



Industry Insights

Apparel

Summer 2022



About Our Consumer & Apparel M&A Practice

Kroll's Consumer M&A 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, apparel, retail, food and restaurant sectors, our professionals have executed more than 100 transactions over the past 10 years.

Proven Execution	100+ consumer M&A and capital-raising 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	More than 30 bankers dedicated exclusively to the consumer sector within North America
Global Platform	Nearly 5,000 professionals in 30 countries and territories, with an extensive presence in North America, Europe and Asia

No. 5 U.S. middle-market M&A advisor over the past 10 years¹

600-plus M&A transactions over the past ten years

No. 1 for total number of U.S. and global fairness opinions over the past 10 years²

Over 2,178 fairness and solvency opinions for over \$6 trillion in deal value since 2005

We work with:

- **51% of the S&P 500 Companies.**
- **68% of Fortune 100 Companies.**
- **The 25 largest private equity firms in the PEI 300.**
- **21 of the 25 largest hedge funds in the Alpha Hedge Fund 100.**

Sources:

¹Refinitiv Data (U.S. deals \$10M < \$170M, including deals without a disclosed value). Full years 2012 through 2021.

²Refinitiv cumulative data 2012-2021.

Executive Summary

As we look back at the first few months of 2022, it's important to highlight some of the headwinds that raised concerns across the U.S and abroad: virulent COVID-19 variant Omicron, massive inflation, disrupted supply chains, and geopolitical tension and uncertainty caused by Russia's war in Ukraine. As a result of the sub-optimal backdrop, the S&P 500 delivered a loss of more than 6% year-over-year (YoY) and more than 17% year-to-date (YTD). Furthermore, individual company stocks are approaching the pandemic lows experienced in March 2020, with some even trading below that point. Much of the volatility and losses in equities can be attributed to the headwinds mentioned above as well as domestic monetary tightening, as the Federal Reserve has taken a hawkish stance and begun raising interest rates.

Although several macro headwinds exist and some corporations have experienced a reduction in their cash balance, private equity firms continue to have significant capital that is ready to be deployed, and M&A activity has remained strong in 2022. Indicative of sustained investor interest in strong brands and concepts, we started the year with continued momentum of transaction activity within the broader apparel and retail sectors. Highlighting a few of the deals that took place: Cosabella was acquired by CALIDA GROUP, Frankies Bikinis was acquired by Victoria's Secret, and ba&sh was acquired by HLD.

Valuations in the broader apparel and retail sectors inched downwards but remained strong, with average LTM EV/EBITDA multiples of 9.6x and 5.9x, respectively. Within the apparel space, the active apparel sub-sector continued to garner the highest valuations at 13.6x, and the off-price retail segment led the pack within retail at 11.3x. A recurring theme is that we continue to see a premium being placed on strong, innovative brands with compelling customer value propositions.

Our apparel report aims to identify trends and provide insights across the apparel sector, focusing on key themes, issues and opportunities. We address two key topics that have direct implications for the apparel and retail sectors: inflation and supply chain disruption. We hope you continue to find this report and its future editions to be a useful source of information.

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Section 1: Trends and Insights

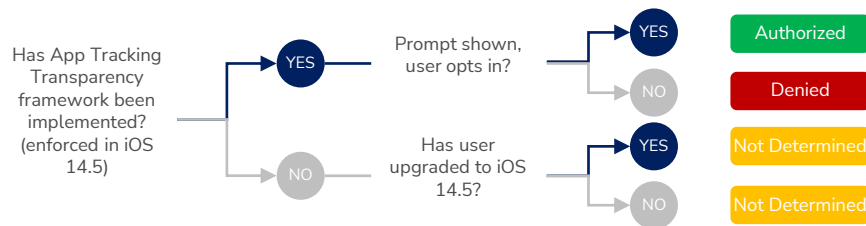
Trends and Insights

First-Party Data Dance

As eCommerce sales continue to shift to mobile phones, online shoppers are increasingly concerned about their privacy. With iPhones making up a 57% share of the U.S. smartphone market,³ a recent update to Apple iOS and the Identifier for Advertisers (IDFA) pose a risk to direct-to-consumer (DTC) brands.

The IDFA is a unique identifier for a user's iOS device that allows advertisers to track users on their devices. Post-update, users need to go into their individual phone settings and opt in to tracking for each app specifically. Currently, less than 20% of iPhone users are opting in to allow tracking.⁴

As a result, customer acquisition costs for DTC brands could potentially rise anywhere from 20% to 40% and are expected to remain elevated.⁵ These changes will only further strengthen large platforms with rich first-party data, posing challenges for companies that are more heavily reliant on new customer growth.



59% of people agree that they're concerned about how their data is being used by retailers⁶



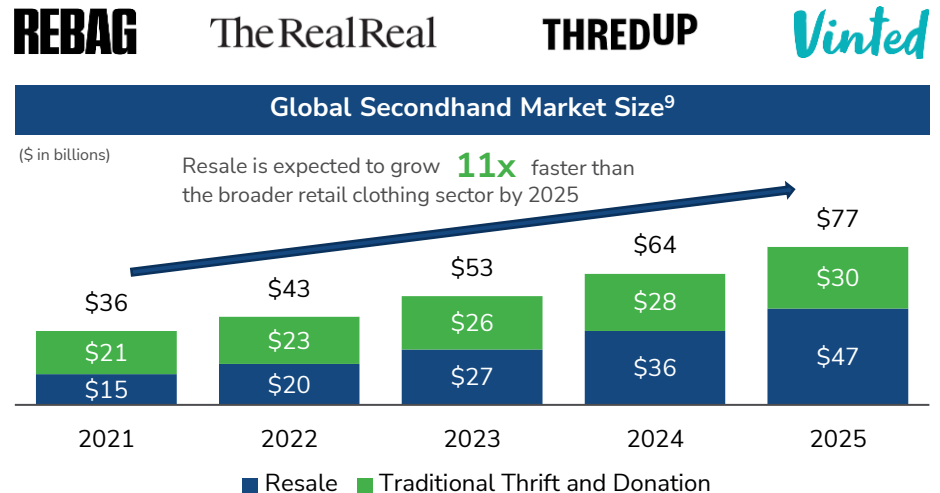
Only 5% of consumers ranked the retail industry as a top-three industry for data privacy, compared with 63% for banks⁷

Hip To Be (not) Square: The Rise of Circular Fashion

Circular fashion is a system in which items are produced through a more considerate model, so that the production of an item and the end of its life are equally as important. Circular fashion and secondhand apparel have become increasingly prevalent, as it is estimated that consumers in the U.S. throw away 36 billion clothing items each year, 95% of which could be recycled or reused.⁸

As a result of capturing the value of the wasted clothing that consumers have been throwing away, the secondhand apparel economy is projected to reach \$77 billion by 2025.⁹ The resale market, which is the sector of secondhand that includes more curated assortments, is one of the primary drivers of this expansion.

Secondhand stores are nothing new, but resale platforms like the ones below are helping the traditional brick-and-mortar outfits find another life online.



Trends and Insights

Return to Office; Wardrobe Reset

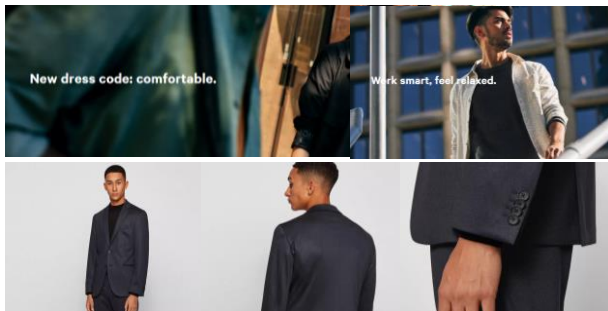
After focusing on loungewear and activewear for nearly two years, consumers have begun reallocating wallet share to other categories as they return to the office and reengage in more formal social activities.

As more people return to the office and more occasions are reinstated on social calendars, consumers will reactivate their spending on formalwear and occasion dressing compared to lounge wear they have been purchasing the past two years. However, workplace wardrobes will likely witness increased casualization as people adjust to new ways of working, including hybrid office-home patterns.

Brands have begun finding opportunities to tap into the casualization shift. For example, athletic brands Lululemon and Athleta have expanded into workwear, while Hugo Boss collaborated with Russell Athletic to produce suits in jersey fabric, some of which have shorts in place of trousers.



**HUGO
BOSS**



Launches of new activewear shorts and tops in the U.S. were down 20% in late 2021 compared with the same period in 2020¹⁰

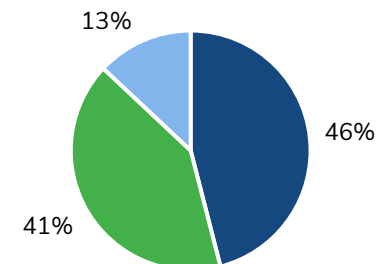
37% of fashion executives expect occasion wear to be a top-three category for year-on-year sales growth¹¹

Brick-and-Mobile: The Evolution of Commerce

Shopping has become increasingly mobile-oriented, with 71% of people having used their mobile phone for shopping in the past. Mobile shopping is becoming increasingly prevalent in the U.S. in particular. In fact, of shoppers from all Western countries, U.S. shoppers have the highest preference for using mobile phones over desktops. Globally, 36% of shoppers prefer to shop online on their mobile phones, while 46% of U.S. shoppers prefer their mobile phones when shopping online.

Further, online research plays an increasingly important role throughout the in-store shopping journey. Many modern-day trips to the mall start with online product research, product comparison and checking product reviews. This is most prevalent when it comes to clothing, electronics and beauty products. However, there is an inflection point where consumers begin to feel overwhelmed with online shopping and the volume of online shopping apps in the app stores.¹²

U.S. Online Shopping Preference by Device¹²



■ Mobile Phone ■ Computer ■ Tablet

32% of U.S. consumers feel overwhelmed by the amount of online shopping apps, and **80%** would prefer a single app that simplifies the whole shopping experience

Section 2: Sector Spotlights

Sector Spotlight | Inflation

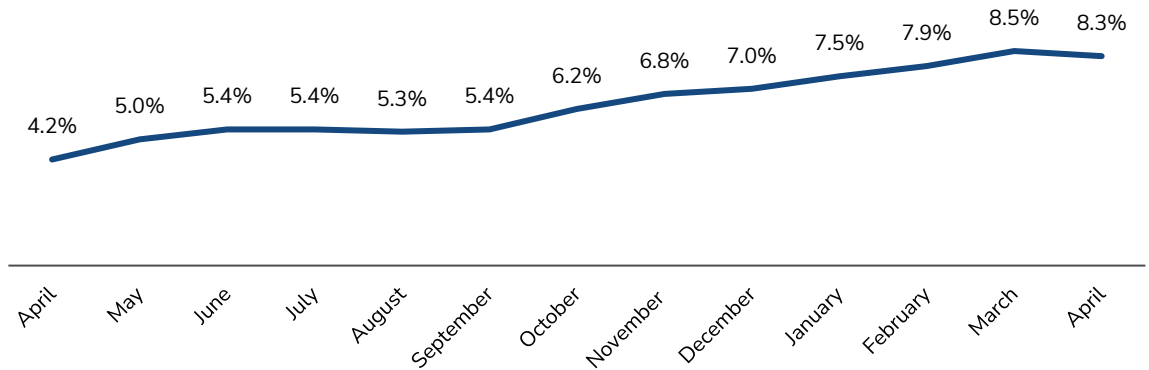
According to the most recent Consumer Price Index (CPI) report, prices rose 8.3% in April compared to the year prior, remaining near the 40-year highs seen in March.¹³ Elevated levels of inflation have been driven by supply chain disruptions and pent-up consumer demand for goods following the reopening of the economy in 2021.

For global apparel brands, raising prices has become an integral part of the business model. Unfortunately, most brands won't have a choice when it comes to raising prices this year. The cost of many raw materials has soared during the pandemic, including the cost of cotton, which hit record highs last year. Shipping costs are also sky-high, and a lack of warehouse space is driving up inventory expenses. As a result, apparel and footwear prices for the month of April rose 5.4% from a year ago, just slightly trailing the 6.2% jump seen in the Labor Department's reading of "core" inflation, or prices on all goods outside of the volatile food and energy sectors.¹³

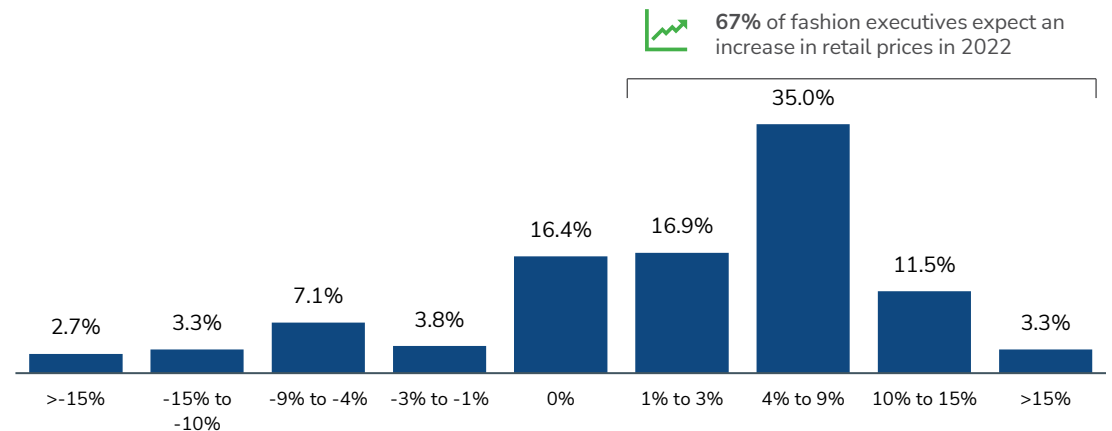
Consumers are concerned over inflation and the ongoing increase in the prices of everyday goods. According to EY's Future Consumer Index sentiment report, U.S. consumers are becoming increasingly negative about the future due to ongoing inflation and uncertainty and feel as though traditional milestones like buying a house are becoming out of reach.¹⁴ Consumer concern is also impacting spending habits. In fact, 77% of consumers identified retail prices as the factor with the greatest impact on their expenditures.¹⁵ Brands will have a tough choice to make in response to massive inflationary pressures: Raise retail prices and risk alienating consumers, or eat the rising supply costs themselves and contract their own margins.

The American Apparel & Footwear Association (AAFA) has argued that there are potential political changes that can be made rather quickly to help curb inflation. Specifically, Stephen Lamar, president and CEO of AAFA, argues that President Biden can remove the tariffs on China that were first imposed by President Trump. These tariffs have lingered and are raising costs and prices for industries, like fashion, that produce in China.¹⁶

12-Month Percentage Change in CPI, April 2021–April 2022¹³



Expected Retail Price Change in 2022, Percentage of Respondents¹¹



Sector Spotlight | Supply Chain Disruption

About half of global businesses suffered supply chain disruptions in 2021. This was the fallout from a combination of global and local factors, including material and component shortages, transportation bottlenecks, staff unavailability and rising shipping costs. Many of these challenges show no signs of slowing down. In fact, 87% of fashion executives expect supply chain disruptions to negatively impact margins in 2022.¹¹

To add more fuel to the supply chain disruption fire, China has experienced a surge in COVID-19 cases to the highest levels since the Wuhan lockdown two years ago. As a result, Shenzhen, the neighboring city to Hong Kong, entered a government-ordered lockdown. Factories, local transport and shopping malls, except for essential services, were all shut down. The city is also home to one of the world's largest ports, shipping a wide range of products made within the Pearl River Delta—from Nike shoes to Huawei smartphones—to the rest of the world.¹⁷ Additionally, China's financial hub, Shanghai, is battling its worst COVID-19 outbreak since the virus first reached the city. While Shenzhen has emerged from its lockdown, 25 million residents of Shanghai remain largely under lockdown, providing further stress to global business and the global supply chain.¹⁸

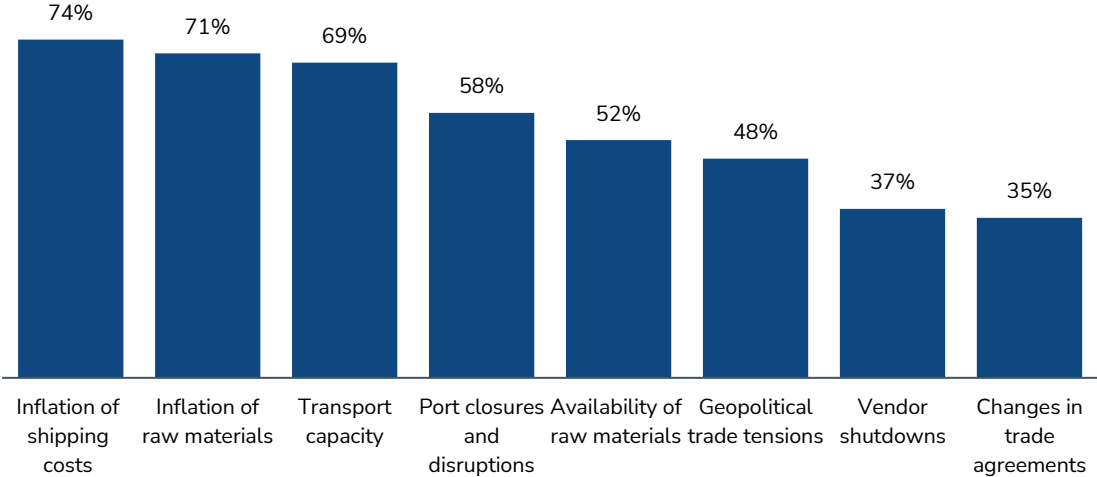
How are supply chain disruptions impacting consumers? Consumers have been faced with significant supply chain issues and massive inflation, directly impacting the way they shop. Notably, 79% of consumers would purchase the next best option if their favorite brands are sold out or low in stock, highlighting their wavering loyalty to brands.¹⁹

30%

of fashion executives believe supply chain, logistics and inventory management will offer fashion's biggest challenge in 2022, representing the highest-mentioned challenge among all other options¹¹

Operational Trends Expected to Impact Supply Chains in 2022, % of Respondents¹¹

(Percentage responded "very high impact" or "high impact")
































“
Brand owners, retailers, consumers, I think, even suppliers, are starting to adapt to this so-called new normal. The irony is that this [consumption] rebound is adding pressure to a supply chain that's already under a lot of stress. Now the containers and the capacity, they are in the wrong place, and this imbalance has resulted in a phenomenal rise in freight rates, which together with a shortage of containers and lack of vessel space, will slow down this global economic recovery, unfortunately. My opinion is that these frustrations will continue until at least the second half of 2022, if COVID is under control, and if the ports and the factories are operating with some sort of normalcy. If things are not under control, then this may even extend to 2023.
 ”

Joseph Phi
 Group Chief Executive, Li & Fung

Section 3: Recent Apparel M&A Activity

Notable Apparel M&A Transactions

 COSABELLA has been acquired by CALIDAGROUP May-2022	 PEARL IZUMI has been acquired by UNITED SPORTS BRANDS May-2022	 KARL KARL LAGERFELD has been acquired by GIII GIII Apparel Group May-2022	 KIT UNDERGARMENTS has been acquired by third love	 johnie-O has been acquired by ARES WASATCH GLOBAL INVESTORS Apr-2022	 FRANKIES BIKINIS has been acquired by VICTORIA'S SECRET & CO. Mar-2022	 MILLS has been acquired by DENNIS UNIFORM
 Maui Jim has been acquired by KERING EYEWEAR Mar-2022	 Knockaround has been acquired by BRAND HOLDINGS	 DAINESE has been acquired by THE CARLYLE GROUP	 ba&sh has been acquired by HLD Mar-2022	 Mitchell & Ness has been acquired by Fanatics Feb-2022	 REBECCA MINKOFF has been acquired by SUNRISE//BRANDS Feb-2022	 Tommy John has been acquired by LNK PARTNERS Feb-2022
 erlich has been acquired by CALIDAGROUP Feb-2022	 Nicole Miller has been acquired by Gordon Brothers	 love YOUR melon has been acquired by W	 AEROSOLES has been acquired by AXNY GROUP Jan-2022	 SUNDRY has been acquired by DIGITAL BRANDS GROUP Jan-2022	 AIMÉ LEON DORE has been acquired by LVMH LUXURY VENTURES	 STONE ISLAND has been acquired by VISTA OUTDOOR Dec-2021
 Sean John has been acquired by SLC FASHION LLC Dec-2021	 SHOE STATION has been acquired by SHOE CARNIVAL	 SPANX has been acquired by Blackstone Oct-2021	 Jessica Simpson has been acquired by WITH YOU Oct-2021	 Reebok has been acquired by ABC AUTHENTIC BRANDS GROUP Aug-2021	 BEYOND YOGA has been acquired by LEVI'S Aug-2021	 Sweaty Betty has been acquired by W WOLVERINE WORLDWIDE Aug-2021

 Apparel and Fashion
  Active Apparel and Footwear
  Accessories
  Retail

Featured Transaction

Transaction Overview

Transaction Multiples: 16.7x EBITDA and 2.76x Revenue

Kroll's Consumer & Apparel M&A practice advised Cosabella on its sale to CALIDA GROUP (SWX:CALN). The Kroll team delivered seamless hands-on execution and transaction creativity to provide its client, Cosabella, with a premium value outcome.

Strategic Rationale

Cosabella is an ideal strategic and complementary fit within CALIDA GROUP's existing business that includes the brands CALIDA, AUBADE, erlich textile and LAFUMA MOBILIER. With its Italian heritage, Cosabella embodies a still largely untapped potential in the European market, which will be unlocked with CALIDA GROUP's dominant market position in the region. The acquisition also provides CALIDA GROUP the opportunity to more effectively penetrate the U.S. market with its brands CALIDA and AUBADE. Together, Cosabella and CALIDA GROUP will drive geographical expansion and create further consolidation opportunities in the underwear, intimates and lingerie market.

About Cosabella

Italian for 'Everything Beautiful,' Cosabella is a luxury intimates and loungewear business. Cosabella creates inclusive, timeless designs that evoke confidence and individuality for people of every background, gender and belief. Cosabella's philosophy is rooted in exceptional fit, quality and Italian heritage. The Company is proud to still make its products with the same passion and creativity as when it was established in 1983.

About CALIDA GROUP

The CALIDA GROUP is a globally active company for premium underwear, with its head office in Switzerland. It consists of the brands CALIDA, AUBADE, erlich textil and now Cosabella in the underwear and lingerie segment, as well as the outdoor furniture brand LAFUMA MOBILIER. The CALIDA GROUP stands for high-quality products that delight consumers every day. In 2021, the Group generated sales of over CHF 298 million with around 2,400 employees. The registered shares of Calida Holding AG (CALN) are traded on SIX Swiss Exchange AG.

SELL-SIDE M&A ADVISOR

COSABELLA

has been acquired by

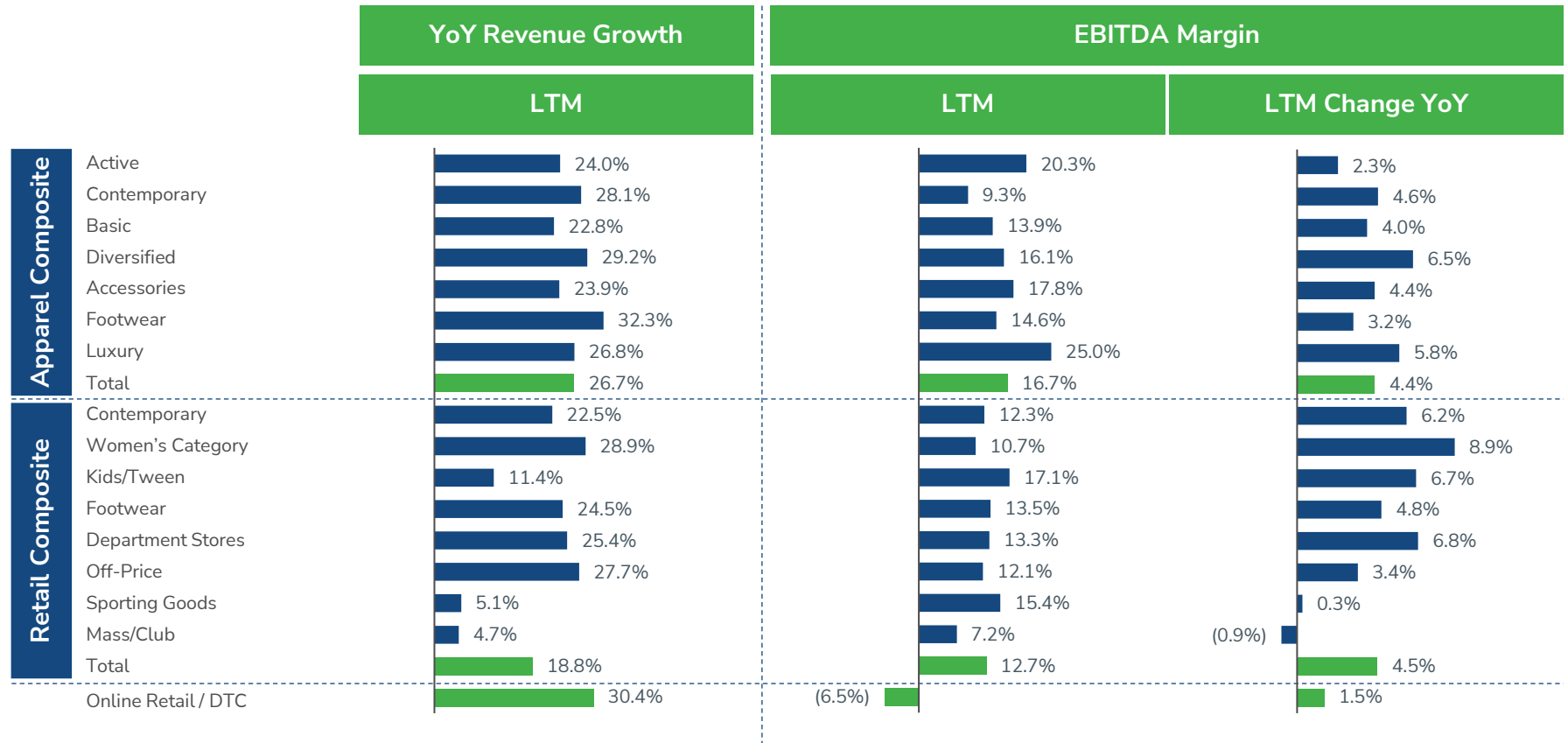
CALIDAGROUP

“Kroll was instrumental in finding the right partner for Cosabella's next chapter. We appreciate the guidance that Brian and his team provided – their tenacity, knowledge of the apparel sector, and truly global reach resulted in the best possible transaction for me and my family. We couldn't be more pleased with the outcome.”

Guido Campello
CEO, Cosabella

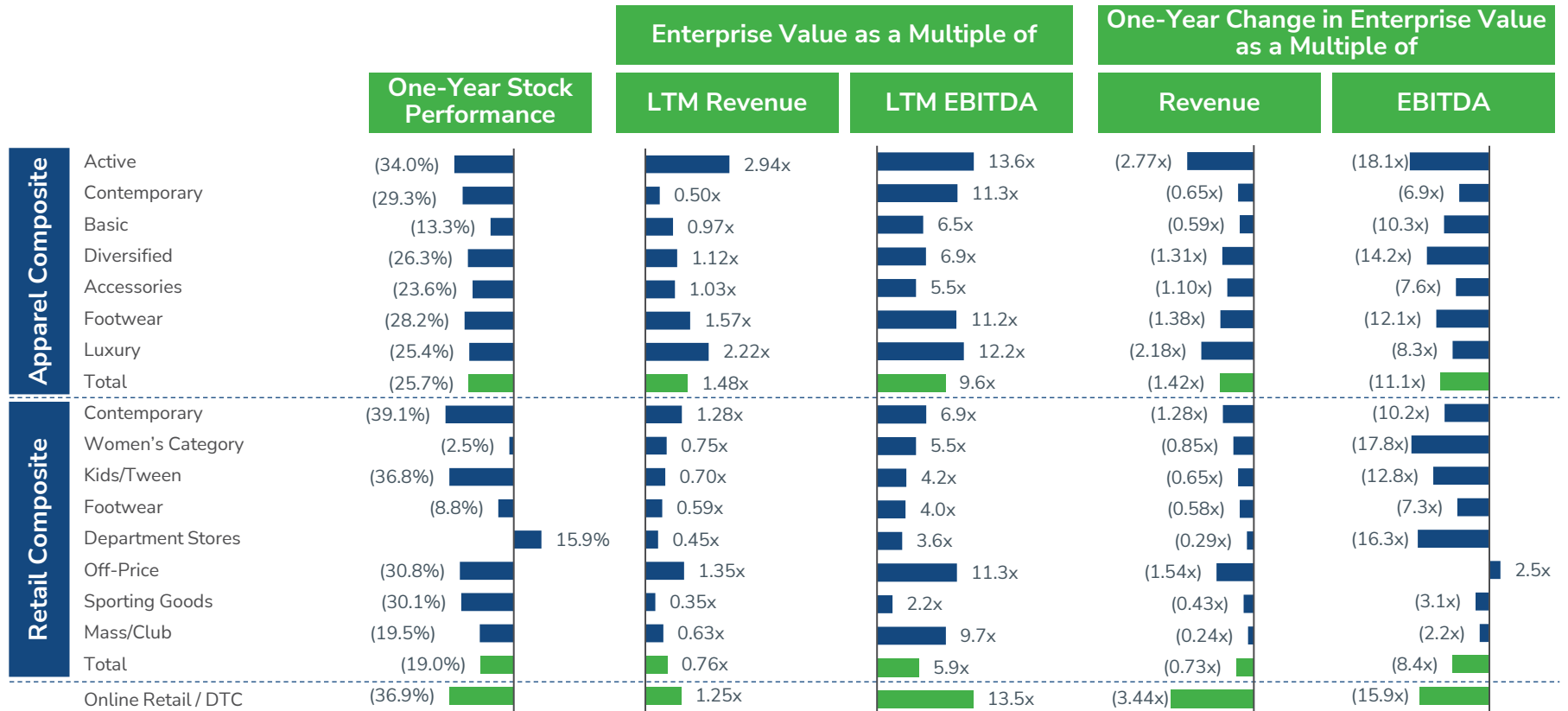
Section 4: Public Company Data

Operational Benchmarking



Source: Capital IQ; index constituents on pages 19-27
 LTM 5/25/2022
 EBITDA is earnings before interest, tax, depreciation and amortization
 Sector index weight based on company market capitalization at valuation date

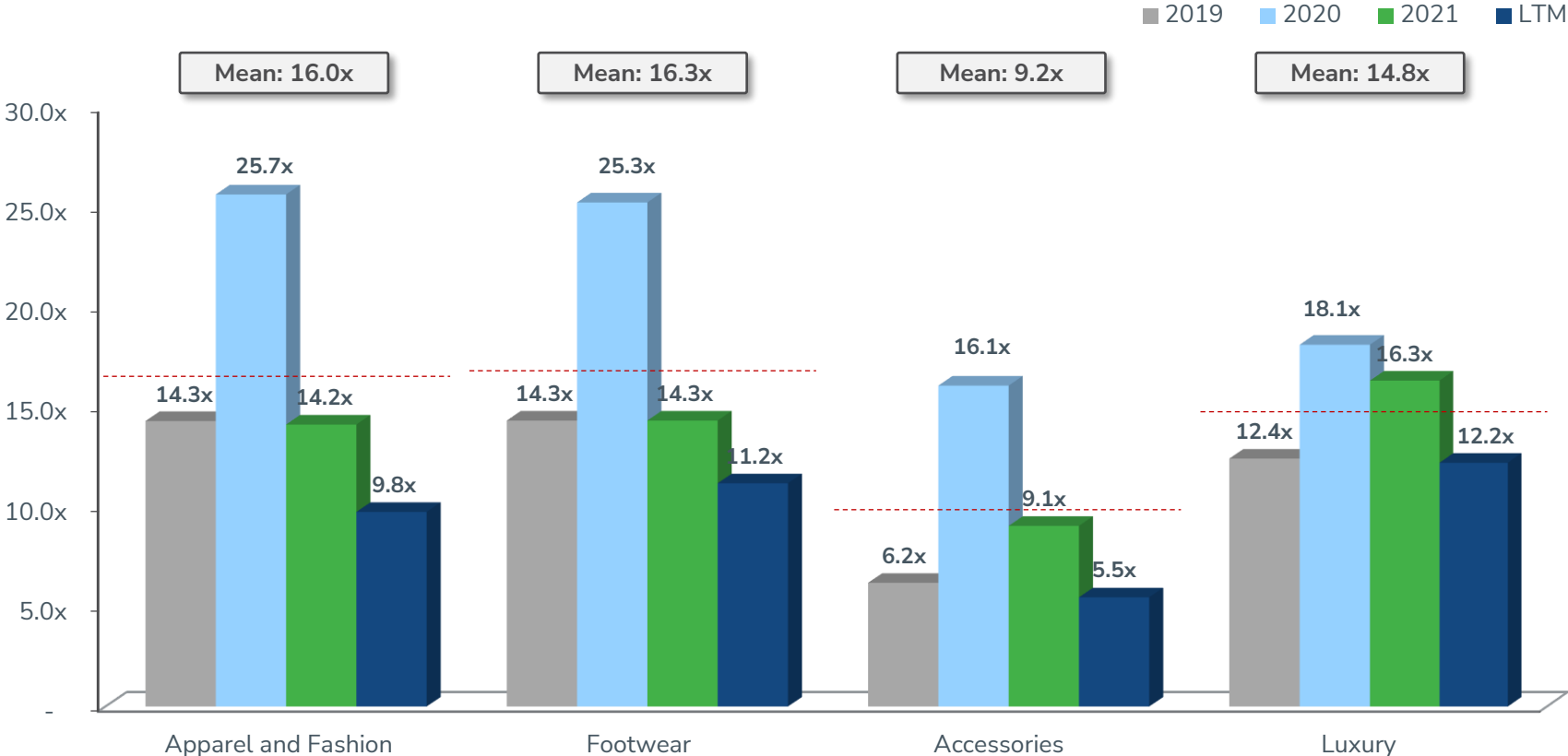
Valuation Benchmarking



Source: Capital IQ; index constituents on pages 19-27
 LTM 5/25/2022
 EBITDA is earnings before interest, tax, depreciation and amortization
 Sector index weight based on company market capitalization at valuation date

Public Company Trends—Apparel Brands

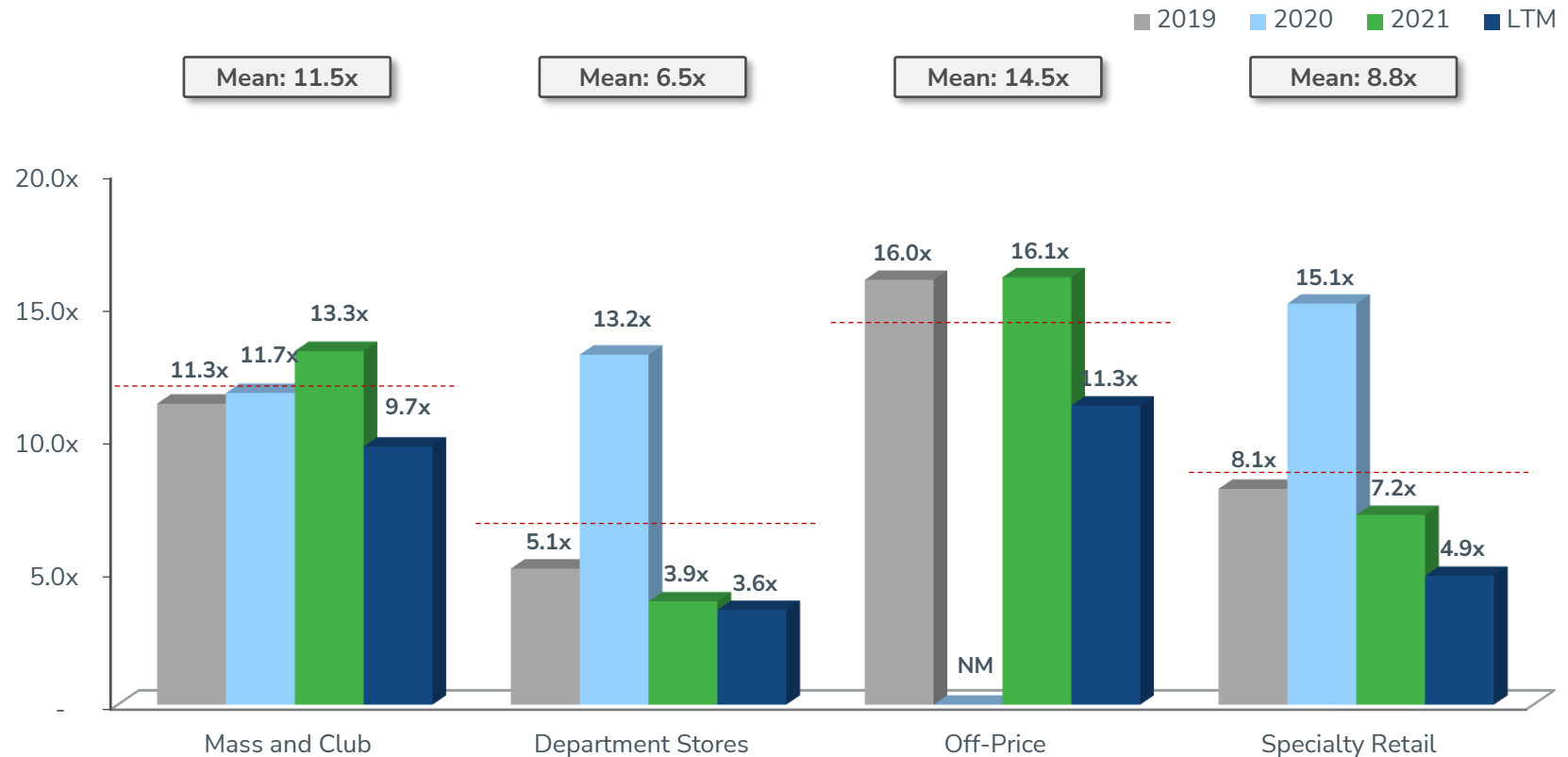
Enterprise Value as a Multiple of EBITDA



Source: Capital IQ; index constituents on pages 19-27
 LTM 5/25/2022
 Nonmeaningful (NM) noted for EBITDA multiples greater than 50.0x

Public Company Trends–Retailers

Enterprise Value as a Multiple of EBITDA



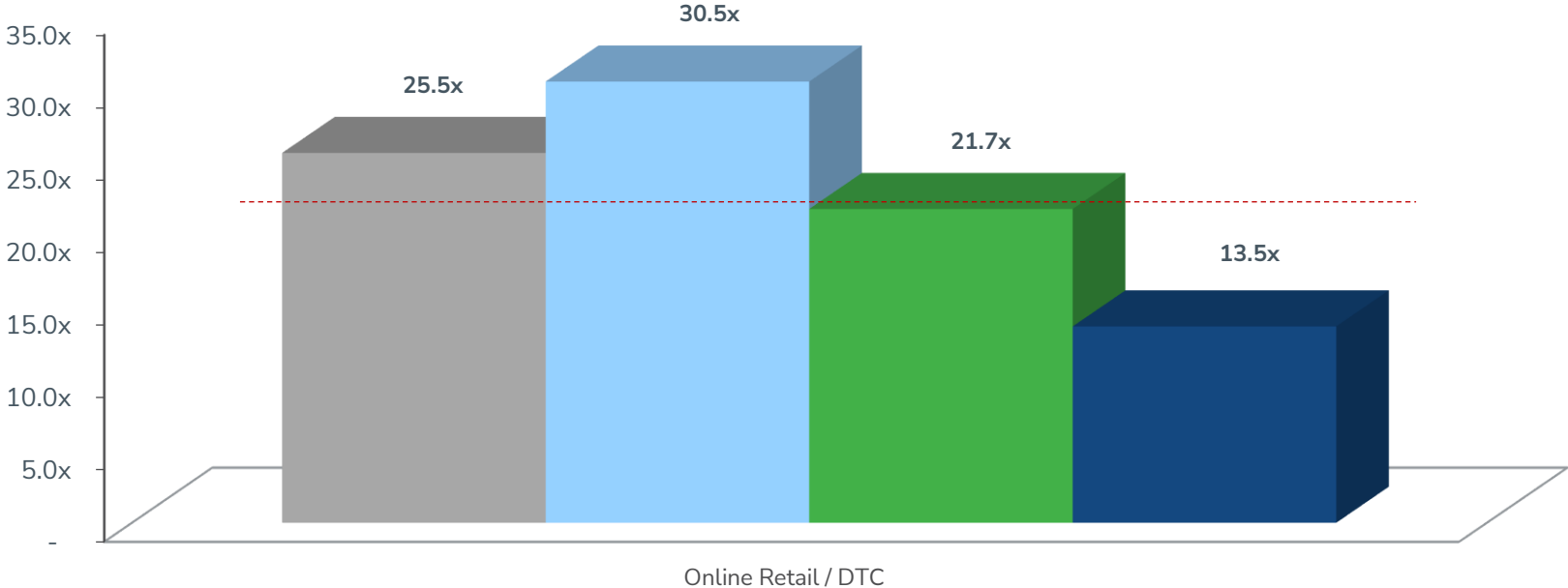
Source: Capital IQ; index constituents on pages 19-27
 LTM 5/25/2022
 Nonmeaningful (NM) noted for EBITDA multiples greater than 50.0x

Public Company Trends—Online Retail / DTC

Enterprise Value as a Multiple of EBITDA

■ 2019 ■ 2020 ■ 2021 ■ LTM

Mean: 22.8x



Source: Capital IQ; index constituents on pages 19-27
LTM 5/25/2022
Nonmeaningful (NM) noted for EBITDA multiples greater than 50.0x

Public Company Valuations—Apparel Brands

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Active Apparel										
NIKE, Inc.	\$108.20	(18.8%)	60.4%	\$170,282	\$166,233	3.55x	3.37x	20.8x	20.2x	17.0%
Lululemon Athletica Inc.	\$260.66	(19.6%)	53.7%	\$33,369	\$32,110	5.13x	4.21x	20.1x	16.4x	25.6%
Moncler S.p.A.	\$43.68	(34.1%)	58.3%	\$11,732	\$10,905	4.69x	4.14x	14.2x	10.4x	33.1%
Under Armour, Inc.	\$9.75	(54.4%)	35.7%	\$4,274	\$3,937	0.69x	0.62x	7.0x	6.8x	9.8%
Columbia Sportswear Company	\$73.68	(27.0%)	68.5%	\$4,632	\$4,022	1.23x	1.08x	6.9x	6.5x	17.8%
Canada Goose Holdings Inc.	\$19.15	(50.2%)	36.5%	\$2,014	\$2,073	2.36x	2.06x	12.8x	8.3x	18.4%
Median		(30.6%)	56.0%	\$8,182	\$7,463	2.96x	2.71x	13.5x	9.4x	18.1%
Mean		(34.0%)	52.2%	\$37,717	\$36,547	2.94x	2.58x	13.6x	11.4x	20.3%
Contemporary Apparel										
Guess?, Inc.	\$18.03	(33.2%)	57.9%	\$1,078	\$1,322	0.51x	0.36x	3.8x	2.8x	13.4%
G-III Apparel Group, Ltd.	\$22.58	(27.9%)	63.1%	\$1,088	\$1,142	0.41x	0.35x	3.4x	3.0x	12.3%
Vince Holding Corp.	\$8.00	(26.9%)	59.2%	\$97	\$187	0.58x	0.49x	26.9x	12.5x	2.2%
Median		(27.9%)	59.2%	\$1,078	\$1,142	0.51x	0.36x	3.8x	3.0x	12.3%
Mean		(29.3%)	60.1%	\$754	\$884	0.50x	0.40x	11.3x	6.1x	9.3%
Basic Apparel										
Hanesbrands Inc.	\$11.44	(37.8%)	55.2%	\$3,990	\$7,106	1.03x	1.00x	7.1x	7.3x	14.6%
Gildan Activewear Inc.	\$29.50	(13.8%)	68.7%	\$5,509	\$6,166	1.98x	1.89x	8.8x	7.9x	22.6%
Lands' End, Inc.	\$11.35	(53.5%)	25.6%	\$376	\$590	0.36x	0.33x	5.0x	5.1x	7.3%
Delta Galil Industries Ltd.	\$53.92	48.1%	77.0%	\$1,383	\$1,571	0.78x	NM	5.6x	NM	14.0%
Delta Apparel, Inc.	\$28.59	(9.8%)	81.7%	\$199	\$328	0.69x	0.64x	6.1x	5.7x	11.2%
Median		(13.8%)	68.7%	\$1,383	\$1,571	0.78x	0.82x	6.1x	6.5x	14.0%
Mean		(13.3%)	61.6%	\$2,291	\$3,152	0.97x	0.97x	6.5x	6.5x	13.9%

Source: Capital IQ
LTM 5/25/2022
Nonmeaningful (NM) noted for revenue and EBITDA multiples greater than 10.0x and 50.0x, respectively

Public Company Valuations—Apparel Brands

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Diversified Apparel										
V.F. Corporation	\$47.12	(37.9%)	55.5%	\$18,325	\$22,400	1.93x	1.77x	12.1x	11.3x	16.0%
PVH Corp.	\$65.72	(40.3%)	52.4%	\$4,438	\$5,558	0.61x	0.57x	4.4x	4.2x	13.9%
Ralph Lauren Corporation	\$93.69	(21.1%)	68.9%	\$6,565	\$5,556	0.89x	0.85x	5.3x	5.2x	17.0%
Oxford Industries, Inc.	\$84.75	(5.7%)	74.0%	\$1,396	\$1,186	1.04x	0.88x	6.0x	4.6x	17.4%
Median		(29.5%)	62.2%	\$5,501	\$5,557	0.97x	0.87x	5.6x	4.9x	16.5%
Mean		(26.3%)	62.7%	\$7,681	\$8,675	1.12x	1.02x	6.9x	6.3x	16.1%

Public Company Valuations—Footwear Brands

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Footwear										
NIKE, Inc.	\$108.20	(18.8%)	60.4%	\$170,282	\$166,233	3.55x	3.37x	20.8x	20.2x	17.0%
adidas AG	\$184.09	(48.8%)	51.5%	\$33,874	\$33,535	1.42x	1.31x	13.0x	8.8x	10.9%
PUMA SE	\$61.91	(45.4%)	50.3%	\$9,773	\$9,524	1.20x	1.13x	11.8x	8.7x	10.1%
Deckers Outdoor Corporation	\$247.59	(26.2%)	54.8%	\$6,745	\$5,904	1.98x	1.67x	9.9x	9.1x	20.0%
Skechers U.S.A., Inc.	\$35.97	(22.8%)	64.4%	\$5,603	\$5,581	0.83x	0.73x	7.3x	6.4x	11.3%
Crocs, Inc.	\$50.76	(51.0%)	27.6%	\$3,126	\$5,830	2.32x	1.62x	7.6x	5.9x	30.4%
Wolverine World Wide, Inc.	\$19.68	(44.7%)	51.7%	\$1,589	\$2,552	1.01x	0.90x	17.6x	7.2x	5.8%
Steven Madden, Ltd.	\$36.00	(9.0%)	69.8%	\$2,875	\$2,703	1.31x	1.15x	8.0x	7.6x	16.3%
Caleres, Inc.	\$27.19	12.7%	92.6%	\$1,032	\$1,300	0.47x	0.37x	4.8x	4.1x	9.7%
Median		(26.2%)	54.8%	\$5,603	\$5,830	1.31x	1.15x	9.9x	7.6x	11.3%
Mean		(28.2%)	58.1%	\$26,100	\$25,907	1.57x	1.36x	11.2x	8.7x	14.6%

Public Company Valuations—Accessory Brands

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Accessories										
The Swatch Group AG	\$234.82	(32.5%)	67.7%	\$11,892	\$9,309	1.16x	1.13x	6.0x	5.5x	19.4%
Pandora A/S	\$72.57	(42.3%)	53.2%	\$6,795	\$7,423	2.02x	1.99x	7.2x	5.9x	28.3%
Tapestry, Inc.	\$31.52	(25.9%)	67.0%	\$7,937	\$8,454	1.27x	1.19x	5.9x	5.7x	21.4%
Capri Holdings Limited	\$42.89	(19.0%)	59.3%	\$6,331	\$7,071	1.32x	1.10x	6.0x	4.8x	21.8%
Safilo Group S.p.A.	\$1.50	(12.2%)	71.3%	\$620	\$715	0.65x	0.66x	7.3x	7.1x	8.9%
Fossil Group, Inc.	\$6.59	(45.2%)	33.0%	\$341	\$365	0.19x	NM	2.5x	NM	7.6%
Movado Group, Inc.	\$32.03	11.7%	65.8%	\$729	\$456	0.62x	0.54x	3.6x	NM	17.4%
Median		(25.9%)	65.8%	\$6,331	\$7,071	1.16x	1.11x	6.0x	5.7x	19.4%
Mean		(23.6%)	59.6%	\$4,949	\$4,828	1.03x	1.10x	5.5x	5.8x	17.8%

Public Company Valuations–Luxury Brands

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Luxury										
LVMH Moët Hennessy	\$588.36	(23.6%)	72.6%	\$296,243	\$307,493	4.21x	3.89x	13.6x	11.5x	31.0%
Christian Dior SE	\$570.21	(26.8%)	70.7%	\$102,872	\$145,217	1.99x	NM	6.7x	NM	29.8%
Hermès International	\$1,089.70	(19.6%)	60.8%	\$114,030	\$106,796	NM	9.52x	24.0x	22.1x	43.5%
Kering SA	\$482.75	(44.3%)	56.7%	\$59,546	\$59,829	2.98x	2.77x	9.4x	7.8x	31.7%
Compagnie Financière Richemont SA	\$98.50	(12.0%)	64.2%	\$56,250	\$50,539	2.37x	2.28x	11.1x	8.4x	21.3%
Burberry Group plc	\$19.70	(31.5%)	69.2%	\$7,800	\$6,567	1.79x	1.76x	7.5x	6.1x	24.0%
Hugo Boss AG	\$50.35	(8.9%)	79.0%	\$3,470	\$3,345	0.98x	0.98x	8.6x	4.8x	11.4%
TOD'S S.p.A.	\$34.83	(36.6%)	49.9%	\$1,153	\$1,190	1.18x	1.15x	17.0x	5.7x	7.0%
Median		(25.2%)	66.7%	\$57,898	\$55,184	1.99x	2.28x	10.3x	7.8x	26.9%
Mean		(25.4%)	65.4%	\$80,170	\$85,122	2.22x	3.19x	12.2x	9.5x	25.0%

Public Company Valuations—Retailers

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Contemporary Retail										
Lululemon Athletica Inc.	\$260.66	(19.6%)	53.7%	\$33,369	\$32,110	5.13x	4.21x	20.1x	16.4x	25.6%
The Gap, Inc.	\$10.65	(66.5%)	30.1%	\$3,938	\$4,545	0.27x	0.25x	3.4x	3.3x	7.9%
Urban Outfitters, Inc.	\$20.77	(40.6%)	49.3%	\$1,961	\$1,476	0.32x	0.25x	2.9x	2.5x	11.2%
Guess?, Inc.	\$18.03	(33.2%)	57.9%	\$1,078	\$1,322	0.51x	0.36x	3.8x	2.8x	13.4%
Express, Inc.	\$2.54	(35.5%)	29.3%	\$173	\$306	0.16x	0.12x	4.5x	3.3x	3.7%
Median		(35.5%)	49.3%	\$1,961	\$1,476	0.32x	0.25x	3.8x	3.3x	11.2%
Mean		(39.1%)	44.1%	\$8,104	\$7,952	1.28x	1.04x	6.9x	5.6x	12.3%
Women's Retail										
Aritzia Inc.	\$27.64	13.3%	58.5%	\$3,073	\$2,863	2.44x	2.11x	13.2x	11.4x	18.4%
Vera Bradley, Inc.	\$5.95	(41.8%)	43.7%	\$193	\$136	0.25x	0.23x	3.4x	3.3x	7.3%
J.Jill, Inc.	\$18.00	12.8%	73.5%	\$182	\$355	0.61x	0.56x	4.0x	3.7x	15.0%
Chico's FAS, Inc.	\$4.56	13.4%	62.6%	\$571	\$555	0.31x	0.23x	4.7x	3.4x	6.5%
The Cato Corporation	\$13.05	(10.2%)	65.6%	\$262	\$103	0.14x	NM	2.1x	NM	6.3%
Median		12.8%	62.6%	\$262	\$355	0.31x	0.40x	4.0x	3.5x	7.3%
Mean		(2.5%)	60.8%	\$856	\$802	0.75x	0.78x	5.5x	5.5x	10.7%

Public Company Valuations—Retailers

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Kids/Tween Retail										
Carter's, Inc.	\$75.00	(23.1%)	67.5%	\$3,022	\$3,295	0.95x	0.89x	5.8x	5.6x	16.2%
The Children's Place, Inc.	\$46.15	(50.5%)	40.7%	\$624	\$857	0.45x	0.43x	2.5x	3.6x	18.0%
Median		(36.8%)	54.1%	\$1,823	\$2,076	0.70x	0.66x	4.2x	4.6x	17.1%
Mean		(36.8%)	54.1%	\$1,823	\$2,076	0.70x	0.66x	4.2x	4.6x	17.1%
Footwear Retailers										
Foot Locker, Inc.	\$32.09	(46.1%)	49.5%	\$3,084	\$2,871	0.32x	0.32x	2.4x	3.1x	13.4%
Boot Barn Holdings, Inc.	\$73.86	1.8%	54.9%	\$2,196	\$2,204	1.48x	1.20x	7.7x	7.2x	19.2%
Caleres, Inc.	\$27.19	12.7%	92.6%	\$1,032	\$1,300	0.47x	0.37x	4.8x	4.1x	9.7%
Shoe Carnival, Inc.	\$27.53	(15.1%)	59.6%	\$759	\$663	0.50x	0.42x	2.9x	3.4x	17.4%
Genesco Inc.	\$54.93	2.8%	74.5%	\$754	\$450	0.19x	0.16x	2.4x	2.1x	7.9%
Median		1.8%	59.6%	\$1,032	\$1,300	0.47x	0.37x	2.9x	3.4x	13.4%
Mean		(8.8%)	66.2%	\$1,565	\$1,497	0.59x	0.49x	4.0x	4.0x	13.5%
Sporting Goods Retailers										
DICK'S Sporting Goods, Inc.	\$78.14	(1.7%)	53.0%	\$6,382	\$6,070	0.49x	0.43x	2.6x	2.6x	19.3%
Hibbett, Inc.	\$48.01	(36.5%)	47.2%	\$623	\$606	0.36x	0.32x	2.4x	2.4x	15.0%
Big 5 Sporting Goods Corporation	\$12.79	(52.1%)	26.8%	\$280	\$218	0.19x	0.18x	1.6x	2.2x	11.9%
Median		(36.5%)	47.2%	\$623	\$606	0.36x	0.32x	2.4x	2.4x	15.0%
Mean		(30.1%)	42.4%	\$2,428	\$2,298	0.35x	0.31x	2.2x	2.4x	15.4%

Source: Capital IQ
LTM 5/25/2022

Nonmeaningful (NM) noted for revenue and EBITDA multiples greater than 10.0x and 50.0x, respectively

Public Company Valuations—Retailers

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Department Stores										
Macy's, Inc.	\$19.21	9.1%	50.6%	\$5,472	\$7,055	0.29x	0.27x	2.4x	2.4x	12.1%
Nordstrom, Inc.	\$23.58	(34.9%)	61.3%	\$3,785	\$6,173	0.43x	0.37x	5.6x	3.9x	7.7%
Kohl's Corporation	\$40.48	(24.7%)	62.9%	\$5,205	\$7,363	0.40x	0.37x	2.9x	3.1x	13.6%
Dillard's, Inc.	\$265.03	114.1%	63.6%	\$4,797	\$4,498	0.68x	0.60x	3.4x	4.5x	19.8%
Median		(7.8%)	62.1%	\$5,001	\$6,614	0.41x	0.37x	3.2x	3.5x	12.9%
Mean		15.9%	59.6%	\$4,815	\$6,272	0.45x	0.40x	3.6x	3.5x	13.3%
Off-Price Retail										
The TJX Companies, Inc.	\$61.22	(7.5%)	79.1%	\$71,899	\$71,160	1.47x	1.34x	13.2x	11.4x	11.1%
Ross Stores, Inc.	\$81.36	(33.6%)	63.8%	\$28,589	\$27,060	1.43x	1.34x	10.0x	10.0x	14.2%
Burlington Stores, Inc.	\$156.29	(51.4%)	43.7%	\$10,331	\$10,762	1.16x	1.04x	10.5x	10.2x	11.0%
Median		(33.6%)	63.8%	\$28,589	\$27,060	1.43x	1.34x	10.5x	10.2x	11.1%
Mean		(30.8%)	62.2%	\$36,940	\$36,328	1.35x	1.24x	11.3x	10.5x	12.1%
Mass/Club										
Walmart Inc.	\$123.37	(12.0%)	76.7%	\$339,611	\$384,329	0.67x	0.65x	10.5x	10.5x	6.4%
Costco Wholesale Corporation	\$440.11	15.0%	71.9%	\$195,067	\$189,987	0.90x	0.83x	19.2x	18.4x	4.7%
Target Corporation	\$156.42	(29.5%)	58.2%	\$72,529	\$83,917	0.80x	0.73x	7.2x	8.6x	11.2%
Big Lots, Inc.	\$29.93	(51.3%)	40.9%	\$855	\$805	0.13x	0.11x	2.1x	2.2x	6.3%
Median		(20.8%)	65.0%	\$133,798	\$136,952	0.74x	0.69x	8.8x	9.6x	6.4%
Mean		(19.5%)	61.9%	\$152,016	\$164,760	0.63x	0.58x	9.7x	9.9x	7.2%

Public Company Valuations—Online Retail / DTC

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

	Stock Price May 25, 2022	One-Year Stock Performance	Percentage of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				LTM EBITDA Margin
						Revenue		EBITDA		
						LTM	2022E	LTM	2022E	
Online Retail / DTC										
a.k.a. Brands Holding Corp.	\$3.54	0.0%	23.2%	\$455	\$547	0.85x	0.63x	9.6x	5.3x	8.9%
Torrid Holdings Inc.	\$5.35	0.0%	16.1%	\$565	\$877	0.69x	0.62x	10.9x	4.0x	6.3%
Allbirds, Inc.	\$4.74	0.0%	14.6%	\$704	\$464	1.60x	1.22x	NM	NM	(10.7%)
FIGS, Inc.	\$8.76	0.0%	17.4%	\$1,443	\$1,254	2.83x	2.30x	NM	13.3x	2.3%
Farfetch Limited	\$7.10	(82.6%)	13.2%	\$2,707	\$1,942	0.86x	0.66x	NM	NM	(13.9%)
Zalando SE	\$36.04	(67.0%)	31.9%	\$9,245	\$8,468	0.74x	0.69x	21.1x	12.4x	3.5%
boohoo group plc	\$1.01	(78.3%)	23.8%	\$1,244	\$1,238	0.47x	0.48x	11.5x	8.8x	4.0%
Rent the Runway, Inc.	\$3.49	0.0%	14.1%	\$224	\$237	1.27x	0.73x	NM	NM	(33.2%)
Revolve Group, Inc.	\$27.00	(46.9%)	30.1%	\$1,979	\$1,709	1.72x	1.35x	14.6x	11.5x	11.7%
Stitch Fix, Inc.	\$7.56	(84.4%)	10.9%	\$820	\$553	0.25x	0.24x	NM	NM	(0.1%)
The RealReal, Inc.	\$2.78	(83.2%)	12.2%	\$262	\$349	0.68x	0.51x	NM	NM	(35.1%)
Warby Parker Inc.	\$16.48	0.0%	27.3%	\$1,894	\$1,664	3.00x	2.45x	NM	42.3x	(21.6%)
Median		(23.4%)	16.8%	\$1,032	\$1,058	0.86x	0.67x	11.5x	11.5x	1.1%
Mean		(36.9%)	19.6%	\$1,795	\$1,608	1.25x	0.99x	13.5x	13.9x	(6.5%)

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