



DUFF & PHELPS

Protect, Restore and Maximize Value

Apparel Quarterly Update

Spring 2020

About Our Practice

Duff & Phelps' Consumer group is among the most active middle-market advisors, providing sell-side, buy-side and capital raising services for clients worldwide. With expertise in the consumer, food, restaurant, apparel and retail sectors, our professionals have executed more than 100 transactions over the past 10 years.

The Duff & Phelps platform provides in-depth coverage of the apparel, footwear and accessories industry through dedicated, bicoastal consumer teams and 70 international offices. Duff & Phelps is a trade name for Duff & Phelps, LLC and its affiliates. Read more at www.duffandphelps.com.

**#1 U.S. and global
fairness opinion
provider 2019¹**

**#4 middle-market
M&A advisor over
the past five years²**

Proven Execution 100+ consumer M&A and capital raise transactions over the past 10 years

Deep Sector Expertise Category focus drives thought leadership and builds invaluable relationships with buyers and investors alike

Customized Approach Successful track record of premium value transactions driven by hands-on execution and creativity

Experienced Team Over 30 bankers dedicated exclusively to the consumer sector within the U.S. alone

Global Platform Over 4,000 employees across 70+ offices in 25 countries, with an extensive presence in the U.S., Europe and Asia

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First Quarter in Review

Black Swan

COVID-19 has dramatically impacted global economies, with containment efforts resulting in abrupt closures of businesses, a surge in unemployment and market volatility. In an effort to slow the spread, much of the U.S. economy has essentially remained shut down since mid-March, and the pejorative effects of suddenly “unplugging” business operations nationwide have been surfacing across various economic and industry performance indicators.

Retail spending in the U.S. declined by 21.6% in April, chalking up the largest monthly fall on record.⁴ Over 36 million Americans filed for unemployment in the last 2 months, wiping out all the job gains since the Great Recession.⁵ Q1 2020 corporate earnings have suffered, with many companies suspending earnings guidance for the remainder of the year. And, while leading economists would agree that the U.S. is in a recession, how deep and protracted the contraction will be is anyone’s best guess.

While it’s too early to precisely quantify the pandemic’s toll across the apparel and retail landscape, COVID-19 has undoubtedly derailed the industry’s trajectory, which was already facing various headwinds such as changing tastes, channel shifts and increased competition. Some of the leading retailers have begun bankruptcy filings, and brands large and small are playing “defense” to weather the storm. However, many apparel companies have acted quickly to “right-size” their business operations and go-to-market strategy and are now focused on how to get back up and running again. Time will certainly tell when the economy recovers, and we believe that when it does, the apparel and retail sectors will likely regain strong footing in a new and improved post COVID-19 paradigm.

Our quarterly apparel report aims to identify trends and provide insights across the apparel sector, focusing on key themes, issues and opportunities. In this issue’s sector spotlight, we highlight COVID-19’s impact on the apparel supply chain, inventory management and how leading brands have been supporting the global effort to fight the pandemic. We hope you continue to find this report and its future editions to be a useful source of information, and as always, please do not hesitate to reach out to us if we can be helpful in any way.

Table of Contents

3	First Quarter in Review
4	Trends and Insights
6	Sector Spotlights
8	Recent Apparel Transaction Activity
9	Public Company Data

Q 1 2 0 2 0 | B y t h e N u m b e r s

-  Stocks fell sharply from historical highs, with the S&P 500 declining by 20%³
-  U.S. retail sales fell by 8.7% in March, the largest decline since 1992⁴
-  Apparel and retail sector valuations declined significantly with average LTM EV/EBITDA multiples of 8.8x and 7.0x, down 2.2x and 3.3x from Q4 2019, respectively³
-  Valuations (as EBITDA multiples) for branded apparel and fashion contracted by approximately 4.5x³

Trends and Insights

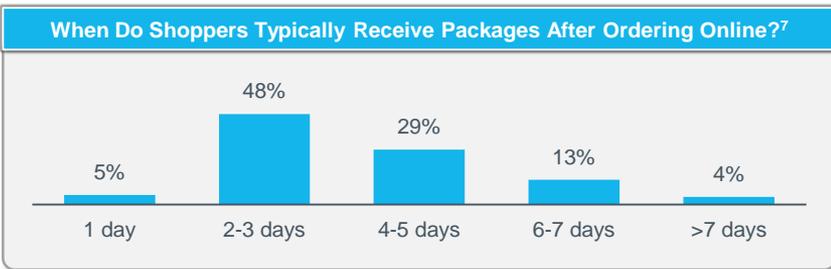


Gone Like the Wind: Expedited Shipping

Since Amazon spearheaded next-day and two-day shipping options, the notion of receiving goods immediately upon purchase has become mainstream.

Consequently, retailers and brands are running on all cylinders to optimize their order fulfillment and delivery processes, which is not an easy feat, especially for smaller and undercapitalized businesses. It has become increasingly important for emerging brands and smaller companies to quickly adapt to provide competitive shipping options that align with consumers' expectations. Not only does this enable the brand to build a fruitful relationship directly with customers, it also provides the opportunity to instill credibility and maximize customer lifetime value.

Brands are utilizing several strategies to speed up distribution and improve throughput: (i) streamline product offering and exclude items that may pose shipping challenges, (ii) open warehouses in optimal geographic locations, and (iii) leverage select third-party logistics providers. For instance, Urban Outfitters recently utilized Manhattan Associates to overhaul its fulfillment center software, resulting in a 32% increase in order throughput.⁶



Nearly 22% of consumers said they would like to see DTC companies offer same-day delivery options⁸



Nearly half of consumers (45%) say they are unlikely to continue ordering from a company if it delivers a package late⁷

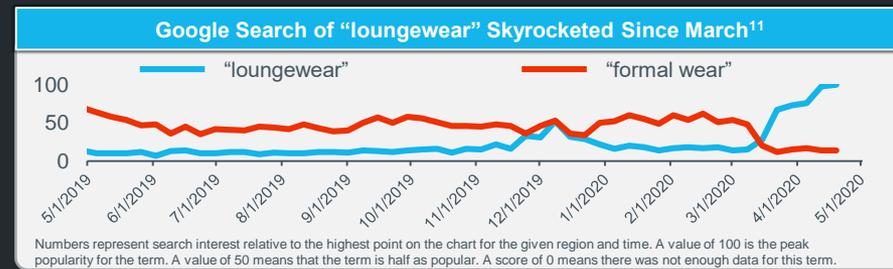


Slipping Into Something More Comfortable: The Surge of Loungewear

Shelter in place orders and shuttered brick-and-mortar stores have redirected consumer purchases to e-commerce. Online apparel sales were trending up 21.1% month-over-month (April compared to March).⁹ The increase in online sales have not made up entirely for lost foot traffic, but select categories have fared better than others despite pandemic-induced circumstances.

Among the top performing categories has been loungewear and athleisure. For the period from January 1, 2020 to March 16, 2020, the number of sold-out tracksuits was up 36% compared to same period last year.¹⁰ Sold-out sweatpants and bathrobes were up 39% and 29%, respectively.¹⁰ One lingerie company reported that its bestselling item during social distancing has been a pajama set—under normal circumstances it would have been a bra. With an extended amount of time being spent at home, people have gravitated towards the feeling of comfort and wellness, a sentiment that is clearly reflected in purchasing behavior of comfort and leisure apparel items.

Sales in the online health and wellness category broadly were on pace to rise 48.7% in April compared to March.⁹ Additionally, brands such as Gap and Athleta reported an increase in online sales for comfortable clothing styles in March.



Foot traffic to U.S. stores, and apparel stores specifically, fell 58.4% and 78.9%, respectively¹⁰



In mid-April, athleisure company Vuori said sales were up 400% and women's jogger sales were up 1,000%.¹²

Trends and Insights

3 WFH Is for Hackers Too

As e-commerce continues to capture a larger market share of retail sales, cyberattacks are becoming more prevalent, prompting retailers and brands to increase spend on ensuring establishment of requisite cyber security systems and protocols.

During the last holiday season, cyberattacks increased substantially. Approximately 67% of retailers surveyed by Carbon Black reported they were targeted by a ransomware attack in the past year.¹³ Of the retail organizations surveyed, 73% percent noted that cyberattacks have become more sophisticated over the past year, and 40% indicated a cyberattack-related loss of revenue in 2019.¹³ This is further evidenced by the 6,000+ active e-commerce phishing sites, per NormShield.¹³

Highlighted by Jason Smolanoff, Senior Managing Director and Global Head of Cyber Risk at Kroll, "In today's information economy, data can be your organization's most valuable asset, but with the rise of remote working, mobile technology, cloud computing, and an exponentially growing volume of digital information, keeping that data secure also becomes one of your greatest challenges." As a result, many brands and retailers have started implementing processes to ensure that adequate controls and security measures are in place.

 <p>J.CREW</p> <p>J Crew reported that some customers' information was "obtained by an unauthorized party" in or around April 2019.¹⁴</p>	 <p>★macy's</p> <p>Macy's confirmed a "highly sophisticated and targeted" data security incident related to macys.com during a one-week period in October 2019.¹⁴</p>	 <p><i>Hanna Andersson</i></p> <p>In the fall of 2019 an "unauthorized third party" had access to card payment information that certain customers entered on Hanna Andersson's website.¹⁵</p>
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 Retail cyberattacks were up 20% last year during the last holiday season¹³

 40% of surveyed companies said they planned to increase their cyber security budget by at least 10%¹³

4 Amidst a Pandemic, Digital Engagement is Key

Whether it's working from home, video chatting, texting, browsing social media, attending digital classes or some combination of the above, people are increasingly spending time online. The global shutdown of traditional retail channels and physical distancing measures implemented worldwide have further affirmed the importance of an effective digital-first strategy that also provides a platform for customer engagement. Given the range of emotions people are currently facing, the "trust" factor that retailers and brands earn from their customers through genuine engagement (now digitally) is more important than ever. One survey found that 43% of consumers say it's reassuring to hear from brands they know right now while only 15% preferred not to received communications.⁹

With post COVID-19 data on digital activity in the U.S. still in its nascency, we can look to China as a case study. Highlighting the extraordinary momentum in e-commerce activity and showcasing the efficacy of digital innovation, livestreaming on e-commerce website Taobao (a Chinese shopping site owned by Alibaba) increased over 700% year-over-year since the COVID-19 outbreak.¹⁶ Furthermore, Nike's usage of Taobao livestream bloggers during the lockdown in China resulted in a 36% increase in sales.¹⁶

 <p>alo</p> <p>Alo Yoga has engaged with customers through AloMoves, an on demand yoga, fitness and meditation platform. They are offering a free selection of classes on YouTube and livestream workouts on social media.</p>

 <p>RENT THE RUNWAY</p> <p>Rent the Runway has created a newsletter meant to distract and uplift recipients. The distribution shares book recommendations, cooking tutorials and inspirational quotes intended to cultivate a sense of community among subscribers.</p>
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 According to Facebook, U.S. Instagram live views increased more than 70% in the first week of April¹⁷

 75% of consumers are more likely to purchase from a company that knows their name, their purchase history and/or recommends items based on their purchase history¹⁸

Sector Spotlight | Excess Inventory Signals Discounts

Worldwide retail store closures and a severe drop in consumer demand, have prompted a cascade of headwinds for a number of industries—chief among them the apparel sector. As apparel brands and retailers navigate tough times, supply chains have been a pain point. Some brands responded to the pandemic by canceling or “holding” orders with their suppliers and manufacturers (most located overseas), and in some instances requiring retroactive price reductions for items completed and pending shipment. At the same time, a predominant number of brands have been grappling with how to “offload” the large amounts of excess spring inventory that has met a series of obstacles flowing through to the front end of the sales funnel.

As a result, warehouses overfilled with unsold seasonal inventory are top of mind for many apparel and retail companies. Although online sales may partially make up for losses resulting from closed brick-and-mortar stores, brands are recognizing the need to consider aggressive discounting measures and strategic marketing campaigns to effectively monetize the excess stock.

Some apparel categories are experiencing much more pressure than others. For example, evening and formal wear and traditional business work attire are getting hit harder as stay-at-home measures and bans on social gatherings have diminished consumers’ need for these items. On the other hand, seasonless and “core” basic clothing (e.g., t-shirts, underwear and intimates) are less exposed. These goods can be either repurposed or sold at full price by utilizing a “pack and hold” or “pack and save” strategy.

Many of the leading apparel retailers are also looking to expeditiously offload excess inventory by offering significant discounts on their digital platforms. Macy’s and Kohl’s are each offering as much as 40% off certain items. Bloomingdale’s is taking some proactive measures with seasonal items, offering up to a 70% discount on cocktail and party dresses. In many instances, the weakened economic backdrop has put the traditional department store and off-price retailers on even footing as consumers look to bargain hunt. However, when the world inevitably returns to some level of normalcy, off-price retailers such as TJX (TJ Maxx and Marshalls) and Ross are very well positioned to be beneficiaries. RBC Capital’s Kate Fitzsimons noted that “TJX will likely to be the biggest share beneficiary globally,” while Credit Suisse analyst Michael Binetti highlighted that COVID-19 “will create the greatest buying environment for off-price in a decade.”

Select Brands Utilizing Creative Discounting Tactics

allbirds

“Buy a pair, give a pair” promotion provides customers with the option to buy two pairs of shoes for \$146 with the second pair donated to a health care professional. Allbirds’ sneakers typically cost \$95 so the promotion allows customers to “save” on the second pair for a healthcare worker while helping Allbirds clear inventory.

DANIEL PATRICK

Los Angeles based lifestyle brand Daniel Patrick is offering a free face mask for all carts larger than \$50.

ARITZIA

Aritzia’s “Lighten Up Sale” is offering 50% off select spring styles “for brighter days ahead.”

This is not like wine that gets better with age, your inventory gets worse.

Manny Chirico
CEO of PVH Corporation

Sector Spotlight | Demand Hurting the Supply Chain

It's not just U.S. apparel workers that are losing their jobs. As companies that are flush with excess inventory evaluate their strategies going forward, many are shutting off the flow of incoming inventory. In addition to order cancellations, some brands have been unable to accept shipment for new goods that have already been manufactured, which places further strain up the supply chain. Consequently, the decline in demand for apparel goods has impacted garment manufacturing in China and a number of other countries across Asia.

Despite geographic separation, shipping times from Shanghai to Los Angeles takes between 23 to 31 days, the fastest in Asia. But shipping efficiency doesn't make up for rising labor costs. In recent years China's economic growth has led to fundamental changes, a decline in manual workers, higher wage demands, more stringent environmental considerations and tariff confrontations that have pushed up the cost of manufacturing. It currently costs manufacturers \$6.50 per labor hour in China, twice what it costs in Vietnam.¹⁹ Accordingly, countries like Vietnam, Bangladesh, Thailand, Cambodia, Indonesia and India have been chipping away at China's manufacturing share even before COVID-19.

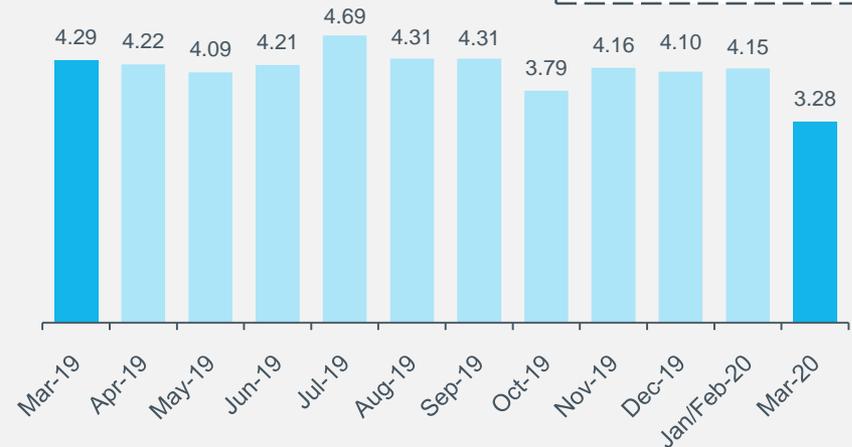
Vinatex, a leading garment manufacturer in Vietnam, expects meaningful losses to the topline.²⁰ If Vietnamese suppliers such as Vinatex were to fold, it would stress procurement for large apparel players like Zara, H&M and Uniqlo. Bangladesh has also been hit hard, as the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) reported the cancellation of USD 2.8 billion worth of orders made to 1,025 factories.²¹ As a result, at least 1 million people in Bangladesh, a quarter of the country's garment workers, were furloughed or laid off.²² Sheng Lu, a professor of fashion and apparel at the University of Delaware, believes that a 10% decline in exports for a country like Bangladesh could lead to a 4% to 9% drop in employment.²³

As U.S. apparel companies navigate through a severe reduction on the "demand side," leading to furloughing of employees and cancelation/suspension of orders, their manufacturing partners abroad on the "supply side" are also experiencing draconian changes to their operations.

China Textile Production²⁴

(in billions of meters)

March 2020 down 23.5% YoY from March 2019



Note: January and February data reported together due to Chinese New Year



Apparel imports to the U.S. from China fell an estimated 46% in February²⁵

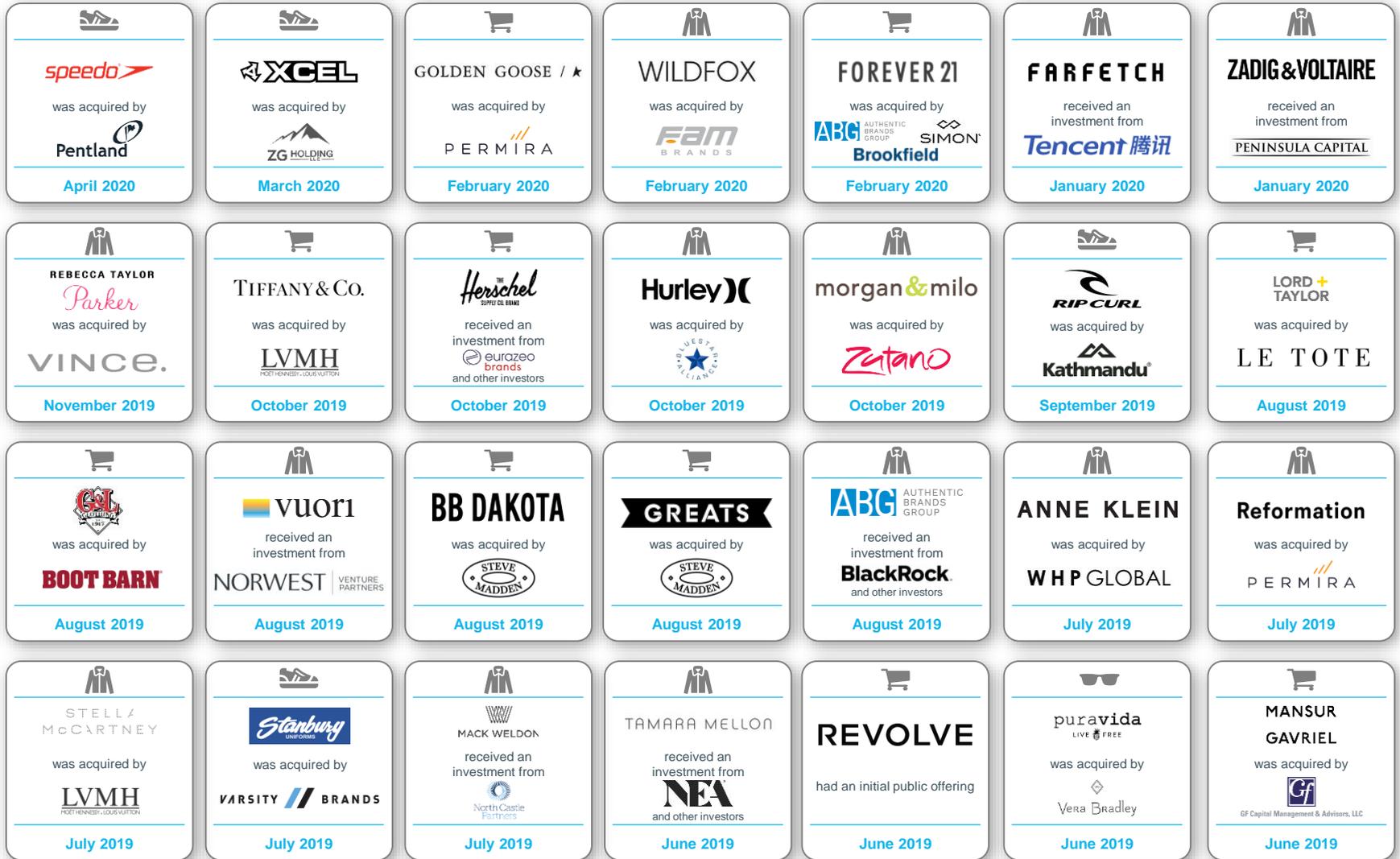


Container volume in Shanghai, the world's busiest port, fell 24.2% year-over-year in March, while volume sank 30.9% at the port of Los Angeles in the same time period^{26,27}



Bangladesh's export earnings, of which ready-made garments comprise 84.2%, declined 18.3% year-over-year in March²⁸

Recent Apparel M&A Transaction Activity

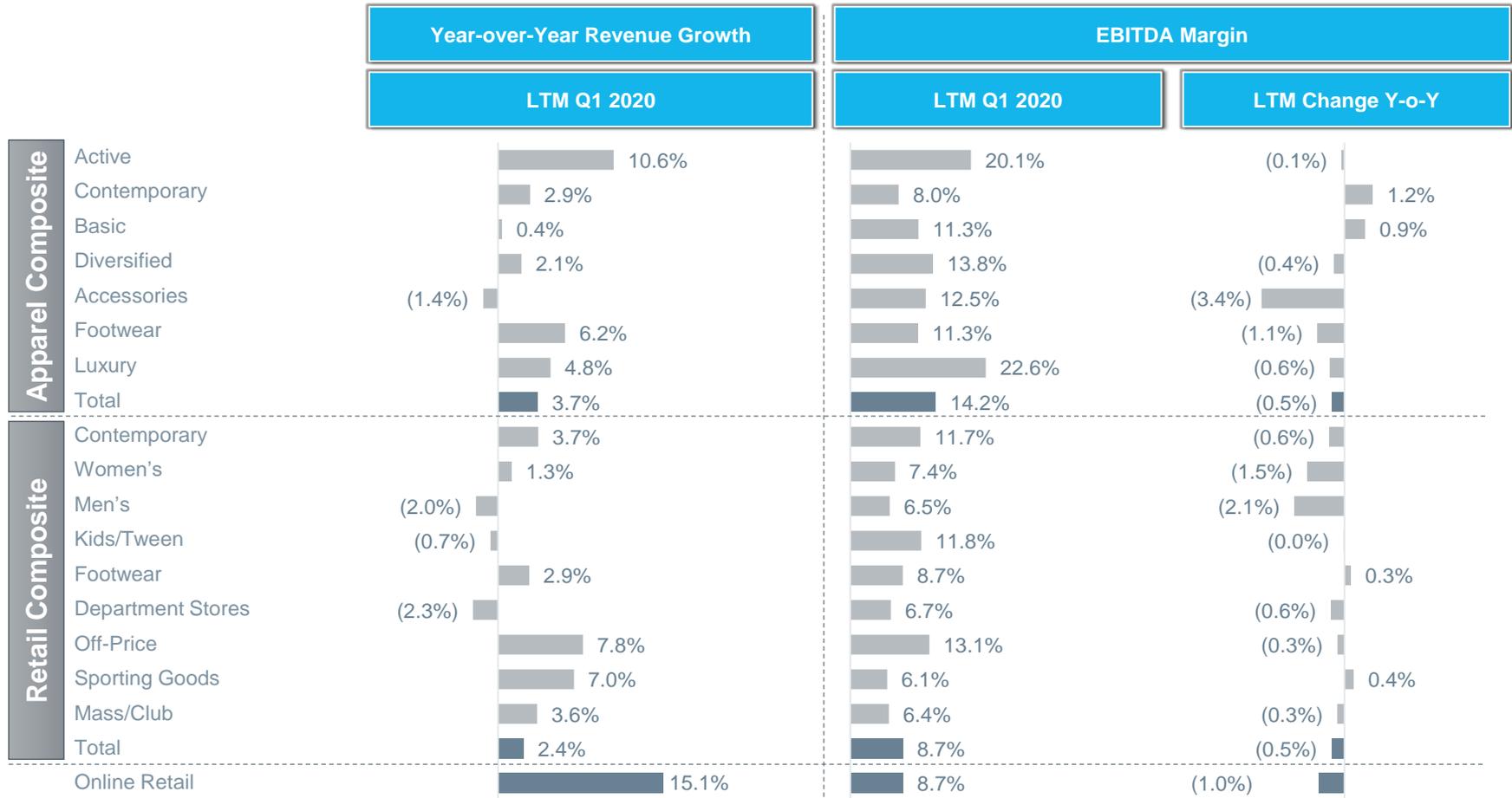


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Sources: S&P Global Market Intelligence, Mergermarket, Press Releases

Sectors

Operational Benchmarking

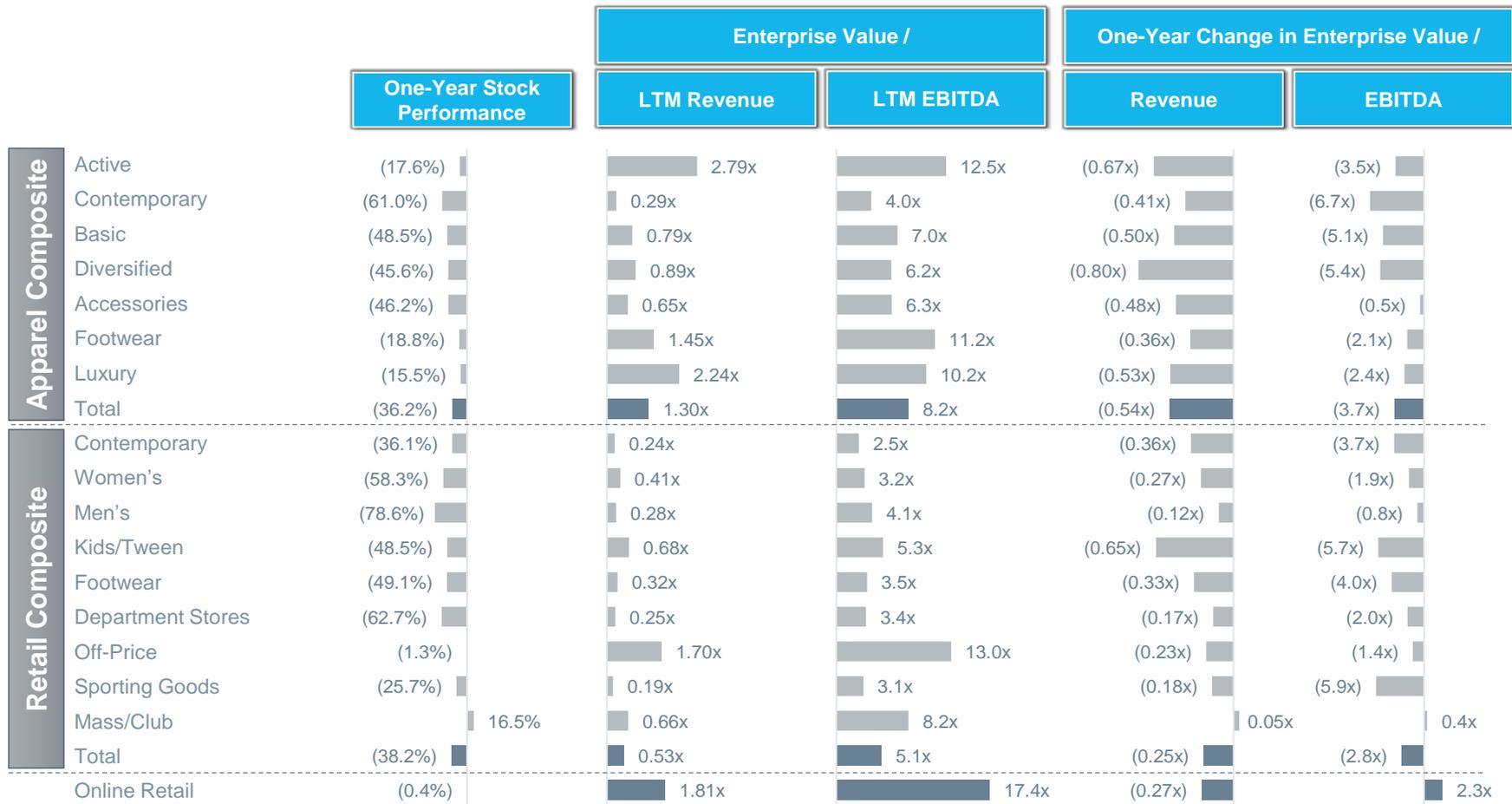
As companies continue to report Q1 2020 results, average topline and margins have observable declines



EBITDA is earnings before interest, tax, depreciation and amortization
 Sector index weight based upon company market capitalization at valuation date. LTM reflects last twelve months ending April 30, 2020
 Source: S&P Global Market Intelligence; index constituents on pages 13-20

Valuation Benchmarking

Valuations have receded from record highs



EBITDA is earnings before interest, tax, depreciation and amortization

Sector index weight based upon company market capitalization at valuation date. LTM reflects last twelve months ending April 30, 2020

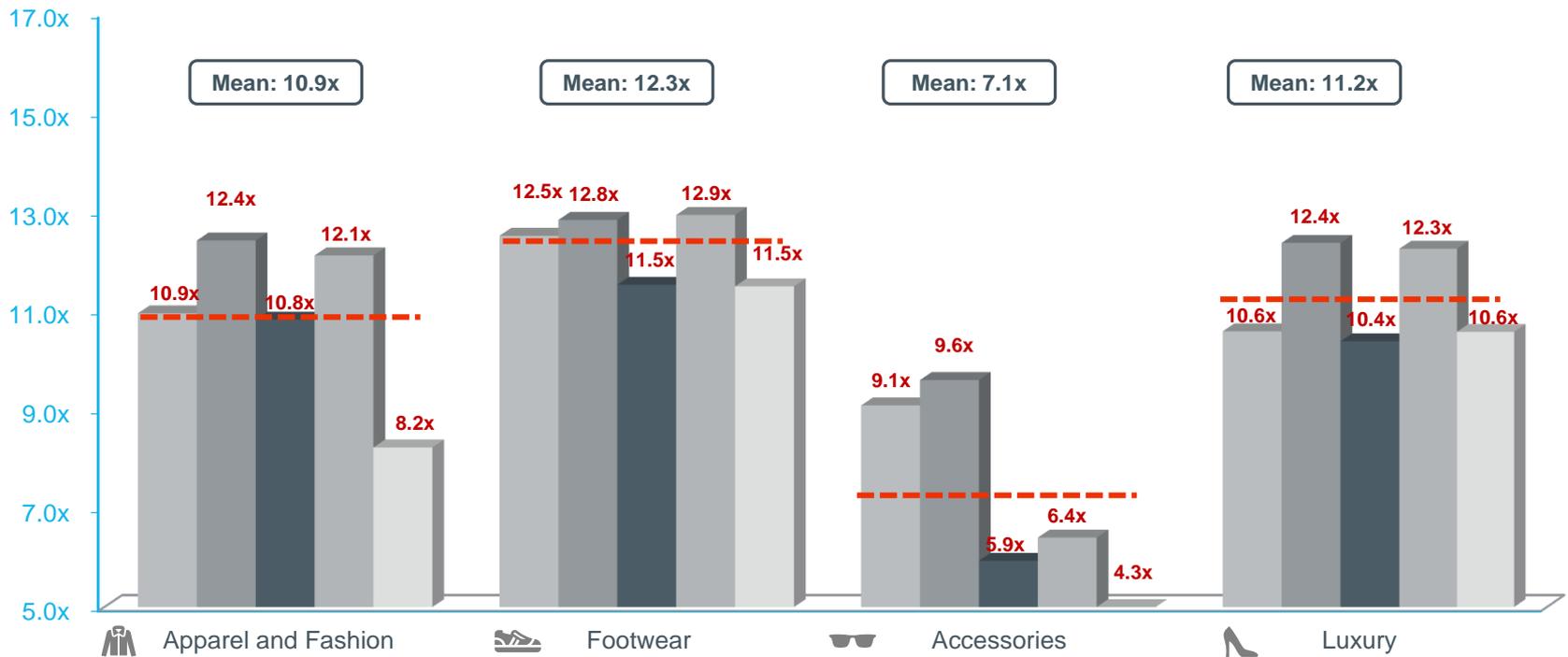
Note: Leases deducted from enterprise value in 2019 and beyond to account for FASB's adoption of ASC 842

Source: S&P Global Market Intelligence; index constituents on pages 13-20

Public Company Trends – Apparel Brands

Enterprise Value as a Multiple of EBITDA^a

■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ LTM April 2020



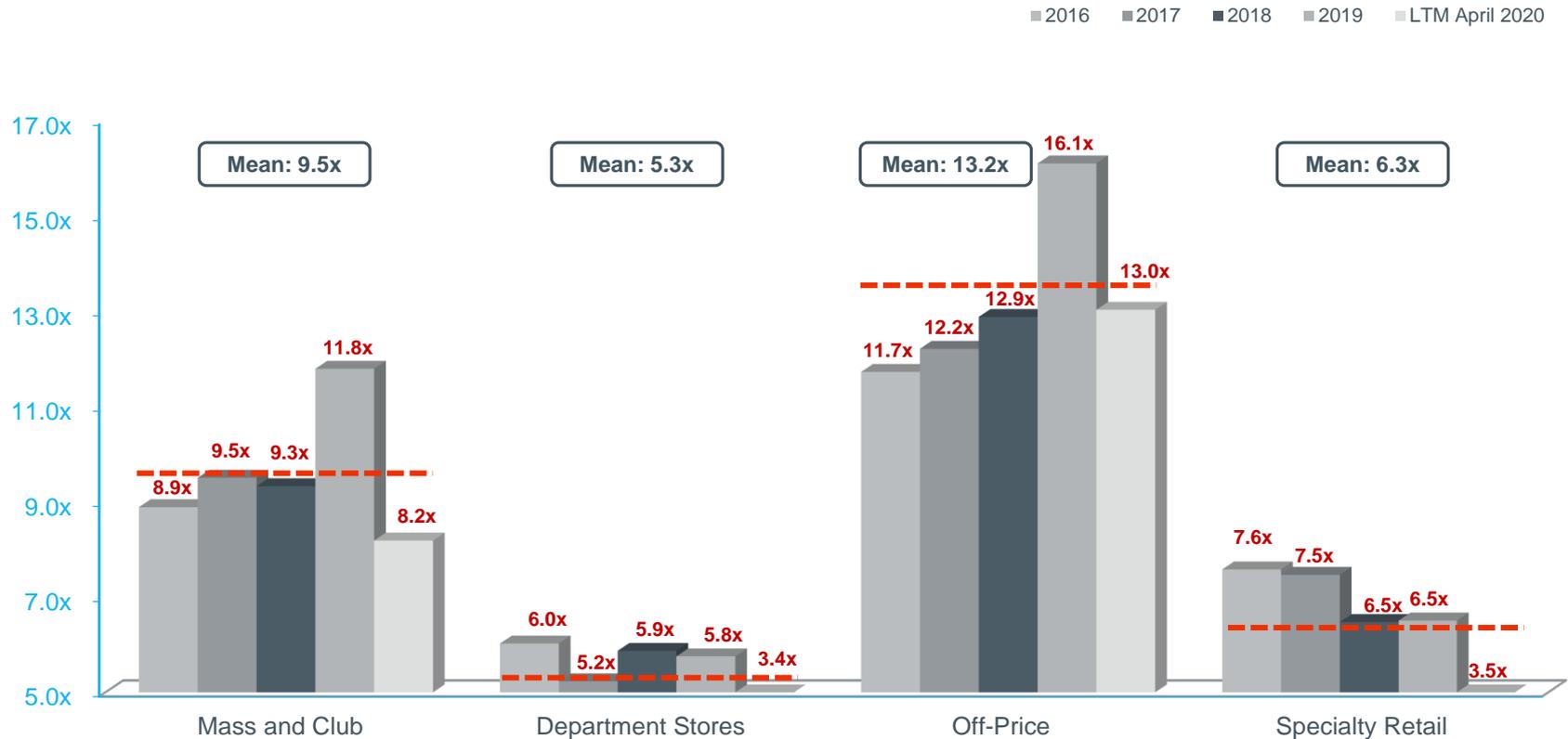
^a Index calculation excludes any companies with nonmeaningful trading multiples.

Source: S&P Global Market Intelligence. Represents most actively traded public apparel, footwear, accessories and luxury companies.

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Public Company Trends – Retailers

Enterprise Value as a Multiple of EBITDA^a



^a Index calculation excludes any companies with nonmeaningful trading multiples.

Source: S&P Global Market Intelligence. Represents most actively traded public mass/club, department stores, off-price and specialty retail companies.

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.



Public Company Valuations – Apparel Brands

(\$ in USD millions, except per-share data)

	Stock Price Apr. 30, 2020	Performance Since Feb. 15, 2020	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin	
							Revenue		EBITDA			
							LTM	2020E	LTM	2020E		
Active Apparel												
NIKE, Inc.	\$87.18	(15.8%)	2.6%	82.5%	\$135,568	\$135,862	3.29x	3.53x	NM	NM	14.2%	
Lululemon Athletica Inc.	223.48	(12.2%)	27.2%	84.0%	29,134	28,041	NM	NM	NM	NM	26.5%	
Moncler S.p.A.	37.52	(9.2%)	(5.1%)	78.7%	9,480	8,758	4.79x	NM	14.1x	14.8x	34.1%	
Columbia Sportswear Company	72.89	(20.3%)	(25.2%)	66.6%	4,819	4,287	1.45x	1.67x	11.5x	15.0x	12.6%	
Under Armour, Inc.	10.42	(39.4%)	(52.7%)	37.6%	4,446	4,250	0.85x	1.04x	15.5x	NM	5.5%	
Canada Goose Holdings Inc.	23.93	(22.8%)	(52.2%)	45.1%	2,626	2,681	3.60x	4.14x	14.4x	16.7x	25.0%	
Median		(18.0%)	(15.2%)	72.6%	\$7,150	\$6,523	3.29x	2.60x	14.2x	15.0x	19.6%	
Mean		(19.9%)	(17.6%)	65.7%	\$31,012	\$30,646	2.80x	2.59x	13.9x	15.5x	19.6%	
Contemporary Apparel												
G-III Apparel Group, Ltd.	\$11.33	(57.9%)	(73.2%)	26.0%	\$544	\$744	0.24x	0.27x	2.6x	5.2x	9.0%	
Guess?, Inc.	9.35	(58.3%)	(53.8%)	39.7%	618	633	0.24x	0.28x	2.6x	8.0x	9.1%	
Vince Holding Corp.	5.97	(59.0%)	(56.1%)	21.6%	70	115	0.40x	0.47x	6.7x	NM	5.9%	
Median		(58.3%)	(56.1%)	26.0%	\$544	\$633	0.24x	0.28x	2.6x	6.6x	9.0%	
Mean		(58.4%)	(61.0%)	29.1%	\$410	\$497	0.29x	0.34x	4.0x	6.6x	8.0%	
Basic Apparel												
Hanesbrands Inc.	\$9.94	(30.5%)	(43.0%)	52.0%	\$3,459	\$6,878	1.03x	1.21x	7.2x	10.2x	14.4%	
Gildan Activewear Inc.	13.98	(49.8%)	(59.5%)	36.4%	2,771	3,844	1.45x	2.23x	7.7x	15.0x	18.8%	
Delta Galil Industries Ltd.	17.83	(31.5%)	(42.4%)	55.3%	455	806	0.48x	NM	4.4x	NM	10.8%	
Lands' End, Inc.	8.51	(20.4%)	(50.7%)	46.3%	276	582	0.40x	0.42x	7.5x	9.8x	5.4%	
Delta Apparel, Inc.	12.88	(44.7%)	(46.8%)	40.6%	89	248	0.59x	0.74x	8.1x	15.8x	7.3%	
Median		(31.5%)	(46.8%)	46.3%	\$455	\$806	0.59x	0.97x	7.5x	12.6x	10.8%	
Mean		(35.4%)	(48.5%)	46.1%	\$1,410	\$2,472	0.79x	1.15x	7.0x	12.7x	11.3%	
Diversified Apparel												
V.F. Corporation	\$58.10	(30.6%)	(32.1%)	58.0%	\$22,933	\$24,520	2.34x	2.65x	15.2x	NM	15.4%	
PVH Corp.	49.23	(44.9%)	(61.5%)	37.8%	3,490	5,762	0.58x	0.72x	5.3x	10.6x	10.9%	
Ralph Lauren Corporation	73.78	(39.4%)	(41.4%)	55.6%	5,441	4,430	0.69x	0.81x	4.4x	8.3x	15.6%	
Oxford Industries, Inc.	41.92	(39.5%)	(47.5%)	49.7%	702	650	0.58x	0.67x	4.7x	7.0x	12.2%	
Median		(39.5%)	(44.5%)	52.7%	\$4,465	\$5,096	0.64x	0.76x	5.0x	8.3x	13.8%	
Mean		(38.6%)	(45.6%)	50.3%	\$8,141	\$8,840	1.05x	1.21x	7.4x	8.6x	13.5%	

Source: S&P Global Market Intelligence as of April 30, 2020

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel and fashion companies.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Footwear Brands

(\$ in USD millions, except per-share data)

	Stock Price Apr. 30, 2020	Performance Since Feb. 15, 2020	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin	
							Revenue		EBITDA			
							LTM	2020E	LTM	2020E		
Footwear												
NIKE, Inc.	\$87.18	(15.8%)	2.6%	82.5%	\$135,568	\$135,862	3.29x	3.53x	NM	NM	14.2%	
adidas AG	227.98	(27.0%)	(7.7%)	65.8%	44,631	48,026	1.94x	2.20x	18.0x	NM	10.8%	
PUMA SE	62.58	(19.9%)	3.2%	67.9%	9,388	9,028	1.50x	1.61x	17.6x	18.9x	8.5%	
Skechers U.S.A., Inc.	28.18	(25.5%)	(10.0%)	63.3%	4,445	4,096	0.79x	0.89x	7.8x	13.3x	10.0%	
Deckers Outdoor Corporation	148.76	(25.8%)	(5.0%)	73.2%	4,163	3,584	1.67x	1.72x	9.1x	10.4x	18.4%	
Wolverine World Wide, Inc.	20.49	(35.5%)	(43.0%)	54.5%	1,664	2,427	1.11x	1.30x	14.4x	12.8x	7.7%	
Crocs, Inc.	24.25	(35.0%)	(13.4%)	55.4%	1,634	1,877	1.54x	1.75x	12.6x	16.9x	12.3%	
Steven Madden, Ltd.	25.07	(32.9%)	(28.1%)	56.0%	2,084	1,792	1.00x	1.19x	8.7x	12.2x	11.6%	
Caleres, Inc.	8.11	(43.2%)	(67.7%)	30.1%	326	758	0.26x	0.30x	3.7x	6.9x	6.9%	
Median		(27.0%)	(10.0%)	63.3%	\$4,163	\$3,584	1.50x	1.61x	10.8x	12.8x	10.8%	
Mean		(29.0%)	(18.8%)	61.0%	\$22,656	\$23,050	1.46x	1.61x	11.5x	13.1x	11.2%	

Source: S&P Global Market Intelligence as of April 30, 2020

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public footwear companies.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Accessory Brands

(\$ in USD millions, except per-share data)

	Stock Price Apr. 30, 2020	Performance Since Feb. 15, 2020	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
							Revenue		EBITDA		
							LTM	2020E	LTM	2020E	
Accessories											
The Swatch Group AG	\$199.86	(22.5%)	(36.0%)	62.1%	\$10,193	\$8,895	1.05x	1.29x	5.9x	11.2x	17.7%
Tapestry, Inc.	14.88	(49.1%)	(49.4%)	41.3%	4,107	4,808	0.83x	1.05x	5.0x	10.2x	16.7%
Pandora A/S	35.48	(28.3%)	(7.7%)	63.2%	3,255	4,572	1.46x	1.70x	4.9x	6.6x	29.8%
Capri Holdings Limited	15.25	(46.7%)	(64.7%)	34.5%	2,278	4,159	0.73x	0.86x	4.3x	6.3x	17.1%
Safilo Group S.p.A.	0.75	(38.8%)	(27.3%)	42.4%	207	289	0.27x	0.31x	5.8x	5.8x	4.7%
Fossil Group, Inc.	3.96	(38.1%)	(69.2%)	26.6%	200	204	0.09x	0.12x	2.5x	NM	3.7%
Movado Group, Inc.	10.31	(38.9%)	(69.4%)	27.9%	237	107	0.15x	0.20x	1.9x	NM	8.1%
Median		(38.8%)	(49.4%)	41.3%	\$2,278	\$4,159	0.73x	0.86x	4.9x	6.6x	16.7%
Mean		(37.5%)	(46.2%)	42.5%	\$2,925	\$3,291	0.66x	0.79x	4.3x	8.0x	14.0%

Source: S&P Global Market Intelligence as of April 30, 2020

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public fashion accessories companies.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Luxury Brands

(\$ in USD millions, except per-share data)

	Stock Price Apr. 30, 2020	Performance Since Feb. 15, 2020	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
							Revenue		EBITDA		
							LTM	2020E	LTM	2020E	
Luxury											
LVMH Moët Hennessy	\$385.57	(14.3%)	1.5%	80.3%	\$194,194	\$203,043	3.37x	3.82x	13.6x	15.0x	24.8%
Christian Dior SE	388.80	(18.6%)	(13.7%)	71.3%	70,143	117,916	1.96x	1.88x	8.0x	7.2x	24.5%
Hermès International SA	730.55	(4.4%)	7.7%	92.0%	76,129	71,397	NM	NM	NM	NM	37.8%
Kering SA	503.45	(19.9%)	(11.0%)	74.8%	62,940	66,184	3.71x	4.27x	11.2x	13.4x	33.2%
Compagnie Financière Richemont SA	56.72	(25.2%)	(24.5%)	62.7%	32,039	30,284	1.94x	2.02x	12.1x	11.1x	15.9%
Tiffany & Co. ^a	126.50	(5.8%)	21.6%	94.1%	15,349	15,496	3.50x	3.70x	15.4x	18.1x	22.7%
Burberry Group plc	17.51	(32.7%)	(29.2%)	58.8%	7,059	6,221	1.82x	2.02x	9.1x	11.3x	20.0%
Hugo Boss AG	27.74	(42.1%)	(57.2%)	39.0%	1,916	1,974	0.65x	0.78x	4.6x	4.7x	14.2%
TOD'S S.p.A.	30.57	(23.5%)	(34.7%)	53.6%	1,012	1,034	1.01x	1.32x	NM	13.3x	5.0%
Median		(19.9%)	(13.7%)	71.3%	\$32,039	\$30,284	1.95x	2.02x	11.2x	12.3x	22.7%
Mean		(20.7%)	(15.5%)	69.6%	\$51,198	\$57,061	2.24x	2.48x	10.6x	11.8x	22.0%

a: LVMH announced the acquisition of Tiffany for \$135 per share on 11/25/2019

Source: S&P Global Market Intelligence as of April 30, 2020

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded luxury companies.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Retailers

(\$ in USD millions, except per-share data)

	Stock Price Apr. 30, 2020	Performance Since Feb. 15, 2020	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
							Revenue		EBITDA		
							LTM	2020E	LTM	2020E	
Contemporary Retail											
Lululemon Athletica Inc.	\$223.48	(12.2%)	27.2%	84.0%	\$29,134	\$28,041	NM	NM	NM	NM	26.5%
The Gap, Inc.	8.12	(55.2%)	(67.1%)	31.0%	3,026	2,621	0.16x	0.19x	1.6x	3.1x	9.7%
Urban Outfitters, Inc.	17.34	(38.6%)	(41.6%)	55.2%	1,695	1,262	0.32x	0.35x	3.4x	4.6x	9.3%
Guess?, Inc.	9.35	(58.3%)	(53.8%)	39.7%	618	633	0.24x	0.28x	2.6x	8.0x	9.1%
Express, Inc.	2.07	(52.6%)	(45.1%)	33.2%	132	(75)	NM	NM	NM	NM	3.8%
Median		(52.6%)	(45.1%)	39.7%	\$1,695	\$1,262	0.24x	0.28x	2.6x	4.6x	9.3%
Mean		(43.4%)	(36.1%)	48.6%	\$6,921	\$6,496	0.24x	0.28x	2.5x	5.2x	11.7%
Women's Retail											
L Brands, Inc.	\$11.89	(51.2%)	(49.4%)	42.4%	\$3,288	\$7,362	0.57x	0.67x	4.0x	6.0x	14.2%
Aritzia Inc.	11.93	(38.5%)	(14.8%)	62.8%	1,305	1,290	1.78x	1.97x	9.6x	13.7x	18.5%
Ascena Retail Group, Inc.	1.45	(67.0%)	(93.9%)	4.8%	14	913	0.17x	NM	4.1x	NM	4.1%
J.Jill, Inc.	0.46	(55.8%)	(91.6%)	8.2%	20	233	0.34x	0.36x	3.8x	4.3x	8.8%
Vera Bradley, Inc.	5.51	(42.8%)	(55.6%)	43.2%	182	154	0.31x	0.30x	2.8x	3.2x	11.2%
Chico's FAS, Inc.	1.50	(63.6%)	(51.2%)	29.2%	180	95	0.05x	0.05x	1.2x	2.1x	3.9%
The Cato Corporation	11.26	(33.7%)	(15.9%)	57.1%	256	43	0.05x	NM	0.9x	NM	5.9%
Francesca's Holdings Corporation	2.64	(64.6%)	(66.3%)	12.0%	8	6	0.01x	NM	0.5x	NM	2.7%
RTW Retailwinds, Inc.	0.31	(24.0%)	(86.5%)	11.6%	20	(40)	NM	NM	1.9x	NM	(2.6%)
Median		(51.2%)	(55.6%)	29.2%	\$180	\$154	0.24x	0.36x	2.8x	4.3x	5.9%
Mean		(49.0%)	(58.3%)	30.2%	\$586	\$1,117	0.41x	0.67x	3.2x	5.9x	7.4%

Source: S&P Global Market Intelligence as of April 30, 2020

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel, footwear and accessories retailers.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Retailers (cont'd)

(\$ in USD millions, except per-share data)

	Stock Price Apr. 30, 2020	Performance Since Feb. 15, 2020	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin	
							Revenue		EBITDA			
							LTM	2020E	LTM	2020E		
Men's Retail												
Tailored Brands, Inc.	\$1.66	(57.9%)	(77.2%)	19.8%	\$81	\$1,204	0.42x	0.47x	5.2x	7.3x	8.1%	
Destination XL Group, Inc.	0.39	(55.8%)	(80.1%)	18.5%	20	69	0.15x	NM	2.9x	NM	5.0%	
Median		(56.8%)	(78.6%)	19.1%	\$50	\$637	0.28x	0.47x	4.1x	7.3x	6.5%	
Mean		(56.8%)	(78.6%)	19.1%	\$50	\$637	0.28x	0.47x	4.1x	7.3x	6.5%	
Kids/Tween Retail												
Carter's, Inc.	\$78.20	(29.1%)	(23.7%)	69.5%	\$3,410	\$3,791	1.10x	1.21x	9.4x	12.4x	11.8%	
The Children's Place, Inc.	29.56	(57.3%)	(73.3%)	25.3%	430	532	0.28x	0.31x	3.0x	4.8x	9.5%	
Median		(43.2%)	(48.5%)	47.4%	\$1,920	\$2,161	0.69x	0.76x	6.2x	8.6x	10.6%	
Mean		(43.2%)	(48.5%)	47.4%	\$1,920	\$2,161	0.69x	0.76x	6.2x	8.6x	10.6%	
Footwear Retailers												
Foot Locker, Inc.	\$25.63	(36.5%)	(52.2%)	44.2%	\$2,670	\$1,885	0.24x	0.28x	2.1x	3.4x	11.1%	
Caleres, Inc.	8.11	(43.2%)	(67.7%)	30.1%	326	758	0.26x	0.30x	3.7x	6.9x	6.9%	
Boot Barn Holdings, Inc.	18.46	(44.4%)	(36.6%)	38.4%	531	646	0.76x	0.79x	6.4x	7.0x	11.9%	
Shoe Carnival, Inc.	23.62	(33.3%)	(32.7%)	59.1%	331	269	0.26x	0.30x	3.7x	7.8x	7.0%	
Genesco Inc.	18.93	(51.2%)	(56.3%)	35.6%	278	212	0.10x	0.11x	1.4x	3.2x	6.7%	
Median		(43.2%)	(52.2%)	38.4%	\$331	\$646	0.26x	0.30x	3.7x	6.9x	7.0%	
Mean		(41.7%)	(49.1%)	41.5%	\$827	\$754	0.32x	0.36x	3.5x	5.7x	8.7%	
Sporting Goods Retailers												
DICK'S Sporting Goods, Inc.	\$29.39	(33.3%)	(14.8%)	59.0%	\$2,624	\$2,783	0.32x	0.36x	4.0x	6.4x	8.0%	
Hibbett Sports, Inc.	15.43	(34.0%)	(25.4%)	49.8%	254	191	0.16x	0.20x	2.3x	9.2x	7.2%	
Big 5 Sporting Goods Corporation	1.37	(61.3%)	(37.0%)	33.1%	29	95	0.10x	NM	3.0x	NM	3.2%	
Median		(34.0%)	(25.4%)	49.8%	\$254	\$191	0.16x	0.28x	3.0x	7.8x	7.2%	
Mean		(42.9%)	(25.7%)	47.3%	\$969	\$1,023	0.19x	0.28x	3.1x	7.8x	6.1%	

Source: S&P Global Market Intelligence as of April 30, 2020

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel, footwear and accessories retailers.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Retailers (cont'd)

(\$ in USD millions, except per-share data)

	Stock Price Apr. 30, 2020	Performance Since Feb. 15, 2020	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
							Revenue		EBITDA		
							LTM	2020E	LTM	2020E	
Department Stores											
Kohl's Corporation	\$18.46	(58.5%)	(71.4%)	26.1%	\$2,866	\$5,490	0.29x	0.35x	2.6x	5.2x	11.3%
Macy's, Inc.	5.86	(64.8%)	(72.2%)	24.8%	1,815	5,313	0.22x	0.27x	2.8x	6.1x	7.7%
Nordstrom, Inc.	18.78	(53.4%)	(51.2%)	43.3%	2,936	4,759	0.31x	0.36x	3.2x	6.6x	9.8%
J. C. Penney Company, Inc.	0.25	(64.3%)	(80.8%)	18.8%	82	3,476	0.32x	0.39x	5.7x	NM	5.7%
Dillard's, Inc.	29.48	(54.7%)	(55.4%)	34.0%	684	974	0.15x	0.19x	2.5x	5.3x	6.0%
Median		(58.5%)	(71.4%)	26.1%	\$1,815	\$4,759	0.29x	0.35x	2.8x	5.7x	7.7%
Mean		(59.1%)	(66.2%)	29.4%	\$1,676	\$4,002	0.26x	0.31x	3.4x	5.8x	8.1%
Off-Price Retail											
The TJX Companies, Inc.	\$49.05	(22.6%)	(7.6%)	75.5%	\$58,754	\$57,773	1.38x	1.70x	10.9x	17.6x	12.7%
Ross Stores, Inc.	91.36	(25.0%)	(3.7%)	73.6%	32,468	31,430	1.96x	2.43x	12.6x	18.7x	15.6%
Burlington Stores, Inc.	182.69	(25.6%)	7.4%	72.8%	12,012	12,640	1.74x	2.08x	15.6x	NM	11.2%
Median		(25.0%)	(3.7%)	73.6%	\$32,468	\$31,430	1.74x	2.08x	12.6x	18.2x	12.7%
Mean		(24.4%)	(1.3%)	74.0%	\$34,411	\$33,948	1.70x	2.07x	13.0x	18.2x	13.1%
Mass/Club											
Walmart Inc.	\$121.55	3.1%	22.2%	91.1%	\$344,436	\$397,019	0.76x	0.73x	12.1x	12.1x	6.3%
Costco Wholesale Corporation	303.00	(4.8%)	26.9%	93.2%	133,799	131,630	0.83x	0.80x	NM	18.7x	4.1%
Target Corporation	109.74	(5.9%)	49.2%	84.3%	54,851	63,773	0.83x	0.78x	8.7x	10.7x	9.5%
Big Lots, Inc.	23.45	(8.6%)	(32.2%)	60.8%	918	1,167	0.22x	0.22x	3.8x	3.9x	5.7%
Median		(5.4%)	24.5%	87.7%	\$94,325	\$97,701	0.79x	0.76x	8.7x	11.4x	6.0%
Mean		(4.1%)	16.5%	82.3%	\$133,501	\$148,397	0.66x	0.63x	8.2x	11.4x	6.4%

Source: S&P Global Market Intelligence as of April 30, 2020

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel, footwear and accessories retailers.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Retailers (cont'd)

(\$ in USD millions, except per-share data)

	Stock Price Apr. 30, 2020	Performance Since Feb. 15, 2020	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
							Revenue		EBITDA		
							LTM	2020E	LTM	2020E	
Online Retail											
Amazon.com, Inc.	\$2,474.00	15.9%	29.4%	100.0%	\$1,233,351	\$1,207,496	4.08x	3.50x	NM	27.1x	12.2%
Alibaba Group Holding Limited	202.67	(7.7%)	7.1%	87.7%	543,916	526,736	NM	NM	26.0x	20.6x	28.9%
eBay Inc.	39.83	4.4%	7.1%	94.8%	27,915	32,224	2.99x	3.31x	10.5x	9.2x	28.5%
Rakuten, Inc.	8.56	3.8%	(25.5%)	69.8%	11,615	12,426	1.02x	0.91x	NM	12.3x	(1.8%)
Wayfair Inc.	124.04	50.4%	(24.1%)	74.5%	11,705	12,174	1.28x	0.99x	NM	NM	(9.0%)
Zalando SE	48.67	(5.4%)	6.1%	90.6%	12,105	10,974	1.51x	1.37x	NM	NM	4.0%
boohoo group plc	4.07	(2.7%)	33.5%	84.3%	4,753	4,476	2.84x	2.61x	NM	28.0x	8.7%
ASOS Plc	30.16	(31.4%)	(39.3%)	59.2%	3,001	3,613	0.94x	0.98x	24.5x	21.7x	3.8%
Revolve Group, Inc.	10.99	(43.6%)	0.0%	22.7%	763	697	1.14x	1.26x	13.8x	17.9x	8.3%
Overstock.com, Inc.	12.62	39.8%	1.7%	42.4%	509	469	0.33x	0.34x	NM	NM	(6.9%)
Median		0.6%	3.9%	79.4%	\$11,660	\$11,574	1.28x	1.26x	19.2x	20.6x	6.1%
Mean		2.3%	(0.4%)	72.6%	\$184,963	\$181,129	1.79x	1.70x	18.7x	19.5x	7.7%

Source: S&P Global Market Intelligence as of April 30, 2020

Note: Leases deducted from enterprise value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel, footwear and accessories retailers.

NM noted for revenue and EBITDA multiples greater than 5.0x and 30.0x, respectively

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