

SECTOR SNAPSHOT

APPAREL, ACCESSORIES & LUXURY GOODS M&A ACTIVITY FOR 2020 & Q1

Ecommerce brands lead the way throughout Covid-19

It has been a turbulent year for the apparel, accessories and luxury goods sectors. Covid-19 has accelerated growth in ecommerce, whilst brands with an emphasis on retail stores as their main route to market have faced significant disruption. Companies with an omnichannel approach mitigated the impact as in-store sales were captured elsewhere, although online-only businesses were still best positioned to capitalise.

Pressures on retailers from both Covid-19 and Brexit has brought rent issues to the forefront and allowed alternative models like turnover-based rent to gain traction. Reductions in premises costs have come in the form of extensions to business rates relief, with discounts to apply through to March 2022 for retailers.

Sports and fitness wear remains an active space, with Gymshark receiving a minority investment from General Atlantic which valued the business at over £1bn. The loungewear market grew rapidly during Covid-19 with increased numbers of people working from home, whilst evening and formalwear lost out as a result of lockdown measures. This trend in formalwear will reverse as restrictions are relaxed, although sales of work attire may be permanently depressed as a result of increased working from home and casual wear policies.

Strong brand recognition and online sales strategy remain key valuation drivers for the sector. Dr Martens, having achieved strong sales internationally and growth in its ecommerce business, achieved a £1.3bn valuation in a 2021 IPO. In contrast, many distressed businesses were snapped up by competitors or specialist private equity looking for undervalued brands.

Online fashion marketplaces Boohoo and ASOS continue to look to acquire recognised brands to add to their platform. In 2021, they each acquired multiple high street brands whilst leaving behind legacy retail stores. They will also benefit from Buy Now Pay Later which is supporting growth in the middle and lower end of the fashion market.



Gary Ecob
Partner

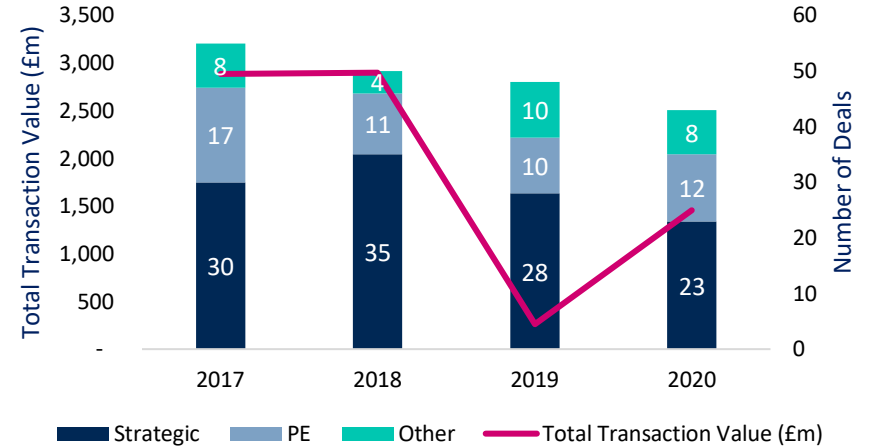


Steve Nock
Director



Adam Grenfell
Analyst

M&A VOLUMES

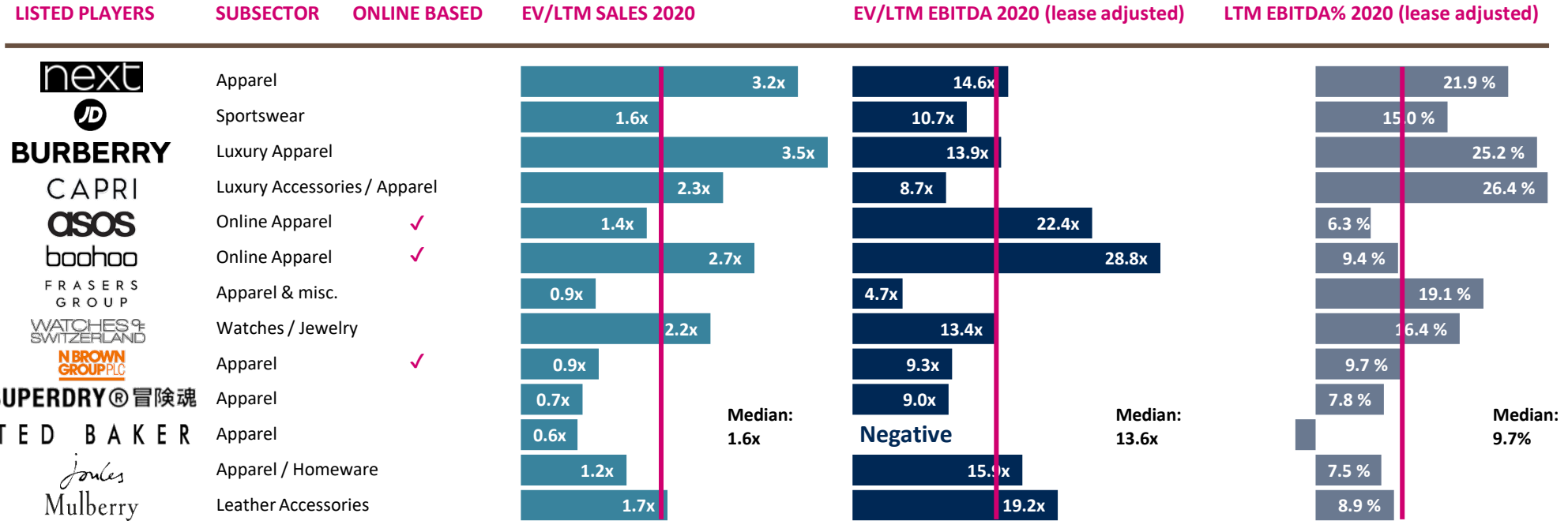


KEY TRANSACTIONS

<p>Have invested in GYMSHARK GBP 1bn valuation</p>	<p>IPO GBP 3.7bn</p>	<p>Have invested in PRETTYLITTLETHING.COM For GBP 324m</p>	<p>Have acquired <i>Seraphine</i> For GBP 50m</p>
<p>Have acquired speedo For USD 170m</p>	<p>Have acquired MOSS BROS For GBP 22m</p>	<p>Have acquired animal Unknown value</p>	<p>And others recapitalised NEW LOOK For GBP 40m</p>

VALUATION OF KEY PLAYERS

APPAREL, ACCESSORIES & LUXURY GOODS



Source: Capital IQ as of 31/12/2020. EBITDA includes equity in affiliates and is lease adjusted.

DISCLOSED TRANSACTIONS

“Valuations range from 3x EBITDA to 18x EBITDA over the last four years”

DATE	TARGET	SECTOR	COUNTRY	BUYER	COUNTRY	EV	EV/SALES	EV/EBITDA
3/20	Moss Bros	Apparel	UK	Brigadier Acquisition Company	UK	72.9	0.6x	3.2x
12/19	4 Fraser Hart Showrooms	Watches / Jewelry	UK	Watches of Switzerland	UK	32.0	1.3x	6.4x
3/18	The Finish Line, Inc.	Sportswear	US	JD Sports Fashion	UK	326.3	0.3x	5.7x
7/17	Jimmy Choo Group	Footwear	UK	Capri Holdings	US	1,039.4	2.7x	18.2x

Source: Capital IQ

Orbis is an independent corporate finance advisory firm, working with business owners, management teams and investors to advise them through every aspect of corporate finance.

The partners have over 100 years of deal-making experience and combine their broad network of global relationships with deep sector knowledge and investor skills to deliver a specialist M&A experience.

Orbis is the UK partner for Clairfield International, a global investment bank, offering clients access to over 400 corporate finance professionals situated in over 20 countries across the globe.

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A complete range of M&A services providing a wealth of experience to our clients

- Company Sales**
 - Extensive mid market M&A expertise and experience across the team.
 - International reach – over 20 countries and growing.
 - Over 90% of all sale mandates involve an overseas party.
- Acquisition Support**
 - Research and origination - internal research team and tools.
 - Strategic and financial assessment.
 - Deal management.
- Due Diligence**
 - Experienced and informed advice.
 - Extensive experience within the UK and of international transactions.
 - Partner Led
- Management Buy Out**
 - Deal leadership and fund raising.
 - Align interests with management team.
 - Co-investors on 15 deals.
- Capital Raising**
 - Supporting existing business to fund development.
 - Supportive investor bringing focus on value creation.
 - Co-investors on 3 deals.
- Business Improvement**
 - Independent advice and planning strategy led by sector insights.
 - Turnaround and profit improvement credentials.
 - Leading the team through uncertainty whilst developing a game plan.

ORBIS PARTNERS: CONSUMER CREDENTIALS

 Sold to T · H · BAKER <small>Family Jewellers Since 1888</small> For undisclosed value 	 Sold to Orkla For GBP 55m 	 BACKING AMBITION Backed BIMBO of Antler For undisclosed value 	BALMUIR Sold to Polap-Team Oy For undisclosed value
 Capital raise For undisclosed value 	 Sold to FENIX <small>OUTDOOR INTERNATIONAL AS</small> For undisclosed value 	The AQ Group Have acquired AQATA For undisclosed value 	The Unsworth Family Have acquired GEARY'S <small>CREATS BARBERS</small> For undisclosed value

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