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SALE OF CCC GERMANY AND STRATEGIC PARTNERSHIP WITH HRG



INVESTOR PRESENTATION

24 NOVEMBER 2018

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REBUILDING CCC'S FOOTPRINT IN GERMANY

About

HRG's current shareholders:
Capiton - private equity fund (64.1%), Flo (19.6%), Management (16.3%)

- **HR Group** („HRG“) is Germany's #2 specialised footwear retailer, value-for-money segment
- Built on two business lines: **(1) retail** (Reno retail brand; 61% of sales¹; 363 retail stores²; avg. ~500sqm) and **(2) wholesale** (Hamm; 39% of sales¹; >2k POS at partners premises)
- Markets: **main focus on Germany** (81% of retail sales), followed by Austria and Switzerland²
- Underwent a restructuring 2016-18 with >100 loss-making stores closed. Experienced also in overtaking and re-branding 3rd party shops (Austria, '17)
- **Preliminary results** for fiscal year ending Sep'18 (unaudited)¹
 - **€370.3m sales** (incl. €10.7m online)³
 - 49% gross margin; **4.5% EBITDA margin**; EBITDA 2018/19 budgeted to **increase by 30%** (pre-synergies)
 - €69.6m net financial debt⁴
 - ~4,000 employees
 - **Sold 13mln pairs of shoes** (67% private labels), +2m other items, avg. shoe price (blended retail + wholesale channels) at €33/piece

CCC's rationale ...

- ☑ **Status quo cannot be continued** of our sub-scale presence in Germany (EBITDA minus €15m for Q1-Q3'2018⁵, and winding down difficult / expensive given long (Ø6yrs) lease-to-expiry. **A need for a stop-loss**
- ☑ **Great strategic fit** of HRG – CCC: combination of scale and product expertise, with market / customer knowledge. Geographical fit
- ☑ Very good, experienced management in place at HRG
- ☑ HRG as a potential opportunity to build - in a future - a **solid retail platform in DACH region**, Europe's largest shoe market
- ☑ Presence of institutional shareholder (Capiton) and option structure allows CCC 2 years of the **needed time** to work on profitability within CCC and the group businesses, incl. integrate Voegele

... Transaction

Bespoke, tailored-made transaction, (not a sale or tender process). Expected closing in Q1'19. Key terms:

1. **Sale of CCC-Germany** to HRG for €1 (excl. inventory and cash)
2. **Acquisition by CCC of ca. 30.5% existing shares in HRG** (of which 19.6% from Flo, rest from Capiton) **for €5.8m**, coupled with take over of **€20.1m** of shareholder loan⁶
3. CCC shall provide financing to HRG (also as a shareholder loan) of **capped at €35m**, to cover for cost of closing of stores and future losses of CCC-Germany (expected expense is lower, at ~€30m). Additionally, CCC to cover HQ integration costs⁷
4. **CALL option for CCC** to acquire all 100% within 2yrs (**pre-agreed price based on funds' IRR**)
5. Post-deal shareholding (incl. share conversion⁶): Capiton 52.8%, **CCC 30.5%**, Mgmt 16.7%)

Note – all financials are preliminary, unaudited, according to German Accounting Standards.

1 – German GAAP preliminary, unaudited financials for fiscal year 2017/18 (Oct 2017 – Sep 2018); retail incl. ecommerce; unless stated otherwise data does not include Surf4shoes (S4S) acquired (55% stake) in 2018

2 – As of August 2018

3 – Does not include €28m of annual sales of S4S, online marketplace acquired (55%) by HRG in 2018

4 – Includes i.a. bank debt (€55.6m), vendor & shareholder loan and S4S' net debt

5 – Does not include IFRS16; equivalent in PLN 66m

6 – Loan instrument with interest of 8%, currently structured as preferred shares that shall be converted into a shareholder loan at closing of the transaction; the loan is due for repayment at the earliest of 10 years or at Capiton's exit in case CCC not use the call option

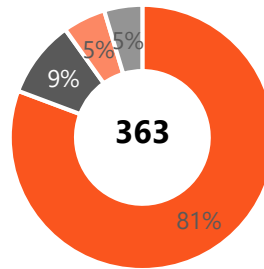
7 – Expected at €3.8m

BECOMING MINORITY SHAREHOLDER IN NO. 2 FOOTWEAR RETAIL CHAIN IN GERMANY

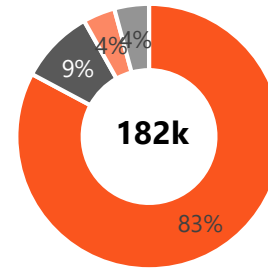
RENO



Stores



Selling space (sqm)

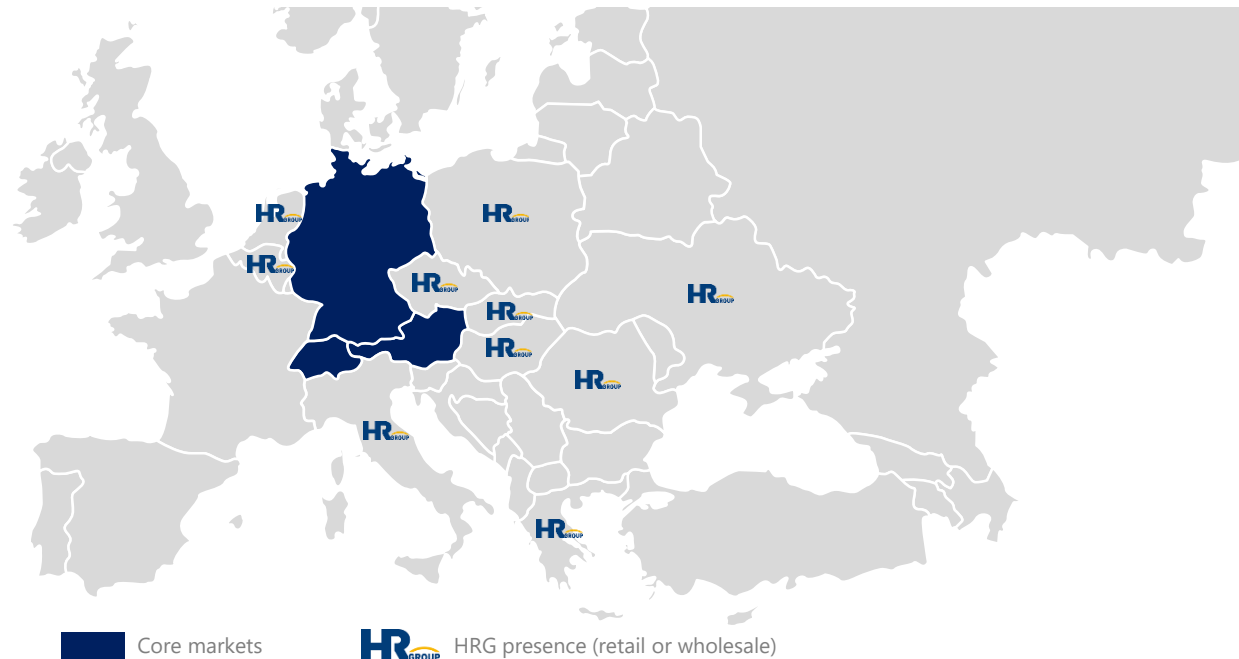


Germany Austria Switzerland Other

Selected wholesale customers



Selected private labels



Note – operational data as of August 2018

KEY OPERATIONAL SYNERGIES ARE DUE FOR A QUICK START

#	Selected synergies	Comment	Timing
1	Product sourcing – <u>private labels</u>	Leverage of CCC sourcing capacities and expertise (HRG procures ~ 10m pairs in private labels annually)	Product sourcing via CCC to start as early as for AW 2019 season (est. 1.5m pairs), > 10% cost saving expected for HRG; with time, majority to be sourced via CCC
2	Product sourcing – <u>brands</u>	Joint purchases HRG-CCC Group (HRG procures ~ 5m pairs of third party brands annually)	To start after transaction closing in early 2019 onwards
3	Store lease terms	Significantly larger bargaining power vs landlords in Germany, Austria and Switzerland (esp. for closings / optimising store network)	To start after transaction closing in early 2019 onwards
4	Other efficiencies of scale	Sharing of best practices, know-how and group's purchase terms for IT / ecommerce / CRM / logistics / office and majority of all other areas of operations	To start after transaction closing in early 2019 onwards
5	Other synergies on DACH markets	Product management center for DACH region, logistics optimisation, others	Main synergies to be gained if majority in HRG acquired by CCC
6	New distribution channels / markets	Expanding wholesale business of HRG onto CEE region (support of CCC) and leveraging of 2000+ points of sale of HRG's wholesale clients for a more optimal inventory/excess stock management for CCC	Main synergies to be gained if majority in HRG acquired by CCC

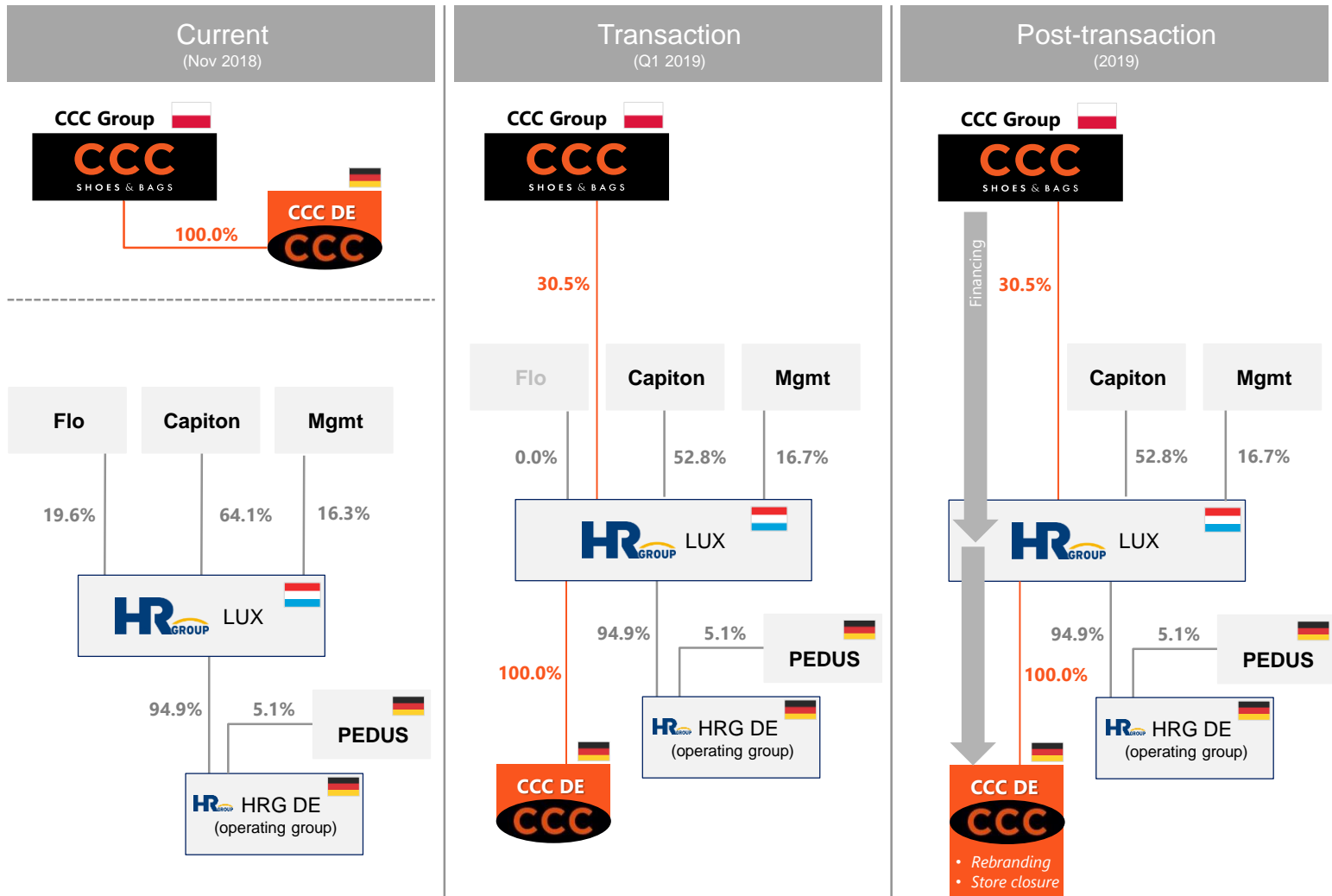
Cost synergies alone (*points 1-4 above*) estimated to reach **€10m+ annually** from 2020 onwards (total for HRG + CCC Group)

APPENDIX

TRANSACTION IMPACT ON CCC FINANCIAL RESULTS

Transaction steps	Transaction phase	Current	Signing	Closing	Post-deal
<ol style="list-style-type: none"> 1. Selling of CCC Germany 2. Acquisition of non-controlling stake in HRG 3. Providing financing by CCC 4. Closure and rebranding of former CCC stores in Germany 5. Potential execution of call option 	Impact description	<ul style="list-style-type: none"> • Full consolidation of CCC Germany losses (EBITDA minus €15m for Q1-Q3'2018)¹ 	<ul style="list-style-type: none"> • Reclassification of CCC Germany as an asset for sale • Positive impact on CCC EBITDA due to reclassification of CCC Germany losses into discontinued operations IFRS5 • Write downs of assets in CCC Germany based on IFRS5 	<ul style="list-style-type: none"> • Classification of HRG as an associate • Valuation of call option • Cash outflow to selling shareholders of HRG 	<ul style="list-style-type: none"> • Consolidation based on equity method • Providing operational financing for restructuring (as per agreements)
	Impact on financials		<ul style="list-style-type: none"> • EBITDA (+) • Discontinued operations (-) 	<ul style="list-style-type: none"> • Cash flow (-) 	<ul style="list-style-type: none"> • EBITDA (+/- based on HRG performance) • Cash flow (-)

TRANSACTION STRUCTURE



Notes:
 – slide presents only high level transaction structure overview; does not include all transaction details
 – shareholdings post-transaction include conversion of preferred shares into loan



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