

19th of October 2015

Dear Customer,

Today, we have opened a new chapter in the history of our companies. We, the owners and management teams of Südwolle Group, Safil and GTI have signed an agreement for Südwolle Group to acquire a 100% stake in Safil S.p.A. as well as an 80% stake in Gruppo Tessile Industriale ("GTI") S.p.A., both Italian based worsted yarn manufacturers.

This is an important milestone in the future development of all three companies: Südwolle Group has the global reach and financial strength to enable Safil and GTI to enter their next phase of growth, expanding within and beyond Europe. Furthermore, Südwolle Group enhances its product range and capability to address client needs in customized, fashion, luxury as well as non-apparel segments.

The spirit of this transaction is continuity: Safil and GTI will be developed further as individual units under the umbrella of Südwolle Group. Alberto and Cesare Savio, the sons of Safil founder Fernando Savio, will support the future growth path of Safil with Cesare Savio as CEO and Alberto Savio as advisor to the company. Alberto Frignani, founder and CEO of GTI, will also continue to lead the expansion of GTI as CEO and he will remain a minority shareholder of GTI.

For you, our valued customers, this also means that your trusted contacts will remain as they are. Beyond this, the agreement will have many advantages: Safil and GTI form a perfect strategic fit with Südwolle Group. You will benefit from a better use of our combined resources as well as a broader product portfolio which the expanded Südwolle Group can offer you as your "one stop shop" developer and supplier for worsted yarns. In future, our companies will share production and distribution facilities as well as increase product and ex-stock-availability. We will also be sharing technical know-how between our spinning and dyeing mills, pursue joint R&D projects and boost our customer service. As a result, we will be able to further increase our development, production and service quality for you.

We will share with you additional details on our combined product offering in the coming weeks, and are looking forward to your feedback and ideas. At this point, we would like to provide you with a short overview of the companies teaming up in this transaction:

Based in Schwaig near Nuremberg and with roots dating back to 1918, **Südwolle Group** covers the complete yarn value chain from the sourcing of raw materials to treatment, spinning and dyeing. It has six principal brands: Südwolle (weaving yarns), Biella Yarn (flat knitting yarns), Yarn in Motion (circular knitting yarns, especially for the outdoor sector and functional clothing), Richter (yarns for hosiery), Stöhr (yarns for technical applications, e.g. for automotive, upholstery and corporate) and Soey (Air Jet yarns). With production facilities in Germany, Poland, Romania and China, Südwolle Group employs more than 2,300 people worldwide and combines a worldwide yarn spinning capacity of 21,000 tons p.a., a dyeing capacity of 8,000 tons p.a. and a wool top treatment capacity of 7,000 tons p.a. The products are ranging from large volume standard yarns to highly customized yarns. Traditionally, Südwolle Group was focused on large volume orders of standard yarns. Over the past decades, the group has diversified its business model and branched out into customized yarn segments, developing into a one stop shop for its customers. In 2014, Südwolle Group posted revenues of € 340 million. With ca. 85% of revenues, the main customers of the group are suppliers to the apparel industry – both fashion and non-fashion, such as work wear. The other ca. 15% of revenues are generated with non-apparel products, such as yarns for seat covers for the automotive, airline, railway and furnishing industry.

Safil, based in Gaglianico in Italy's Biella province, is a renowned supplier of worsted yarns for knitwear (outwear, underwear, jersey), weaving (apparel and upholstery), hosiery, protection clothing and

sportswear and has shown steady growth over the past years. While the company's main customers are also suppliers to the clothing industry, it traditionally focuses on different, usually more customized segments than Südwolle Group as well as non-clothing segments. With approx. 700 employees and production facilities in Italy and Bulgaria with production space of almost 60,000 sqm, the company has a yearly spinning capacity of ca. 7,000 tons and a cone dyeing capacity of ca. 4,000 tons per year. In 2014, Safil posted revenues of more than € 90 million.

GTI, based in Verrone in Italy's Biella province, develops, manufactures and commercializes worsted and woolen yarns for the weaving and knitwear industries, focusing on small productions of high-end yarns for suppliers to the luxury fashion industry. GTI has approx. 50 employees, a yearly spinning capacity of ca. 200 tons and production space of ca. 5,500 sqm. In 2014, GTI posted revenues of more than € 10 million.

This new partnership will empower us to build on our product offering for your benefit. The management team and your trusted regular contact partners are happy to answer any arising questions, please do not hesitate to contact us.

At this point, we also would like to thank you for having been a loyal and trusting customer for so many years and are looking forward to further pursuing our business relationship.

Your requirements remain our inspiration!

Sincerely,

Safil Spa

Gruppo Tessile Industriale Spa



Cesare Savio
General Manager

Alberto Frignani
General Manager

Südwolle GmbH & Co. KG



Klaus Steger
Managing Director

Hans Münch
Managing Director

Hans-Georg von Schuh
Managing Director

Manfred Heinrich
Managing Director