

Report

Equities | Retailing | China
November, 09th, 2012



Goldrooster AG

Recommendation: BUY
Risk: High

Current Price: EUR 1.70

Fair Value: EUR 5.60

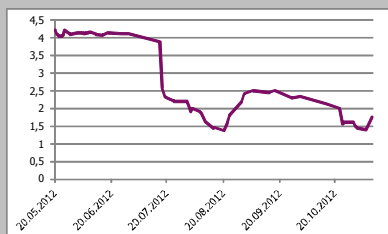
Reuters Code: GO8.DE
Stock Symbol: GO8 GR
Fiscal Year End: December

Homepage: www.goldrooster.de

Trading Data:

Price High/Low: EUR 4.20 – 1.36
Market Cap: EUR 29.01m
Shares Outst.: 20.72m
Free Float: 3.5%

Price Graph:



Financial Calendar:

Nov 11-13, 2012 EK Forum FFM

Date and Time of Stock Price
November 09, 2012, 1600 CET
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Please have a look at the Disclaimer and other Information on page 25

9M 2012 results: very promising

Goldrooster AG reported very good nine month 2012 results, which met our expectations on the sales as well as on the margins side. Sales gained 48.3% to EUR 109.4m compared to the same period in 2011. The depreciation of the EUR against the Chinese RMB supported the growth heavily, but even in local currencies (RMB) Goldrooster AG sales were up by an impressive 31.7% in the first nine months of fiscal year 2012.

As expected, the two segments Apparel (+50.0% in sales) and Accessories (+93.0% in sales) were strong in particular.

We are also happy with the earnings development. 9M 2012 EBIT margins were with 20.59% lower than comparable operating profit margin in 9M 2011 (EBIT: 22.41%). But considering one off IPO costs and relocation expenses of a cumulated total of EUR 0.739m, margin decrease does not surprise us and is explainable.

9M 2012 net profit was EUR 16.8m, equal to a net profit margin of 15.4%.

IPO was not as successful as hoped

Goldrooster AG went public at the Frankfurt Stock Exchange "Open Market" mid May 2012.

Originally, the company planned to list up to 5m new shares through a capital increase and wanted to raise an amount of EUR 20m.

Finally, Goldrooster AG was just able to raise an amount of EUR 2.9m. Although the listing will simplify future money raising, it will slow down the expansion process of the company.

Consequently, we calculate with lower sales growth rates than in our first modeling. For 2012 we now expect sales to grow by 20.1% resulting in EUR 125m (prior: EUR 128.8m) and for 2013, we expect revenues to be EUR 147.3m (prior: EUR 163m).

Net profit should come in at EUR 19.3m (net profit margin: 15.5%) in 2012 and EUR 22.6m (net profit margin: 15.3%) in 2013.

Target Price: EUR 5.60 - BUY

Our target price for Goldrooster AG stock is EUR 5.6, which is equal to a total value of EUR 116.7m. We have used a DCF model and combined that with a Peer group analysis. We recommend BUYING.

| (in EUR m) | 2009 | 2010 | 2011 | 2012E | 2013E | 2014E |
|--------------|-------|-------|--------|--------|--------|--------|
| Sales | 58.89 | 80.10 | 104.04 | 124.99 | 147.31 | 175.18 |
| Growth rates | | 36.0% | 29.9% | 20.1% | 17.9% | 18.9% |
| EBIT Margins | 20.8% | 21.8% | 22.1% | 20.3% | 20.0% | 18.5% |
| Net Profit | 9.23 | 13.15 | 17.28 | 19.34 | 22.57 | 24.84 |
| EPS | | | | 0.93 | 1.09 | 1.20 |
| P/Sales | | | | 0.28 | 0.24 | 0.20 |
| P/E | | | | 1.8 | 1.6 | 1.4 |
| P/B | | | | 0.62 | 0.44 | 0.36 |

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SWOT Analysis

| Strengths | Weaknesses |
|---|--|
| <ul style="list-style-type: none"> • The company has established a successful brand making future success and expansion plan achievable. • Future mix of own stores and external distribution makes income stream more projectable. • The management has a long-term expertise in the Chinese fashion market. | <ul style="list-style-type: none"> • Goldrooster AG has no experience in running its own stores and still has to prove that it will be capable to manage planned expansion path. • Fashion in general bears the risk that the designers might not reach the taste of its customers. • Rising costs might put pressure on future margins development. |
| Opportunities | Risks |
| <ul style="list-style-type: none"> • External surveys show that Chinese demand for fashion goods will grow over proportionally for the coming years. • Goldrooster AG will be able to expand its reach to so far not penetrated Chinese regions for a couple of years. • The company might extend its product line even more, which will expand its client base. | <ul style="list-style-type: none"> • The competitive environment is very intense and an increasing amount of well known fashion brands from China as well as from abroad are trying to gain market share. • Goldroosters logo looks very much like the one of the already well established "Le coq sportif". This could lead to additional patent fights. • A slowdown of the Chinese economy could jeopardize expansion plans. |

Short to Mid-term Catalysts

The management will attend several conferences (for example the "Eigenkapitalforum" in Frankfurt mid November 2012 and will talk about the future of the company. This will raise interest in an investment of the company.

Future news flow of the company should be strong.

Latest Developments and Growth Drivers

9M 2012 in Detail

We are happy with Goldroosters 9M 2012 results.

Sales grew in EUR by 48.3% to EUR 109.43m. The good figures were quite heavily supported by the strong appreciation of the Renminbi versus the Euro, but even in local currency, sales were up by a strong and very satisfying 31.7%. Numbers of selling outlets grew by good 13.0% from 1344 stores at December 2011 to 1519 at September 30, 2012.

Strong sales growth shows that marketing efforts are successful (the company has spent 146% more on advertising in 9M 2012 than in 9M 2011) and current product design meets the taste of Goldrooster AG new and existing customers.

As expected, strongest growth was generated by the segment "Accessories", where sales grew by 93.0% to EUR 6.19m.

9M 2012 Sales Development by Segment in EUR m

| in m | Sales 9M 2012 | Growth | % of Total | Sales 9M 2011 | % of Total |
|-------------|---------------|--------|------------|---------------|------------|
| Apparel | 81.13 | 50.0% | 74.1% | 54.08 | 73.3% |
| Footwear | 22.11 | 34.1% | 20.2% | 16.49 | 22.3% |
| Accessories | 6.19 | 93.0% | 5.7% | 3.21 | 4.3% |
| Total | 109.43 | 48.3% | | 73.78 | |

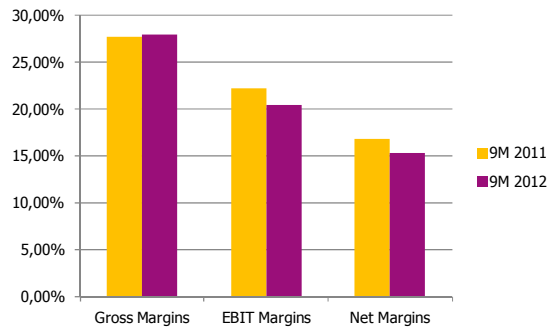
Source: Goldrooster AG

9M 2012 EBIT was EUR 22.4m, equal to an operating profit margin of 20.47%.

EBIT margin was 1.72% lower than in the comparable 9M year last year, which we do not find alarming. The company is still in its growth face and is now heavily investing in marketing and advertising which should help to build the Goldrooster brand in the longer run. Additionally, the company had extraordinary costs due to the Initial Public Offering in Frankfurt of around EUR 0.5m and relocation costs (new headquarter offices) of EUR 0.25m. Both had a negative effect on EBIT margins development and are obviously non-recurring.

Net profit in 9M 2012 was EUR 16.82m, which is equal to a net profit margin of 15.37% in comparison to a net profit margin of 16.8% in 9M 2011.

Margin Development



Source: Goldrooster AG

Implication of a weak IPO

Goldrooster AG went public on May 18th 2012.

Originally, the company expected to collect up to EUR 20m through a capital increase. Unfortunately, the company was just able to collect EUR 2.9m. Although the financial goal was of course not reached, Goldrooster AG did still list its shares at the Entry Standard of the Frankfurt Stock Exchange.

We see the biggest listing advantage in the fact that the company will be able to collect capital in an easier way. The Chinese banking system is extremely reluctant to give credits to small firms.

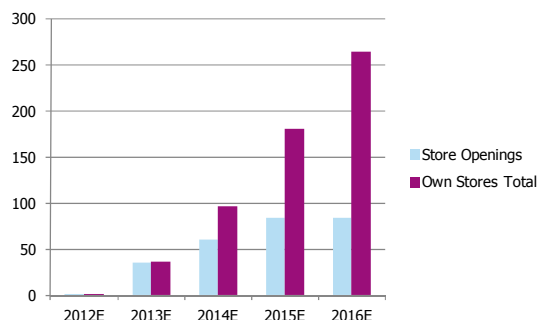
But currently, we do not see any need for the company to look for additional cash. Even without the expected IPO capital of EUR 20m the company is very cash rich. By the end of September 30th, 2012 the company had a very healthy cash amount of EUR 46.9m, which should enable the company to keep on investing in its growth.

New own Store Expansion Plan

Goldrooster AG has postponed its expansion plan of opening its own stores to 2013. Consequently, we have down sized our assumptions of opening own stores in our model as well. Originally, we expected the company to open 60 stores in 2012. Now, we leave it to one own store which was already opened in the first half of 2012. We expect that Goldrooster AG will start more aggressively with own store openings in 2013 and expect 34 own shops by the end of 2013. Goldrooster AG will create an own subsidiary which will be responsible for the own store expansion.

The company will open an increasing amount of stores over the years and we expect that by the end of 2016 the company will have 265 own stores.

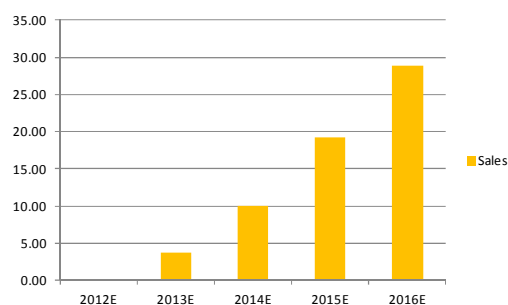
Development of Number of own Stores



Source: VEM Aktienbank AG

Own stores will generate sales of EUR 3.74m in 2013 and will generate sales of EUR 28.85m in 2016.

Own Stores Sales Development in EUR m



Source: VEM Aktienbank

Improved Management Team

The company is constantly hiring new employees on the production as well as on the distribution side. Additionally, the company is improving its management team. Just recently Goldrooster AG has appointed two new key managers.

Hongshan Shen (34), Design Director with Jinjiang Goldrooster Sports Goods Co. Ltd. and Xuemei Wang (45), Production and Planning Director also with Jinjiang Goldrooster Sports Goods Co. Ltd. are now part of the Key Management Team. Huagui Yang left the position as Deputy General Manager.

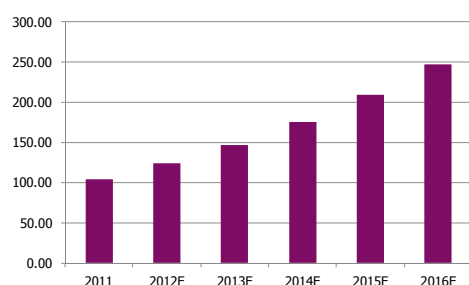
Financials: Still strong growth expected – good profit margin development

Despite the lower amount of money raised, we still believe that the company will be able to grow strongly. Expansion of external distribution outlets will continue, demand for Goldrooster AG fashion will stay strong and new own stores starting in 2013 should support growth.

As the company generates its sales in RMB but the company reports in EUR, future figures are quite depended on the RMB/EUR development. As we are unable to predict the currency trends, we assume a stable RMB/EUR rate for our model.

For 2012 we expect a sales growth rate of 20.1% resulting in total sales of EUR 125m. For 2013 we calculate with sales of EUR 147.3m, which is equal to a growth rate of 17.9%.

Sales trend in EUR m



Source: VEM Aktienbank AG

On the margins side we expect 2012 EBIT margins to be 20.3% which is equal to EUR 25.4m. In 2013 margins should come down a bit, as store openings will put some pressure on margins in general. We calculate with 2013 EBIT margins of 20.0% (EUR 29.4m) and a net profit of EUR 22.6m, equal to a net profit margin of 15.3%.

New stores will have a slight negative effect on margins for a while.

Margins development

| in EUR m | 2009 | 2010 | 2011 | 2012E | 2013E | 2014E | 2015E | 2016E |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Gross Profit | 15.9 | 22.0 | 28.9 | 35.1 | 42.6 | 52.8 | 65.7 | 79.9 |
| Gross Margins | 27.0% | 27.4% | 27.7% | 28.0% | 28.9% | 30.1% | 31.4% | 32.3% |
| EBIT | 12.2 | 17.5 | 23.0 | 25.4 | 29.4 | 32.4 | 35.4 | 39.7 |
| EBIT Margins | 20.8% | 21.8% | 22.1% | 20.3% | 20.0% | 18.5% | 16.9% | 16.1% |
| Net Profit | 9.2 | 13.2 | 17.3 | 19.3 | 22.6 | 24.8 | 27.1 | 30.3 |
| Net Margins | 15.7% | 16.4% | 16.6% | 15.5% | 15.3% | 14.2% | 12.9% | 12.3% |

Source: VEM Aktienbank AG

Goldrooster AG

Dividends

We do not expect the company to pay any dividends in 2012 and 2014.

Although Goldrooster AG has enough cash (September 30th 2012: EUR 47m), we rather hope that the management invests in the expansion plan by opening new stores or improving its production line than paying it out to the investors.

Starting 2014 though, we calculate with first dividend payments.

Dividend Payments

| | 2013E | 2014E | 2015E | 2016E |
|--------------------------|-------|-------|-------|-------|
| Dividend in EUR m | 0,00 | 7,45 | 8,12 | 9,09 |
| Payout Ratio | 0% | 30% | 30% | 30% |

Source: VEM Aktienbank AG

Valuation

We calculate the fair value of Goldrooster AG by combining a Discounted Cash Flow Model with a Peer group analysis.

We have weighted the peer group analysis with 60% and the DCF Model with 40%. The combination of the two analysis methods resulted in a fair value of EUR 116.7m, which is equal to a value of EUR 5.6 per share.

Blended Valuation of Goldrooster AG

| Method in EUR | Fair Value m | Fair Value per share | Weight | Blended | |
|----------------------------|-----------------|-------------------------|--------|--------------|------------|
| | | | | m | per share |
| Peer Group Analysis | 78.6 | 3.8 | 60% | 116.7 | 5.6 |
| DCF Model | 173.8 | 8.4 | 40% | | |

Source: VEM Aktienbank AG

Discounted Cash flow Model

We have used the Free Cash Flow to Equity (FCFE) in order to calculate the DCF value of the equity of Goldrooster AG. We calculate with a long-term growth rate of 2.5%. Due to the high risk of the company our WACC is 13%. Using the DCF method our fair value of Goldrooster AG is EUR 173.8m, which corresponds to a company value per share of EUR 8.4.

DCF Model

| (in EUR m) | 2012E | 2013E | 2014E | 2015E | 2016E | 2017E | 2018E |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Income | 19.34 | 22.57 | 24.84 | 27.07 | 30.29 | 22.43 | 16.80 |
| (+) Depreciation and Amortisation | 0.08 | 0.08 | 1.04 | 2.04 | 3.26 | 13.60 | 14.00 |
| (-) Cash flow from working capital | (2.24) | (1.71) | (3.22) | (3.36) | (3.91) | (4.30) | (4.43) |
| (-) Capital Expenditure | (0.10) | (9.63) | (11.08) | (14.20) | (14.92) | (13.60) | (14.00) |
| (-) Net Debt repayments | - | - | - | - | - | - | - |
| FCFE | 17.08 | 11.31 | 11.59 | 11.55 | 14.72 | 18.13 | 12.38 |
| FCFE adjusted for valuation date | 17.08 | 11.31 | 11.59 | 11.55 | 14.72 | 18.13 | 12.38 |
| PV of cash flows | 16.77 | 9.82 | 8.90 | 7.85 | 8.84 | 9.63 | 5.81 |
| Sum of PV - First Phase | 35.49 | | | | | | |
| Sum of PV - Second Phase | 32.14 | | | | | | |
| Terminal Value growth Rate | 2.5% | | | | | | |
| Terminal Value | 119.93 | | | | | | |
| PV of Terminal Value | 56.35 | | | | | | |
| PV of FCFE | 123.98 | | | | | | |
| (+) Cash | 49.83 | | | | | | |
| Target Value | 173.81 | | | | | | |

Source: VEM Aktienbank AG

Goldrooster AG

| Summary of DCF Valuation | Value | % of Total |
|--------------------------|--------|------------|
| PV of First Stage | 35.49 | 20.4% |
| PV Second Stage | 32.14 | 18.5% |
| PV of Terminal Value | 56.35 | 32.4% |
| Cash | 49.83 | 28.7% |
| Target Price | 173.81 | 100.0% |

| Cost of Equity | |
|----------------|--------|
| Cost of Equity | 13.08% |
| Beta | 1.45 |
| Risk Premium | 7.0% |
| Risk Free rate | 3.0% |

Source: VEM Aktienbank AG

Sensitivity Analysis

Our sensitivity analysis shows valuations under various assumptions.

| Company Value in EUR m | | | | | | | Value per Share in EUR | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|------------------------|------|------|------|------|------|------|
| Lt. Growth Rate | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% | Lt. Growth Rate | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% |
| WACC | | | | | | | WACC | | | | | | |
| 9.0% | 216.6 | 223.2 | 230.8 | 239.5 | 249.7 | 261.7 | 9.0% | 10.4 | 10.8 | 11.1 | 11.5 | 12.0 | 12.6 |
| 9.5% | 207.8 | 213.5 | 220.0 | 227.4 | 235.9 | 245.9 | 9.5% | 10.0 | 10.3 | 10.6 | 11.0 | 11.4 | 11.9 |
| 10.0% | 200.0 | 205.0 | 210.6 | 216.9 | 224.1 | 232.4 | 10.0% | 9.6 | 9.9 | 10.2 | 10.5 | 10.8 | 11.2 |
| 10.5% | 193.0 | 197.4 | 202.2 | 207.7 | 213.8 | 220.9 | 10.5% | 9.3 | 9.5 | 9.7 | 10.0 | 10.3 | 10.6 |
| 11.0% | 186.7 | 190.5 | 194.8 | 199.5 | 204.8 | 210.9 | 11.0% | 9.0 | 9.2 | 9.4 | 9.6 | 9.9 | 10.2 |
| 11.5% | 181.0 | 184.4 | 188.1 | 192.3 | 196.9 | 202.1 | 11.5% | 8.7 | 8.9 | 9.1 | 9.3 | 9.5 | 9.7 |
| 12.0% | 175.8 | 178.8 | 182.1 | 185.8 | 189.8 | 194.3 | 12.0% | 8.5 | 8.6 | 8.8 | 9.0 | 9.2 | 9.4 |
| 12.5% | 171.1 | 173.8 | 176.7 | 179.9 | 183.4 | 187.4 | 12.5% | 8.2 | 8.4 | 8.5 | 8.7 | 8.8 | 9.0 |
| 13.0% | 166.7 | 169.1 | 171.7 | 174.6 | 177.7 | 181.2 | 13.0% | 8.0 | 8.2 | 8.3 | 8.4 | 8.6 | 8.7 |
| 13.5% | 162.7 | 164.9 | 167.2 | 169.8 | 172.5 | 175.6 | 13.5% | 7.8 | 7.9 | 8.1 | 8.2 | 8.3 | 8.5 |
| 14.0% | 159.0 | 160.9 | 163.0 | 165.3 | 167.8 | 170.6 | 14.0% | 7.7 | 7.8 | 7.9 | 8.0 | 8.1 | 8.2 |
| 14.5% | 155.6 | 157.3 | 159.2 | 161.3 | 163.5 | 165.9 | 14.5% | 7.5 | 7.6 | 7.7 | 7.8 | 7.9 | 8.0 |

Source: Reuters, VEM Aktienbank AG

Peer Group Analysis

In our peer group we have decided to include mainly apparel and fashion companies selling their products in China as the strategy of German/European companies is hard to compare with the Goldrooster business model. Overall we compare Goldrooster AG to 7 retail companies. We have decided to include six companies active in China and one company focusing on the German market in our peer group. We have used the Price to Earnings Ratios of the companies and combined them with the Enterprise Value to EBITDA ratios. As companies trading at the Chinese Stock Exchange tend to be valued much higher than the ones trading at the German Stock Exchange, we consequently have given a 50% discount to the valuations when calculating a fair price for the Goldrooster AG stock. Using the

Goldrooster AG

peer group analysis Goldrooster AG has a fair value of EUR 110.8m, equal to a value per share of EUR 4.4 (post IPO).

Valuation of Goldrooster AG via a Peer Group Analysis

| in EUR m | 2012E | 2013E |
|--------------|--------------|------------------|
| EV/EBITDA | 150.6 | 129.6 |
| P/E | 167.7 | 168.7 |
| Average | 159.1 | 149.2 |
| Weight | 0.8 | 0.2 |
| Discount | 50% | |
| Total | Total | Per share |
| | 78.6 | 3.8 |

Source: VEM Aktienbank AG

Valuation of selected companies of the Peer Group

| Company | Country | 2012E | | | | 2013E | | | |
|--------------------------------|---------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | P/E | P/S | EV/EBIT | EV/EBITDA | P/E | P/S | EV/EBIT | EV/EBITDA |
| Tom Tailor | D | 23.1 | 0.5 | 15.6 | 7.4 | 10.7 | 0.3 | 9.0 | 4.5 |
| Kinghero AG | D | 3.0 | 0.4 | 0.1 | 0.1 | 2.7 | 0.4 | 0.1 | 0.1 |
| China Lilang Ltd. | CHN | 10.2 | 1.4 | 6.2 | 6.2 | 9.7 | 1.3 | 5.7 | 5.7 |
| Fujian Septwolves Industry Co. | CHN | 18.1 | 3.0 | 13.3 | 11.9 | 14.3 | 2.5 | 9.6 | 9.6 |
| Zhejiang Baoxiniao Garment Co | CHN | 13.5 | 2.6 | 12.3 | 9.7 | 10.5 | 2.1 | 9.9 | 7.5 |
| Ports Design | BER | 5.4 | 1.2 | 6.3 | 5.5 | 5.9 | 1.1 | 6.2 | 5.6 |
| Fast Casualwear | D | 1.8 | 0.3 | 1.8 | 1.7 | 1.8 | 0.3 | 1.8 | 1.7 |
| Average | | 8.7 | 1.5 | 6.7 | 5.8 | 7.5 | 1.3 | 5.5 | 5.0 |
| Median | | 7.8 | 1.3 | 6.2 | 5.9 | 7.8 | 1.2 | 6.0 | 5.7 |

Source: Reuters, VEM Aktienbank AG

Operational Figures of selected companies of the Peer Group

| in local currency m | Country | 2011 | | | | 2012E | | | | 2013E | | | |
|-----------------------------------|---------|-----------------|-------|-------------|--------|-----------------|-------|-------------|--------|-----------------|-------|-------------|--------|
| | | Growth Earnings | Sales | Margin EBIT | EBITDA | Growth Earnings | Sales | Margin EBIT | EBITDA | Growth Earnings | Sales | Margin EBIT | EBITDA |
| Tom Tailor | D | 252.0% | 18.9% | 6.4% | 12.0% | -15.9% | 56.3% | 5.3% | 11.2% | 116.2% | 47.0% | 6.2% | 12.6% |
| Kinghero AG | D | 24.4% | 40.6% | 24.9% | 26.3% | 10.7% | 22.3% | 22.4% | 24.0% | 10.9% | 18.4% | 21.4% | 23.6% |
| China Lilang Ltd. | CHN | 0.0% | 30.7% | 24.6% | 25.1% | 60.0% | 17.4% | 26.9% | 27.0% | 5.4% | 7.4% | 27.0% | 26.9% |
| Fujian Septwolves Industry Co. | CHN | 39.8% | 21.8% | 17.1% | 19.0% | -12.4% | 32.2% | 19.3% | 21.5% | 26.7% | 19.1% | 22.5% | 22.3% |
| Zhejiang Baoxiniao Garment Co Ltd | CHN | 37.2% | 17.9% | 26.1% | 26.3% | 39.0% | 61.5% | 23.1% | 29.3% | 29.3% | 24.3% | 23.1% | 30.5% |
| Ports Design | BER | 3.4% | 18.8% | 36.5% | 36.5% | -5.4% | 10.1% | 32.0% | 32.0% | -8.0% | 10.5% | 28.6% | 28.6% |
| Fast Casualwear | D | | | | | | | 24.1% | 25.9% | -2.4% | 7.4% | 22.4% | 24.1% |
| Average | | 59.5% | 24.8% | 22.6% | 24.2% | 12.6% | 33.3% | 21.9% | 24.4% | 25.4% | 19.2% | 21.6% | 24.1% |

Source: Reuters, VEM Aktienbank AG

Description of Peer Group Companies

Tom Tailor Holding AG (Market Cap: EUR 230m)

TOM TAILOR Holding AG is a Germany-based fashion company. The Company offers stylish casual wear for men, women, young adults and children in the middle-income consumer segment. The Company operates two main business segments, including Retail and Wholesale. The Retail segment is divided into Retail business unit and E-Commerce business unit.

Kinghero AG (Market Cap: EUR 92.3m)

The company is a Germany-based fashion company focused on the Chinese market. The Company designs, manufactures and sells primarily casual wear under the KINGHERO brand. KINGHERO AG offers customers attire for all seasons under the KINGHERO brand. The product portfolio for men and women includes suits, jackets, shirts, pants and sweaters, among others, and is divided into a business casual range and a general casual range. KINGHERO AG's sales network comprises more than 30 designated distributors.

China Lilang Ltd (Market Cap: RMB 6.9bn)

China Lilang Limited is engaged in the manufacturing and wholesaling of branded menswear and related accessories in China. It designs, sources, manufactures and sells business and casual apparel for men. Its products are sold across a distribution network, covering 31 provinces, autonomous regions and municipalities in the PRC. The Company offers its customers designs for all seasons under its LILANZ brand. Its menswear products are designed for business and casual purposes.

Fujian Septwolves Industry Co. (Market Cap: RMB 10.9bn)

The company is engaged in the design, production and sale of men's clothing under the brand name of Septwolves. The Company offers jackets, sweaters, suits, pants, shirts, T-shirts, coats and dresses, among others. They provide the products under life casual series, fashion business series, classic business series, classic hedonism lifestyle series, SEPTWOLVES series, SWLADIES series and SWKIDS series. The Company distributes its products within the domestic market and to overseas markets.

Zhejiang Baoxiniao Garment Co Ltd (Market Cap: RMB 7.4bn)

The company is engaged in the design, manufacture and sale of men's garments, under the brand name of Baoxiniao. The Company provides suits, trousers, shirts, T-shirts, jackets, sweaters, leather dustcoats, ties and others. The Company offers its garment products under four series: classic series, business series, casual series and leather series. The Company distributes its products in domestic markets and to overseas markets.

Ports Design Ltd (Market Cap: RMB 5.1bn)

Ports Design Limited (Ports) is a vertically integrated, international fashion and luxury goods company with its own design, manufacturing, distribution and retail capabilities. The Company is engaged in the design, manufacture and retail distribution of ladies' and men's fashion garments and the sales of accessories, such as shoes, handbags, scarves and fragrances in China, Hong Kong and Macau, under the brand names Ports International, Ports 1961, BMW Lifestyle, Armani Collezioni, Armani Jeans, Versace, Ferrari and Vivienne Tam. The Company operates in two segments: Retail and OEM. The Retail segment primarily derives revenue from retail sales in China.

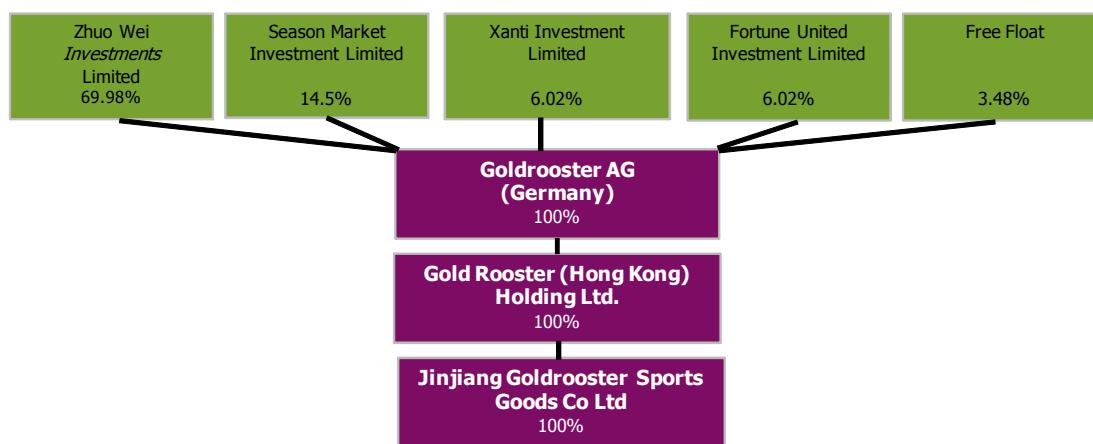
Fast Casual Wear (Market Cap: EUR 32.8)

The company is a Germany-based holding company engaged in the manufacturing of casual footwear and fashion apparel. The Company is primarily engaged in the design, production and sale of casual shoes and fashion clothing. Its product range comprises outdoor casual shoes, business casual shoes, beach casual shoes and other footwear products. It further offers coats, jackets, T-shirts, pants, sweaters, shirts and other garment products. The FAST Group has factories with 14 production lines, located in Fujian Jinjiang Huzhong Industrial Zone.

Profile: Dressed for Success

Goldrooster AG is a German AG headquartered in Berlin, owning 100% of Jinjiang Goldrooster Sports Goods Co., Ltd. Main office in China is in Jinjiang, a city of 2m people in the Fujian region (Southeast China).

Company structure



Source: Goldrooster AG

The Goldrooster brand has been launched in 1984. The company focuses on designing, partially self manufacturing (shoes) and distributing sports fashion apparel, footwear and accessories in the mid-price range. The product portfolio is broad and targets male and female clients between 18 and 35.

The company markets its products through multi faceted advertising and promotional campaigns.

Goldrooster AG participates in major clothing exhibitions, publishes advertisements in magazines, on the internet and via road signs etc..

Products, Distribution and Production

- Products

Products include among others t-shirts, sweaters, coats, trousers, as well as accessories like belts, bags socks, scarves etc. The footwear consists of casual shoes predominately sporting shoes.

Goldrooster AG has launched nine product series:

Goldrooster AG

- Golf Wear Series
- Skiing Series
- Seafaring Series
- Fashion Series
- Flag Series
- Couple Series
- Denim Series
- Classic/Logo Series
- Accessories Series

Fashion Examples



Goldrooster AG



Source: Goldrooster AG



- Distribution

Currently, Goldrooster AG does run one own store and is selling its products to a network of retail outlets operated by distributors and authorised retailers.

Distributors are ordering the products at trade fairs, where Goldrooster AG presents once the spring/summer collection and once the autumn/winter collection. Prior to the presentation, selected distributors are invited to comment on the upcoming collection. This makes it possible to adjust its collections, if necessary.

Goldrooster Retail Outlets



Goldrooster AG



Source: Raimund Saier



- Production

The company self produces and outsources the production of its products. All of the footwear is produced in-house. The production site is leased and is located in Jinjiang, Fujian Province. It has a size of 7,076 sqm.

Goldrooster AG Production Site



Source: Raimund Saier

Goldrooster AG

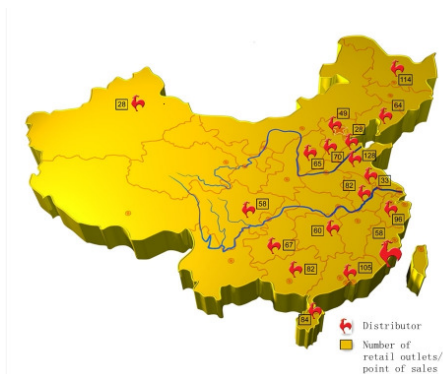
The apparel and accessories production is fully outsourced. Currently, the company engages 11 contract manufacturers for the production of its apparel collection.

All manufacturers produce already more than 3 years for Goldrooster AG. Contracts are signed individually. Thus, the company stays independent. Before a contract is signed Goldrooster AG conducts a detailed check, whether future contractors are able to guarantee the high quality standards and to be able to deliver the orders on time. The top five suppliers have been responsible for 52% of total outsourced production in 2011.

Regional Presence

Currently, the company is active in 18 Chinese provinces and in over 170 cities. The focus is not so much on first tier cities like Shanghai or Beijing. Goldrooster AG is concentrating its efforts on second, third and fourth tier cities. There, competition is lower and demand for fashion is growing over proportionally.

Regional Presence of Goldrooster AG



Source: Goldrooster AG

The competitive environment

The competitive environment is intense. As the demand for fashionable and sporting clothes has grown and is still growing rapidly in China, a vast number of Chinese but also international companies are trying to benefit from this trend. We see a growing overlap of street wear and sportswear making it increasingly difficult to name specific competitors. The most obvious competitors are the Italian "KAPPA", the two German companies "Puma" and "Adidas", the French "Le Coq Sportif" and the Chinese "Xtep".

Goldrooster AG

Additionally we see competition arising from very fast growing fashion retailers like the Spanish "Zara" and "Mango", the Danish "Jack n Jones" and the Swedish "Hennes & Mauritz". Although these companies are not exclusively sportswear sellers, some of the lines are going very much into this direction.

The Management

The top management of Goldrooster AG is characterized by long-term experience.

Li Wen Wen is the founder and managing director of Goldrooster AG. He holds an MBA from Tsinghua University in Beijing. Mr. Li has started his career in the footwear industry. He has founded a shoe manufacturing company in the 90s. In 2005 Mr. Li decided to launch the Goldrooster brand and soon added apparel and accessories to the product line.

Mr. Tiong Yuen Ashley Soh is the Chief Financial Officer of Goldrooster AG. He graduated from Nanyang Technological University in Singapore in 1999 and holds a finance degree from the National University of Ireland. Mr. Soh has joined the company in February 2011. Prior to Goldrooster AG he has worked among others for Richard Ho and Co., KPMG and Unza Holding. Mr. Soh is now responsible for the accounting and finance department of Goldrooster AG.

The Risk Factors

Although we believe in the future success of Goldrooster AG, the company is exposed to certain risks which might jeopardize the future growth potential of the company:

- The Goldrooster AG logo looks very much like the established logo of the French "le coq sportif". Although the Chinese court has allowed Goldrooster AG to use the logo in China, it cannot be excluded, that "le coq sportif" will try to forbid the usage in the future. This would have obviously a very negative effect on Goldrooster AG.
- The company is dependent on the strength of the Chinese economic environment. A downtrend in growth will have a negative effect on the future growth potential.
- So far Goldrooster AG has no experience in opening own stores. Expansion plan is aggressive and involves quite a few new challenges like logistics, rent of new space, and training of new people etc.
- The fashion industry is always changing and we see the risk that the very specific style of the clothes of Goldrooster AG becomes out of fashion.
- As we expect the economy to grow above average in the coming years, costs might rise. We see future cost pressure on labor as well as on rental space among others.

Financials

Profit and Loss Statement

| in EUR m | 2009 | 2010 | 2011 | 2012E | 2013E | 2014E | 2015E | 2016E |
|---------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 58.9 | 80.1 | 104.0 | 125.0 | 147.3 | 175.2 | 209.1 | 247.2 |
| Growth in % | | 36.0% | 29.9% | 20.1% | 17.9% | 18.9% | 19.4% | 18.2% |
| Total | 58.9 | 80.1 | 104.0 | 125.0 | 147.3 | 175.2 | 209.1 | 247.2 |
| Growth in % | | 36.0% | 29.9% | 20.1% | 17.9% | 18.9% | 19.4% | 18.2% |
| Costs of Goods Sold | -43.0 | -58.1 | -75.2 | -89.9 | -104.7 | -122.4 | -143.4 | -167.3 |
| in % of Sales | 73.0% | 72.6% | 72.3% | 72.0% | 71.1% | 69.9% | 68.6% | 67.7% |
| Gross Profit | 15.9 | 22.0 | 28.9 | 35.1 | 42.6 | 52.8 | 65.7 | 79.9 |
| Gross Margins | 27.0% | 27.4% | 27.7% | 28.0% | 28.9% | 30.1% | 31.4% | 32.3% |
| Selling & Distribution Expenses | -2.1 | -2.8 | -3.7 | -5.9 | -8.8 | -15.1 | -24.0 | -32.8 |
| in % of Sales | 3.6% | 3.5% | 3.6% | 4.7% | 6.0% | 8.6% | 11.5% | 13.3% |
| Other operating Expenses | -1.5 | -1.8 | -2.2 | -3.7 | -4.4 | -5.3 | -6.3 | -7.4 |
| in % of Sales | 2.6% | 2.2% | 2.1% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| EBIT | 12.2 | 17.5 | 23.0 | 25.4 | 29.4 | 32.4 | 35.4 | 39.7 |
| EBIT Margins | 20.8% | 21.8% | 22.1% | 20.3% | 20.0% | 18.5% | 16.9% | 16.1% |
| Depreciation | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 1.0 | 2.0 | 3.3 |
| EBITDA | 12.4 | 17.6 | 23.1 | 25.5 | 29.5 | 33.5 | 37.5 | 43.0 |
| EBITDA Margins | 21.0% | 22.0% | 22.2% | 20.4% | 20.0% | 19.1% | 17.9% | 17.4% |
| Financial Income | 0.1 | 0.1 | 0.1 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| EBT | 12.3 | 17.5 | 23.1 | 25.8 | 29.8 | 32.8 | 35.8 | 40.0 |
| EBT Margins | 20.9% | 21.9% | 22.2% | 20.6% | 20.2% | 18.7% | 17.1% | 16.2% |
| Taxes | -3.1 | -4.4 | -5.8 | -6.4 | -7.4 | -8.2 | -8.9 | -10.0 |
| Tax rate | 25.0% | 25.0% | 25.3% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% |
| Net Profit | 9.2 | 13.2 | 17.3 | 19.3 | 22.6 | 24.8 | 27.1 | 30.3 |
| Net Margins | 16% | 16% | 17% | 15.5% | 15.3% | 14% | 13% | 12% |
| Dividends | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -7.5 | -8.1 | -9.1 |
| Net profit after Dividends | 9.2 | 13.2 | 19.3 | 19.3 | 22.6 | 24.8 | 27.1 | 30.3 |
| Net profit growth | | 42.5% | 46.7% | 0.2% | 16.7% | 10.1% | 9.0% | 11.9% |
| EPS | | | | 0.93 | 1.09 | 1.20 | 1.31 | 1.46 |
| Number of Shares | | | | 20.7 | 20.7 | 20.7 | 20.7 | 20.7 |

Source: Goldrooster AG, VEM Aktienbank AG

Balance Sheet

| (in EUR m) | 2008 | 2009 | 2010 | 2011 | 2012E | 2013E | 2014E | 2015E | 2016E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Assets | | | | | | | | | |
| Fixed Assets | 1.86 | 1.66 | 1.84 | 0.68 | 0.72 | 10.27 | 20.33 | 32.49 | 44.16 |
| Intangible Assets | | | | 1.21 | 1.20 | 1.19 | 1.18 | 1.17 | 1.15 |
| Long Term Assets | 1.86 | 1.66 | 1.84 | 1.90 | 1.92 | 11.46 | 21.50 | 33.66 | 45.32 |
| Inventories | 1.54 | 1.61 | 1.78 | 1.83 | 2.46 | 2.87 | 3.69 | 4.72 | 5.96 |
| Trade Receivables from Operations | 7.43 | 8.34 | 14.69 | 17.43 | 20.55 | 20.18 | 24.00 | 28.65 | 33.86 |
| Cash | 3.50 | 6.12 | 9.35 | 29.79 | 49.83 | 61.13 | 65.26 | 68.70 | 74.33 |
| Current Assets | 12.47 | 16.06 | 25.83 | 49.05 | 72.84 | 84.18 | 92.95 | 102.06 | 114.15 |
| TOTAL | 14.34 | 17.72 | 27.67 | 50.95 | 74.75 | 95.64 | 114.45 | 135.72 | 159.47 |
| Liabilities and Stockholder's Equity | | | | | | | | | |
| Equity | 7.50 | 9.73 | 15.38 | 34.68 | 56.97 | 79.54 | 96.93 | 115.88 | 137.08 |
| Subscribed Capital | 0.10 | 0.10 | 0.10 | 0.10 | 20.84 | 20.84 | 20.84 | 20.84 | 20.84 |
| Capital Reserves | 0.78 | 1.71 | 3.02 | 4.77 | 6.99 | 6.99 | 6.99 | 6.99 | 6.99 |
| Retained Earnings | 5.89 | 7.89 | 10.82 | 26.35 | 25.68 | 48.25 | 65.64 | 84.59 | 105.79 |
| Foreign currency Translation | 0.72 | 0.03 | 1.44 | 3.46 | 3.46 | 3.46 | 3.46 | 3.46 | 3.46 |
| Liabilities | | | | | | | | | |
| Long-term Financial Liabilities | | | | | | | | | |
| Long-term Trade Liabilities | 6.15 | 7.20 | 11.03 | 14.51 | 16.02 | 14.34 | 15.76 | 18.08 | 20.63 |
| Short term Liabilities from Companies | | | | | | | | | |
| Short-term Financial Liabilities | | | | | | | | | |
| Tax Liabilities | 0.69 | 0.79 | 1.26 | 1.77 | 1.77 | 1.77 | 1.77 | 1.77 | 1.77 |
| TOTAL | 14.34 | 17.72 | 27.67 | 50.95 | 74.75 | 95.64 | 114.45 | 135.72 | 159.47 |

Source: Goldrooster AG, VEM Aktienbank AG

Cash flow Statement

| (in EUR m) | 2010 | 2011 | 2012E | 2013E | 2014E | 2015E | 2016E |
|--|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Net Income | | | 19.34 | 22.57 | 24.84 | 27.07 | 30.29 |
| Depreciation | | | 0.08 | 0.08 | 1.04 | 2.04 | 3.26 |
| Changes in Provisions | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Changes in Receivables and other assets | | | -3.75 | -0.04 | -4.64 | -5.68 | -6.46 |
| Changes in Liabilities and others | | | 1.51 | -1.68 | 1.42 | 2.32 | 2.55 |
| Cash flow from Operating Activities | 11.27 | 19.89 | 17.18 | 20.94 | 22.67 | 25.75 | 29.64 |
| Purchase of intangible Assets and Fixed Assets | | | -0.10 | -9.63 | -11.08 | -14.20 | -14.92 |
| Cash flow from investing Activities | 0.45 | -1.13 | -0.10 | -9.63 | -11.08 | -14.20 | -14.92 |
| Cash Proceeds from equity sources | | | 2.96 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividends | | | 0.00 | 0.00 | -7.45 | -8.12 | -9.09 |
| Changes of Bank Liabilities | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash flow from Financing Activities | -8.91 | | 2.96 | 0.00 | -7.45 | -8.12 | -9.09 |
| Cash flow for the Year | 2.80 | 18.76 | 20.04 | 11.31 | 4.13 | 3.43 | 5.63 |
| Cash Balance at the Beginning of the Year | 6.12 | 9.35 | 29.79 | 49.83 | 61.13 | 65.26 | 68.70 |
| Effects of currency translations | 0.93 | 1.68 | | | | | |
| Cash Balance at the End of the Year | 9.35 | 29.79 | 49.83 | 61.13 | 65.26 | 68.70 | 74.33 |

Source: Goldrooster AG, VEM Aktienbank AG

Key Figures

| | 2010 | 2011 | 2012E | 2013E | 2014E |
|-----------------------------|-------|-------|-------|-------|-------|
| Growth | | | | | |
| Sales | 36.0% | 29.9% | 20.1% | 17.9% | 18.9% |
| EBITDA | 42.2% | 31.3% | 10.5% | 15.6% | 13.5% |
| EBIT | 42.6% | 31.7% | 10.7% | 15.6% | 10.3% |
| Net Profit | 42.5% | 31.4% | 11.9% | 16.7% | 10.1% |
| Margins | | | | | |
| Gross Margin | 27.4% | 27.7% | 28.0% | 28.9% | 30.1% |
| EBITDA Margin | 22.0% | 22.2% | 20.4% | 20.0% | 19.1% |
| EBIT Margin | 21.8% | 22.1% | 20.3% | 20.0% | 18.5% |
| EBT Margin | 21.9% | 22.2% | 20.6% | 20.2% | 18.7% |
| Net Margin | 16.4% | 16.6% | 15.5% | 15.3% | 14.2% |
| Balance Sheet Ratios | | | | | |
| ROE | | | 33.9% | 28.4% | 25.6% |
| ROIC | 44.4% | 31.9% | 25.9% | 23.6% | 28.2% |
| ROCE | 55.6% | 68.1% | 43.3% | 36.2% | 32.9% |
| Equity Ratio | 34.5% | 49.0% | 76.2% | 83.2% | 84.7% |
| Per Share | | | | | |
| EPS | | | 0.93 | 1.09 | 1.20 |
| Book Value | | | 2.75 | 3.84 | 4.67 |
| Market Measures | | | | | |
| P/Sales | | | 0.28 | 0.24 | 0.20 |
| P/Earnings | | | 1.8 | 1.6 | 1.4 |
| P/Book value | | | 0.6 | 0.4 | 0.4 |
| Dividend Yield | | | 0.0% | 0.0% | 7.5% |

Source: VEM Aktienbank AG

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Summary of VEM's recommendations over the last 12 month concerning the securities of the company being subject of this analysis

| <u>Date of publication</u> | <u>Share Price at this date</u> | <u>Recommendation</u> | <u>New Fair Value (at date of publication)</u> |
|----------------------------|---------------------------------|-----------------------|--|
| 27.04.2012 | IPO | BUY | 5.2 |

Disclosure of potential conflicts of interests according to Section 34b of the German Securities Trading Act (WpHG) in combination with the German Ordinance on the Analysis of Financial Instruments (FinAnV) at the date of publication of the analysis:

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| <u>Company</u> | <u>Disclosure</u> |
|----------------|---------------------------------------|
| Goldrooster AG | 3 - 5 - 7 - 8 - 9 - 10 - 11 - 12 - 13 |

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Details of material sources of information:

This financial analysis is based on public available information (Company presentations, Annual Reports, Quarterly Reports, Press Information, prospectus, ad-hoc announcements etc.). Moreover, management interviews for more detailed information about the current business development were held with the company.

Summary of the valuation methods and principles applied in the preparation of the financial analysis:

The valuations underlying the ratings of the securities analysed by VEM are based on generally accepted and widely used methods of fundamental valuation, such as DCF model, Peer group comparison, NAV valuation and - where applicable - a Sum-of-the-parts model.

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BUY: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is at least + 10 %.

HOLD: The expected return (composed of the projected change of the share price and the anticipated dividend yield) ranges from – 10 % and + 10 %.

SELL: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is worse than – 10 %.

For further important details concerning the valuation methods applied in the preparation of this analysis, the meaning of the specific investment recommendation (including the recommended investment period, the risks associated with the investment and the sensitivity of the valuation parameters) please see the Section "Valuation" in this analysis.

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Additional important information:

Date of first publication of this analysis by VEM: 09.11.2012

Date and Time of relevant Share Price (see first page):

A schedule for an update of this Analysis is not appointed yet. VEM reserves the right to update any individual analysis without prior notice.