

**Valuation & Research Specialists (VRS)**  
Equity Research Team  
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**Share Price (5/2/2014) € 25.40**

**# of Shares (,000)** 66,948.21  
**Market Cap (in € mn )** 1,700.48  
**A.D. Volume (p)** 108,211  
**Beta Co-efficient** 0.54

**Statistical Data**

**Max 52 week** 26.79 €  
**Min 52 week** 12.20 €  
**1-M Rtn** 3.67%  
**6-M Rtn** 34.32%  
**12-M Rtn** 83.39%

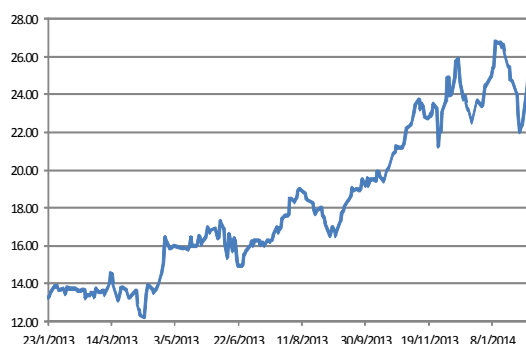
**Shareholders' Structure**

As of January 10, 2014

**Koutsolioutsos Dimitrios** 34.81%  
**Fosun Intern. Holdings LDT** 13.85%  
**Fidelity International** 5.93%  
**Other Investors & Free Float** 45.41%

Source: VRS Calculations, Athens Exchange.

**Stock Price Performance (1 year, in €)**



Note: Share price performance based on share price closes on Athens Exchange.

## FF GROUP (FOLLI FOLLIE S.A.)

[Bloomberg Ticker: FFGRP:GA, Reuters Ticker: HDFr.AT]

**Business Sector: Retailers (Jewellery, Department Stores)**

### Corporate Developments in 2013

- In 2013, despite tough economic conditions in Greece and a challenging macroeconomic environment internationally, FF GROUP (or the Group) continued to generate a positive financial performance on comparable basis (continuing operations).
- Following a two phase transaction during the year, FF GROUP sold the travel retail business subsidiary to DUFREY, thus significantly de-leveraging its capital structure and further enhancing its bottom line performance. The deal's terms also included FF GROUP's participation into DUFREY.
- The management has stated that the Group will continue to participate in the duty free business through Dufrey which they see as a strategic partner. Furthermore, the partnership is expected to enable FF GROUP to further exploit new markets where DUFREY has already presence.

### 9-Month 2013 Financial Results

- Following the sale of the travel retail business, the Group achieved a notably improved performance in 9M 2013 period on continuing operational basis:
  - Revenues deriving from continuing operations reached € 638.1 million, higher by 6.2%;
  - Operating profits settled at € 112 million, higher by 38.3% as compared to 9M 2012;
  - EBITDA reached € 127.2 million, increased by 31.5%.
- During the 9M 2013 period, cash flow from operating activities accounted for € 14.89 million versus € 49.97 million in 9M 2012.
- In Q3 2013, consolidated net debt declined further and settled € 111.3 million from € 592 million at year end 2012.
- Jewellery, watches and accessories, which is the Group's traditional business, was by far the highest contributor of revenue and profitability.

| (€ million)                           | 9M 2013      | %    | 9M 2012      |
|---------------------------------------|--------------|------|--------------|
| Revenues                              | <b>684.9</b> | -19% | <b>841.5</b> |
| <i>of which Continuing Operations</i> | 638.1        | 6%   | 600.8        |
| EBITDA                                | <b>135.3</b> | -21% | <b>171.9</b> |
| <i>of which Continuing Operations</i> | 127.2        | 32%  | 96.7         |
| EBT                                   | <b>285.8</b> | 473% | <b>49.9</b>  |
| EAT                                   | <b>284.5</b> | 221% | <b>88.7</b>  |

Source: IFRS Consolidated Financial Statements.

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### Sale of the Travel Retail Business to DUFRY

➤ The sale of FF GROUP's travel retail business completed in two phases as follows:

Phase 1: On April 22, 2013, FF GROUP announced the transfer of 51% of the company DUTY FREE SHOPS (DFS) SA to the Swiss group DUFRY AG. The deal was made on the ground of developing DFS from a local travel retail leader into a business of international range. The transaction amounted to € 200.5 million in cash; prior to this the transfer of debt of € 335 million to the subsidiary company which absorbed the travel retail business had been completed.

Phase 2: On December 12, 2013, FF GROUP signed an agreement to sell the remaining 49% equity stake of DFS to DUFRY AG for a total consideration of € 328 million based on a combination of cash and shares. Through the transaction, FF GROUP was to enter as a strategic investor to DUFRY. The cash portion of the consideration settled at € 175 million, whereas DUFRY were to issue 1,231,233 number of shares from its authorized capital, being the equivalent of € 153 million. With the latter action, FF GROUP would join the group of DUFRY's AG major shareholders led by Travel Retail Investments SCA.

**About HEL. DUTY FREE SHOPS:** Hellenic Duty Free is the leading travel retailer in Greece, with 111 shops and more than 18,000 square meters of retail space within an attractive, long duration concession portfolio. Overall, the business generates more than 80% of its turnover with international customers, among which Germans and British were the most important visitors. Until September 2013, international tourists visiting Greece had increased by 10%.

**About DUFRY:** Dufry is a global travel retailer with operations in 45 countries (as of 30.06.2013). Dufry operates more than 1,350 shops located at airports, cruise liners, seaports, and other touristic locations. Dufry provides its customers with prestigious brands from more than 1500 suppliers. Dufry Ltd is publicly listed in Switzerland and in Brazil. The Company employs around 17,000 people and is headquartered in Basel, Switzerland.

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### BASIC FINANCIAL INDICATORS

| (in € mn) | Sales   | EBITDA | EBT   | EATAM | P/E (x) | P/BV (x) | EV/EBITDA (x) | DEBT / EQUITY (x) | ROE % |
|-----------|---------|--------|-------|-------|---------|----------|---------------|-------------------|-------|
| 2009      | 992.5   | 199.4  | 157.8 | 113.4 | 15.0    | 4.0      | 11.7          | 1.8               | 27%   |
| 2010      | 989.6   | 193.3  | 124.7 | 83.3  | 20.4    | 3.2      | 12.2          | 1.5               | 16%   |
| 2011      | 1,021.4 | 198.7  | 121.9 | 89.5  | 19.0    | 2.4      | 11.6          | 1.0               | 12%   |
| 2012      | 1,110.0 | 212.8  | 130.9 | 93.6  | 18.2    | 2.1      | 10.9          | 0.9               | 12%   |

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price.  
Source: Official Consolidated Financial Statements (based on IFRS), VRS Calculations.  
n/c stands for non calculable.

### FOLLI FOLLIE - Company Profile

FF GROUP (FOLLI FOLLIE S.A.) is a retail group. FF GROUP operates in four core business segments: a) The design, processing and marketing of jewellery, watches and other similar accessories (bags, belts, pashminas, sunglasses, small leather goods, etc.), b) The operation of department stores and outlets, c) Wholesale and retail of branded clothing and footwear and d) Other activities.

The Group, apart from the Greek market, operates through subsidiary companies in countries of Europe, North America, Middle East, Africa and Asia.

FF GROUP has established a strong presence with more than 800 points of sale worldwide, whereas it employs more than 4,600 people in all 28 markets it operates.

Source: Company, Bloomberg.

### Stock Versus General Index (Last 5 Years, Base = 100)



Note: Data based on price closes on Athens Exchange.

### Working Capital Ratios

| in EUR million          |      | 2009   | 2010   | 2011     | 2012     |
|-------------------------|------|--------|--------|----------|----------|
| Sales                   | € mn | 992.50 | 989.60 | 1,021.42 | 1,110.03 |
| Cost of Sales           | € mn | 497.54 | 490.13 | 504.87   | 553.00   |
| Gross Profit Margin     | %    | 49.87% | 50.47% | 50.57%   | 50.18%   |
| Net Income / Profit     | € mn | 113.43 | 83.28  | 89.52    | 93.63    |
| Net Profit Margin       | %    | 11.4%  | 8.4%   | 8.8%     | 8.4%     |
| Cash & Cash Equivalents | € mn | 119.48 | 133.77 | 135.50   | 126.48   |

### Stock Days

|                       |      |        |        |        |        |
|-----------------------|------|--------|--------|--------|--------|
| Days                  | 195  | 221    | 245    | 249    |        |
| Stock Inventory       | € mn | 266.36 | 296.95 | 339.17 | 377.62 |
| Debtors Days          | Days | 102    | 124    | 143    | 147    |
| Debtors - Receivables | € mn | 276.67 | 335.07 | 399.46 | 445.54 |
| Creditors Days        | Days | 67     | 77     | 71     | 63     |
| Creditors - Suppliers | € mn | 91.81  | 103.36 | 97.92  | 96.13  |

### Operating Cycle (Days)

|      |     |     |     |     |
|------|-----|-----|-----|-----|
| Days | 297 | 345 | 388 | 396 |
|------|-----|-----|-----|-----|

### Cash Cycle (Days)

|      |     |     |     |     |
|------|-----|-----|-----|-----|
| Days | 230 | 268 | 317 | 332 |
|------|-----|-----|-----|-----|

Source: Official Consolidated Financial Statements, VRS Calculations.  
Gross profit is calculated by deducting cost of sales (net of depreciation) from revenues.

### Important Note:

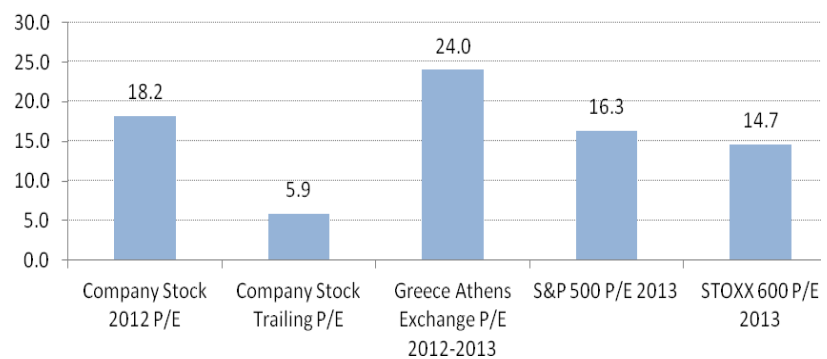
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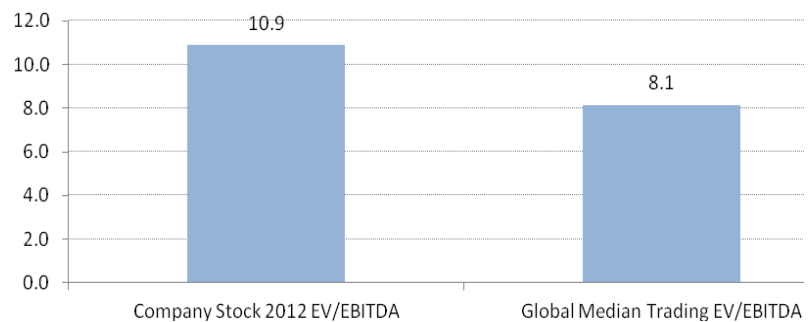
**Business Sector: Retailers (Jewellery, Department Stores)**

Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated IFRS accounts, FACTSET.

Company Historic EV/EBITDA Multiple versus Global Market EV/EBITDA Multiples (x)



Source: VRS calculations based on consolidated IFRS accounts, VALMETRICS VALUATION INDEX.

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## FF GROUP (FOLLI FOLLIE S.A.)

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**Business Sector: Retailers (Jewellery, Department Stores)**

### Group Revenue by Activity in € million (Period 2009 - 2012, 9M 2013)

| € million                      | 2009         | 2010         | 2011          | 2012          | 9M 2012 *    | 9M 2013 *    |
|--------------------------------|--------------|--------------|---------------|---------------|--------------|--------------|
| Jewellery, Watches, Accessorie | 478.7        | 509.7        | 493.4         | 583.8         | 430.6        | 458.6        |
| Travel Retail                  | 274.1        | 257.2        | 290.9         | 300.3         | -            | -            |
| Retail & Wholesale             | 144.9        | 140.8        | 106.2         | 98.4          | 77.7         | 81.6         |
| Department Stores              | 154.7        | 144.5        | 125.8         | 123.8         | 89.5         | 95.8         |
| Other Activities               | 1.4          | 7.4          | 5.1           | 3.7           | 3.0          | 2.1          |
| Intra-Group Transactions       | -61.3        | -70.0        | -             | -             | -            | -            |
| <b>Total</b>                   | <b>992.5</b> | <b>989.6</b> | <b>1021.4</b> | <b>1110.0</b> | <b>600.8</b> | <b>638.1</b> |

\* Excluding the travel retail activity.

### Group EBITDA Breakdown by Activity (Period 2009 - 2012, 9M 2013)

| as %                            | 2009        | 2010        | 2011        | 2012        | 9M 2013 *   |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Jewellery, Watches, Accessories | 62.0%       | 64.0%       | 57.0%       | 62.2%       | 91.1%       |
| Travel Retail                   | 28.0%       | 29.0%       | 42.0%       | 39.3%       | -           |
| Retail & Wholesale              | 2.0%        | -1.0%       | -4.0%       | -3.0%       | 6.1%        |
| Department Stores               | 8.0%        | 8.0%        | 6.0%        | 3.1%        | 6.1%        |
| Other Activities                | -1.0%       | -1.0%       | -1.0%       | -1.6%       | -3.3%       |
| Intra-Group Transactions        | 1.0%        | 1.0%        | -           | -           | -           |
| <b>Total</b>                    | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

\* Excluding the travel retail activity.

Source: Company.

#### FF GROUP - Definition of Historical and Continuing Business Segments

Jewellery, Watches, Accessories: Deals with the design, manufacture, processing and marketing of jewellery, watches and other similar fashion accessories like handbags, small leather goods, belts, and sunglasses. Travel Retail: Includes duty free and duty paid retail sales at airport terminals, border stations and ports. Department Stores: Deals with the operation of the department stores. Clothing - Footwear: Concerns retail and wholesale sale of branded apparel and footwear and cosmetics. Other: Includes sales to exterior customers below 5%.

#### Important Note:

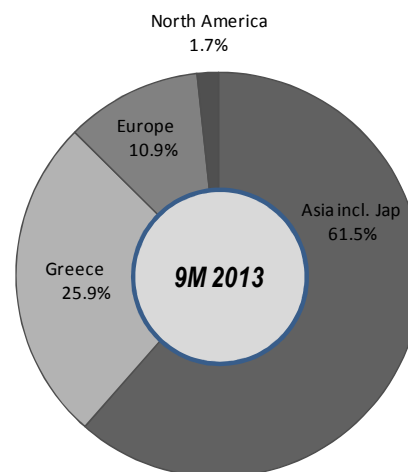
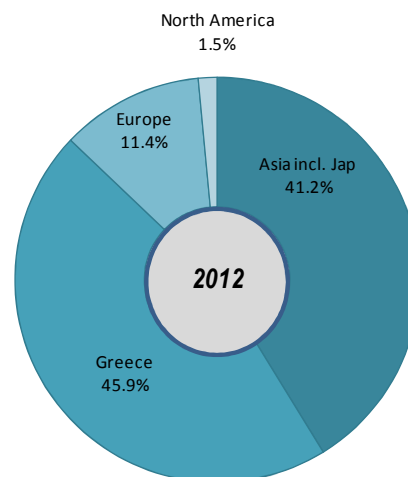
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**Business Sector: Retailers (Jewellery, Department Stores)**

**Group Revenue Breakdown by Region (FY 2012, 9M 2013)** Source: Company.



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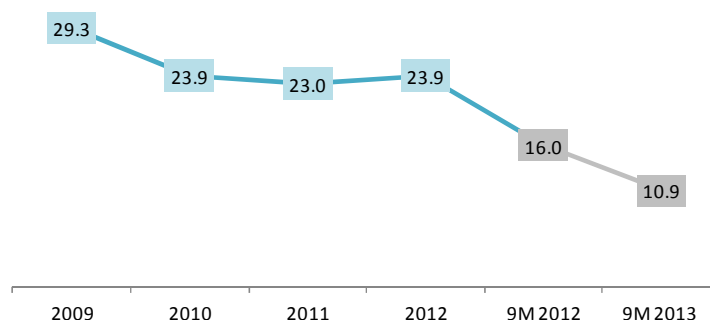
**Business Sector: Retailers (Jewellery, Department Stores)**

### Capex Breakdown per Activity (Period 2010 - 2012, 9M 2013)

|                                 | 2010        | 2011        | 2012        | 9M 2013     |
|---------------------------------|-------------|-------------|-------------|-------------|
| Jewellery, Watches, Accessories | 48.5%       | 46.6%       | 53.0%       | 54.4%       |
| Travel Retail                   | 14.6%       | 31.0%       | 21.0%       | 7.8%        |
| Retail & Wholesale              | 27.6%       | 11.7%       | 8.9%        | 21.0%       |
| Department Stores               | 4.2%        | 10.4%       | 16.8%       | 16.8%       |
| Other Activities                | 5.0%        | 0.3%        | 0.3%        | 0.3%        |
| <b>Total</b>                    | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

Source: Company.

### Group Capex in € million (Period 2009 - 2012, 9M 2013)



Source: Company.

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### Evolution of Group Borrowings in € million (Period 2011 - 2012, 9M 2013)

| <i>Borrowings in € million</i> | 2011          | 2012          | 9M 2013       |
|--------------------------------|---------------|---------------|---------------|
| <b>Borrowed Funds</b>          |               |               |               |
| Bond Loans                     | 584.27        | 447.41        | 51.01         |
| Bank Loans                     | 89.99         | 241.60        | 138.91        |
| Leases                         | 57.65         | 52.06         | 39.86         |
| <b>Total</b>                   | <b>731.91</b> | <b>741.08</b> | <b>229.78</b> |
| <b>Bond Loans</b>              |               |               |               |
| More than 5 Years              | 0.41          | 0.00          | 1.28          |
| From 1 to 5 Years              | 255.40        | 361.26        | 1.80          |
| Up to 1 Year                   | 328.46        | 86.15         | 47.93         |
| <b>Bank Loans</b>              |               |               |               |
| More than 5 Years              | 0.00          | 0.00          | 0.00          |
| From 1 to 5 Years              | 6.12          | 20.10         | 2.22          |
| Up to 1 Year                   | 83.88         | 221.50        | 136.69        |
| <b>Leases</b>                  |               |               |               |
| More than 5 Years              | 31.86         | 27.66         | 19.71         |
| From 1 to 5 Years              | 20.88         | 19.81         | 16.55         |
| Up to 1 Year                   | 4.91          | 4.59          | 3.59          |
| <b>Long-Term Borrowings</b>    | <b>314.67</b> | <b>428.83</b> | <b>41.56</b>  |
| <b>Short-Term Borrowings *</b> | <b>417.24</b> | <b>312.25</b> | <b>188.22</b> |

\* Short-Term Borrowings up to 1 Year.

Source: Company.

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### Group Borrowings' Breakdown (Period 2011 - 2012, 9M 2013)

| <i>Borrowings as %</i>         | 2011          | 2012          | 9M 2013       |
|--------------------------------|---------------|---------------|---------------|
| <b><u>Borrowed Funds</u></b>   |               |               |               |
| Bond Loans                     | 79.8%         | 60.4%         | 22.2%         |
| Bank Loans                     | 12.3%         | 32.6%         | 60.5%         |
| Leases                         | 7.9%          | 7.0%          | 17.3%         |
| <b>Total in € million</b>      | <b>731.91</b> | <b>741.08</b> | <b>229.78</b> |
| <b><u>Bond Loans</u></b>       |               |               |               |
| More than 5 Years              | 0.1%          | 0.0%          | 2.5%          |
| From 1 to 5 Years              | 43.7%         | 80.7%         | 3.5%          |
| Up to 1 Year                   | 56.2%         | 19.3%         | 94.0%         |
| <b><u>Bank Loans</u></b>       |               |               |               |
| More than 5 Years              | 0.0%          | 0.0%          | 0.0%          |
| From 1 to 5 Years              | 6.8%          | 8.3%          | 1.6%          |
| Up to 1 Year                   | 93.2%         | 91.7%         | 98.4%         |
| <b><u>Leases</u></b>           |               |               |               |
| More than 5 Years              | 55.3%         | 53.1%         | 49.5%         |
| From 1 to 5 Years              | 36.2%         | 38.0%         | 41.5%         |
| Up to 1 Year                   | 8.5%          | 8.8%          | 9.0%          |
| <b>Long-Term Borrowings</b>    | <b>43.0%</b>  | <b>57.9%</b>  | <b>18.1%</b>  |
| <b>Short-Term Borrowings *</b> | <b>57.0%</b>  | <b>42.1%</b>  | <b>81.9%</b>  |

\* Short-Term Borrowings up to 1 Year.

Source: Company.

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### FF GROUP Revenue and Profitability Analysis (Period 2011 - 2012, 9M 2013)

| € million                        |  | 2011        | 2012        | 9M 2012 | 9M 2013        |
|----------------------------------|--|-------------|-------------|---------|----------------|
| <b><u>Jewellery, Watches</u></b> | EBITDA                                     | 114.4       | 132.4       | 91.0    | 115.9          |
| <b><u>&amp; Accessories</u></b>  | EBITDA Margin                              | 23.2%       | 22.7%       | 21.1%   | 25.3%          |
|                                  | Gross Margin                               | 56.0%       | 55.2%       | 52.7%   | 52.6%          |
|                                  | <b><u>Revenue per Region as %</u></b>      |             | <b>2012</b> |         | <b>9M 2013</b> |
|                                  | Asia incl. Japan                           |             | 80.1%       |         | 85.5%          |
|                                  | Europe                                     |             | 16.8%       |         | 12.2%          |
|                                  | North America                              |             | 3.1%        |         | 2.3%           |
| <b><u>Retail / Wholesale</u></b> | EBITDA                                     | -8.7        | -6.3        | 2.5     | 7.7            |
|                                  | EBITDA Margin                              | -8.2%       | -6.4%       | 3.2%    | 9.5%           |
|                                  | Gross Margin                               | 40.3%       | 39.5%       | 47.2%   | 46.6%          |
|                                  | <b><u>Revenue per Region as %</u></b>      |             | <b>2012</b> |         | <b>9M 2013</b> |
|                                  | Greece                                     |             | 66.8%       |         | 67.1%          |
|                                  | Romania                                    |             | 24.7%       |         | 23.2%          |
|                                  | Bulgaria                                   |             | 8.5%        |         | 9.7%           |
| <b><u>Department Stores</u></b>  | EBITDA                                     | 11.1        | 6.4         | 4.9     | 7.7            |
|                                  | EBITDA Margin                              | 8.8%        | 5.2%        | 5.5%    | 8.1%           |
|                                  | Gross Margin                               | 35.7%       | 35.1%       | 33.9%   | 34.6%          |
|                                  | <b><u>Revenue per Dept. Store as %</u></b> |             | <b>2012</b> |         | <b>9M 2013</b> |
|                                  | Attica                                     |             | 54.8%       |         | 54.0%          |
|                                  | Golden Attica                              |             | 28.4%       |         | 26.7%          |
|                                  | Attica North                               |             | 7.6%        |         | 11.2%          |
|                                  | Factory Outlets                            |             | 9.2%        |         | 8.1%           |
| <b><u>Other Activities</u></b>   | EBITDA                                     | -2.3        | -3.5        | -1.7    | -4.2           |
|                                  | EBITDA Margin                              | -45.8%      | -94.1%      | -56.3%  | -205.5%        |
|                                  | Gross Margin                               | 18.8%       | 9.2%        | 14.7%   | 21.0%          |
| <b><u>Travel Retail</u></b>      | EBITDA                                     | 84.3        | 83.7        |         |                |
|                                  | EBITDA Margin                              | 29.0%       | 27.9%       |         |                |
|                                  | Gross Margin                               | 52.0%       | 50.5%       |         |                |
|                                  | <b><u>Revenue Breakdown</u></b>            | <b>2012</b> |             |         |                |
|                                  | Other Airports                             | 32.3%       |             |         |                |
|                                  | Border Crossings                           | 33.9%       |             |         |                |
|                                  | AIA  | 22.2%       |             |         |                |
|                                  | Ports                                      | 6.0%        |             |         |                |
|                                  | Wholesale                                  | 5.6%        |             |         |                |

**Travel Retail:** For the financial year 2013, travel retail is a non-continuing operation after the transfer of "DUTY FREE SHOPS" to the Swiss group "DUFYRAG".

Source: Company.

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|-----------------------------|-----------|---------|-------------|------------------|------------|
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