



Q1 2024 Industry Report

Consumer
Apparel & Accessories

May 2024

OBJECTIVE

Investment Banking & Valuation

U.S. Consumer Overview

Key Takeaways

Consumer Spending and Consumer Sentiment both rose in 1Q24

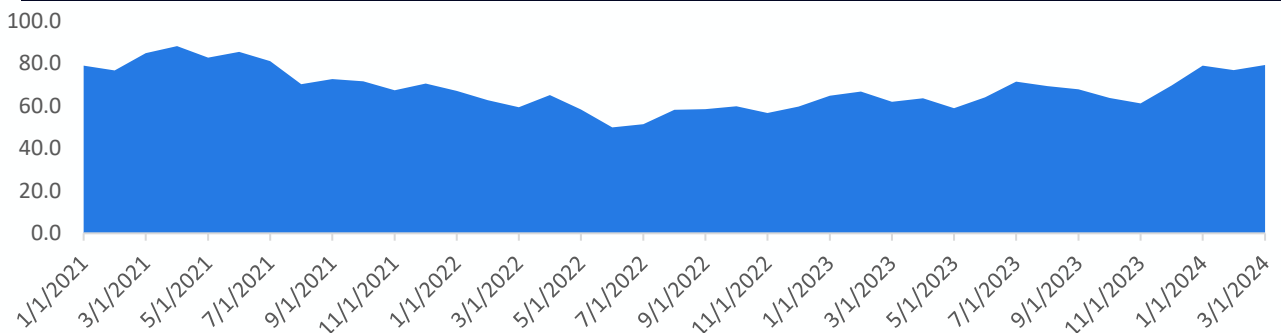
- U.S. consumers continue to demonstrate robust spending behavior despite headwinds from rising prices, high interest rates, and economic uncertainty. Key drivers likely include the strong job market, wage growth, and savings spend. As shown below, Trailing Twelve Month U.S. Consumer Spending has shown consistent quarter-over-quarter growth during the last year, with 1Q24 showing the largest increase at 1.5%. Specifically, the Jewelry and Watches category surpassed the average at 2.5% for the quarter.

Table I | Rolling TTM Quarterly Consumer Spending Data ⁽¹⁾

(\$ Millions)	TTM Q2 2023	TTM Q3 2023	TTM Q4 2023	TTM Q1 2024
Clothing and footwear	\$511,350	\$520,583	\$520,610	\$526,365
<i>Clothing and footwear (% change)</i>	-0.7%	1.8%	0.0%	1.1%
Jewelry and watches	\$96,412	\$95,924	\$98,498	\$100,982
<i>Jewelry and watches (% change)</i>	-0.3%	-0.5%	2.7%	2.5%
Luggage and similar personal items	\$43,552	\$44,598	\$44,770	\$44,750
<i>Luggage and similar personal items (% change)</i>	-0.8%	2.4%	0.4%	0.0%
Total Consumer Spending	\$18,419,007	\$18,679,496	\$18,914,478	\$19,191,580
Total Consumer Spending (% change)	0.8%	1.4%	1.3%	1.5%

- University of Michigan's Consumer Sentiment Index rose in March to 79.4. This was an increase of 3.3% over the prior month, a 28.1% increase over March 2023, and the highest rating since July of 2021. The Index measures how optimistic consumers are about the economy and their finances based on a survey of 500 households each month.

Chart I | Consumer Sentiment Index ⁽²⁾



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

(2) University of Michigan Surveys of Consumers.

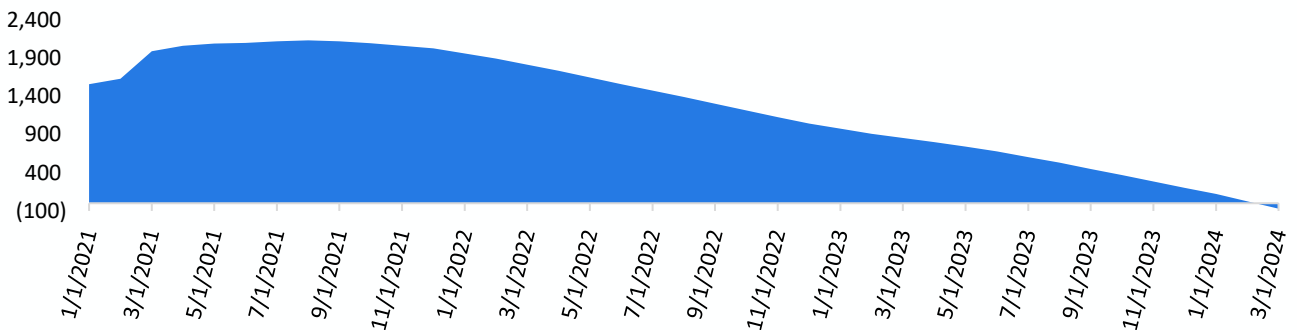
U.S. Consumer Overview (cont.)

Key Takeaways

Consumer Excess Savings have been spent but Wage Growth continues to outpace Inflation

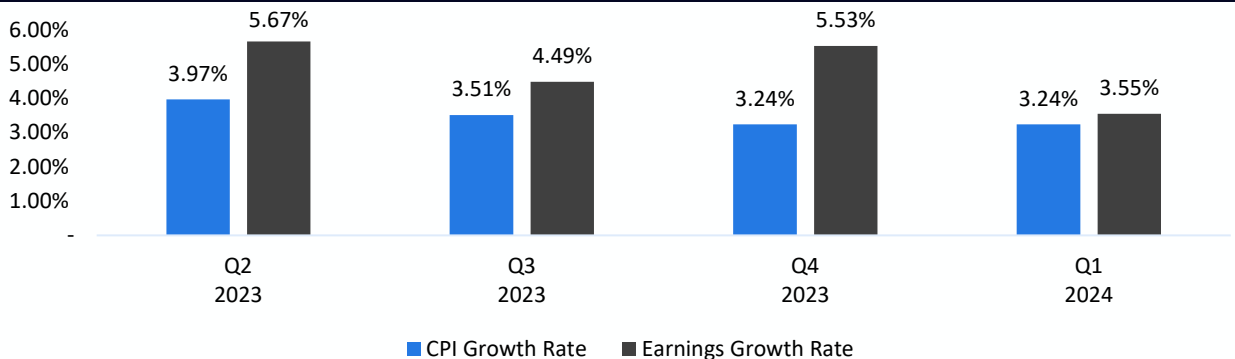
- Consumer Excess Savings, as measured by the Federal Reserve Bank of San Francisco, showed a significant decrease in 1Q24 to -\$72 billion. This is a significant drop in savings from the high of \$2.1 trillion measured in August 2021. With excess savings depleted, there is much speculation as to how that will affect consumer spending trends in the coming quarters.

Chart II | Consumer Excess Savings (USD \$B) ⁽¹⁾



- In 1Q24 wages outpaced inflation by 0.3%. Wage growth has outpaced Inflation since early 2023, a trend that has helped bolster the spending power of U.S. consumers. Although this is a favorable trend, for most of the two prior years the situation was reversed, so wages may still have some ground to make up.

Chart III | Weekly Earnings vs CPI Growth Rate ⁽²⁾



(1) Federal Reserve Bank of San Francisco.

(2) Bureau of Labor Statistics; YoY average quarterly CPI change vs. YoY average quarterly wage change.

Historical Trading Trends

Select USA, Canada, and European Listed Companies

In the last three months, Footwear and Diverse Apparel companies have demonstrated superior performance compared to the broader sector. Conversely, valuations in apparel E-Commerce have continued to underperform compared to other categories and the overall S&P500 as investors have begun to value sustainable, profitable growth over top line growth at all costs.

Chart IV | 1-Year TEV Performance⁽¹⁾

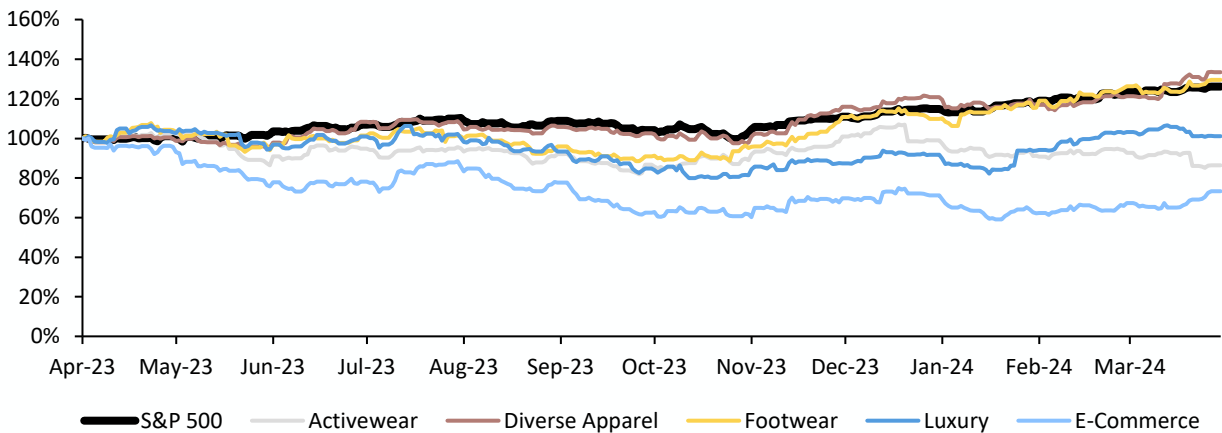


Chart V | 1-Year TEV / Revenue⁽²⁾

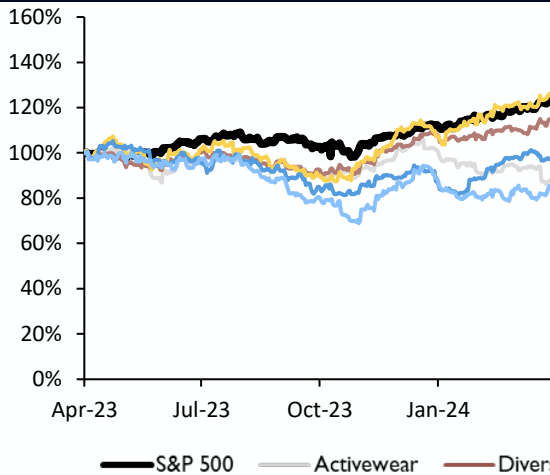
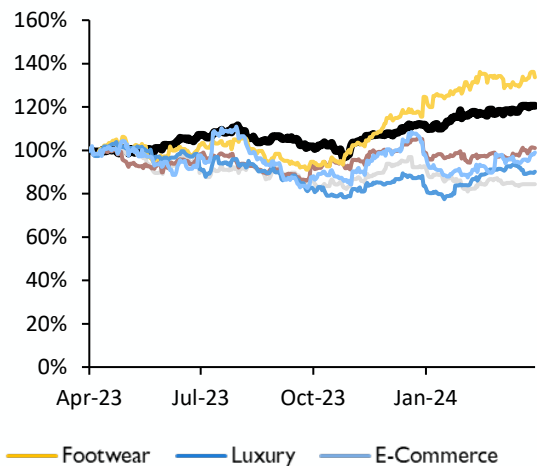


Chart VI | 1-Year TEV / EBITDA⁽³⁾



Source: S&P Capital IQ

(1) Displays the percentage change in total enterprise value for select apparel & accessories subsectors relative to the S&P500 during the same period

(2) Displays the percentage change in TEV/Revenue for select apparel & accessories subsectors relative to the S&P500 during the same period

(3) 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

Revenue growth across all subsectors except for luxury brands has been modest overall. This has driven strategic acquirers to look for growth acquisitively. Though underperforming compared to the sector, E-Commerce multiples have remained strong.

Table II | Select Activewear

(\$ in millions)								TEV/	
Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	Revenue LTM	EBITDA LTM	
adidas AG	\$44,734	\$23,684	\$868	-2%	48%	4%	1.9x	na	
ASICS Corporation	\$10,577	\$4,047	\$506	10%	52%	13%	2.6x	20.9x	
Canada Goose Holdings	\$1,613	\$961	\$117	13%	69%	12%	1.7x	13.7x	
Columbia Sportswear Compar	\$4,498	\$3,487	\$462	1%	50%	13%	1.3x	9.7x	
Delta Apparel	\$223	\$388	(\$4)	-19%	13%	-1%	0.6x	na	
Lululemon Athletica	\$48,384	\$9,619	\$2,587	19%	58%	27%	5.0x	18.7x	
NIKE	\$143,919	\$51,581	\$6,774	2%	44%	13%	2.8x	21.2x	
PUMA SE	\$8,205	\$9,508	\$835	5%	46%	9%	0.9x	9.8x	
Under Armour	\$3,595	\$5,769	\$415	9%	46%	7%	0.6x	8.7x	
Median		\$12,116	\$1,395	4%	47%	11%	1.9x	14.7x	
Mean		\$4,908	\$484	3%	47%	10%	1.5x	11.8x	

Table III | Select E-Commerce Apparel Retail

(\$ in millions)								TEV/	
Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	Revenue LTM	EBITDA LTM	
Adolfo Domínguez, S.A.	\$91	\$131	\$4	27%	55%	3%	0.7x	20.6x	
ASOS Plc	\$1,394	\$4,472	(\$260)	-2%	41%	-6%	0.3x	na	
boohoo group plc	\$754	\$2,047	(\$7)	-7%	51%	0%	0.4x	na	
Boozt AB (publ)	\$814	\$771	\$41	19%	29%	5%	1.1x	20.1x	
FIGS	\$647	\$546	\$37	8%	69%	7%	1.2x	17.5x	
Footway Group AB (publ)	\$35	\$79	(\$7)	-25%	39%	-9%	0.4x	na	
Global Fashion Group S.A.	(\$107)	\$926	(\$113)	-21%	42%	-12%	na	1.0x	
N Brown Group plc	\$403	\$516	(\$11)	-3%	45%	-2%	0.8x	na	
Revolve Group	\$1,294	\$1,069	\$28	-3%	52%	3%	1.2x	47.0x	
Sosandar Plc	\$33	\$53	\$0	25%	57%	1%	0.6x	na	
Stitch Fix	\$226	\$1,489	(\$95)	-19%	43%	-6%	0.2x	na	
The RealReal	\$811	\$549	(\$90)	-9%	69%	-16%	1.5x	na	
Torrid Holdings	\$1,007	\$1,152	\$95	-11%	35%	8%	0.9x	10.6x	
Zalando SE	\$6,587	\$11,212	\$402	1%	39%	4%	0.6x	16.4x	
Median		\$1,787	\$2	-1%	47%	-2%	0.8x	19.0x	
Mean		\$771	\$0	-3%	43%	0%	0.7x	16.9x	

Source: S&P Capital IQ
Data as of March 31, 2024

Public Comparables

Select USA, Canada, and European Listed Companies

Revenue growth across all subsectors except for luxury brands has been modest overall. This has driven strategic acquirers to look for growth acquisitively. Though underperforming compared to the sector, E-Commerce multiples have remained strong.

Table IV | Select Footwear

(\$ in millions)								TEV/	
Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	Revenue LTM	EBITDA LTM	
Birkenstock Holding	\$10,315	\$1,709	\$389	na	62%	23%	6.0x	26.5x	
Caleres	\$2,190	\$2,817	\$254	-5%	45%	9%	0.8x	8.6x	
Crocs	\$10,547	\$3,962	\$1,100	11%	56%	28%	2.7x	9.6x	
Deckers Outdoor Corp.	\$22,784	\$4,120	\$944	15%	54%	23%	5.5x	24.1x	
Foot Locker	\$5,339	\$8,168	\$386	-7%	28%	5%	0.7x	13.8x	
Rocky Brands	\$378	\$462	\$51	-25%	39%	11%	0.8x	7.5x	
Skechers U.S.A.	\$10,192	\$8,000	\$968	7%	52%	12%	1.3x	10.5x	
Steven Madden	\$3,038	\$1,982	\$238	-7%	42%	12%	1.5x	12.8x	
Wolverine World Wide	\$1,826	\$2,243	\$64	-16%	39%	3%	0.8x	28.4x	
Median		\$3,718	\$488	-3%	46%	14%	2.2x	15.8x	
Mean		\$2,530	\$320	-5%	43%	11%	1.0x	11.7x	

Table V | Select Luxury Brands

(\$ in millions)								TEV/	
Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	Revenue LTM	EBITDA LTM	
Burberry Group plc	\$6,551	\$3,838	\$879	16%	70%	23%	1.7x	7.5x	
Capri Holdings Limited	\$8,743	\$5,282	\$625	-9%	65%	12%	1.7x	14.0x	
Christian Dior SE	\$220,312	\$95,228	\$27,793	13%	69%	29%	2.3x	7.9x	
Compagine Financière Richem	\$87,749	\$21,696	\$5,898	5%	68%	27%	4.0x	14.9x	
Ermenegildo Zegna N.V.	\$4,395	\$1,820	\$203	23%	60%	11%	2.4x	21.7x	
Fossil Group	\$322	\$1,412	(\$73)	-16%	49%	-5%	0.2x	na	
Hermès International	\$257,873	\$14,841	\$6,681	20%	72%	45%	17.4x	38.6x	
Hugo Boss AG	\$5,325	\$4,640	\$567	19%	61%	12%	1.1x	9.4x	
Kering SA	\$64,610	\$21,627	\$6,191	-1%	76%	29%	3.0x	10.4x	
Louis Vuitton Moët Henness	\$481,599	\$95,228	\$27,932	13%	69%	29%	5.1x	17.2x	
Pandora A/S	\$14,603	\$4,172	\$1,180	10%	79%	28%	3.5x	12.4x	
Pattern S.p.A.	\$103	\$161	\$13	38%	40%	8%	0.6x	7.8x	
Prada S.p.A.	\$22,586	\$5,224	\$1,394	16%	80%	27%	4.3x	16.2x	
Tapestry	\$12,768	\$6,727	\$1,428	2%	72%	21%	1.9x	8.9x	
The Swatch Group AG	\$9,638	\$9,368	\$1,831	16%	85%	20%	1.0x	5.3x	
Median		\$19,418	\$5,503	11%	68%	21%	3.4x	13.7x	
Mean		\$5,253	\$1,287	13%	69%	22%	2.1x	10.4x	

Source: S&P Capital IQ
Data as of March 31, 2024

Public Comparables

Select USA, Canada, and European Listed Companies

Revenue growth across all subsectors except for luxury brands has been modest overall. This has driven strategic acquirers to look for growth acquisitively. Though underperforming compared to the sector, E-Commerce multiples have remained strong.

Table VI | Select Diversified Apparel

(\$ in millions)							TEV/	
Company	TEV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	Revenue LTM	EBITDA LTM
Abercrombie & Fitch	\$6,491	\$4,281	\$630	16%	63%	15%	1.5x	10.3x
American Eagle Outfitters	\$5,816	\$5,262	\$611	5%	39%	12%	1.1x	9.5x
Aritzia	\$3,554	\$1,682	\$173	12%	38%	10%	2.1x	20.6x
Barbara Bui SA	\$12	\$12	\$2	14%	71%	13%	0.9x	7.0x
Björn Borg AB (publ)	\$114	\$87	\$11	8%	54%	13%	1.3x	10.1x
Devernois S.A.	\$8	\$22	\$2	2%	80%	9%	0.4x	3.9x
G-III Apparel Group	\$1,460	\$3,098	\$318	-4%	40%	10%	0.5x	4.6x
Gildan Activewear	\$7,219	\$3,196	\$652	-1%	28%	20%	2.3x	11.1x
Guess?	\$2,543	\$2,777	\$330	3%	44%	12%	0.9x	7.7x
H & M Hennes & Mauritz	\$31,575	\$22,652	\$2,221	3%	52%	10%	1.4x	14.2x
Hanesbrands	\$5,605	\$5,637	\$468	-10%	35%	8%	1.0x	12.0x
Industria de Diseño Textil	\$150,423	\$39,001	\$8,840	10%	56%	23%	3.9x	17.0x
Jerash Holdings (US)	\$19	\$119	\$3	-18%	15%	3%	0.2x	6.0x
Kontoor Brands	\$3,986	\$2,607	\$369	-1%	42%	14%	1.5x	10.8x
Levi Strauss & Co.	\$9,738	\$6,179	\$720	0%	57%	12%	1.6x	13.5x
OVS S.p.A.	\$2,039	\$1,699	\$201	14%	55%	12%	1.2x	10.1x
Oxford Industries	\$2,086	\$1,571	\$257	11%	63%	16%	1.3x	8.1x
PVH Corp.	\$11,698	\$9,217	\$1,144	2%	57%	12%	1.3x	10.2x
Ralph Lauren Corporation	\$12,841	\$6,604	\$974	3%	66%	15%	1.9x	13.2x
The Gap	\$13,858	\$14,889	\$1,133	-5%	47%	8%	0.9x	12.2x
Urban Outfitters	\$4,642	\$5,153	\$491	7%	34%	10%	0.9x	9.5x
V.F. Corporation	\$12,317	\$10,820	\$1,068	-7%	52%	10%	1.1x	11.5x
Median		\$6,662	\$937	3%	49%	12%	1.3x	10.6x
Mean		\$31,956	\$468	3%	52%	12%	1.2x	10.2x

Source: S&P Capital IQ
Data as of March 31, 2024

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San Diego | Los Angeles | Denver

OBJECTIVE

Investment Banking & Valuation

Precedent Transactions

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

Acquisition activity and the distribution between private equity and strategic acquirers in Q1 increased significantly compared to Q4 2023 (39), Q3 2023 (38), and Q2 2023 (45). Strategic acquirers were particularly interested in companies that could diversify their exposure to specific end markets and enhance their modest revenue growth. Meanwhile, the high cost of capital has kept private equity firms largely on the sidelines.

Chart VI | Total Buyer Mix: Financial vs Strategic ⁽¹⁾

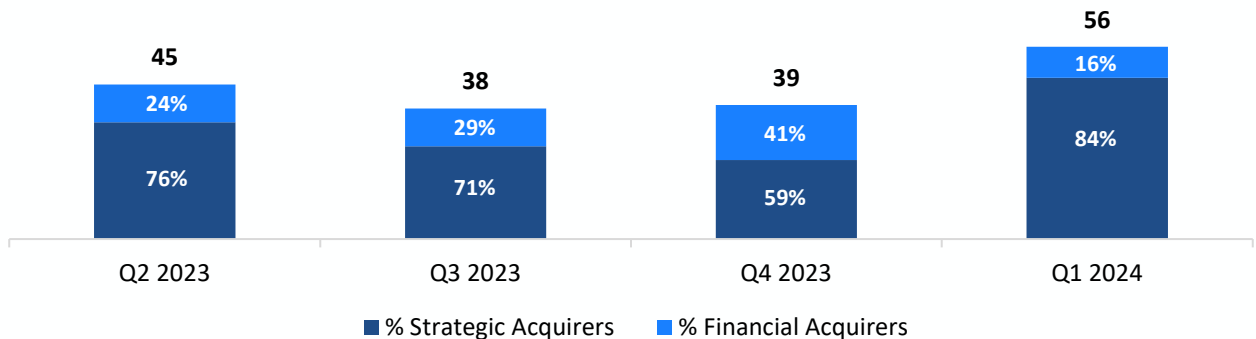


Table VII | Select M&A Transactions

(\$ in millions)						
Date Announced	Target	Acquiror	Target Description	TEV	TEV/ LTM	
					Revenue	EBITDA
3/31/2024	Chrome Hearts	LVMH	Manufacturer of handmade jewelry.	na	na	na
3/18/2024	BlindReason	Jente	Manufacturer of leather clothing and fashion jewelry brand.	na	na	na
3/15/2024	Inkthreadable	Hyper Merch	Manufacturer of custom printed clothing and fine art prints.	\$0.2	na	na
3/12/2024	Trussardi.	Miroglio	Designs and manufactures apparel and accessories.	na	na	na
3/11/2024	JY BH	Chanel Limited	manufactures luxury garments and accessories.	na	na	na
3/8/2024	19Nine	Slam	Operator of a vintage-inspired basketball clothing brand.	na	na	na
2/27/2024	Mission Statement Apparel	Ecofashion Corp	Manufactures and retails women's apparel.	na	na	na

Source: S&P Capital IQ

(1) 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

Acquisition activity and the distribution between private equity and strategic acquirers in Q1 increased significantly compared to Q4 2023 (39), Q3 2023 (38), and Q2 2023 (45). Strategic acquirers were particularly interested in companies that could diversify their exposure to specific end markets and enhance their modest revenue growth. Meanwhile, the high cost of capital has kept private equity firms largely on the sidelines.

Table VII | Select M&A Transactions

(\$ in millions)						
Date Announced	Target	Acquiror	Target Description	TEV	TEV/ LTM	
					Revenue	EBITDA
2/16/2024	Rag & Bone Holdings	Guess?, Inc.	Designs and manufactures apparel, shoes, and accessories.	na	na	na
2/14/2024	Rogan's Shoes	Shoe Carnival	Retailer of shoes, clothing and accessories.	45.0	na	na
2/9/2024	Lily and Lionel London	Design Arc Uk	Manufactures and retails womenswear clothes.	na	na	na
2/8/2024	Nomads Clothing	Superhouse Uk	Produces clothing made from natural fibers and organic cotton.	1.4	na	na
2/7/2024	Ollie Quinn	OQ Eyewear	Manufacturer of eyewear.	na	na	na
2/1/2024	Arden Jewelry Manufacturing	Aura Accessories	Manufacturer of jewelry.	na	na	na
1/31/2024	Mystery Ranch	YETI Holdings	Apparel, accessories and luxury goods company.	na	na	na
1/24/2024	Emmetierre S.R.L.	Holding Moda Srl	Manufactures leather goods, such as handbags and wallets.	na	na	na
1/17/2024	Alba Moda	Goldner	Manufacturer of women's apparel and accessories.	na	na	na
1/17/2024	Rockfish weather wear	AU Brandz	Manufacturer of footwear.	6.4	0.2x	na
1/12/2024	Carbon38	BC Brands	Sells fashion-forward activewear.	na	na	na
1/9/2024	Badger Sportswear	Platinum Equity	Supplies team uniforms and performance athletic wear.	na	na	na
1/9/2024	Augusta Sportswear	Platinum Equity	Provides active wear and spirit wear for teams and corporate needs.	na	na	na
Median				\$13.2	0.2x	na
Mean				\$3.90	0.2x	na

Source: S&P Capital IQ

(1) Total USA and Canadian corporate and asset majority control transactions in the CRO sector

About Us

Objective, Investment Banking & Valuation is a leading investment banking and valuation firm that services middle market companies across our six industries of focus. Within our industries of focus we offer an investment banking group providing sell-side advisory, and a full-service valuation group providing tax compliance, financial reporting, transaction opinion, and strategic advisory services.

Founded in 2006, Objective’s seasoned professionals have collectively executed over 500 M&A advisory engagements and thousands of business valuations throughout their careers. Our firm’s name embodies our core mission: to help business owners achieve their objectives.

Industries of Focus

- Business Services
- Consumer
- Healthcare Tech & Services
- Life Science Services & Tech
- Manufacturing & Distribution
- Technology

500+ M&A Transactions Completed*

The grid displays the following transactions:

- KINDRED BRAVELY** (acquired by **TZP**): Sell-Side Advisor to Kindred Bravelly
- TROXEL** (acquired by **WEAVER LEATHERS**): Sell-Side Advisor to Troxel Cycle & Fitness, LLC
- STRAYE** (acquired by **bbc international**): Sell-Side Advisor to Straye Footwear
- tula** (acquired by **engobaby**): Sell-Side Advisor to Baby Tula
- RAEN** (acquired by **Undisclosed**): General Strategic Advisor to RAEN Optics, Inc.*
- controller gear** (acquired by **MARKETING INSTINCTS**): Sell-Side Advisor to Marketing Instincts
- GunVault** (acquired by **MID OCEAN PARTNERS**): Sell-Side Advisor to GunVault
- adrenaline LACROSSE** (acquired by **Undisclosed**): General Strategic Advisor to Adrenaline Lacrosse, Inc.

*Denotes engagements completed by an Objective Principal prior to joining Objective.

Award & Recognition	Forum	Year	Type
Best Middle Market Sell-side M&A Firm - USA	Acquisition International	2023	Winner
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
Private Equity Deal of the Year (Between \$75MM - \$100MM)	M&A Advisor 22nd Annual M&A Awards	2023	Finalist
Valuation Firm of the Year	M&A Advisor 22nd Annual M&A Awards	2023	Finalist
Consumer Discretionary Deal of the Year (Under \$100MM)	M&A Advisor 20th Annual M&A Awards	2021	Finalist

*This figure includes projects completed by Objective principals while at Objective and at previous firms.

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




Has been acquired by

Undisclosed

Sell-Side Advisor to
ZeetoGroup, LLC



Has been acquired by




Sell-Side Advisor to
Alpine Brewing*



Has been acquired by



Sell-Side Advisor to
Seawind International, Inc.*



Has been acquired by

Undisclosed

Buy-Side Advisor to
Westfield AZ Tavern Bowl

*Denotes engagements completed by an Objective Principal prior to joining Objective.



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