OBJECTIVE
Investment Banking & Valuation

Industry Report Q3 2023

Consumer

Apparel & Accessories

Industry Update | Consumer Practice

December 2023

Industry Market Overview

Key Takeaways

Consumer spending has shown signs of strength despite headwinds from high interest rates, high inflation, and the resumption of student loan payments in October.

- Overall consumer spending on Black Friday rose 2.5% over last year, with online sales up 7.5% to $9.8 billion based on data from Mastercard and Adobe Analytics. However, their data showed that buy now, pay later usage also surged to a record high of $940 million on Cyber Monday, which was a 42.5% increase over last year.
- In addition, consumers showed up for holiday shopping weekend en masse with an all-time high of 200.5 million shoppers, topping the previous high of 196.7 set last year according to the National Retail Federation.
- As shown below, consumer spending has continued to grow on a rolling TTM basis through 3Q23. Economic surveys and data show mixed expectations for consumer spending trends going forward.
    - University of Michigan’s Consumer Sentiment Index dropped 3.9%, from 63.8 in October to 61.3 November, but is still up 8.1% over 56.7 in November of 2022.
    - Data from the U.S. Labor Department shows that growth in average hourly earnings, at just over 4%, has recently outpaced growth in consumer prices, which has fallen to just over 3%.
    - The San Francisco Fed estimates that U.S. household excess savings still remain strong as of September at $433 billion, despite having dropped from a high of over $2 trillion in 2021.
    - The New York Fed and Equifax data show that the share of credit card users that went from being current to 30 or more days past due grew to 2% thru September, surpassing pre-pandemic levels.

Table I | Rolling TTM Quarterly Consumer Spending Data[1]

($ Millions)	TTM Q4 2022	TTM Q1 2023	TTM Q2 2023	TTM Q3 2023
Clothing and footwear	506,558	515,047	511,350	521,179
Clothing and footwear (% change)	*0.1%*	*1.7%*	*-0.7%*	*1.9%*
Jewelry and watches	95,585	96,734	96,412	96,023
Jewelry and watches (% change)	*-3.2%*	*1.2%*	*-0.3%*	*-0.4%*
Luggage and similar personal items	43,277	43,885	43,552	44,555
Luggage and similar personal items (% change)	*0.1%*	*1.4%*	*-0.8%*	*2.3%*
Total Consumer Spending	17,917,039	18,269,569	18,419,007	18,734,305
Total Consumer Spending (% change)	*1.3%*	*2.0%*	*0.8%*	*1.7%*

Source: S&P Capital IQ, Bureau of Economic Analysis
(1) Shows TTM consumer spending in the USA at quarter-end for each period with apparel and accessories subsectors highlighted

Historic Trading Trends

Select USA, Canada, and European Listed Companies

In the last three months, Activewear and Luxury companies have demonstrated superior performance compared to the broader sector. Conversely, valuations in apparel E-Commerce have lagged behind their omnichannel counterparts and the overall S&P500 as investors have begun to value sustainable, profitable growth over top line growth at all costs.

Chart I | 1-Year TEV Performance(2)

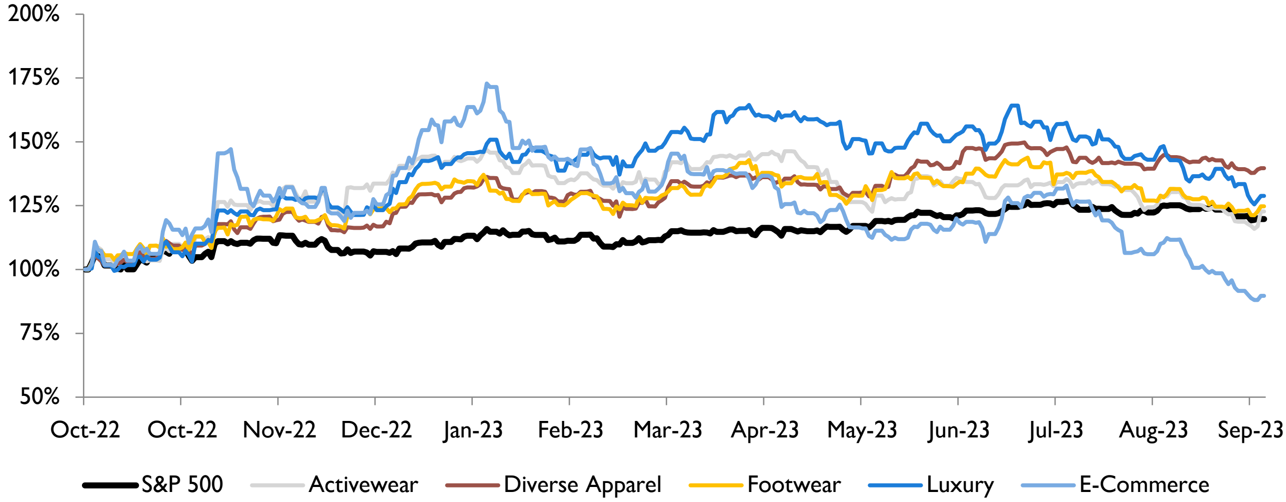


Chart II | 1-Year EV/Revenue(3)

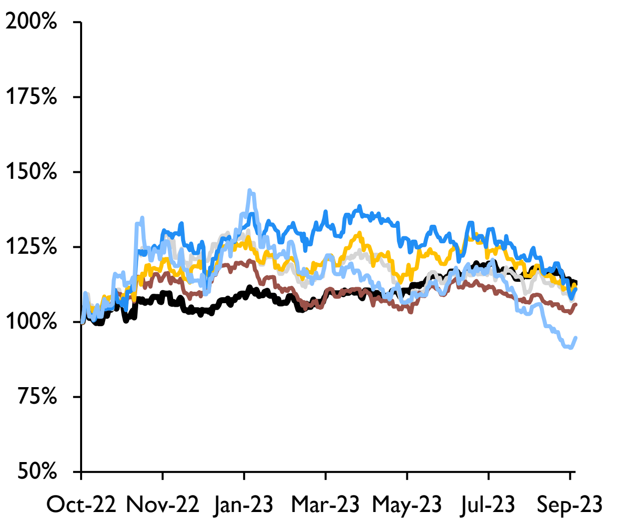
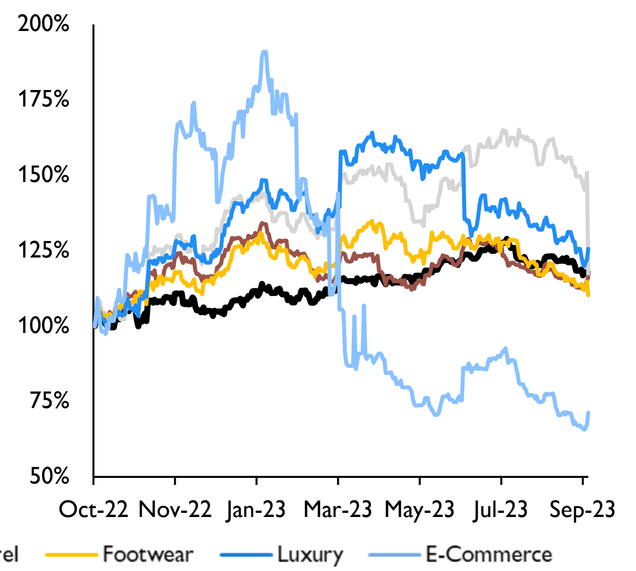


Chart III | 1-Year EV/EBITDA(4)



Source: S&P Capital IQ
(2) Displays the percentage change in total enterprise value for select apparel & accessories subsectors relative to the S&P500 during the same period
(3) Displays the percentage change in TEV/Revenue for select apparel & accessories subsectors relative to the S&P500 during the same period
(4) Displays the percentage change in TEV/EBITDA for select apparel & accessories subsectors relative to the S&P500 during the same period

Public Comparables

Select USA, Canada, and European Listed Companies

Activewear and luxury brands command higher valuation multiples, likely attributed to their leading brand recognition and above-average EBITDA margins compared to other subsectors within the apparel and accessories industry.

Table II | Select Activewear

($ in millions) Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	TEV/Rev LTM	TEV/EBITDA LTM
adidas AG	$37,897	$24,270	$730	7%	46%	3%	1.6x	na
ASICS Corporation	$8,633	$3,801	$458	23%	50%	12%	2.3x	18.8x
Canada Goose Holdings Inc.	$2,047	$930	$124	8%	67%	13%	2.2x	16.6x
Columbia Sportswear Company	$4,610	$3,566	$521	9%	49%	15%	1.3x	8.8x
Lululemon Athletica Inc.	$48,882	$8,839	$2,293	25%	57%	26%	5.5x	21.3x
NIKE, Inc.	$149,683	$51,469	$6,738	9%	44%	13%	2.9x	22.2x
PUMA SE	$11,187	$9,672	$793	22%	46%	8%	1.2x	14.1x
Under Armour, Inc.	$3,735	$5,872	$412	13%	45%	7%	0.6x	9.1x
Mean		**$13,552**	**$1,509**	**14%**	**50%**	**12%**	**2.2x**	**15.8x**
Median		**$5,872**	**$521**	**9%**	**46%**	**12%**	**1.6x**	**15.3x**

Table III | Select Diversified Apparel

($ in millions) Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	TEV/Rev LTM	TEV/EBITDA LTM
Abercrombie & Fitch Co.	$3,413	$3,851	$381	5%	59%	10%	0.9x	9.0x
American Eagle Outfitters, Inc.	$4,388	$5,018	$552	0%	37%	11%	0.9x	7.9x
Aritzia Inc.	$2,529	$1,658	$186	28%	39%	11%	1.5x	13.6x
G-III Apparel Group, Ltd.	$1,654	$3,199	$229	5%	36%	7%	0.5x	7.2x
The Gap, Inc.	$8,230	$15,106	$851	-4%	45%	6%	0.5x	9.7x
Gildan Activewear Inc.	$6,039	$3,113	$640	-4%	27%	21%	1.9x	9.4x
Guess?, Inc.	$2,170	$2,685	$291	0%	43%	11%	0.8x	7.5x
H & M Hennes & Mauritz AB (publ)	$27,868	$21,551	$1,686	5%	50%	8%	1.3x	16.5x
Hanesbrands Inc.	$5,373	$5,972	$479	-10%	34%	8%	0.9x	11.2x
Industria de Diseño Textil, S.A.	$110,693	$38,103	$8,406	22%	55%	22%	2.9x	13.2x
Oxford Industries, Inc.	$1,829	$1,536	$273	22%	63%	18%	1.2x	6.7x
PVH Corp.	$8,051	$9,134	$1,116	1%	57%	12%	0.9x	7.2x
Ralph Lauren Corporation	$8,736	$6,450	$980	2%	65%	15%	1.4x	8.9x
Urban Outfitters, Inc.	$3,668	$4,946	$397	5%	32%	8%	0.7x	9.2x
V.F. Corporation	$13,930	$11,437	$1,228	-4%	52%	11%	1.2x	11.3x
Mean	**$18,836**	**$10,492.89**	**$1,550**	**4%**	**48%**	**13%**	**1.3x**	**10.1x**
Median	**$6,039**	**$5,972.42**	**$640**	**1%**	**50%**	**11%**	**1.2x**	**9.2x**

Source: S&P Capital IQ
Data as of September 30, 2023

Public Comparables

Select USA, Canada, and European Listed Companies

Activewear and luxury brands command higher valuation multiples, likely attributed to their leading brand recognition and above-average EBITDA margins compared to other subsectors within the apparel and accessories industry.

Table IV | Select Footwear

($ in millions) Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	TEV/Rev LTM	TEV/EBITDA LTM
Birkenstock Holding plc	$1,818	$1,571	$513	na	63%	33%	1.2x	3.5x
Caleres, Inc.	$1,789	$2,853	$239	-3%	43%	8%	0.6x	7.5x
Crocs, Inc.	$7,562	$3,887	$1,050	37%	53%	27%	1.9x	7.2x
Deckers Outdoor Corporation	$12,649	$3,689	$716	13%	51%	19%	3.4x	17.7x
Rocky Brands, Inc.	$334	$497	$48	-20%	38%	10%	0.7x	6.9x
Skechers U.S.A., Inc.	$8,631	$7,772	$826	13%	49%	11%	1.1x	10.4x
Steven Madden, Ltd.	$2,268	$1,936	$222	-12%	42%	11%	1.2x	10.2x
Wolverine World Wide, Inc.	$1,784	$2,545	$153	-2%	38%	6%	0.7x	11.6x
Mean	**$4,604**	**$3,093.61**	**$471**	**4%**	**47%**	**16%**	**1.4x**	**9.4x**
Median	**$1,803**	**$2,240.66**	**$231**	**0%**	**43%**	**10%**	**0.9x**	**7.3x**

Table V | Select Luxury Brands

($ in millions) Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	TEV/Rev LTM	TEV/EBITDA LTM
Burberry Group plc	$9,101	$3,828	$903	3%	71%	24%	2.4x	10.1x
Capri Holdings Limited	$9,580	$5,488	$854	-5%	66%	16%	1.7x	11.2x
Compagnie Financière Richemont	$67,275	$21,679	$6,230	2%	69%	29%	3.1x	10.8x
Ermenegildo Zegna N.V.	$4,213	$1,820	$203	23%	60%	11%	2.3x	20.8x
Fossil Group, Inc.	$397	$1,582	($5)	-14%	49%	0%	0.3x	na
Hermès International	$183,356	$14,001	$6,178	31%	71%	44%	13.1x	29.7x
Hugo Boss AG	$5,451	$4,361	$541	26%	61%	12%	1.2x	10.1x
Kering SA	$66,427	$22,441	$6,883	10%	76%	31%	3.0x	9.7x
LVMH - Louis Vuitton Moët Henness	$410,955	$92,462	$27,513	22%	69%	30%	4.4x	14.9x
Pandora A/S	$10,296	$3,938	$1,102	12%	77%	28%	2.6x	9.3x
The Swatch Group AG	$10,780	$8,835	$1,899	12%	84%	21%	1.2x	5.7x
Tapestry, Inc.	$9,140	$6,661	$1,355	0%	71%	20%	1.4x	6.7x
Mean	**$65,581**	**$15,591.21**	**$4,471**	**10%**	**69%**	**22%**	**3.1x**	**12.6x**
Median	**$9,360**	**$4,924.34**	**$1,002**	**7%**	**69%**	**21%**	**2.0x**	**10.1x**

Source: S&P Capital IQ
Data as of September 30, 2023

Public Comparables

Select USA, Canada, and European Listed Companies

Activewear and luxury brands command higher valuation multiples, likely attributed to their leading brand recognition and above-average EBITDA margins compared to other subsectors within the apparel and accessories industry.

Table VI | Select E-Commerce Apparel Retail

($ in millions) Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	TEV/Rev LTM	TEV/EBITDA LTM
Zalando SE	$5,422	$11,276	$360	6%	39%	3%	0.5x	15.0x
boohoo group plc	$627	$2,143	$2	-3%	51%	0%	0.3x	na
Farfetch Limited	$1,671	$2,351	($564)	0%	43%	-24%	0.7x	na
ASOS Plc	$1,501	$4,571	($280)	-13%	40%	-6%	0.3x	na
Stitch Fix, Inc.	$294	$1,638	($124)	-21%	42%	-8%	0.2x	na
Revolve Group, Inc.	$774	$1,081	$56	2%	52%	5%	0.7x	13.7x
The RealReal, Inc.	$611	$575	($136)	2%	62%	-24%	1.1x	na
N Brown Group plc	$458	$519	($6)	-17%	44%	-1%	0.9x	na
Boozt AB (publ)	$562	$647	$35	7%	30%	5%	0.9x	16.3x
Footway Group AB (publ)	$40	$96	($3)	-23%	40%	-3%	0.4x	na
Global Fashion Group S.A.	($49)	$1,099	($113)	-39%	42%	-10%	na	0.4x
Sosandar Plc	$56	$53	$2	36%	56%	4%	1.1x	26.2x
Torrid Holdings Inc.	$719	$1,184	$103	-8%	35%	9%	0.6x	7.0x
Mean	**$976**	**$2,094.89**	**($51)**	**-5%**	**44%**	**-4%**	**0.6x**	**13.1x**
Median	**$562**	**$1,081.20**	**$0**	**0%**	**42%**	**0%**	**0.5x**	**10.4x**

Source: S&P Capital IQ
Data as of September 30, 2023

Precedent Transactions

Select Majority Control Corporate and Asset Deals in USA, Canada, & Europe

The acquisition activity and the distribution between private equity and strategic acquirers in Q3 remained consistent with Q1 2023 and Q4 2022, although acquisition volume has decreased compared to Q2 2023 (45) and Q3 2022 (54). Acquirers showed a particular interest in companies with a meaningful retail presence in order to limit exposure to rising consumer acquisition costs related to DTC sales.

Chart VI | Total Buyer Mix: Financial vs Strategic(5)

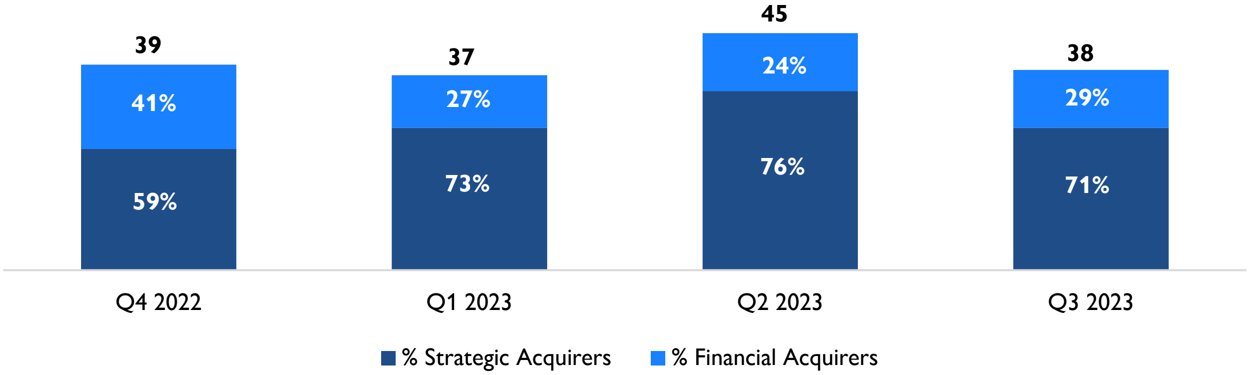


Table VII | Select M&A Transactions

($ in millions) Date	Target	Acquiror	Target Description	Enterprise Value	TEV / LTM Revenue	TEV / LTM EBITDA
9/27/23	Verdeveleno	LVMH Métiers d'Art	Verdeveleno manufactures and distributes luxury bags, shoes, and other accessories.	na	na	na
9/22/23	Maison Henry Jullien	iVision Tech	Maison Henry Jullien manufactures optical frames and sunglasses.	na	na	na
9/20/23	Bollag-Guggenheim	Marc O'Polo	Distributor of branded fashion items intended to serve the lifestyle segment.	na	na	na
9/14/23	Steven Kretchmer Design	Envela Corporation	Steven Kretchmer Design designs and manufactures jewelry products.	$0	na	na
9/13/23	Rose Buddha Inc.	Nolk	Rose Buddha Inc. manufactures and sells athleisure wear and accessories.	na	na	na
9/13/23	Revant	Nolk	Provider of performance eyewear and lenses for sports and active individuals.	na	na	na
9/11/23	Style Up Industry	Star New Generation	Style Up designins, produces, and markets knitted clothing.	na	na	na
9/6/23	Draper James	Consortium Brand Partners	Draper James designs and sells apparel and accessories.	na	na	na

Source: S&P Capital IQ, Pitchbook
(5) Total USA, Canada, and Europe corporate and asset majority control transactions in the Apparel & Accessories sector

Precedent Transactions

Select Majority Control Corporate and Asset Deals in USA, Canada, & Europe

Acquirers are actively seeking companies with technical or functional product features to mitigate fashion risk. Additionally, there is a growing interest in businesses with B2B exposure, seen as a strategic measure to insulate against the dynamics of the current consumer market.

($ in millions)				Enterprise	TEV / LTM	
Date	Target	Acquiror	Target Description	Value	Revenue	EBITDA
9/5/23	Vuarnet	Thélios	Manufacturer of eyeglasses and sunglasses for sports-inspired fashion.	na	na	na
8/30/23	Casca	Unity Brands	Provider of custom-fit, durable, and long-lasting footwear.	na	na	na
8/29/23	Industrial Protection Products	Saf-gard Safety Shoe Company	Provider and manufacturer of safety footwear products and shoes.	na	na	na
8/24/23	Bucherer	Rolex	Bucherer designs, manufactures, and retails watches, jewelry, and diamonds.	na	na	na
8/23/23	Wolverine World Wide (U.S. Leather Business)	New Balance	Operator of leather business based in Rockford, Illinois.	$6	na	na
8/21/23	Paulin Watches	An Ordain	Paulin Watches designs, manufactures, and offers watches.	na	na	na
8/15/23	Parade, Inc.	Ariela & Associates International	Parade, Inc. manufactures and sells underwear for women with recycled fabrics.	na	na	na
8/9/23	Tiny Expressions	Arendi	Manufacturer of apparel and accessories based in Dallas, Texas.	na	na	na
8/7/23	Zimmermann Wear	Advent International Corporation	Zimmermann designs, manufactures, and sells swim, and resort apparel.	na	na	na
7/24/23	Foamation Inc.	Green Bay Packers, Inc.	Foamation Inc. manufactures foam cheesehead hats.	na	na	na
7/21/23	Adpro Sports	Legends Hospitality	Adpro Sports, engages in manufacturing custom sports uniforms.	na	na	na
7/20/23	CUUP Inc.	Fullbeauty Brands	CUUP Inc. manufactures bras for women.	na	na	na
7/18/23	RGB	IDEE Consulting	RGB specializes in the manufacturing and production of leather accessories.	$4	na	na
7/17/23	Ahlers (FRA: AAH)	Röther Beteiligungs	Ahlers is a manufacturer of men's apparel.	($12)	(0.1x)	na
7/5/23	Kit and Ace	Unity Brands	Manufacturer of men's and women's technical apparel.	na	na	na
7/4/23	European Zips business	AEQUITA SE & Co	European Zips business comprises the zips manufacturing business.	$1	0.0x	na
Mean				**($0)**	**(0.0x)**	**n/a**
Median				**$1**	**(0.0x)**	**n/a**

Source: S&P Capital IQ, Pitchbook
(5) Total USA, Canada, and Europe corporate and asset majority control transactions in the Apparel & Accessories sector

About Objective

Investment Banking Practice

About Us

Objective, Investment Banking & Valuation is a leading investment banking and valuation firm serving middle-market companies across five industry practice groups in an effort to maximize our clients' M&A and valuation advisory results. Our team uses a highly engineered, structured process combined with our industry expertise designed to consistently achieve maximum results.

Industries of Focus

- Business Services
- Consumer
- Healthcare & life Sciences
- Manufacturing & Distribution
- Technology

500+ M&A Transactions Completed*

KINDRED BRAVELY
Has been acquired by
TZP
Sell-Side Advisor to Kindred Bravely

TROXEL
Has been acquired by
WEAVER LEATHER
Sell-Side Advisor to Troxel Cycle & Fitness, LLC

STRAYE
Has been acquired by
bbc international
Sell-Side Advisor to Straye Footwear

tula
Has been acquired by
ergobaby
Sell-Side Advisor to Baby Tula

RAEN
Has been acquired by
Undisclosed
General Strategic Advisor to RAEN Optics, Inc.*

controller gear By Marketing Instincts
Has been acquired by
RAZER
Sell-Side Advisor to Marketing Instincts

GunVault
Has been acquired by
MidOcean Partners
Sell-Side Advisor to GunVault

adrenaline LACROSSE
General Strategic Advisor to Adrenaline Lacrosse, Inc.

Award & Recognition	Forum	Year	Type
Best M&A Investment Banking Firm - California	Acquisition International	2023	Winner
M&A Deal of The Year (Between $50MM - $75MM)	M&A Advisor 22nd Annual M&A Awards	2023	Finalist
M&A Deal of The Year (Between $75MM - $100MM)	M&A Advisor 22nd Annual M&A Awards	2023	Finalist
Private Equity Deal of The Year (Between $75MM - $100MM)	M&A Advisor 22nd Annual M&A Awards	2023	Finalist
Private Equity Deal of The Year (Between $50MM - $100MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Consumer Discretionary Deal of The Year (Under $100MM)	M&A Advisor 20th Annual M&A Awards	2021	Finalist

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*Includes transactions completed by team members at previous firms

About Objective

Consumer Practice Overview

Objective, Investment Banking & Valuation’s Consumer Practice is widely recognized for its exceptional capabilities in leveraging deep sector expertise and crafting compelling narratives that capture the essence of every company. Our team of highly dedicated and tenacious M&A professionals boasts extensive senior-level relationships with prominent strategic and financial buyers in the consumer products and services industries, as well as large public and private enterprises.

With a wealth of experience garnered over many years in both sell-side and buy-side engagements involving consumer companies, we provide our clients with invaluable and transparent guidance that empowers them to realize their strategic and financial objectives.

Dedicated Industry Knowledge & Expertise

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