

Update

Equities - China

September 11th, 2013

| | |
|----------------|------------|
| Rating: | Buy |
| Risk: | High |
| Current Price: | EUR 3.38 |
| Price Target: | EUR 5.80 |
| Potential: | 72% |
| Sector: | Retail |

| | |
|---------------------|--------------------|
| Reuters Code: | |
| Bloomberg Code: | GO8 GR |
| Internet Page: | www.goldrooster.de |
| Fiscal Year Ending: | December |

Trading Data

| | |
|------------------------|-----------------|
| Price High/Low 52w: | EUR 3.38 - 1.27 |
| Market Capitalisation: | EUR 68.37m |
| Shares Outstanding: | 20.74m |
| Free Float: | 3.5% |

Graph



Financial Calendar

Date and Time of Prices
September 11, 2013 10:00 (CET)

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Please take a note of the Disclaimer and other
Information on Page 3



Goldrooster AG

H1 2013 results: very promising

Goldrooster reported very good half year 2013 results. Sales gained 23.6% to EUR 85.4m compared to the same period in 2012. Strongest growth was achieved with footwear (+28.5%), followed by Apparels (+22.5%) and Accessories (+21.7%). Sales were generated with 1609 stores (June 30, 2013), a plus of 10% compared to June 30, 2012. Apparel was still the major sales contributor with a share of 74.6% of total sales.

Sales success was achieved with a combination of new product lines which met the taste of its customers, additional store openings in new regions as well as a successful marketing strategy. In regards to advertising Goldrooster AG was very successful in sponsoring a yachting team under the "Team Goldrooster" name. This led to an increase in brand recognition across the nation.

On the profit side H1 2013 EBIT was a very good EUR 17.4m, a plus of 27.2% compared to H1 2012. EBIT margin could be expanded to 20.4% (H1 2012: 19.9%). Net profit was EUR 13.06m, which is equal to a net profit margin of 15.3%.

Margins expansion was mainly due to improved economies of scale.

We leave our estimates unchanged

We are very confident that Goldrooster AG will achieve similar growth in the second half of 2013 and consequently will leave our estimates unchanged. For the full year 2013 we are calculating with total sales of EUR 188.5m, a plus of 25% compared to last year.

The growth drivers should stay intact. Drivers should be additional store openings, expansion into new regions, a future very successful product pipeline in combination with an innovative marketing strategy.

Regarding the margins development we might be a bit too conservative but nevertheless stick to our targets. For fiscal year 2013 we calculate with an operating profit of EUR 34.48m, which is equal to an EBIT margin of 18.3%. Net profit should come in at EUR 26.38m, a net profit margins of 14%.

For 2014 we estimate that the growth story should continue and calculate with a sales growth of 20% compared to 2013 resulting in EUR 226.2m sales. Margins should stay stable.

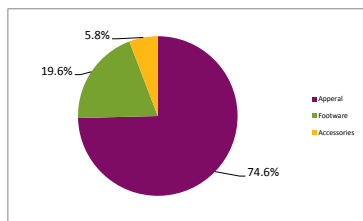
Still very cheap - BUY

The price of Goldrooster's stock more than doubled since the beginning of this year. Nevertheless, the stock is with a Price/Earnings Ratio of 2.2 based on 2013 EPS very cheap.

Additionally, our Peer Group analysis as well as our DCF Model show an undervaluation.

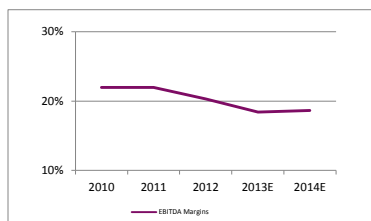
Our target price is EUR 5.8. We stick to our BUY rating and recommend purchasing the stock.

Sales Allocation by Product Group (H1 2013)



Source: Goldrooster AG, VEM Aktienbank AG

EBITDA Margins Trends



Source: Goldrooster AG, VEM Aktienbank AG

Company Profile

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). The Goldrooster brand has been launched in 1984. The company focuses on designing, partially self manufacturing 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. As of December 31, 2011 the company had a distribution network of 30 exclusive regional distributors with more than 1300 retail outlets in more than 170 Chinese cities.

Financials

Fiscal Year Ending December 31

| Profit & Loss | | | | | | Cash Flow Statement | | | | |
|---------------------------|-------|--------|--------|--------|--------|-----------------------------------|-------|-------|-------|--------|
| | 2010 | 2011 | 2012 | 2013E | 2014E | | 2011 | 2012 | 2013E | 2014E |
| in m EUR | | | | | | | | | | |
| Sales | 80.10 | 104.04 | 150.75 | 188.44 | 226.12 | Net Income | 17.02 | 22.78 | 26.38 | 31.59 |
| Percentage change in % | | 30% | 45% | 25% | 20% | Amortisation | | | 0.19 | 0.77 |
| EBITDA | 17.59 | 22.83 | 30.61 | 34.67 | 42.15 | Changes in Working Capital | | | -1.76 | -3.99 |
| in % to Sales | 22.0% | 21.9% | 20.3% | 18.4% | 18.6% | Cash flow from operative Business | 19.87 | 18.59 | 24.80 | 28.37 |
| | | | | | | | | | | |
| EBIT | 17.45 | 22.72 | 30.32 | 34.48 | 41.38 | Capex | -1.13 | -0.25 | -6.00 | -4.00 |
| in % to Sales | 21.8% | 21.8% | 20.1% | 18.3% | 18.3% | Financial Investments | 0.03 | 2.71 | 0.00 | -15.79 |
| Net Profit | 13.15 | 17.02 | 22.78 | 26.38 | 31.59 | Free Cash Flow | 18.77 | 21.05 | 18.80 | 8.57 |
| in % to Sales | 16.4% | 16.4% | 15.1% | 14.0% | 14.0% | | | | | |
| | | | | | | | | | | |
| shares outstanding (in m) | | | 20.72 | 20.72 | 20.72 | Cash beginning of the year | 9.35 | 29.79 | 50.83 | 69.64 |
| EPS (reported) | | | 1.10 | 1.27 | 1.52 | Translation Effects | 29.79 | 50.83 | 69.64 | 78.21 |
| | | | | | | Cash end of the year | | | | |
| | | | | | | | | | | |
| Balance Sheet | | | | | | Key Figures | | | | |
| in m EUR | | | | | | | | | | |
| | | | | | | | | | 2013E | 2014E |
| | | | | | | | | | | |
| Assets | 1.90 | 2.06 | 7.87 | 11.10 | 14.01 | P/E | | | 2.2 | 1.9 |
| Trade Receivables | 17.47 | 26.01 | 25.81 | 30.98 | 37.17 | P/S | | | 0.3 | 0.3 |
| Inventories | 1.83 | 1.91 | 3.67 | 4.84 | 6.33 | P/B | | | 0.8 | 0.4 |
| Cash | 29.79 | 50.90 | 69.70 | 78.27 | 90.20 | Dividend Yield | | | 0.0% | 0.0% |
| Equities | 34.44 | 60.02 | 86.39 | 102.18 | 121.10 | | | | | |
| Provisions | | | | | | | | | | |
| Liabilities | 11.03 | 14.60 | 18.55 | 18.64 | 20.99 | ROE | | | 30.9% | 31.2% |
| Tax Liabilities | 1.77 | 2.02 | 2.02 | 2.02 | 2.02 | ROIC | | | 19.3% | 18.4% |
| | | | | | | Equity Ratio | | | 55% | 54% |
| | | | | | | | | | | |
| | | | | | | Tax Rate | | | 25% | 25% |

Goldrooster AG, VEM Aktienbank AG

SWOT Analysis

| Strengths | Weaknesses |
|--|--|
| <p>The company has established a successful brand making future success and expansion plan achievable.</p> <p>Company offers a broad product mix making success less dependent on one product.</p> <p>The management has a long-term expertise in the Chinese fashion market.</p> | <p>Fashion in general bears the risk that the designers might not reach the taste of its customers.</p> <p>Rising costs might put pressure on future margins development.</p> <p>The company is still rather small.</p> |
| Opportunities | Threats |
| <p>External surveys show that Chinese demand for fashion goods will grow over proportionally for the coming years.</p> <p>Goldrooster AG will be able to expand its reach to so far not penetrated Chinese regions for a couple of years.</p> <p>The company might extend its product line even more, which will expand its client base.</p> | <p>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.</p> <p>Goldroosters logo looks very much like the one of the already well established "Le coq sportif". This could lead to additional patent fights.</p> <p>A slowdown of the Chinese economy could jeopardize expansion plans. Relatively high US currency dependency leads to volatile sales as well as profit development</p> |

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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

| Date of publication | Share Price at this date | Recommendation | New Fair Value (at date of publication) |
|---------------------|--------------------------|----------------|---|
| 27.04.2012 | IPO | BUY | EUR 5.2 |
| 09.11.2012 | EUR 1.70 | BUY | EUR 5.6 |
| 18.06.2013 | EUR 1.96 | BUY | EUR 5.8 |

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| Company | Disclosure |
|-----------------------|----------------------------|
| ORAD High-Tec Systems | 3 - 5 - 8 - 9 - 10 - 11-13 |

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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.

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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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- 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.

Quarterly summary:

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Additional important information:

Date of first publication of this analysis by VEM : September 11, 2013

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.