0.0	0.0		
Insurance	(0.9)	(0.7)	(1.0)	-0.3	*(Same as above)*
Maintenance	(0.8)	(0.6)	(1.0)	-0.4	*(Same as above)*
Bank Charges	(0.6)	(0.4)	(0.7)	-0.3	*(Same as above)*
Other operating expenses	(0.5)	(0.4)	(0.6)	-0.1	*(Same as above)*
Total	**(28.1)**	**(26.8)**	**(30.0)**	**-3.2**	*Organizational changes and inability to achieve planned savings*

Marketing costs (mCHF)

	2012	2013B	2013	Δ '13B-'13	Reasons
Media & Coop	(5.6)	(6.1)	(4.9)	+1.2	*Re-allocation to new campaign*
Events	(3.5)	(5.2)	(5.0)	+0.2	
Graphic and photoshoot	(0.2)	(0.9)	(1.5)	-0.6	*Launch of new campaign*
Print materials and merchandizing	(0.5)	(0.1)	(0.7)	-0.6	*Increased investment in Cannes*
PR	(0.6)	(0.7)	(0.9)	-0.2	
Retail Marketing	(0.3)	(0.7)	(0.9)	-0.2	*Re-allocation of part of events budget*
Private Sales marketing	(1.2)	(0.9)	(1.7)	-0.8	*Increased investment in Cannes*
Total	**(12.0)**	**(14.5)**	**(15.5)**	**-1.0**	
Total operating costs	**(40.1)**	**(41.3)**	**(45.6)**	**-4.3**	

Source: de Grisogono

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Despite net income shortfall, cash needs mostly in-line with budget

However, 5m in cash from the stone credit line had to come from increased shareholder loans

	2012	2013B	2013	Δ '13B-'13	Reasons
Cash Flow from Operating Activities					
(=) Net Income	(28.3)	N/A	(25.4)		
(+) Non-cash changes	3.7	N/A	11.5		*Mainly impact unrealized exchange gains and accrued liabilities*
(-) Change in Receivables	(0.2)	(4.0)	1.3	+5.3	*Better than expected improvement of receivables*
(+) Change in Payables	6.2	(3.1)	(0.8)	+2.3	*Lower than planned reduction in payables*
(-) Change in Net Inventory	4.2	(1.8)	(5.9)	-4.1	*Higher than planned expansion of stock (due to sale of consigned pieces)*
(=) Net cash flow used in operating activities	**(14.4)**	**(20.9)**	**(19.3)**	***+1.6***	
Cash Flow from Investing Activities	**(1.0)**	**(3.0)**	**(3.2)**	**-0.2**	*Boutique renovations and Moiami launch (1m)*
Cash Flow from Financing Activities					
(+) Use of stones credit lines	0.0	12.0	4.4	-7.6	*Inability to leverage credit line to full extent*
(+) Increase / Payment of loans	20.5	15.1	20.0	+4.9	*Need for increased investment*
(=) Net cash used from financing activities	**20.5**	**27.1**	**24.4**	***-2.7***	
(=) Total cash flow	**5.2**	**3.2**	**1.9**	***-1.3***	

Source: de Grisogono

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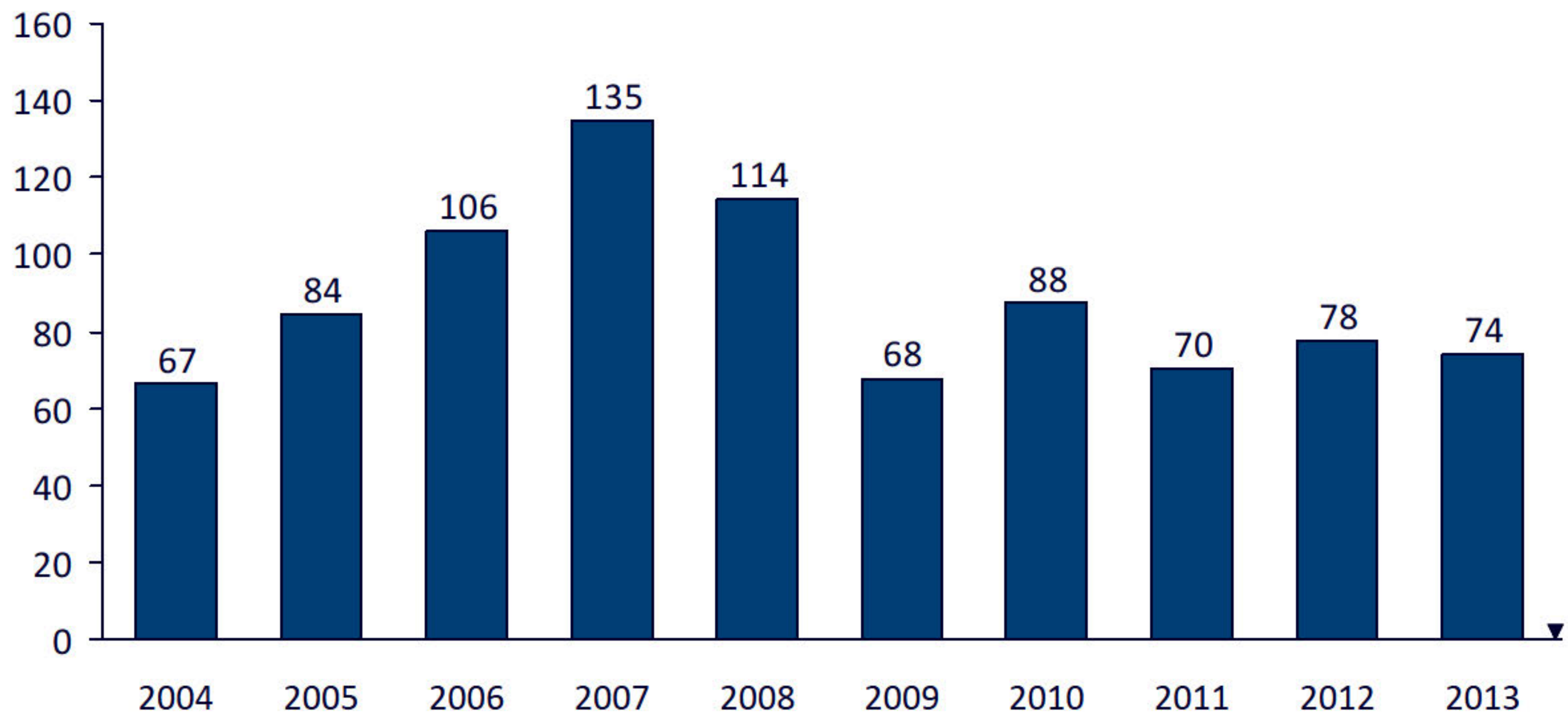
Despite dG's total sales having changed little in the last 5 years…

dG's total sales in the last 10 years



1. Gross margin includes COGS, other production costs and logistics; Source: de Grisogono

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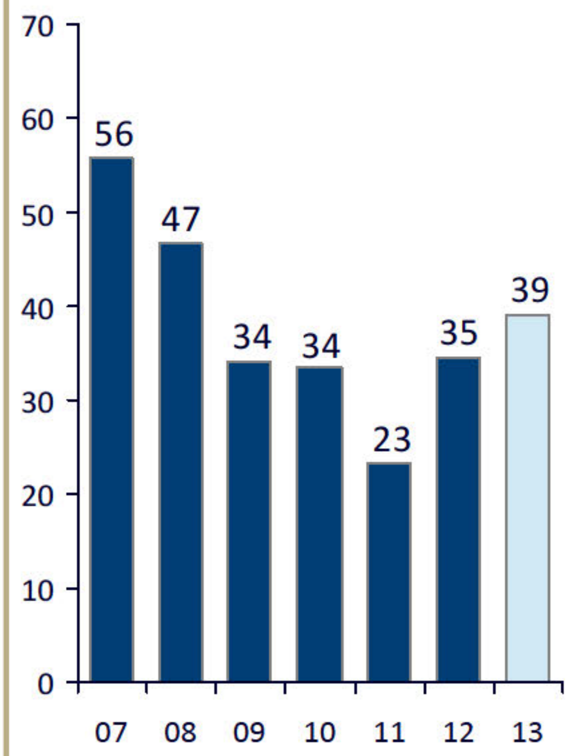
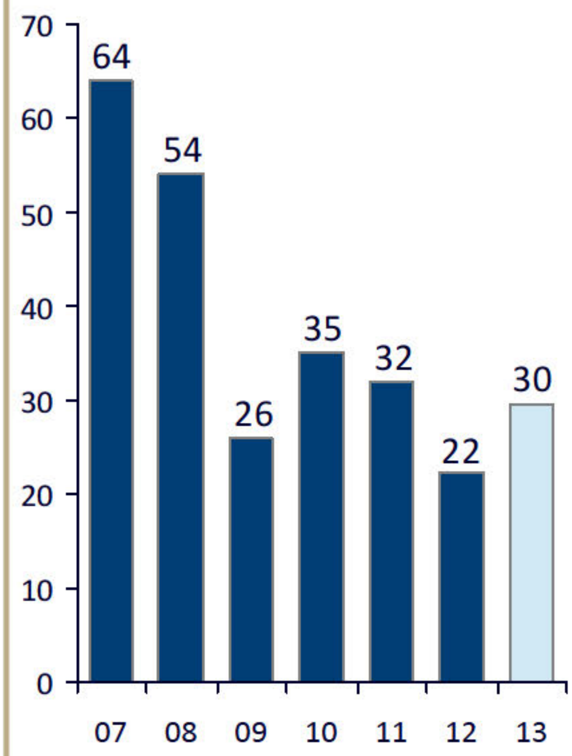
... 2013 was an important year in dG's turnaround

Boutiques reached record sales of the last 5 years, and wholesale inverted its declining trajectory

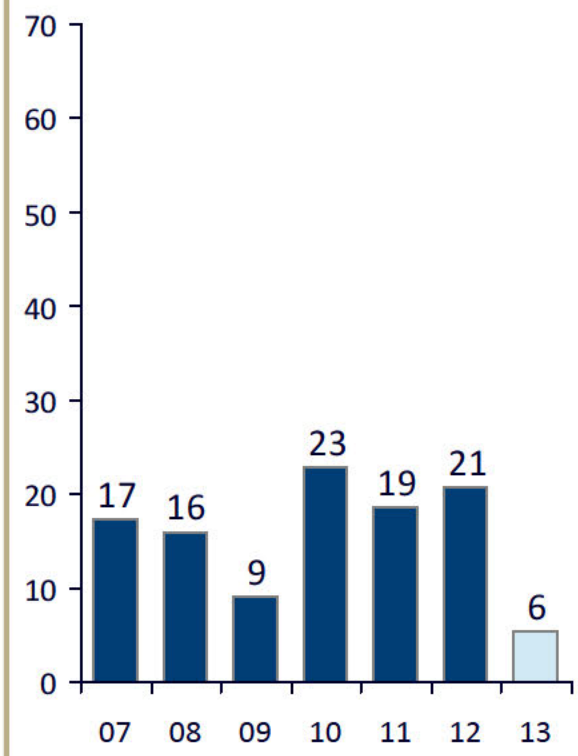
Boutiques with highest sales in five years



Wholesale has finally stopped the declining trend



Private Sales the only to suffer a bad year



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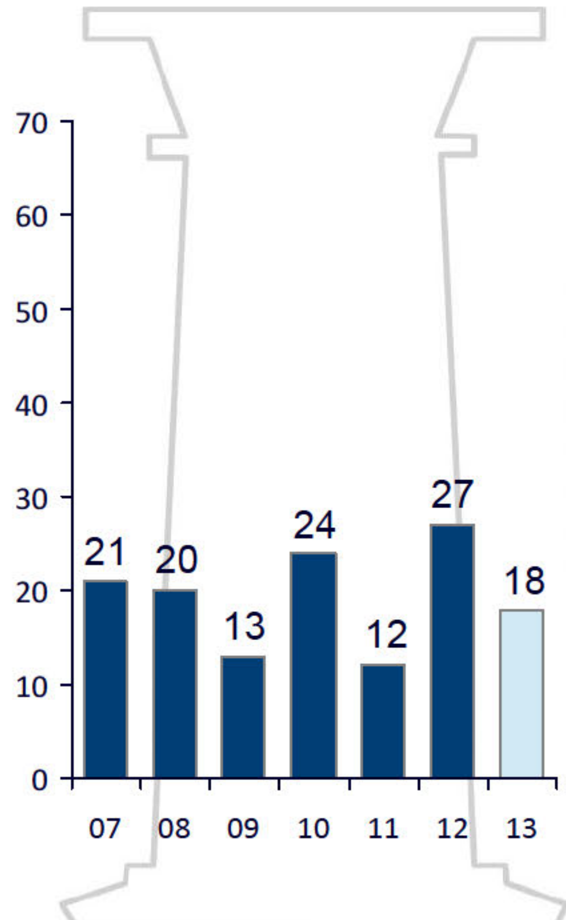
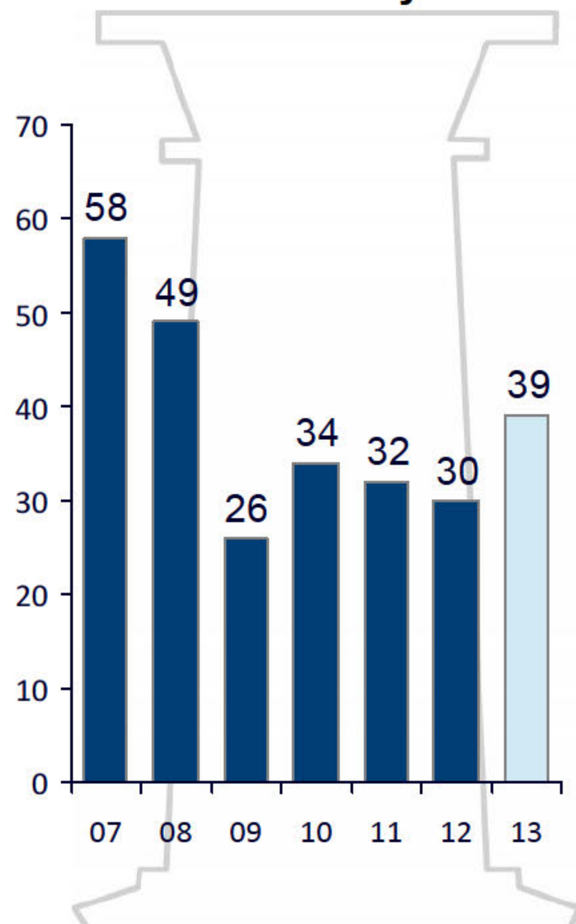
With the efforts put into Jewelry at the start of the turnaround operation, having paid off significantly

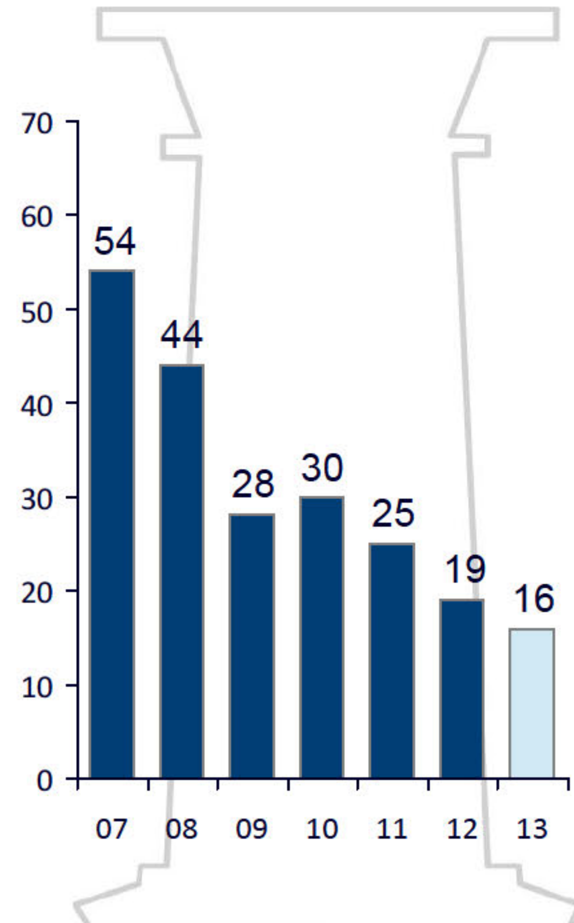
High Jewelry suffered from low Private Sales



Jewelry with highest sales in five years



Watches still declining for lack of novelties



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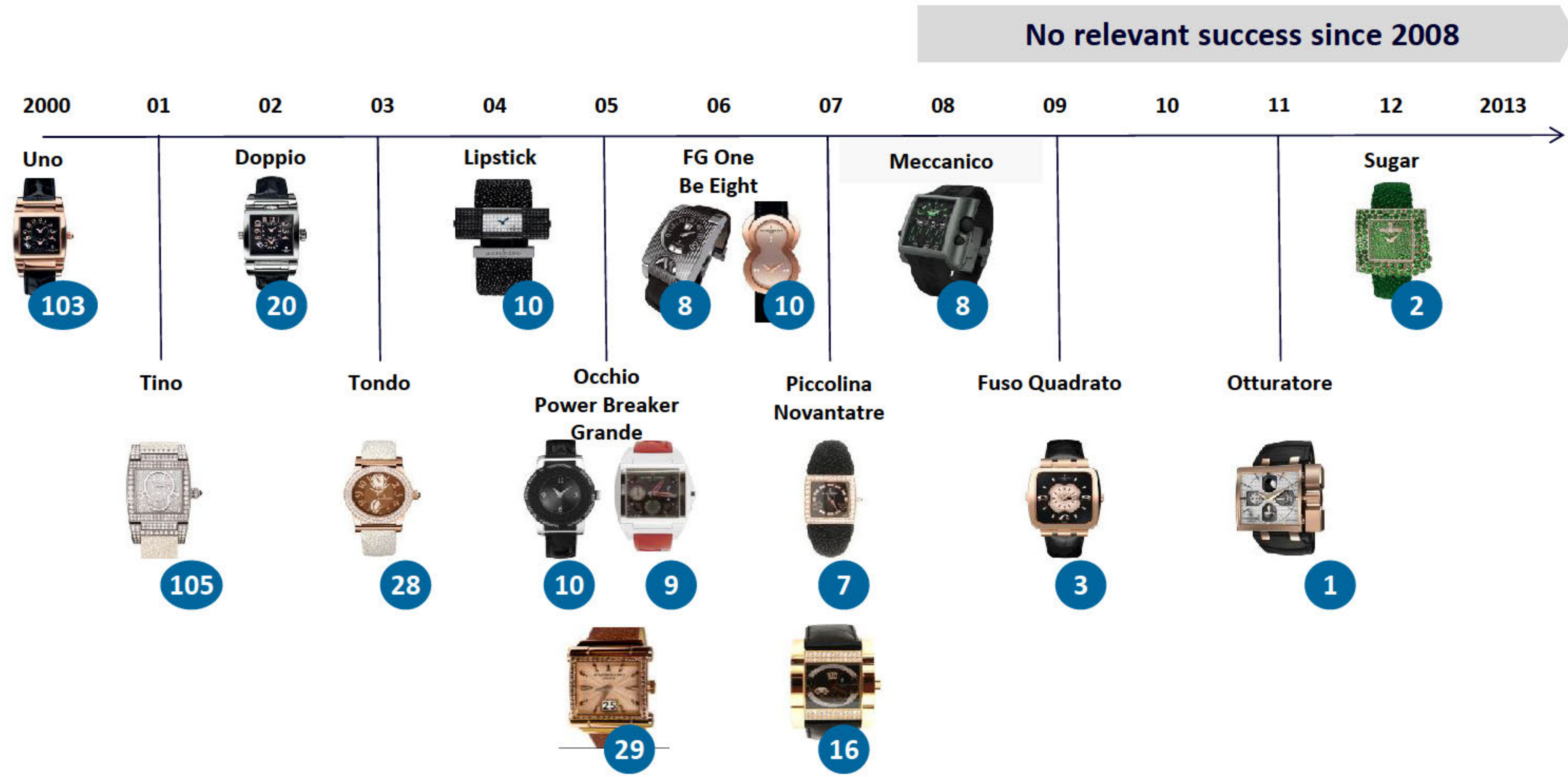
Next critical turnaround step: to restart the watch business…

dG watch storyline and lifetime sales of each collection



x Life time net sales (M CHF)

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… with several novelties set for this year

New iconic Ladies' Watch

High Jewelry talking piece

Animation of several existing collections

Tondo by night

Tondo Tourbillon

Meccanico

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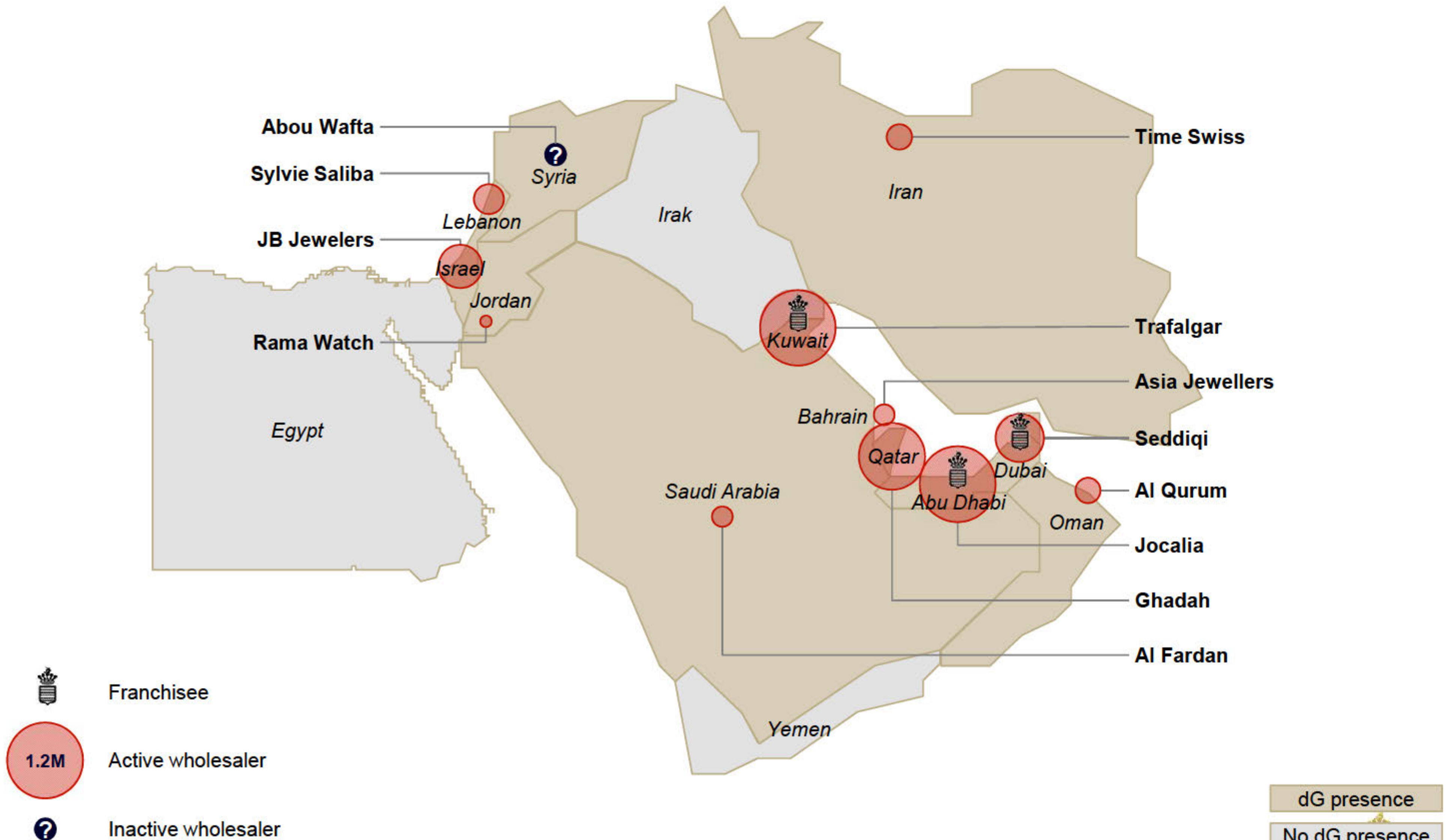
Middle East dG presence setup with one partner per country

Three of which having franchised stores

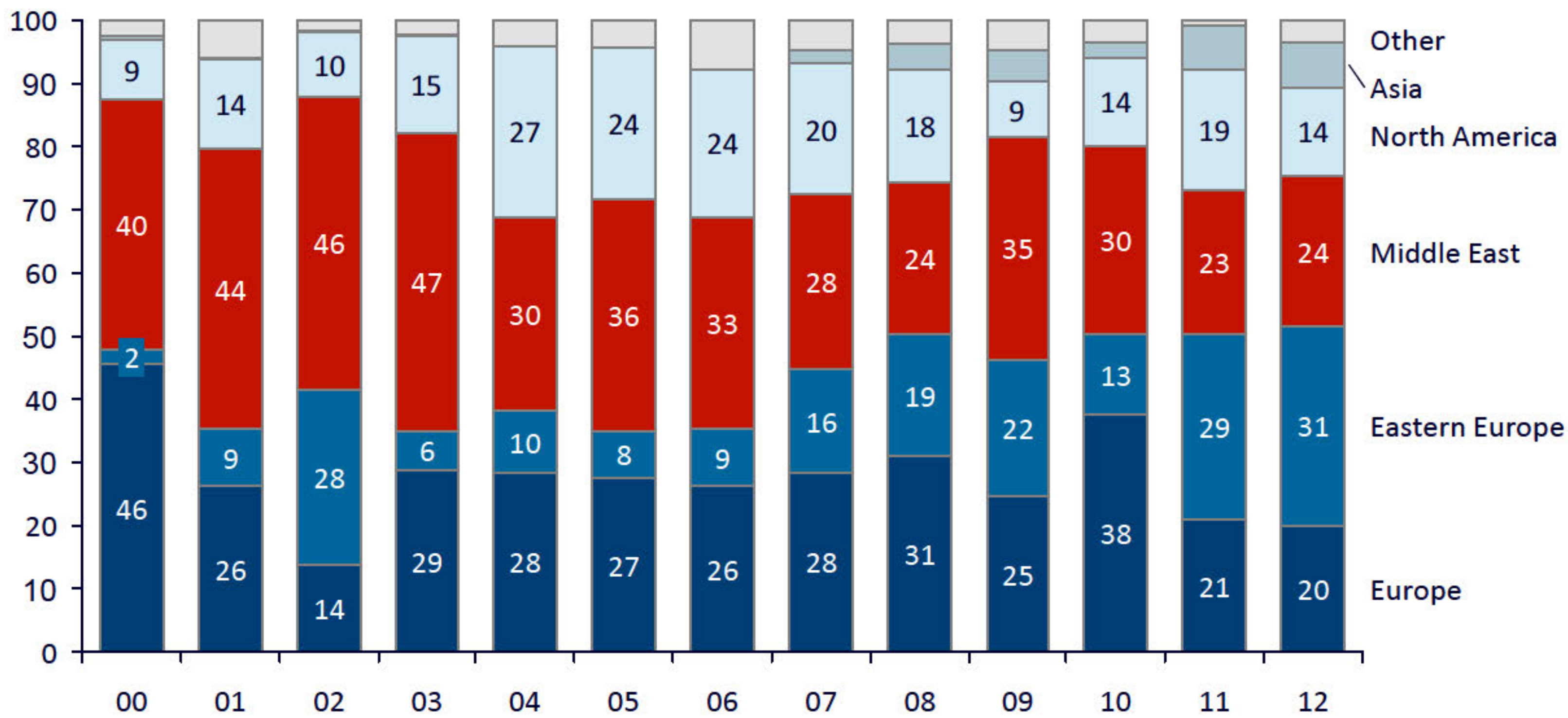


Source: de Grisogono internal data, BCG analysis

M.E. historically a key region for dG...

Historically, M.E accounts for 30-40% of dG's business

Share of total WS sales (%)



Source: de Grisogono internal data, BCG analysis

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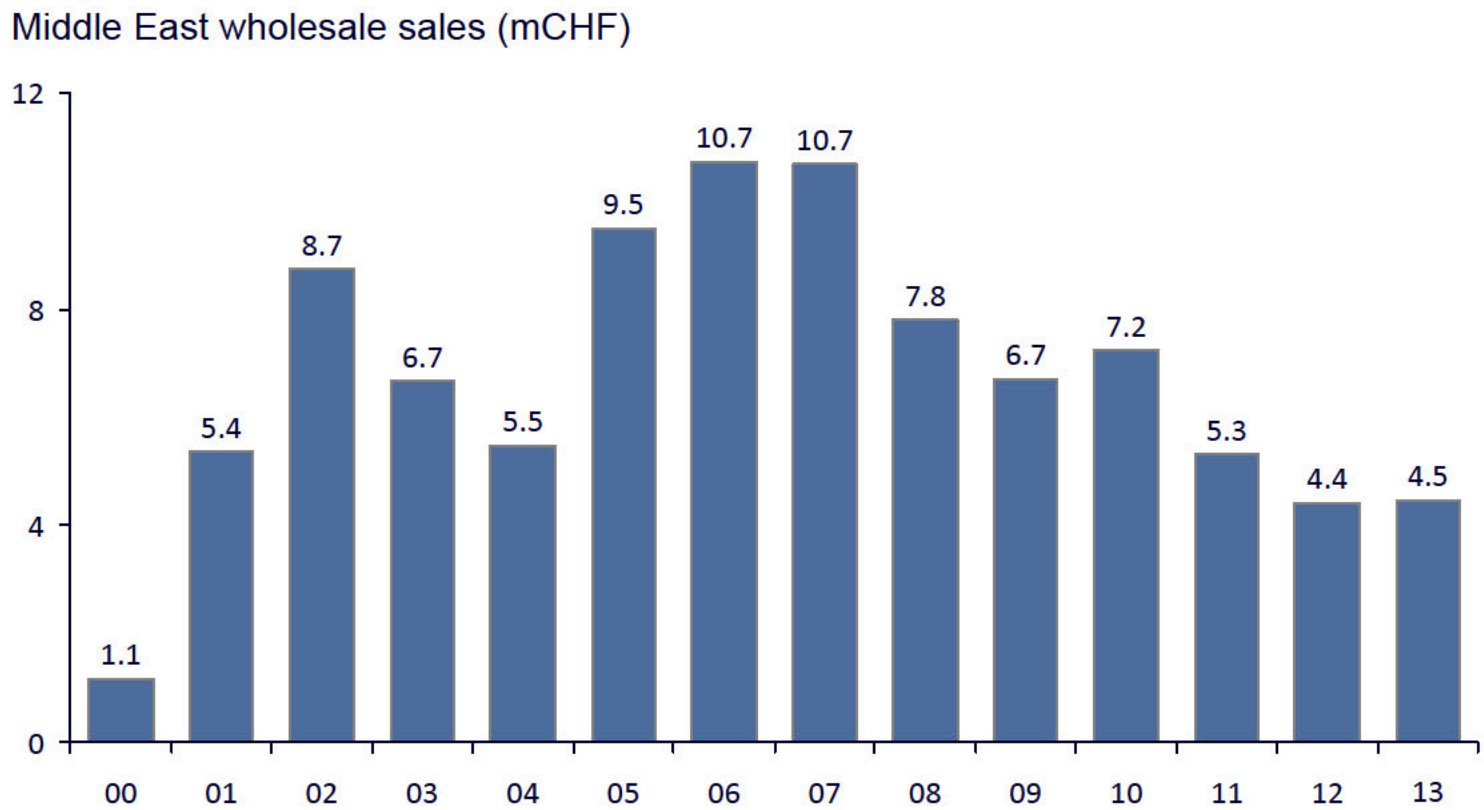
… however with a very significant decline in sales since 2007

Especially due to the strong drop in watch sales, which have decreased by 63% since 2006



Source: de Grisogono internal data, BCG analysis

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Four major priorities agreed upon in early 2013, on which significant ground has been covered

Set priorities	Actions already taken
1 Revamp the relationship with key partners	• Pre-Basel 2013 roadshow executed with Mr. Gruosi, John wholesale manager visiting each client to (1) explain the changes underway and (2) agree on a plan of action for the coming years • Large majority of plans of action executed, with the exception of the poor performing Saudi partner
2 Increase presence in the region	• Subsidiary head recruited in May, Omar Chaoui, with wide experience in the industry (former head of region's top client, previously having setup Roger Dubuis' presence in the region) • Local subsidiary setup in August, with local office, communication and back-office staff setup • Marketing activity increased and optimized, e.g. local events, advertising presence, …
3 Ensure adequate support/ control of partners	• Close monitoring and support of partners setup, namely restarting the business with Jocalia, the "still born" franchise in Abu Dhabi • Comprehensive franchise contract and guidelines developed to ensure adequate management of expectations to all future partners
4 Position dG to gain presence in major retail spaces	• Dubai presence increased: expansion of presence in partner's multibrand stores set (space at Dubai Mall POS being doubled, presence in Mall of the Emirates POS being setup, introduction into Four Seasons and/or Atlantis POS being discussed) • Kuwait retail space increased: Introduced in Multibrand concept Alma in Hamra Mall (1 POS). dG will be part of the future 2 other Alma POS (360 and Prestige Avenues). • Boutique space at Dubai and Prestige Mall still to be secured (although all efforts being made)

… with several additional steps under way in this first semester

Set priorities	Actions underway
1 Revamp the relationship with key partners	• HJ rotation program being setup, whereby top partners pay a fee to gain access sets of HJ pieces which rotate every 10-12 weeks. Agreed in Principle with Seddiqi & Trafalgar for now. • Negotiations under way to replace poor performing Saudi partner
2 Increase presence in the region	• Launch of presence in India scheduled for September with partners signed up for Mumbai and Delhi. This will be focused on Watch business only. • Several local initiatives scheduled, e.g. promotion in Dubai Mall, trunkshow in India, Blogger's lunch in Kuwait
3 Ensure adequate support/ control of partners	• Comprehensive training program being launched: As of March 2014, 3 part training program to be implemented over a 4 month period • Incentive program for sales associates under review: two parallel programs will be running all year: first is linked to Sales performance, second to Quality of the performance
4 Position dG to gain presence in major retail spaces	• Continue efforts to lock-in boutique at Dubai Mall and Prestige Mall: Dubai Mall extension project is underway, no decision taken by the mall yet (no efforts are spared). As for Prestige Mall, Trafalgar is pushing to secure space for dG in Phase 4 (planned for 2017)

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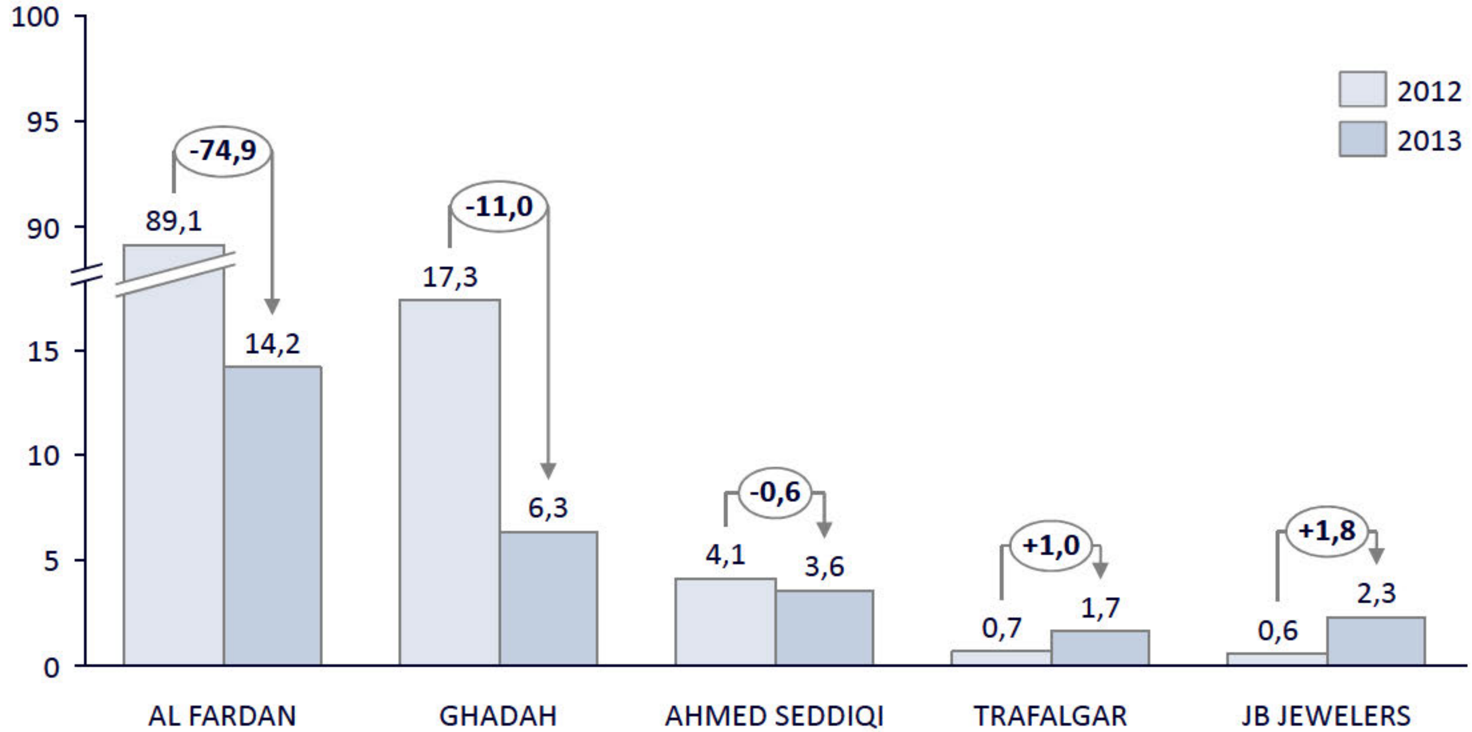
As a first result, stock levels at key clients are already closer to normality

Due to improved sell-out results, and increased investment of from some clients

Years of stock (reported stock level divided by sell-out sales)



	AL FARDAN	GHADAH	AHMED SEDDIQI	TRAFALGAR	JB JEWELERS
Stock value ’12 (in k CHF)	3'247	4'581	2'033	997	370
Stock value ’13 (in k CHF)	2'939	3'222	2'306	2'209	905

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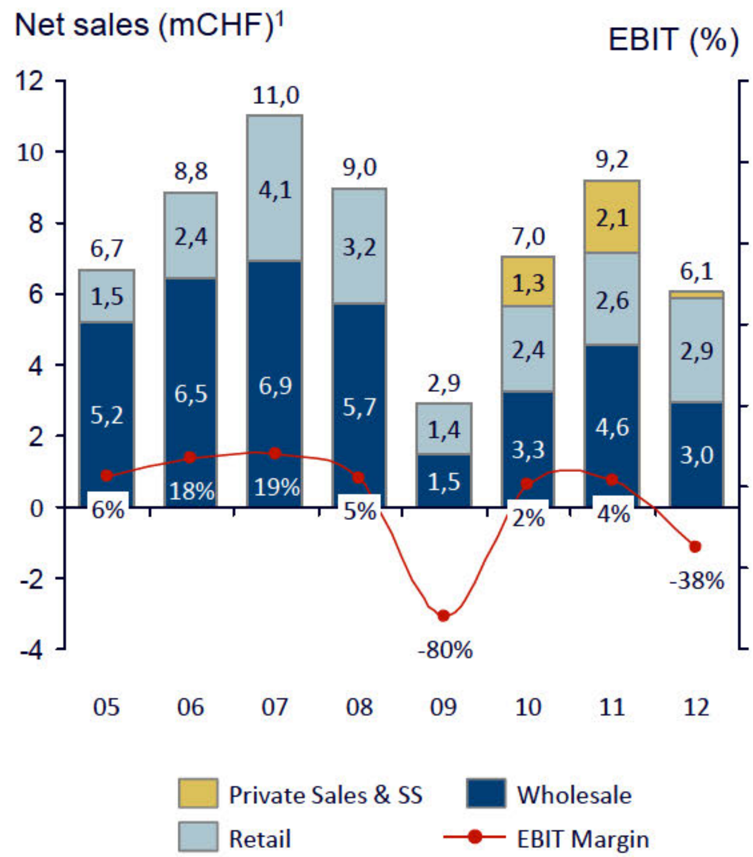
US not appropriately addressed, with low sales and high costs

A loss generating region with low and stagnant sales...



... driven by three major structural problems

1 **Poor performing boutiques**
(US boutiques the worst performing in all "segments)

2 **Small to insignificant WS presence**
(with the exception of Bergdorf)

3 **Very heavy organization**
(with ~40% of sales spent in labor)

1. At constant USD/CHF exchange rate of 0.937845
Source: de Grisogono internal data, BCG analysis

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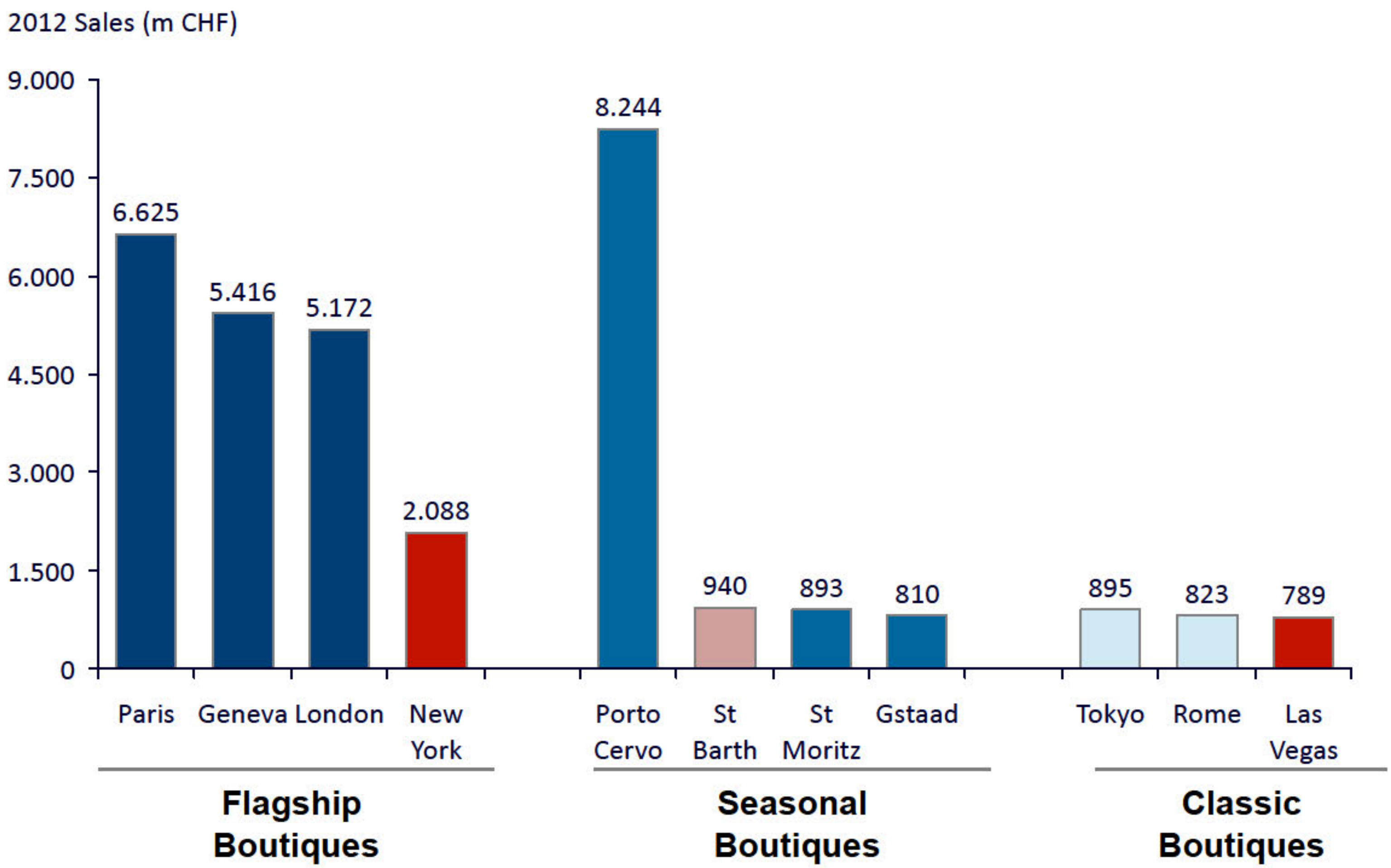
1

In 2012, US boutiques were the worst performing in all "segments“...

New York and Las Vegas were the worst in their respective segments



Source: de Grisogono internal data, BCG analysis

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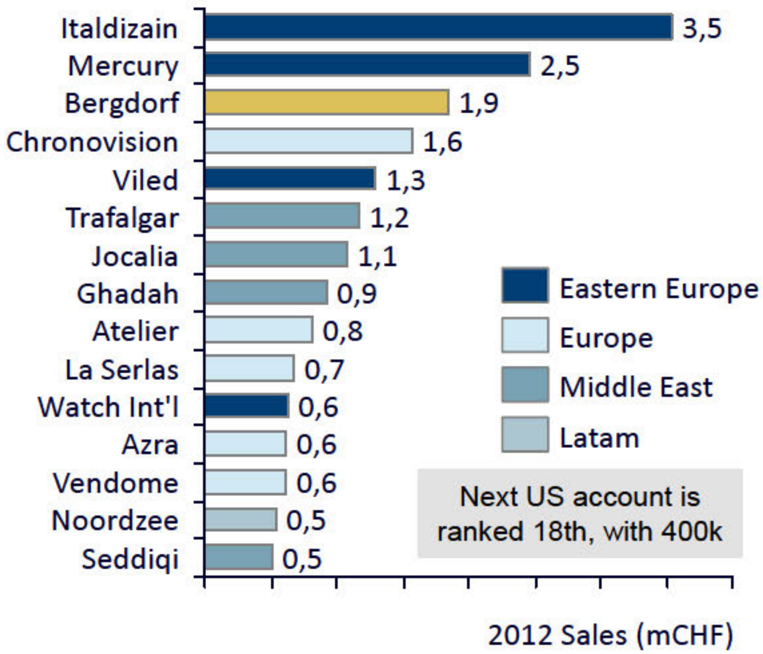
2

… and wholesale accounts were extremely small

With the exception of Bergdorf (since then reclassified to retail)

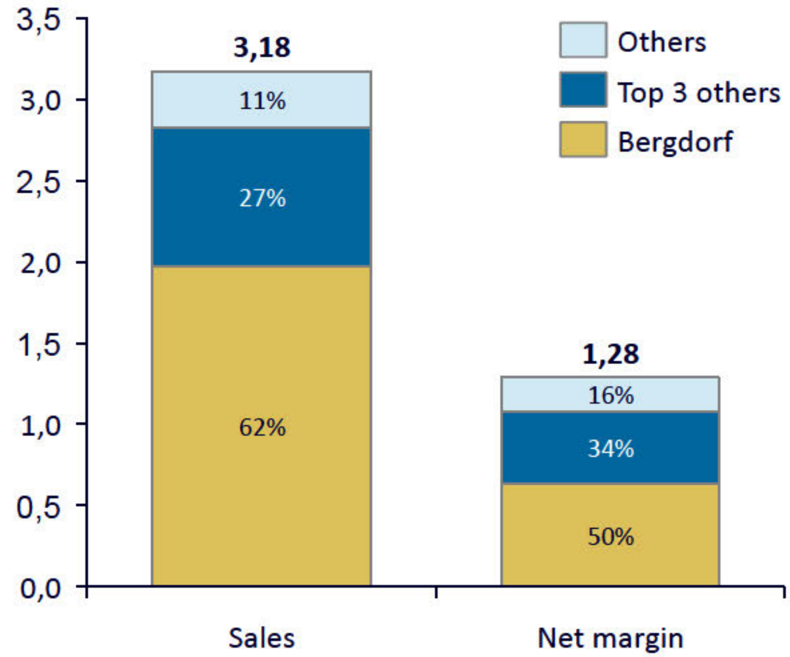
Only Bergdorf as one of the top 15 global wholesale accounts…

Top 15 worldwide WS accounts



… representing 50-60% of the total US wholesale business

US WS accounts (mCHF)



Source: de Grisogono internal data, BCG analysis

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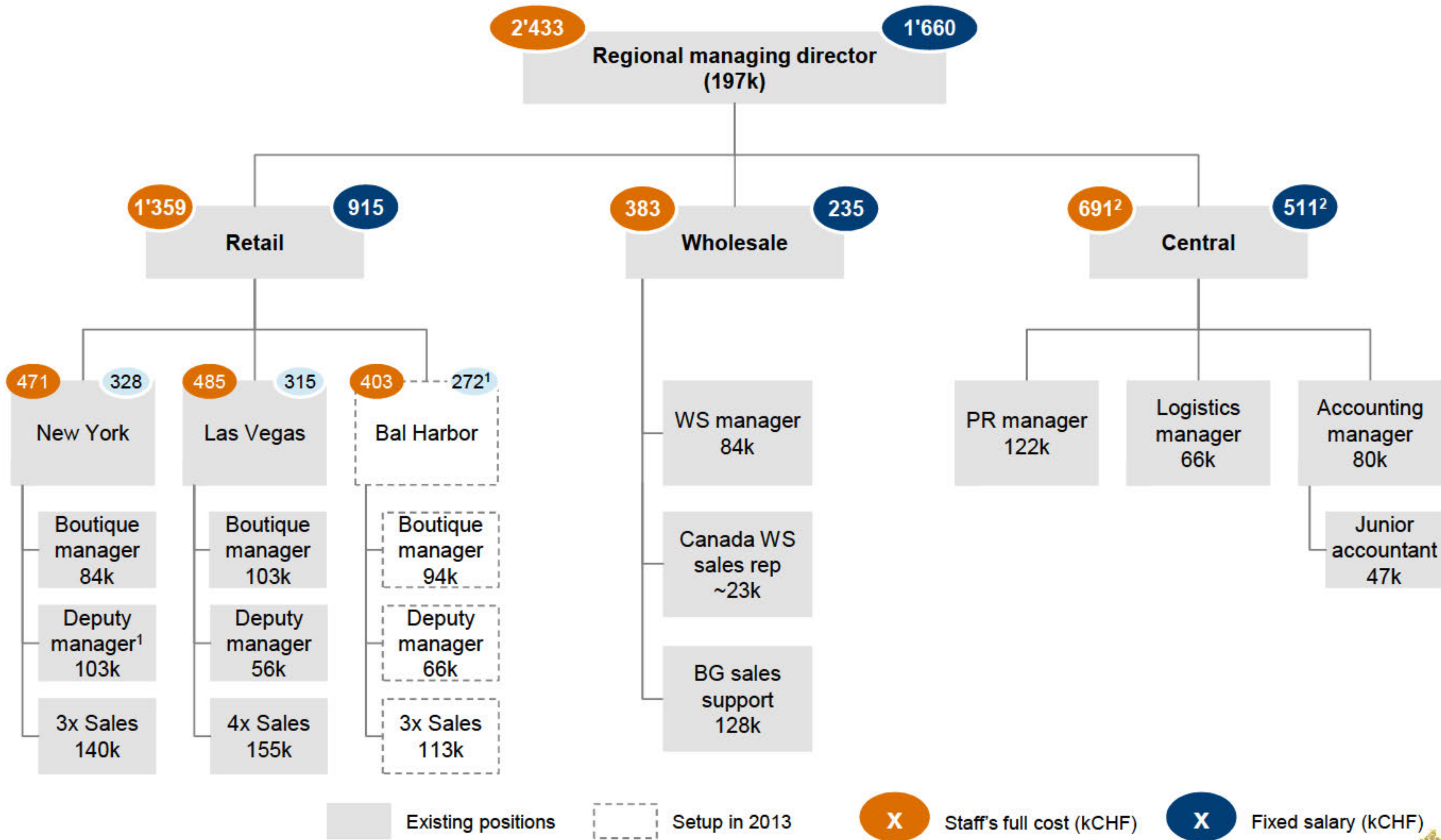
3

Moreover, a "Heavy" organization was installed

Organizational structure and fixed salaries



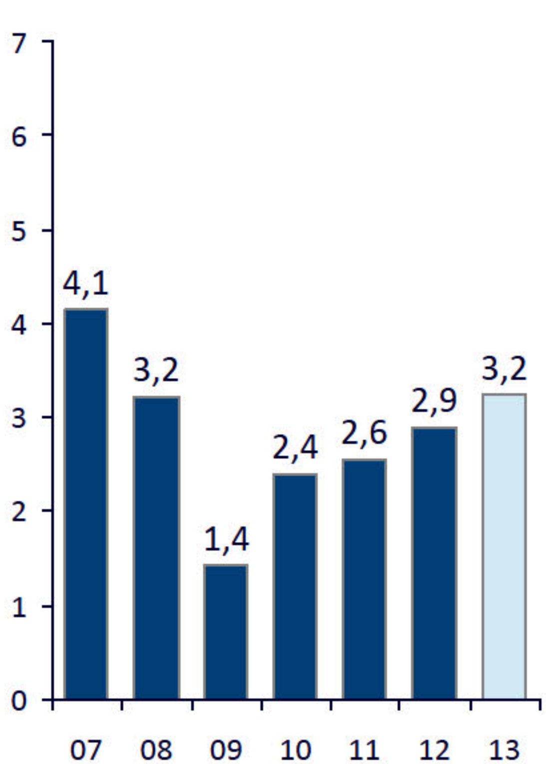
1. Total amount for 2013 will be lower, in proportion of opened months 2. The cost of the Regional Managing Director is allocated to Central
Source: de Grisogono internal data, BCG analysis

Five major initiatives set in early 2013 to turnaround region, however, limited ground covered to date due to competing priorities

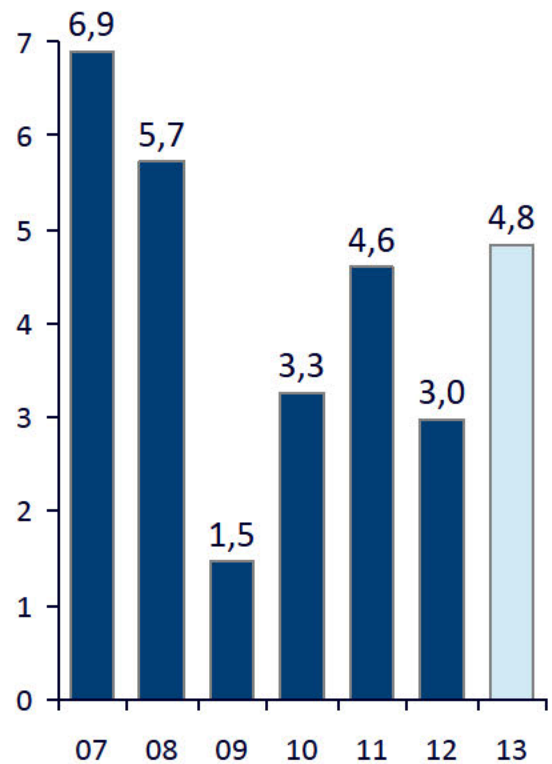
#	Initiative	Actions already taken	Status
1	Close Las Vegas	• Exit negotiated for 500k vs. 2m set in contract (cost offset by just one year of losses) • **Boutique closed, with no visible impact on brand perception**	●
2	Improve New York performance	• Fired regional director, improving team effectiveness and environment • Replaced the 2 poor performing staff elements • **However, very limited sales growth (14%), not reaching budget**	◔
3	Ensure Miami's success	• Boutique launched although with 3 months delay (May) • Major event organized in Miami, establishing brand awareness • **Sales in continuous growth (864k in 2013), with break even expected this year (1,8m)**	◑
4	Improve wholesale performance	• Support to Bergdorf greatly improved and increased (sales up 85%, to 3,4m) • **However, wholesale network still negligent and with only 1,5m in sales**	◔
5	Build private sales platform	• Team setup in September of 2013 (former regional head + RL personal shopper) • Three events executed, and contacts established with several former and potential clients • **However, only 173k in sales generated in 2013** (a strong loss vs. ~500k cost of team)	◔

Nonetheless the US operation has started to improve with growth in retail and wholesale sales

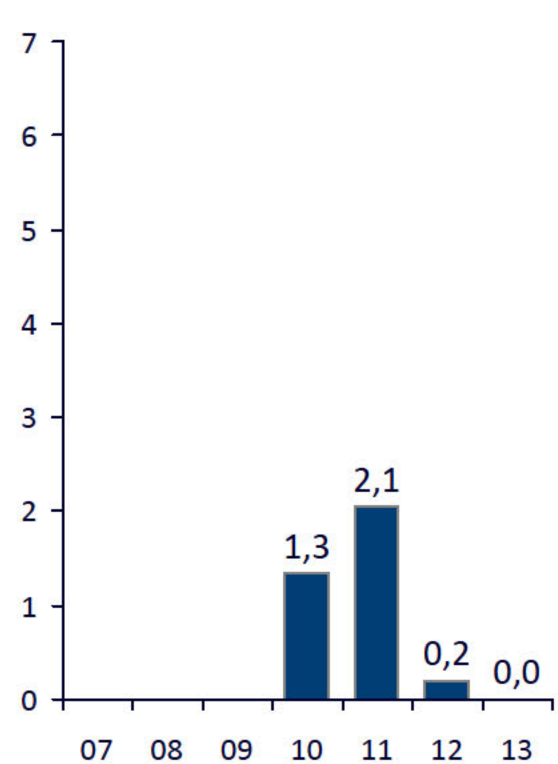
Retail: New York and Miami increasing in sales



Wholesale: performance improving due to Bergdorf



Private Sales however still dormant



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Several actions underway to push progress over next 3 months

Actions planned for the first semester

1 Close Las Vegas	• Done
2 Improve New York performance	• Streamlined media plan to ensure constant presence in top publications (e.g. NY times) • Map key sales executives in Madison avenue to approach for recruitment
3 Ensure Miami's success	• Increased advertising presence, especially through billboards on key roads • Targeted promotional campaign at private jet terminals (with product showcases and promoters) • Partnership program with Ferreti boats, with product and staff presence at 4 events
4 Improve wholesale performance	• On-boarding of new wholesale manager (former responsible of Roger Dubois, responsible for establishing brand's presence in the US, from 0,5 to 8m in five years)
5 Build private sales platform	• Review team plan and budget for 2014, to ensure sustainable trajectory