

Sectorwatch: Apparel

March 2019

Apparel

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- Sector Dashboard [4]
- Public Basket Performance [5]
- Operational Metrics [7]
- Valuation Comparison [10]
- Recent Deals [13]
- Appendix [15]

Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



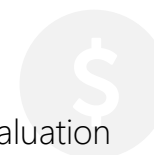
Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth Momentum

↑ **2.5%**

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

↑ **1.7%**

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

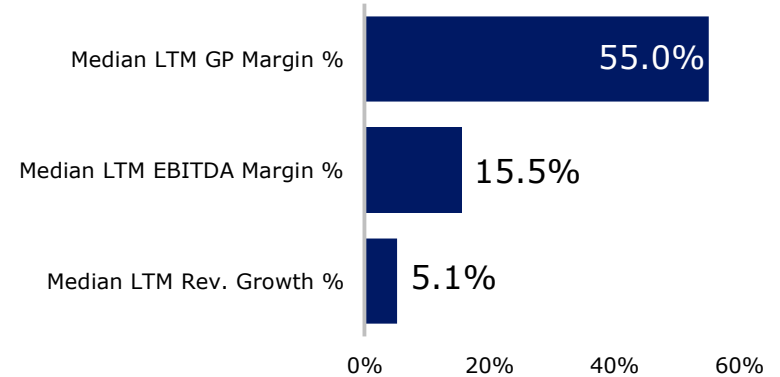
Profitability Momentum

↑ **0.5%**

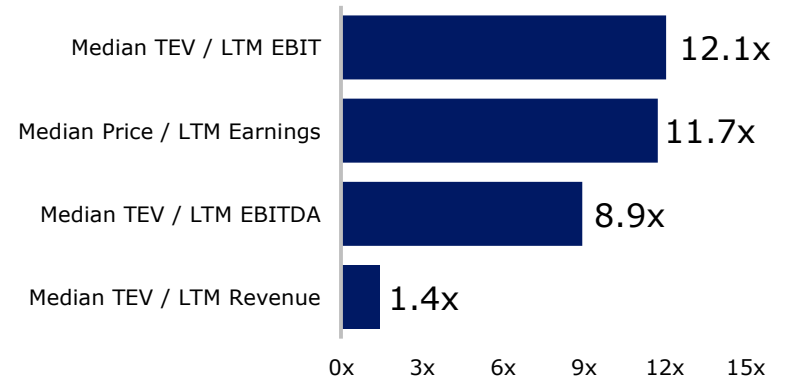
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



Public Basket

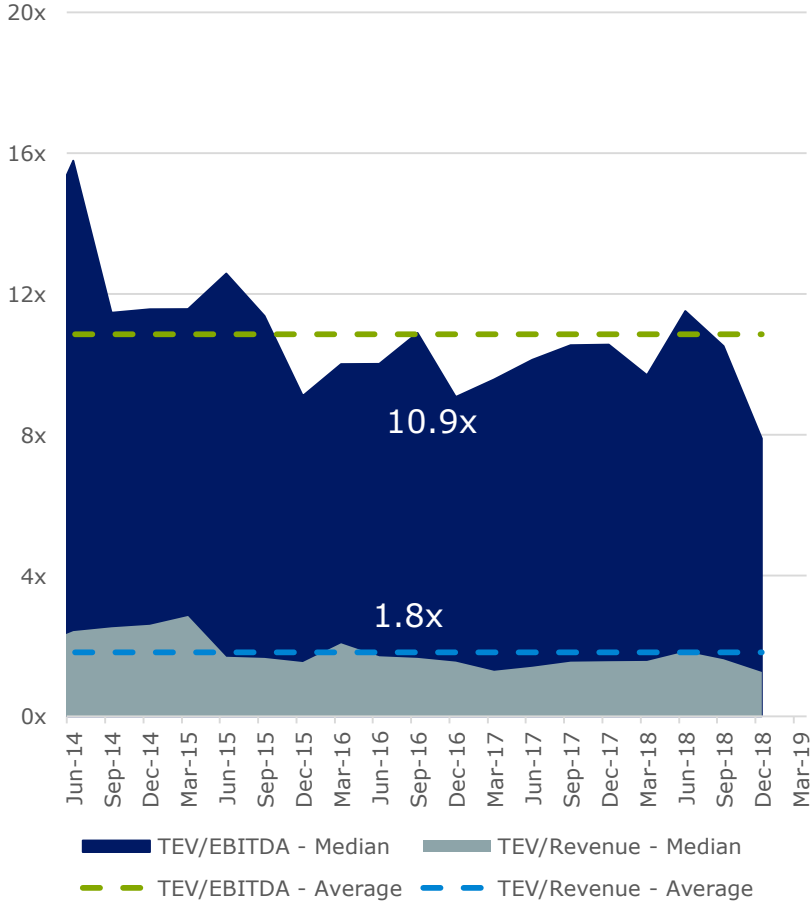


Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Ralph Lauren Corporation	8,510	6,337	2%	62%	16%	1.3	8.7	12,800	495
Capri Holdings Limited	8,880	5,074	10%	61%	22%	1.8	7.8	8,166	621
Under Armour, Inc.	9,018	5,193	4%	45%	7%	1.7	24.9	7,000	742
Hanesbrands Inc.	9,653	6,804	5%	40%	16%	1.4	8.9	68,000	100
PVH Corp.	11,025	9,672	13%	55%	12%	1.1	9.4	19,600	493

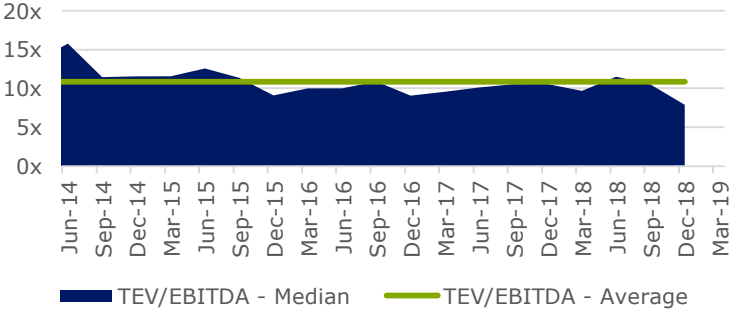
Average	9,417	6,616	7%	53%	15%	1.5	12.0	23,113	490
Median	9,018	6,337	5%	55%	16%	1.4	8.9	12,800	495

share price as of 26Mar19

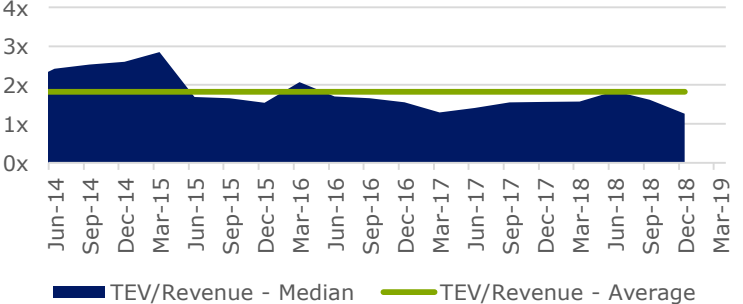
Public Basket Valuation Trends



Public EBITDA Multiples over Time



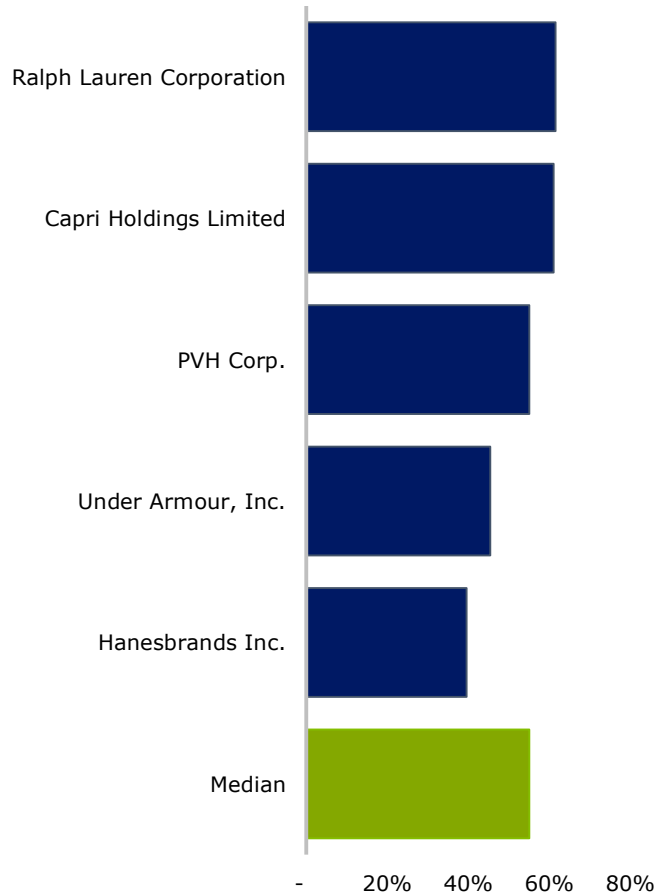
Public Revenue Multiples over Time



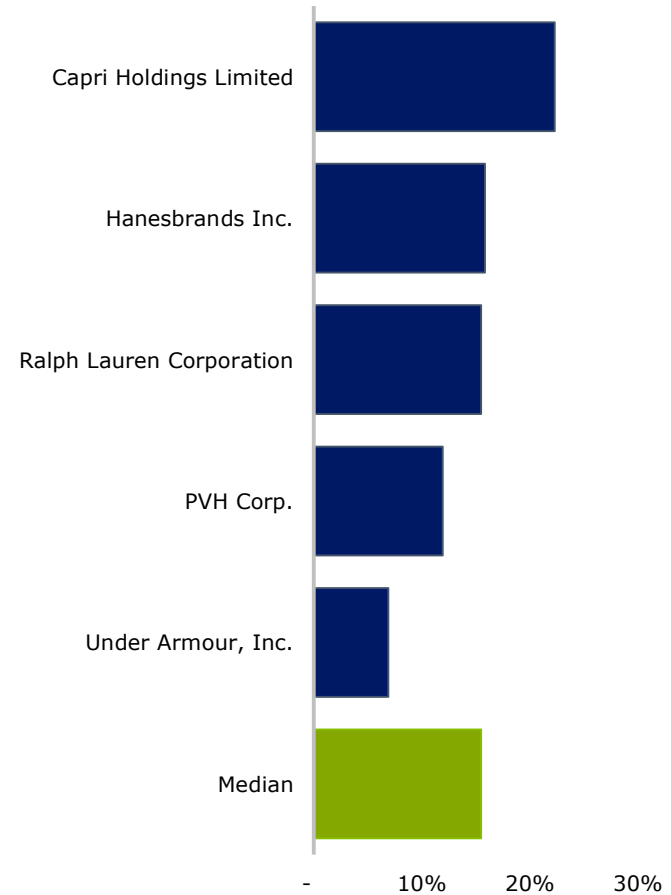
Operational Metrics



LTM Gross Profit Margin %



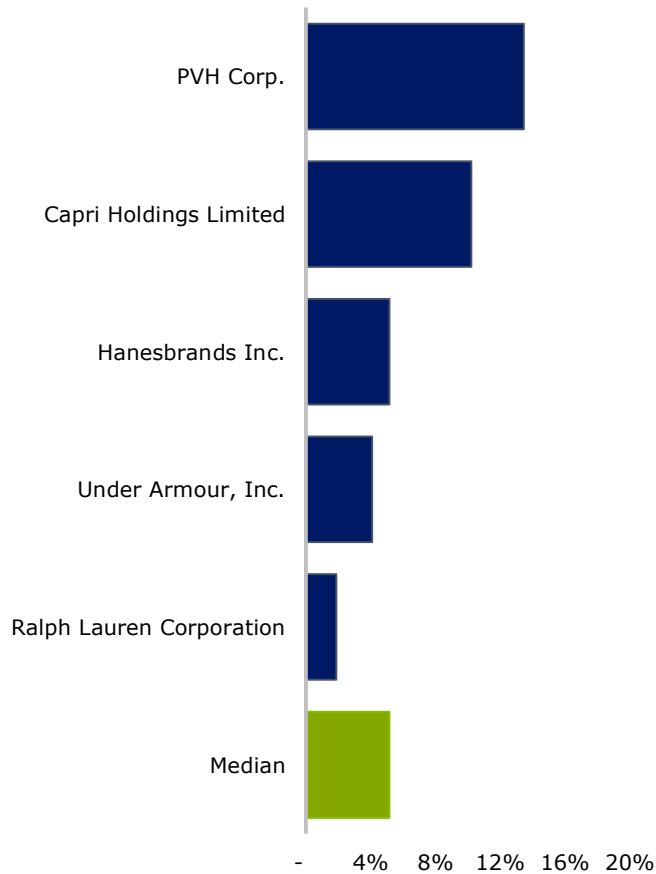
LTM EBITDA %



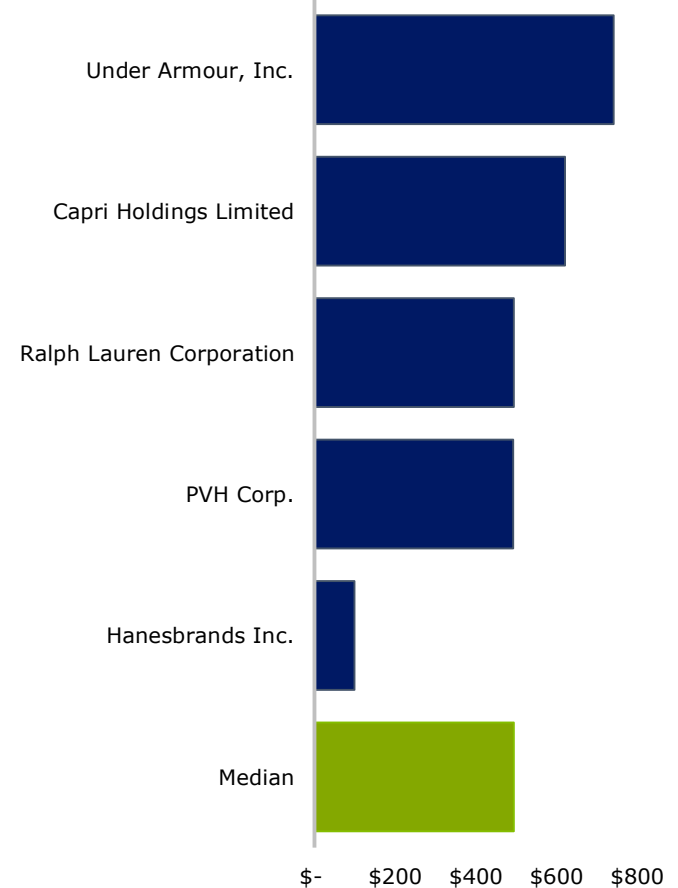
Operational Metrics



LTM Revenue Growth %



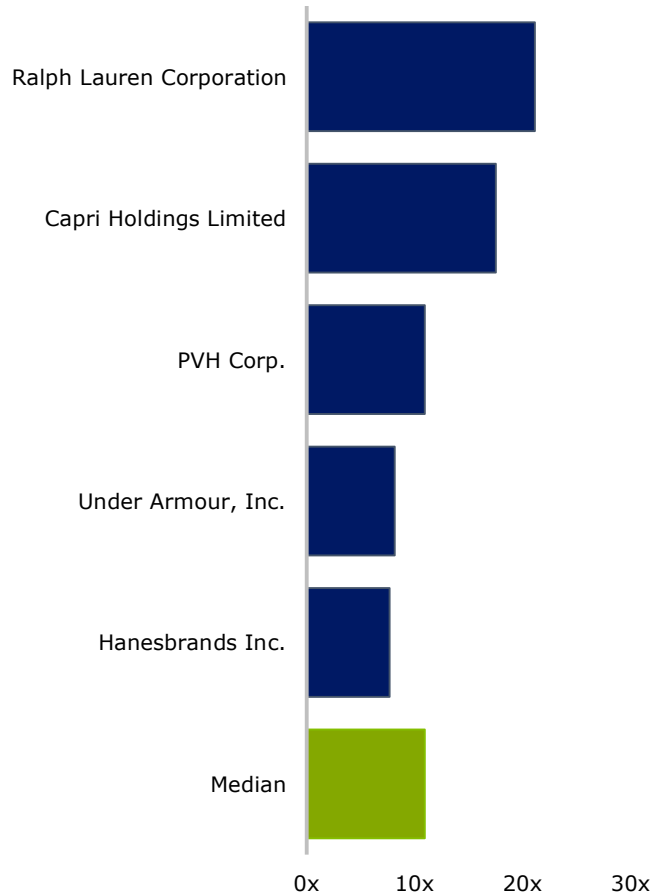
LTM Revenue per Full Time Employee x 000's



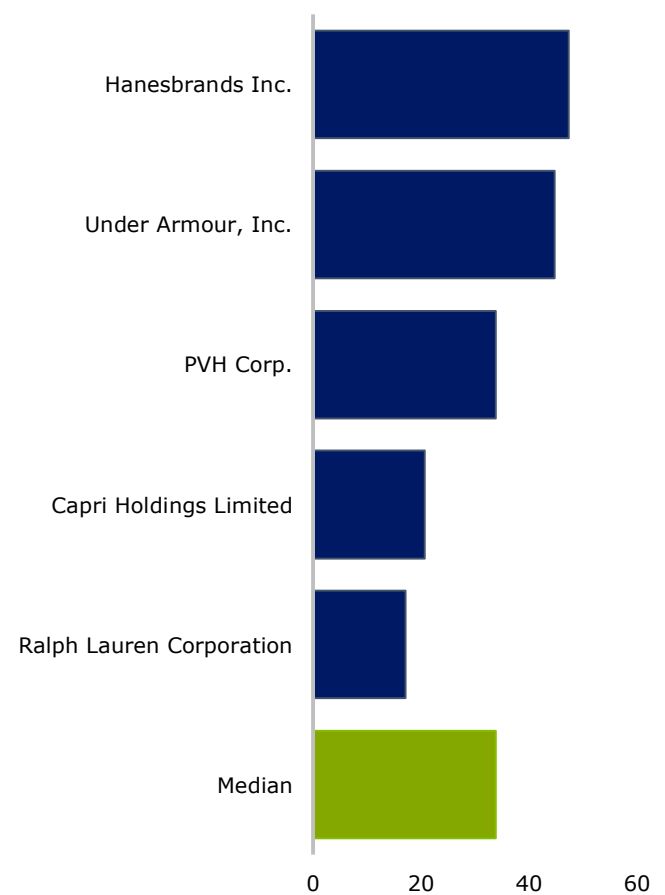
Operational Metrics



Accounts Receivable Turnover



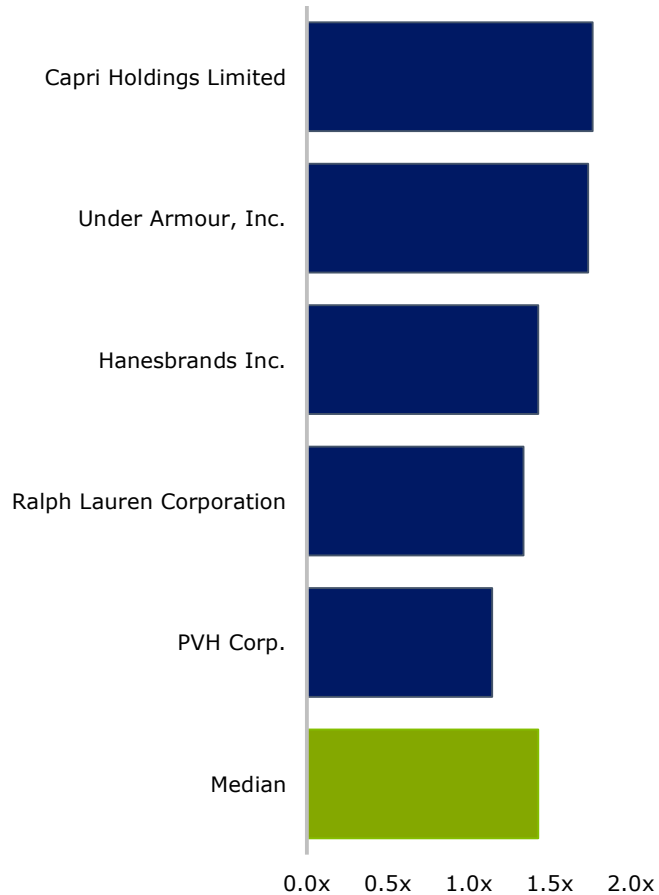
Average Days Sales Outstanding



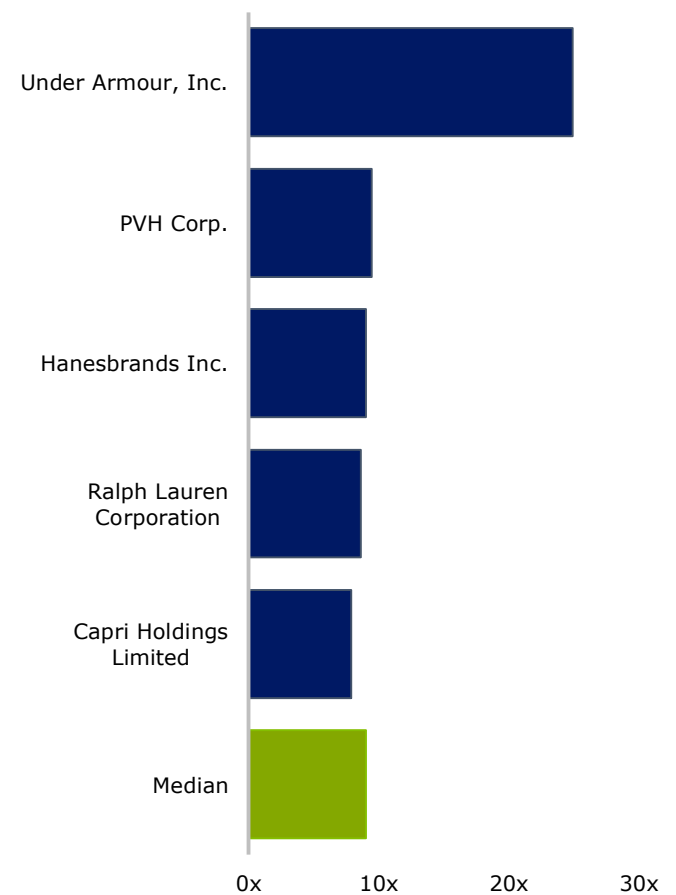
Valuation



TEV / LTM Revenue



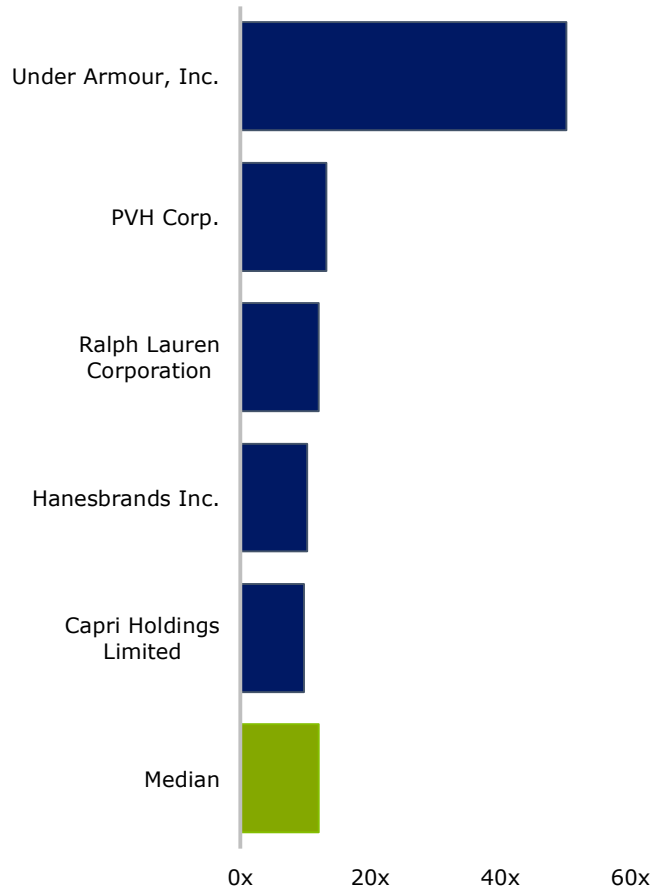
TEV / LTM EBITDA



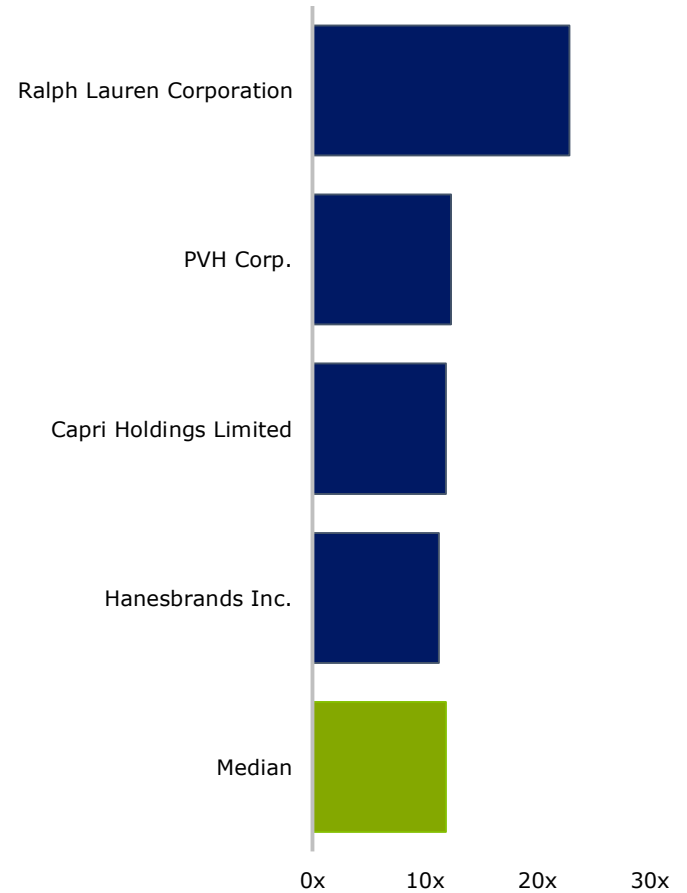
Valuation



TEV / LTM EBIT



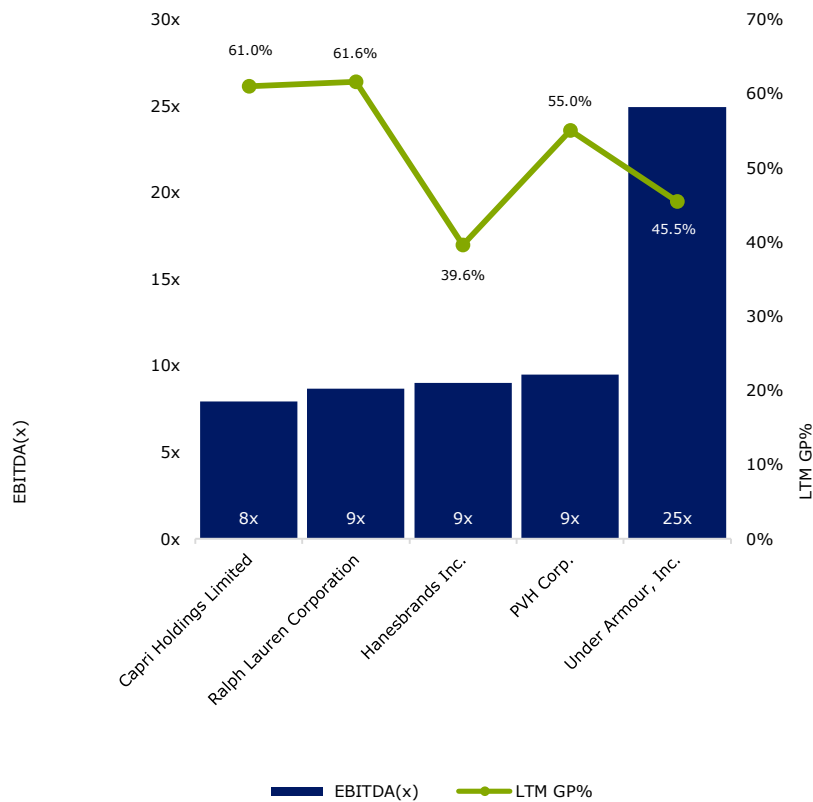
Price / LTM Earnings



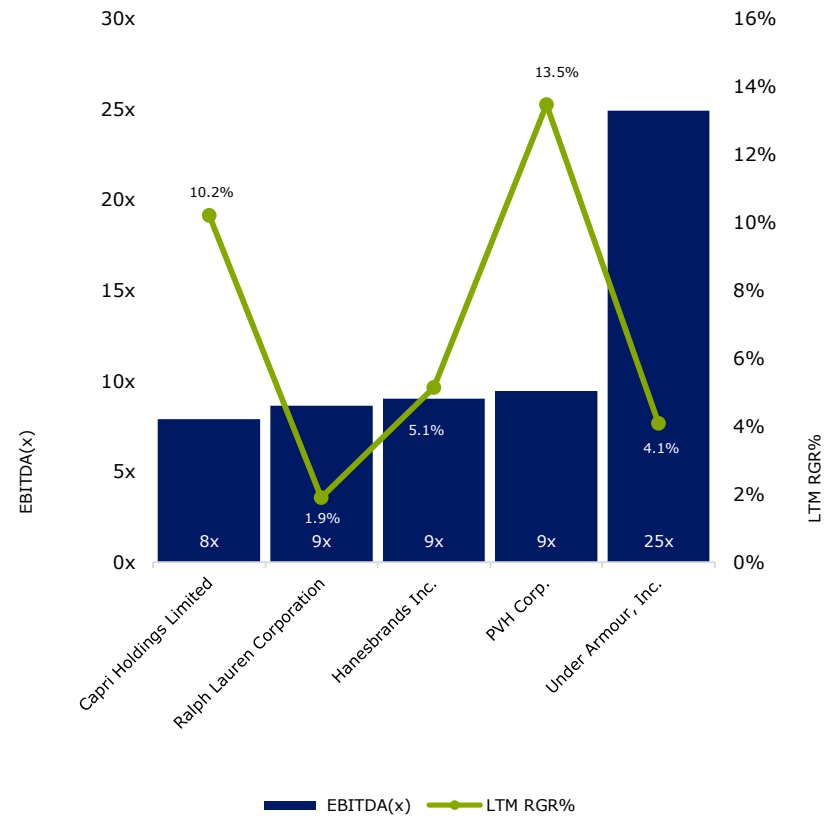
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer / Investor</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
27Feb19	Belabumbum, LLC	Adore Me, Inc.	-	-	-	-
25Feb19	Liberty Glove & Safety Inc.	Bunzl plc	-	93.00	-	-
6Feb19	West Chester Holdings, Inc.	Protective Industrial Products, Inc.	-	-	-	-
15Nov18	Coker Tire Company	Irving Place Capital	-	-	-	-
1Nov18	Baffin, Inc.	Canada Goose Holdings Inc.	24.80	-	-	-
15Oct18	Wheel House Designs, Inc.	IQ Brands	-	-	-	-
4Oct18	South Cone, Inc.	The Relay Shoe Company, LLC	-	-	-	-
20Oct18	ELOQUII Design, Inc.	Walmart Inc.	-	-	-	-
24Sep18	Darwood Manufacturing Company	Fire-Dex, LLC	-	-	-	-
19Sep18	Teamwork Athletic Apparel, Inc.	Founder Sport Group	-	-	-	-
19Sep18	Woolrich, Inc.	Goldwin Inc.; L-Gam Advisors Sarl	-	211.33	-	-
21Aug18	Utility Garments Inc.	Unisync Corp.	18.43	13.28	1.4x	-
13Aug18	YS Garments LLC	Blue Point Capital Partners; Blue Point Capital Partners IV, L.P.	-	201.20	-	-
19Jul18	Underwear Station, Inc.	Morro Capital LLC	-	-	-	-
10Jul18	REDONE LLC	Style Capital Sgr S.P.A.	-	20.00	-	-
1Jul18	Perry Ellis International, Inc.	Randa Corporation	605.22	888.00	0.6x	-
31May18	Shakti Yoga Apparel LLC	-	-	-	-	-
27Jun18	North American Licensing Business of GBG USA, Inc.	Differential Brands Group Inc. (nka:Centric Brands Inc.)	1,210.00	-	-	-
14Jun18	Geoffrey Beene, LLC	PVH Corp.	-	-	-	-
12Jun18	Worldwide Exclusive Distribution License For Apparel And Accessories of Worthy	American Premium Water Corporation	-	-	-	-
1Jun18	Gracedbygrit, Inc.	HYLETE, Inc.	-	-	-	-
1May18	Fabian Couture Group International Incorporated	Valesco Industries, Inc.; Riveria Investment Group	-	-	-	-
1May18	Rubin Brothers, Inc.	National Safety Apparel, Inc.	-	-	-	-
5Apr18	Certain Assets of Kizan International Inc.	Haggar Clothing Co.	-	-	-	-

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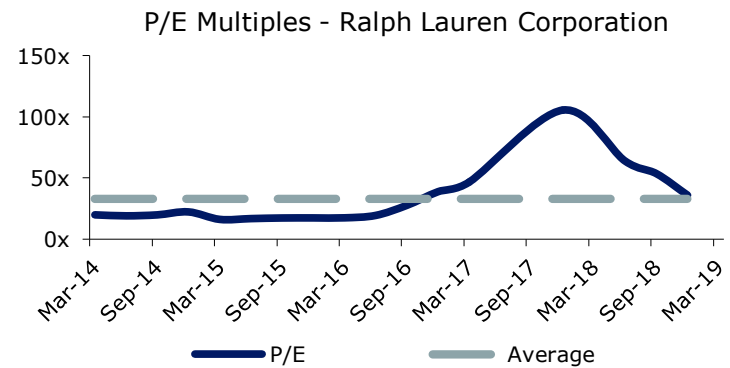
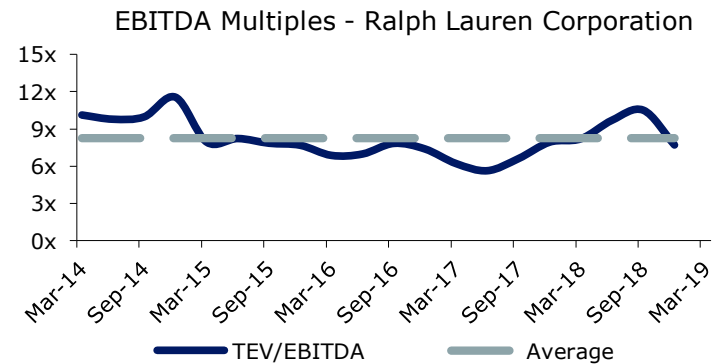
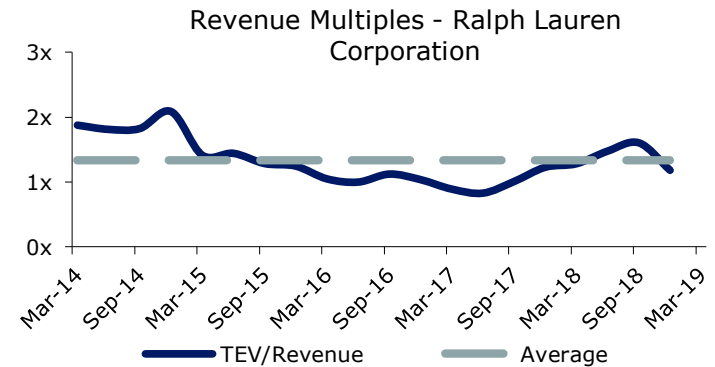
APPENDIX: Public Basket Constituents

Public Basket



Ralph Lauren Corporation

Ralph Lauren Corporation designs, markets, and distributes lifestyle products in North America, Europe, Asia, and internationally. It offers apparel, including a range of men's, women's, and children's clothing accessories, which comprise footwear, eyewear, watches, fashion and fine jewelry, hats, gloves, umbrellas, belts, and leather goods, such as handbags, luggage, small leather goods, and belts; home products consisting of bedding and bath products, furniture, fabrics and wallpapers, lightings, tabletops, floorcoverings, and giftware; and fragrances. The company sells apparel and accessories under the Ralph Lauren Collection, Ralph Lauren Purple Label, Polo Ralph Lauren, Double RL, Lauren Ralph Lauren, Polo Golf Ralph Lauren, Ralph Lauren Golf, RLX Ralph Lauren, Polo Ralph Lauren Children, Chaps, Club Monaco, and other brand names; women's fragrances under the Ralph Lauren Collection, Woman by Ralph Lauren, Romance Collection, Ralph Collection, and Big Pony Women's brand names; and men's fragrances under the Polo Blue, Safari, Purple Label, Polo Red, Polo Green, Polo Black, Polo Supreme, Polo Sport, and Big Pony Men's brand names. Ralph Lauren Corporation was founded in 1967 and is headquartered in New York, New York.



Date **Key Development Headline**

8/7/18 Ralph Lauren Seeks Acquisitions

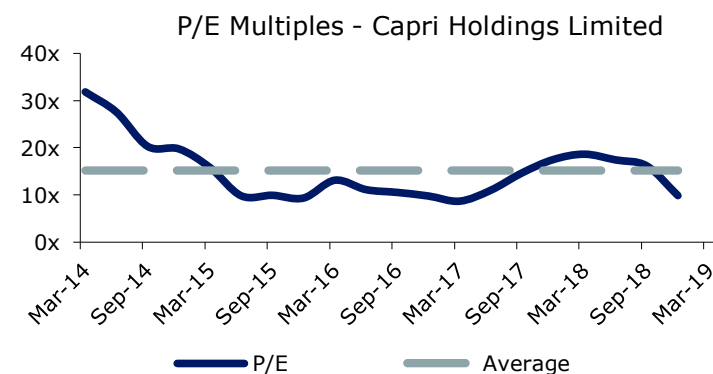
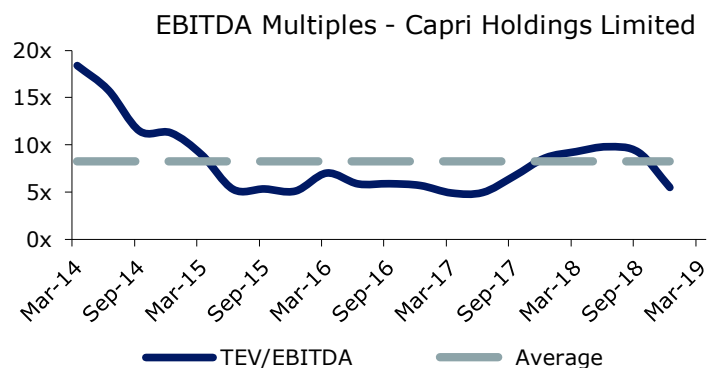
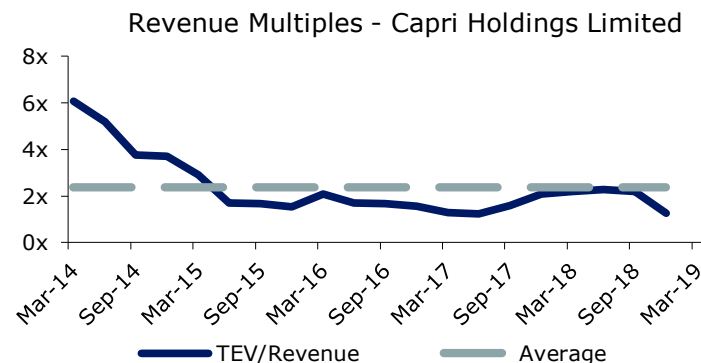
Public Basket



Capri Holdings Limited

Capri Holdings Limited design, markets, distributes, and retails branded women's and men's apparel and accessories. It operates in four segments: MK Retail, MK Wholesale, MK Licensing, and Jimmy Choo. The MK Retail segment sells women's apparel; handbags and small leather goods; men's apparel; footwear; and licensed products comprising watches, jewelry, fragrances, and beauty and eyewear. It operates collection stores and lifestyle stores, including concessions and outlets. As of March 31, 2018, this segment operated 379 Michael Kors retail stores, including concessions in the United States and Canada, and Latin America; and 450 international retail stores, including concessions in Europe and Asia, as well as e-commerce sites in North America, Canada, Europe, China, Japan, and South Korea. Capri Holdings Limited was founded in 1981 and is based in London, the United Kingdom.

Date	Key Development Headline
12/30/18	Michael Kors Holdings Limited (NYSE:KORS) completed the acquisition of all of the outstanding shares of Gianni Versace S.p.A. from Versace family, Borgo Luxembourg S.à r.l., GIVI Holding S.p.A., Blackstone GPV Capital Partners (Mauritius) VI-D FDI Ltd., Blackstone GPV Tactical Partners (Mauritius)—N Ltd. and manages of Gianni Versace.
9/25/18	Gianni Versace S.p.A., Michael Kors Holdings Limited - M&A Call
9/24/18	Michael Kors Holdings Limited (NYSE:KORS) signed a definitive agreement to acquire all of the outstanding shares of Gianni Versace S.p.A. from Versace family and The Blackstone Group International Limited for an enterprise value of €1.83 billion.

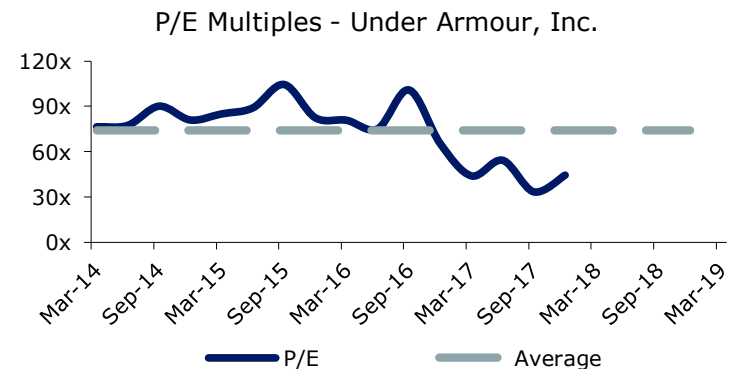
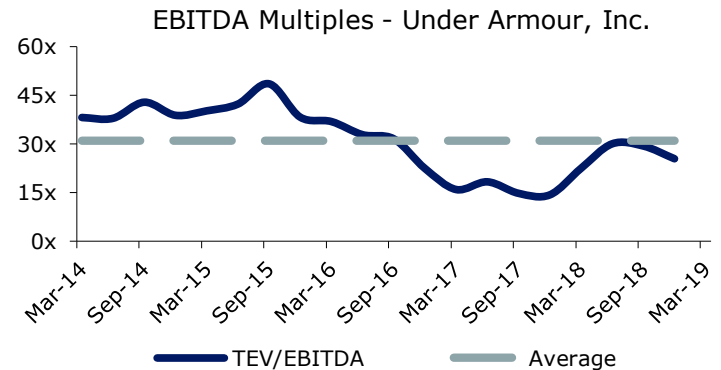
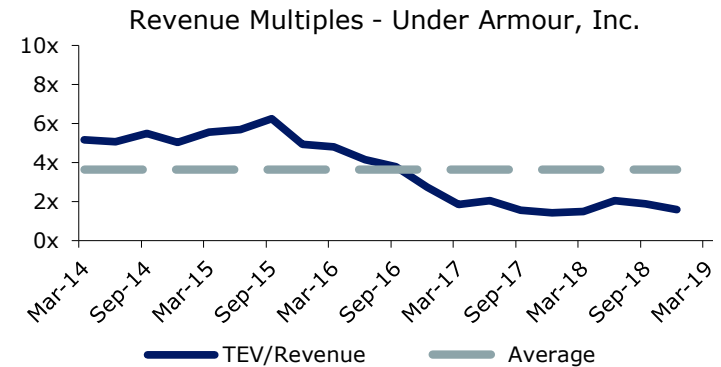


Public Basket



Under Armour, Inc.

Under Armour, Inc., together with its subsidiaries, develops, markets, and distributes branded performance apparel, footwear, and accessories for men, women, and youth primarily in North America, Europe, the Middle East, Africa, the Asia-Pacific, and Latin America. The company offers its apparel in compression, fitted, and loose types to be worn in hot and cold. It also provides various footwear products, including running, basketball, cleated, slides and performance training, sportstyle, and outdoor footwear. In addition, the company offers accessories, which include gloves, bags, and headwear; and digital fitness subscriptions, as well as digital advertising through MapMyFitness, MyFitnessPal, and Endomondo platforms. It primarily offers its products under the HEATGEAR, COLDGEAR, UA Logo, UNDER ARMOUR, UA, ARMOUR, PROTECT THIS HOUSE, I WILL, ARMOURBOX, ARMOUR BRA, and ARMOUR FLEECE, as well as MapMya and UNDER ARMOUR CONNECTED FITNESS brands. The company sells its products through wholesale channels, including national and regional sporting goods chains, independent and specialty retailers, department store chains, institutional athletic departments, and leagues and teams, as well as independent distributors; and directly to consumers through a network of brand and factory house stores, and Website. Under Armour, Inc. was founded in 1996 and is headquartered in Baltimore, Maryland.

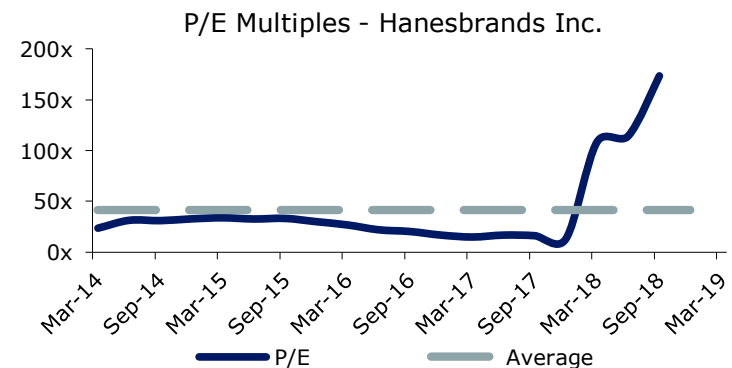
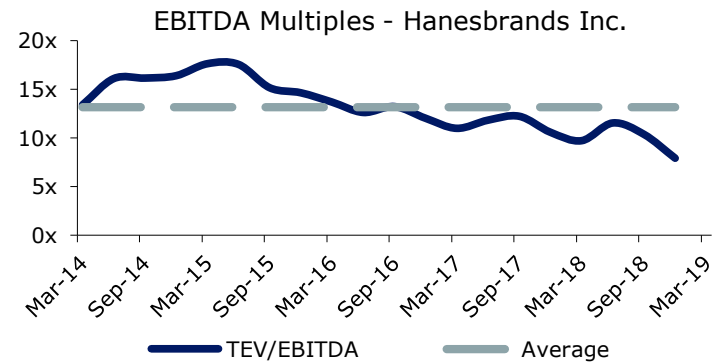
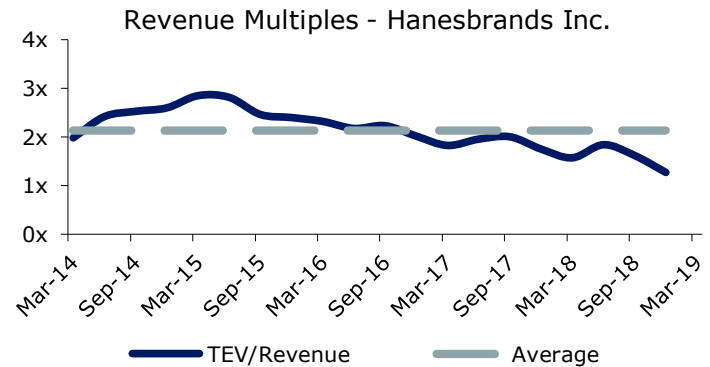


Public Basket



Hanesbrands Inc.

Hanesbrands Inc., a consumer goods company, designs, manufactures, sources, and sells a range of basic apparel for men, women, and children in the United States. The company operates through three segments: Innerwear, Activewear, and International. It sells men's underwear, women's panties, children's underwear, activewear, socks, and hosiery, as well as intimate apparel, such as bras and shapewears; home goods; and T-shirts, fleece, sport shirts, performance T-shirts and shorts, sports bras, and thermals, as well as licensed logo apparel in collegiate bookstores, mass retailers, and other channels. The company licenses its Champion name for footwear and sports accessories. Hanesbrands Inc. provides its products primarily under the Hanes, Champion, Maidenform, Bali, JMS/Just My Size, Polo Ralph Lauren, Playtex, DKNY, Donna Karan, Alternative, Gear for Sports, Hanes Beefy-T, Bonds, DIM, Sheridan, Bras N Things, Nur Die/Nur Der, Lovable, Wonderbra, Berlei, Abanderado, Shock Absorber, Zorba, Explorer, Sol y Oro, and Bellinda brand names. Hanesbrands Inc. was founded in 1901 and is headquartered in Winston-Salem, North Carolina.



Date	Key Development Headline
3/12/19	Hanesbrands To Seek Acquisitions
8/1/18	Hanesbrands Seeks Acquisitions

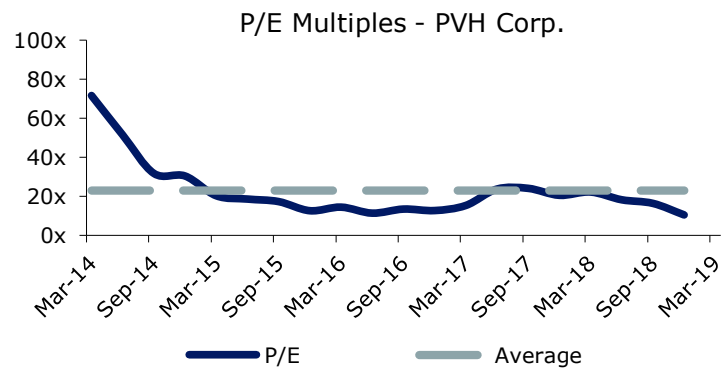
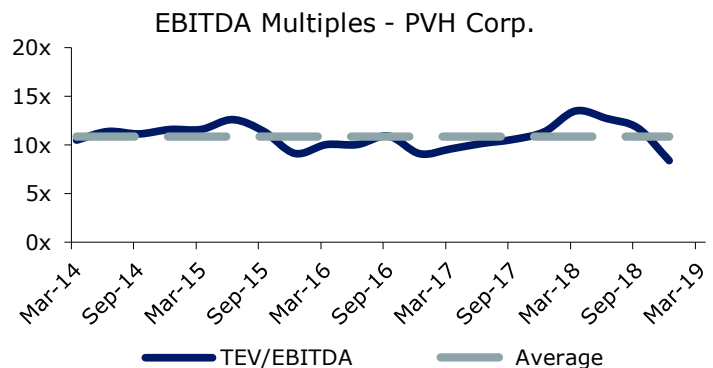
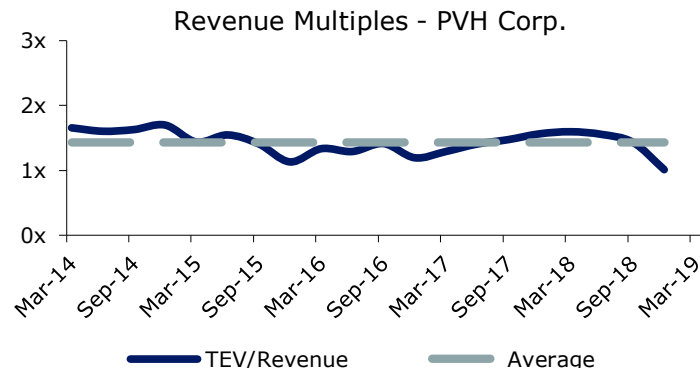
Public Basket



PVH Corp.

PVH Corp. operates as an apparel company in North America and internationally. The company operates through six segments: Calvin Klein North America, Calvin Klein International, Tommy Hilfiger North America, Tommy Hilfiger International, Heritage Brands Wholesale, and Heritage Brands Retail. It designs, markets, and retails men's and women's apparel and accessories, including branded dress shirts, dresses, suits, neckwear, sportswear, jeans wear, performance and intimate apparel, underwear, swimwear, swim products, handbags, luggage products, footwear, golf apparel, sleepwear and loungewear, eyewear and fragrances, cosmetics, skincare products and toiletries, socks and tights, jewelry, watches, outerwear, small leather goods, and furnishings, as well as other related products. PVH Corp. was founded in 1881 and is based in New York, New York.

Date	Key Development Headline
2/20/19	PVH Corp. (NYSE:PVH) entered into a scheme implementation agreement to acquire 78.4% stake in Gazal Corporation Limited (ASX:GZL) for approximately AUD 210 million.
6/21/18	PVH Seeks Acquisitions
6/13/18	PVH Corp. (NYSE:PVH) acquired Geoffrey Beene, LLC.



CONTACT INFO

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