



DUFF & PHELPS

Protect, Restore and Maximize Value

Apparel Quarterly Update

Winter 2021

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 150 transactions over the past 12 years.

The Duff & Phelps platform provides in-depth coverage of the apparel, footwear and accessories industry through dedicated, bicoastal consumer teams and 75 international offices. Duff & Phelps is a trade name for Duff & Phelps, LLC and its affiliates. Read more at www.duffandphelps.com.

#1 Total Number of U.S. and Global Fairness Opinion Over the Past Ten Years

#5 Middle-Market M&A Advisor Over the Past Ten Years²

Proven Execution 150+ consumer M&A and capital raise transactions over the past 12 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 Approximately 4,000 employees across 75+ offices in 25 countries, with an extensive presence in the U.S., Europe and Asia

Our Apparel Team

Corporate Finance



Joshua Benn
Managing Director, Global Head of Consumer and Apparel Corporate Finance
+1 212 450 2840
joshua.benn@duffandphelps.com



Brian Little, CFA
Managing Director, Consumer and Apparel Corporate Finance
+1 310 598 4358
brian.little@duffandphelps.com



Andreas Stoecklin
Managing Director, Head of EMEA M&A Advisory
+49 067 191 8466
andreas.stoecklin@duffandphelps.com



David Lu
Managing Director, Head of China M&A Advisory
+86 21 6032 0608
david.lu@duffandphelps.com



Howard Johnson
Managing Director and Canada Leader M&A Advisory
+1 416 597 4500
howard.johnson@duffandphelps.com



Robin Kim
Vice President, Consumer and Apparel Corporate Finance
+1 424 363 0016
robin.kim@duffandphelps.com

Special Situations



Geoffrey Frankel
Managing Director, U.S. Restructuring Advisory, Distressed M&A and Special Situations
+1 312 697 0114
geoffrey.frankel@duffandphelps.com



Brian Cullen
Managing Director, U.S. Restructuring Advisory, Distressed M&A and Special Situations
+1 424 249 1650
brian.cullen@duffandphelps.com

Supply Chain Risk Management



Richard Vestuto
Managing Director, Legal Management Consulting
+1 212 277 0130
rich.vestuto@duffandphelps.com



Daniel Hartnett
Associate Managing Director, Compliance, Risk and Diligence
+1 703 860 0190
daniel.hartnett@kroll.com

Valuation Services



Myron Marcinkowski
Managing Director, Consumer Products
+1 678 916 2525
myron.marcinkowski@duffandphelps.com



Jacques Giard
Managing Director, Head of France Transaction Advisory
+33 (0)6 50 74 67 20
jacques.giard@duffandphelps.com

Transaction Advisory Services

2020 Year in Review

Promising Path to Recovery

2020 was a wildly unpredictable year. The world experienced a pandemic caused by the coronavirus, various social movements, a controversial U.S. presidential election and many other milestones, which led to monumental economic, political, social and fiscal changes. On the economic front, the first few months following the pandemic led to the largest recession since WWII.³ Global economic output declined by 8%, the S&P 500 fell 20% in 16 days between February and March, and the unemployment rate in the U.S. reached a peak of 14.2% in April.^{3,4}

However, with prompt fiscal action from the Fed lowering interest rates and Congress releasing stimulus checks to Americans, the economy regained some momentum. The S&P 500 rose nearly 68% since March, and the unemployment rate – albeit still high compared to pre-COVID levels – decreased to 6.7% by the end of the year.^{4,8} Ultimately, 2020 concluded on a positive note, with many stocks reaching all-time highs and hopes for an end to the pandemic from breakthroughs in vaccine technology.

Within the retail environment, we observed the accelerated paradigm shift from brick-and-mortar to e-commerce and an evolution of consumer shopping behavior. Following bankruptcies of more than 27 retailers within the first nine months, brands and retailers quickly adapted to this new world era of “everything digital” to survive.⁵ Online shopping became the dominant platform for consumers over traditional in-store shopping, resulting in a 37% increase in Q3 year-over-year (YoY) total e-commerce sales.⁶





Heading into 2021, the apparel and retail industry at large will be challenged to make up for losses incurred throughout the year, while the majority of consumers – at least for the first few months of the new year – are likely to remain on the sidelines from making new clothing purchases as compared to a pre-COVID-19 era. Nevertheless, we believe in the power of strong brands and remain hopeful that a meaningful bounce-back will be fueled by a stronger economy and pent-up consumer demand.

Our quarterly apparel report aims to identify trends and provide insights across the apparel sector, focusing on key themes, issues and opportunities. We hope you find this report and 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.

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2020 | By the Numbers

-  Stocks experienced continued growth, with the S&P 500 increasing over 15% throughout the year⁷
-  U.S. retail sales during 2020's November and December holiday season grew 8.3% YoY⁸
-  Sales of apparel and footwear online rose 27.2% to \$121.5 billion in 2020⁹
-  Public apparel and retail company valuations (as EBITDA multiples) averaged 22.3x and 23.1x, respectively⁷

Trends and Insights



Focus on What's Underneath: Underwear on the Rise

With fewer opportunities to dress formally, consumers have largely turned their attention to comfortable apparel. We observed the obvious increase in popularity of loungewear and cozy slippers, but a category that has also risen dramatically has been functional, stylish and comfortable underwear.

The basics category, which includes intimates and underwear, has outperformed the general apparel category throughout the pandemic. Even men, who traditionally are less interested in underwear than women, have been increasingly seeking the best possible solutions to remain comfortable down low.

Leading brands like PSD and Cosabella were well-positioned to capitalize on these positive industry tailwinds and have experienced phenomenal growth over the year and heading into 2021.

COSABELLA

"The underwear business as a whole has been booming, but the men's underwear category has also performed exceptionally well and we believe there's ample whitespace in the market."¹⁰

Silvia and Guido Campello, Co-CEOs

PSD

"Consumers are stocking up on underwear not only for comfort and functional reasons but also as a way to 'wear their life' and show their identity, from individualized underwear design to a sports bra and baggy sweatpants combo."¹¹

Curt Flaitz, Founder and CEO



Sixty-two percent of consumers reported wearing comfortable clothes more often during the COVID-19 pandemic.¹²



E-commerce underwear sellouts between June and August 2020 increased 56% YoY.¹²



Comfort clothing as a percentage of holiday sales in 2020 rose 19% YoY.¹³

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See page 21 for data sources



The Great Outdoors

As consumers venture outdoors at record levels, a trend which experts believe will persist, many have searched for fashionable performance apparel to wear on the trail and beyond.¹⁴ As such, various companies are capitalizing on this trend by providing more options for "outdoorable" apparel.

Brands that specialize in outdoor apparel have observed sizeable changes in demand for products. Keen's chief branding officer noted that "outdoor as a fashion influence has been building for years, as consumers look to capture the authenticity, functionality and performance of 'outdoor' in their look."¹⁴

Even high-fashion brands are taking advantage of consumers' cabin fever. Valentino released a climbing boot. Gucci and North Face launched a collaboration ranging from beanies to hiking boots. Legacy brands like L.L. Bean are jumping on this trend as well, launching a recent collaboration with Todd Snyder.

High-Fashion Influence on Outdoor Apparel



Valentino Climbing Boot



GUCCI x North Face



Todd Snyder x L.L. Bean



The global hiking and trail footwear market is expected to increase by \$3.8 billion (bn) from 2020 to 2024, representing a CAGR of 7%.¹⁵



Twenty percent of consumers have reported spending more time outside and almost 90% expect their outdoor activity to remain the same when the pandemic concludes.¹⁴



Thirty-six percent of consumers reported that they plan to increase their shopping behavior with respect to outdoor products.¹⁶

Trends and Insights

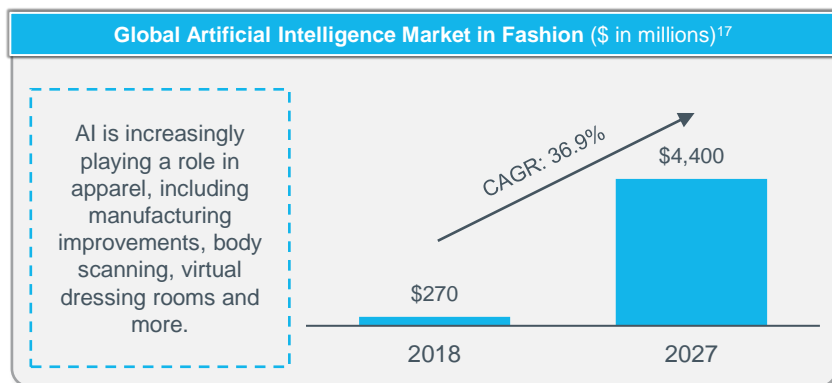
3 Technology's New Target: Apparel

Technology has been increasingly shaping how apparel brands approach innovation, marketing, strategy and customer engagement.

Companies like Amazon, ZoZo, Mtailor and Within24 are taking advantage of current technology that allows for modifications to every aspect of clothing via 3D rendering including trim, sizing and materials.

Virtual influencers have taken social media by storm. These computer-generated "people" post photos wearing branded apparel for a fee.

Facebook's acquisition of Kustomer gives brands a data-driven approach to understand customer habits and brand perception. Kustomer will provide brand marketers with aggregate data about individual consumer behaviors, customer service and path-to-purchase.



Between 10%–30% of all apparel brands are expected to offer fully customizable clothing by 2030.¹⁸



Lil Mequela, one of the most popular virtual influencers, made nearly \$12 million (mn) for her creators in 2020.¹⁹



Sixty-nine percent of senior executives from U.S. retailers indicated that using AI-driven merchandising applications is important to improve performance.²⁰

4 New BFFs: Sports Fitness and Apparel

Apparel brands have decided to approach exercise wear in a holistic manner by collaborating with indoor fitness equipment brands such as Mirror and Peloton.

Collaborations between fitness and apparel brands have immense benefits for both companies. While both groups of customers likely overlap, the "dual branding" strategy provides each brand with greater exposure to a larger audience. Specifically, for apparel brands, the ability to receive immediate feedback on the performance of their clothing becomes much easier.

While many fitness and apparel brands have approached one another to construct a collaboration, others have received input from their customers who have requested a jointly branded product. Jill Foley, Vice President of Apparel at Peloton, explained that the reason their collaboration with Athleta originated was from customers probing Peloton through its social channels.

<p>Lululemon acquired Mirror, the sleek designed fitness partner. Lululemon's CEO Calvin McDonald stressed the company's transition to an experiential model, giving customers a "healthy and mindful lifestyle across multiple experiences."²¹</p>	<p>Fabletics partnered with Hydrow, a live outdoor reality rowing machine company. Fabletics members can purchase a Hydrow at members-only pricing and access unique content and fitness milestone rewards.</p>	<p>Peloton has had numerous collaborations with brands such as Ten Thousand. Jill Foley, Vice President of apparel at Peloton, says, "apparel is a great way for us to engage with our dedicated members."²²</p>
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The global activewear market is segmented nearly 60% women and 40% men on average.²³



The global athleisure market is set to grow at a CAGR of 6.7% from 2018 to 2026, reaching a value of \$257bn.²⁴



In one survey by Chief Marketer studying brand partnerships, 49% of brands saw increases in revenue through partnerships and 45% saw a boost in brand awareness.²⁵

Sector Spotlight | Same-Day Delivery Has New Competition: Third-Party Delivery Apps

COVID-19 restrictions have resulted in the closure of retail stores, prompting brands to implement innovative solutions to keep the brick-and-mortar industry alive. Brick-and-mortar sales were estimated to decline 14% during 2020, before the second wave of the virus struck.²⁶ While BOPIS (buy online pick-up in store) options served as solutions for some, others wanted the comfort of receiving their orders at home faster than traditional shipping. Delivery apps like Postmates and DoorDash, traditionally designed to deliver food, have now stepped in to administer their services to the retail industry.

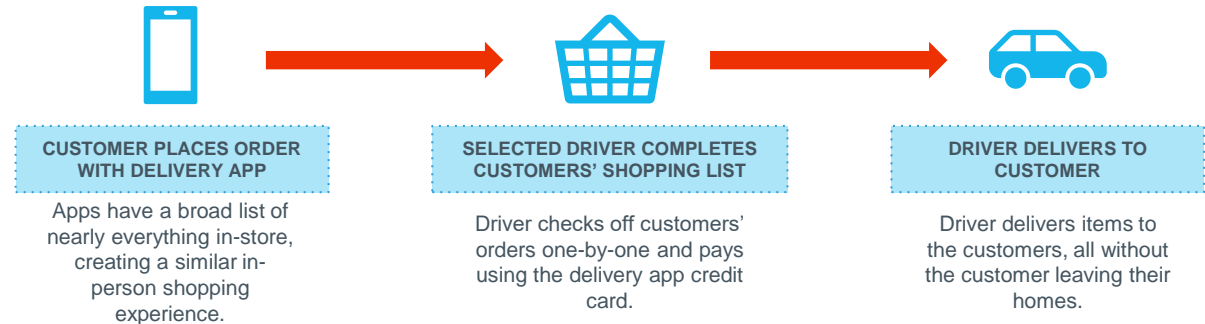
With historically high levels of e-commerce sales this past holiday season, shipping delays from FedEx and UPS were assumed to be inevitable. As a result, many customers turned to delivery apps to receive their products within an hour for a small fee.

DICK's Sporting Goods and Instacart announced their partnership in mid-December, to capture same-day sales during the holiday time. The partnership includes a unique certified feature, which provides shoppers with confirmation of high-value purchases. Partnerships like these are setting the stage for retail app-based delivery to become a normal distribution channel.

The new combination of delivery apps and retailers create an opportunity to release "Postmates" or "DoorDash" exclusives. Mike Buckley, former Nike executive, says that these "drops" are "one of the ways we think we can drive engagement to these merchants."²⁶

Illustrative Delivery Process Timeline

Streamlined order and delivery process



Select Brands Leveraging Same-Day Delivery

Brands across all consumer verticals are taking advantage of same-day delivery options



Macy's CEO Jeffrey Gennette notes that delivery app partnerships are creating versatile delivery options for customers, stating that "customers want more options, including speed of delivery, and our partnership with DoorDash in 500 stores nationwide means they can take advantage of every option we have available."²⁷



Banana Republic and Postmates teamed up in 2020 to provide same-day delivery options in New York and Southern California. Upon checkout, if the customer is in a certain delivery radius, the Postmates delivery fee is free.



H&M Canada has announced its partnership with Instacart to provide same-day delivery for its customers, making it the first apparel company in Canada to offer this option. H&M is including men's, women's and kid's apparel departments to be available for delivery.

Sector Spotlight | Supply Chain Risk Management

Recent import restrictions put in place by the U.S. government are disrupting apparel brands' supply chains across the country. Due to concerns of unethical labor practices in China's cotton market, the U.S. has cracked down on illegal sourcing practices. This implementation of new regulations is forcing brands to reassess their supply chains so they comply fully with the new standards and avoid fines, seizures of imports, brand reputational damage, human rights violations and other penalties.

In mid-September 2020, the U.S. Customs and Border Protection issued five Withhold Release Orders targeted at goods allegedly manufactured by forced labor in Xinjiang, China. As much as 85% of all Chinese cotton stems from the Xinjiang region, the area under scrutiny.²⁸ Then U.S. Department of Homeland Security (DHS) Deputy Secretary, Ken Cuccinelli, stated "by taking this action, DHS is combating illegal and inhumane forced labor, a type of modern slavery, used to make goods that the Chinese government then tries to import into the United States. When China attempts to import these goods into our supply chains, it also disadvantages American workers and businesses."²⁸

While this ban is a step forward in supporting ethical labor practices across the world, it poses a significant challenge for apparel brands that have historically relied on cotton from China. Brands like L.L. Bean, Hugo Boss and Uniqlo are currently struggling with verifying that their products, at each step in the supply chain, comply with new standards.²⁹

This ethical sourcing issue must be at the forefront of fashion brands' minds. In order to mitigate the situation, brands must act in a proactive manner to identify potential problems within their supply chains. Due diligence on existing relationships and a more comprehensive approach to performing diligence on potential new relationships may help minimize the risk of partaking in unethical labor practices.

Analysis of an apparel company's supply chain by Kroll and Duff & Phelps can help detect possible illegal practices and potentially preempt and/or reduce costly supply chain risk oversight.

Potential Business Impacts

Failure to eliminate the presence of cotton sourced using forced labor could expose a client to significant risks when importing cotton-based products in the U.S., including:



Denial or seizure of imports



Fines and sanctions from human rights and labor violations involving supply chain partners



Reputational damage with end consumers concerned about corporate social responsibility

How We Can Help



ADVISE

Advise on potential geopolitical risks within current supply chains and the potential for future risks



INVESTIGATE

Investigate the origin of cotton-based products and assess risk of unethical labor practices in their supply chains



ASSESS

Assess vendor contracts for clauses governing sourcing cotton products from China and risks associated with divesting from a current supplier



REPAPER

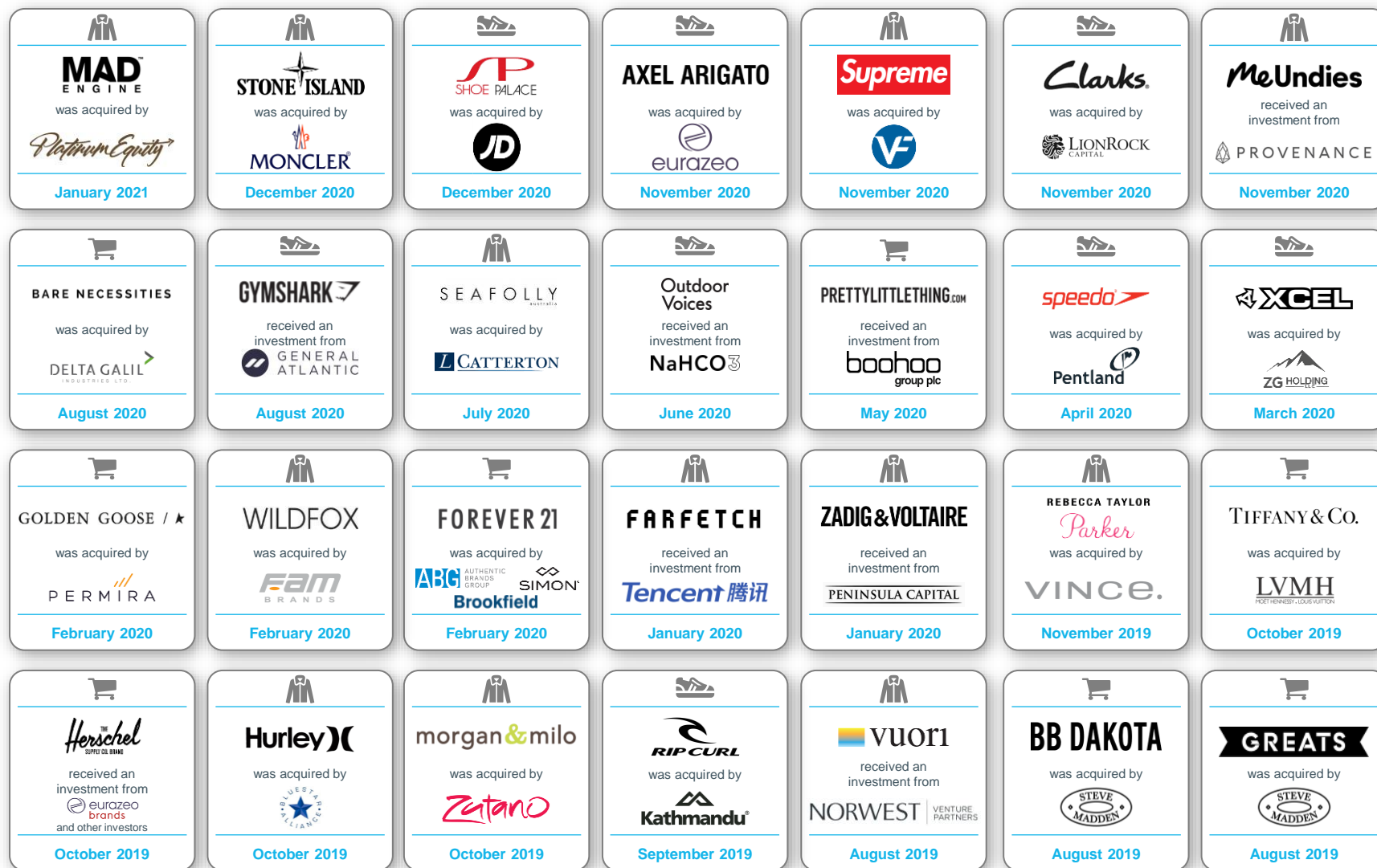
Repaper vendor contracts to include flow down clauses banning procurement of Xinjiang-produced cotton



DUE DILIGENCE

Conduct due diligence screening and beneficial ownership checks on potential alternate cotton producers and processors

Recent Apparel M&A Transaction Activity



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

Sectors



Apparel and Fashion



Active Apparel and Footwear

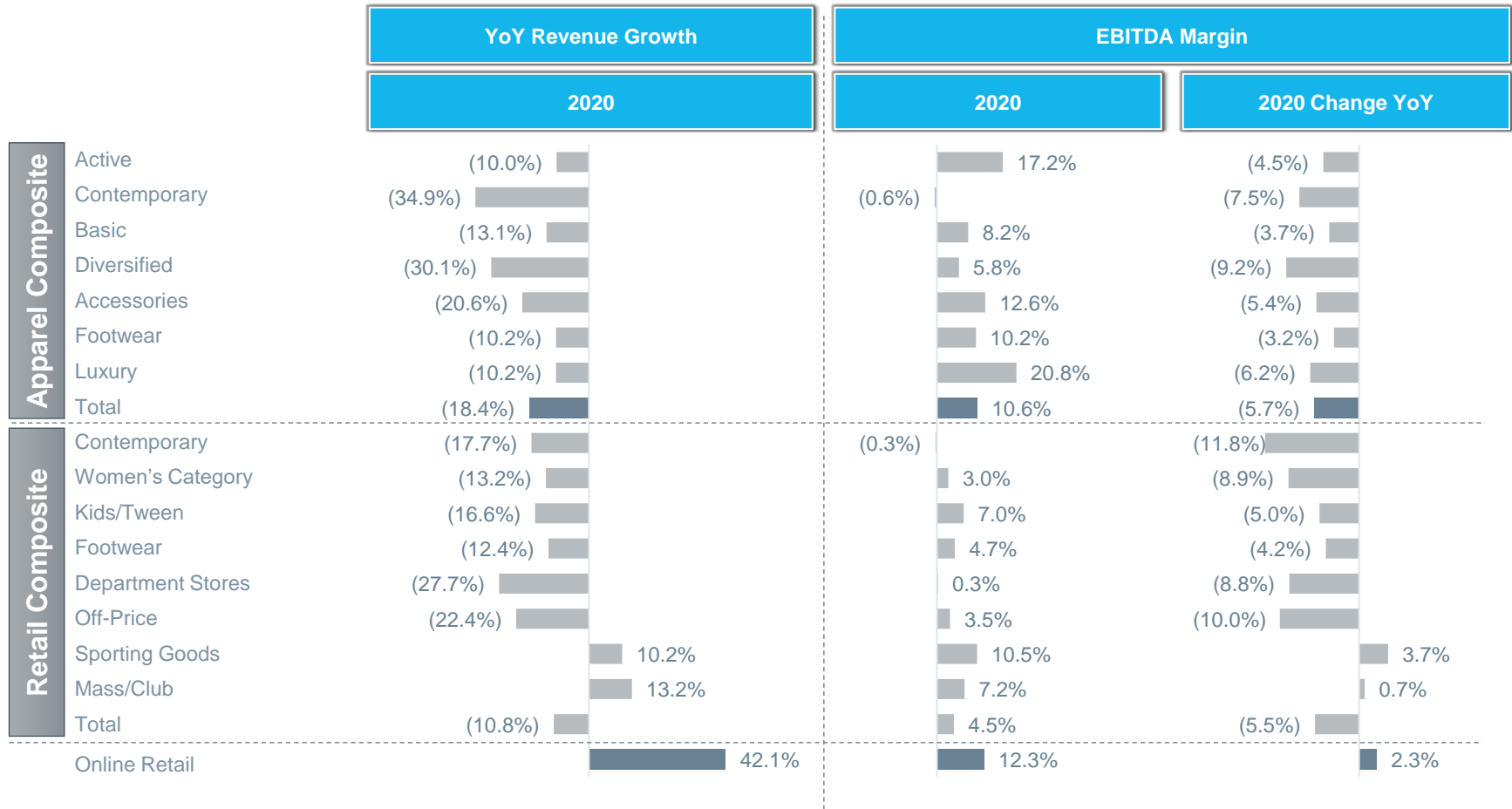


Accessories



Retail

Operational Benchmarking



EBITDA is earnings before interest, tax, depreciation and amortization

Sector index weight based on company market capitalization at valuation date. 2020 reflects twelve months ending December 31, 2020.

Source: S&P Global Market Intelligence; index constituents on pages 9-20

Valuation Benchmarking

			Enterprise Value as a Multiple of		One-Year Change in Enterprise Value as a Multiple of		
One-Year Stock Performance			2020 Revenue	2020 EBITDA	Revenue	EBITDA	
Apparel Composite	Active		12.2%	<div></div> 5.74x	<div></div> 32.8x	<div></div> 1.26x	<div></div> 12.0x
	Contemporary	(14.8%)	<div></div>	<div></div> 0.75x	<div></div> 16.7x	<div></div> 0.07x	<div></div> 9.0x
	Basic		14.8%	<div></div> 1.50x	<div></div> 10.4x	<div></div> 0.22x	(0.0x)
	Diversified	(1.4%)	<div></div>	<div></div> 2.09x	<div></div> 30.3x	<div></div> 0.38x	<div></div> 18.8x
	Accessories		19.4%	<div></div> 1.81x	<div></div> 16.1x	<div></div> 0.64x	<div></div> 8.8x
	Footwear		16.0%	<div></div> 2.60x	<div></div> 26.8x	<div></div> 0.61x	<div></div> 11.4x
	Luxury	(2.7%)	<div></div>	<div></div> 3.30x	<div></div> 21.3x	<div></div> 0.53x	<div></div> 8.5x
	Total		6.2%	<div></div> 2.54x	<div></div> 22.1x	<div></div> 0.53x	<div></div> 9.8x
Retail Composite	Contemporary		2.8%	<div></div> 2.45x	<div></div> 26.7x	<div></div> 0.63x	<div></div> 12.8x
	Women's Category	(1.9%)	<div></div>	<div></div> 1.29x	<div></div> 15.1x	<div></div> 0.28x	<div></div> 6.7x
	Kids/Tween	(4.5%)	<div></div>	<div></div> 1.00x	<div></div> 21.2x	(0.06x)	<div></div> 12.9x
	Footwear		7.3%	<div></div> 0.65x	<div></div> 14.1x	(0.03x)	<div></div> 6.8x
	Department Stores	(1.9%)	<div></div>	<div></div> 0.50x	<div></div> 18.2x	0.03x	<div></div> 12.5x
	Off-Price		5.2%	<div></div> 2.99x	<div></div> 47.0x	<div></div> 0.82x	<div></div> 31.8x
	Sporting Goods		130.7%	<div></div> 0.35x	<div></div> 3.2x	(0.00x)	(2.0x)
	Mass/Club		54.3%	<div></div> 0.73x	<div></div> 11.7x	0.02x	(0.1x)
	Total		24.0%	<div></div> 1.25x	<div></div> 19.7x	<div></div> 0.21x	<div></div> 10.2x
Online Retail			133.6%	<div></div> 2.42x	<div></div> 21.9x	<div></div> 0.07x	<div></div> 2.0x

EBITDA is earnings before interest, tax, depreciation and amortization

Sector index weight based on company market capitalization at valuation date. 2020 reflects twelve months ending December 31, 2020.

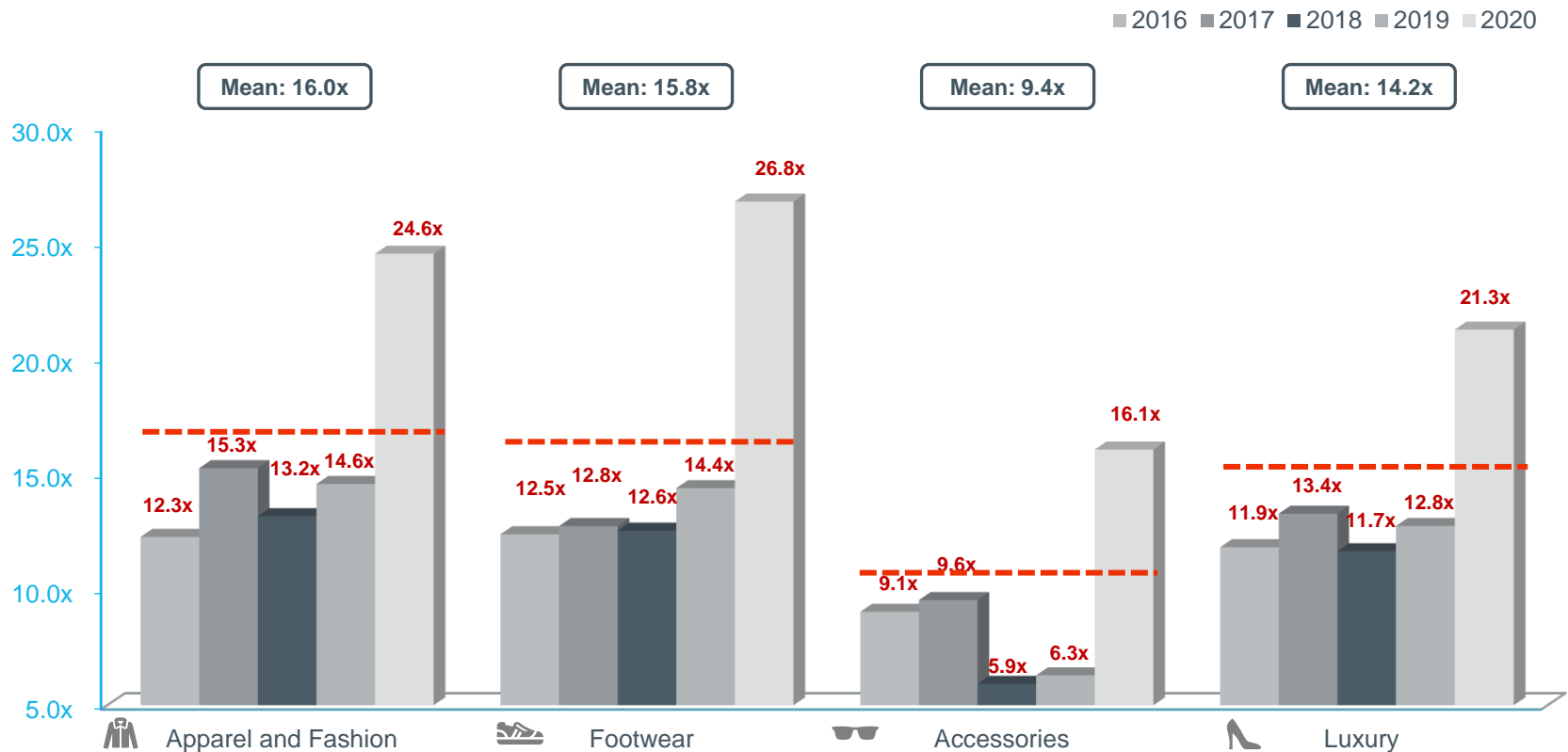
Note: Leases deducted from enterprise value in 2019 and beyond, to account for Financial Accounting Standards Board's adoption of ASC 842

Source: S&P Global Market Intelligence; index constituents on pages, 9-20

Public Company Trends – Apparel Brands

As a result of COVID-19-related declines in corporate earnings, public market valuation multiples increased as compared to the prior year.

Enterprise Value as a Multiple of EBITDA^a



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

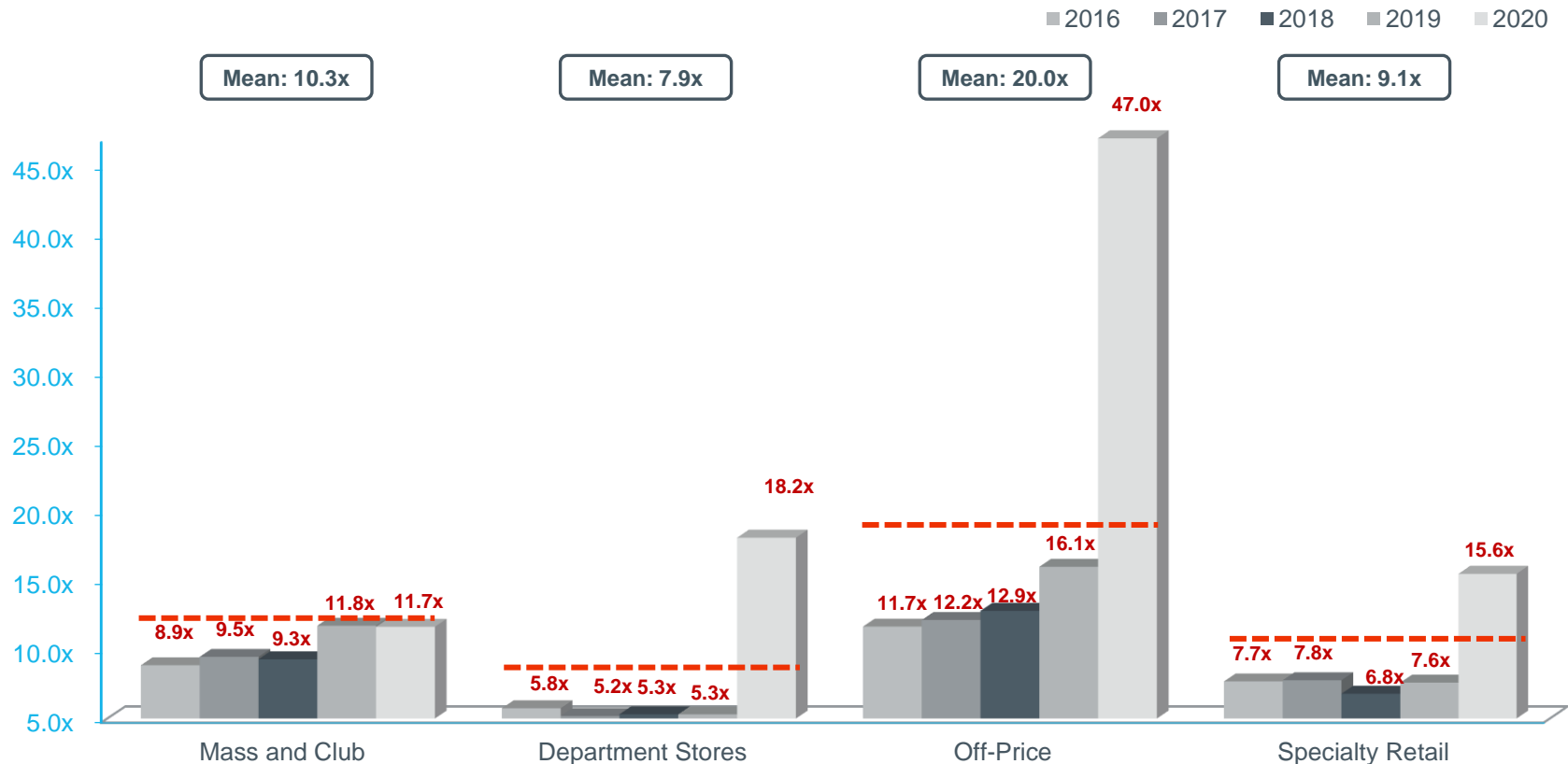
Source: S&P Global Market Intelligence. Represents most actively traded public apparel, footwear, accessories and luxury companies.

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

Public Company Trends – Retailers

As a result of COVID-19-related declines in corporate earnings, public market valuation multiples increased as compared to the prior year.

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)

(\$ in USD millions, except per-share data)	Stock	One-Year	% of	Market	Enterprise	Enterprise Value as a Multiple of				2020
	Price	Stock	52-Week			Revenue	EBITDA		EBITDA	
	Jan. 22, 2021	Performance	High				Value	Value		2020
Active Apparel										
NIKE, Inc.	\$139.35	36.6%	94.2%	\$219,684	\$217,323	5.74x	4.76x	48.4x	29.4x	11.9%
Lululemon Athletica Inc.	\$346.37	42.5%	86.6%	\$45,145	\$44,664	10.35x	8.25x	44.0x	31.8x	23.5%
Moncler S.p.A.	\$59.25	20.6%	96.1%	\$14,975	\$14,312	8.75x	6.92x	25.1x	18.0x	34.8%
Under Armour, Inc.	\$18.51	(12.8%)	86.0%	\$7,809	\$7,941	2.23x	1.93x	21.8x	14.1x	10.3%
Columbia Sportswear Company	\$92.26	(3.3%)	93.0%	\$6,109	\$5,794	1.71x	1.52x	NM	24.1x	(0.2%)
Canada Goose Holdings Inc.	\$31.93	(10.2%)	79.5%	\$3,521	\$3,711	5.65x	4.24x	24.5x	15.5x	23.0%
Median		8.7%	89.8%	\$11,392	\$11,126	5.70x	4.50x	25.1x	21.0x	17.4%
Mean		12.2%	89.2%	\$49,540	\$48,957	5.74x	4.60x	32.8x	22.2x	17.2%
Contemporary Apparel										
Guess?, Inc.	\$24.19	8.1%	93.6%	\$1,539	\$1,535	0.73x	0.59x	12.1x	6.7x	6.0%
G-III Apparel Group, Ltd.	\$26.96	(9.7%)	89.8%	\$1,304	\$1,662	0.76x	0.63x	21.3x	7.2x	3.6%
Vince Holding Corp.	\$8.79	(42.8%)	55.8%	\$104	\$196	0.75x	0.59x	NM	28.8x	(11.4%)
Median		(9.7%)	89.8%	\$1,304	\$1,535	0.75x	0.59x	16.7x	7.2x	3.6%
Mean		(14.8%)	79.8%	\$982	\$1,131	0.75x	0.60x	16.7x	14.2x	(0.6%)
Basic Apparel										
Hanesbrands Inc.	\$15.58	13.4%	87.8%	\$5,427	\$8,673	1.28x	1.26x	9.4x	8.9x	13.7%
Gildan Activewear Inc.	\$26.20	(15.1%)	83.7%	\$5,198	\$6,011	3.33x	2.59x	NM	13.2x	5.9%
Lands' End, Inc.	\$29.99	115.3%	98.4%	\$978	\$1,339	0.75x	0.69x	13.2x	11.6x	5.7%
Delta Galil Industries Ltd.	\$23.85	(18.7%)	78.6%	\$608	\$929	NM	NM	NM	NM	NM
Delta Apparel, Inc.	\$21.24	(20.7%)	74.6%	\$148	\$253	0.65x	0.56x	8.7x	7.2x	7.4%
Median		(15.1%)	83.7%	\$978	\$1,339	1.02x	0.97x	9.4x	10.3x	6.7%
Mean		14.8%	84.6%	\$2,472	\$3,441	1.50x	1.27x	10.4x	10.2x	8.2%
Diversified Apparel										
V.F. Corporation	\$83.86	0.8%	93.5%	\$32,706	\$35,721	4.14x	3.27x	36.9x	20.8x	11.2%
PVH Corp.	\$97.79	1.0%	89.8%	\$6,953	\$9,006	1.22x	0.98x	34.3x	8.7x	3.6%
Ralph Lauren Corporation	\$108.47	(7.2%)	84.6%	\$7,930	\$7,114	1.53x	1.21x	19.7x	8.1x	7.8%
Oxford Industries, Inc.	\$71.29	(0.1%)	95.2%	\$1,204	\$1,185	1.46x	1.14x	NM	9.9x	0.6%
Median		0.4%	91.7%	\$7,441	\$8,060	1.49x	1.17x	34.3x	9.3x	5.7%
Mean		(1.4%)	90.8%	\$12,198	\$13,257	2.09x	1.65x	30.3x	11.9x	5.8%

Source: S&P Global Market Intelligence as of January 22, 2021

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 11.0x and 50.0x, respectively



Public Company Valuations – Footwear Brands

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

	Stock Price	One-Year Stock Performance	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2020 EBITDA Margin
	Jan. 22, 2021					Revenue 2020	Revenue 2021E	EBITDA 2020	EBITDA 2021E	
Footwear										
NIKE, Inc.	\$139.35	36.6%	94.2%	\$219,684	\$217,323	5.74x	4.76x	48.4x	29.4x	11.9%
adidas AG	\$340.23	(9.9%)	88.5%	\$66,000	\$66,830	2.97x	2.55x	32.0x	17.4x	9.3%
PUMA SE	\$103.98	10.1%	91.6%	\$15,500	\$15,253	2.61x	2.27x	29.6x	17.9x	8.8%
Deckers Outdoor Corporation	\$319.88	82.8%	95.1%	\$8,984	\$8,397	3.34x	2.99x	17.7x	15.1x	18.9%
Skechers U.S.A., Inc.	\$36.56	(9.9%)	82.2%	\$5,746	\$5,395	1.15x	0.96x	16.6x	8.6x	6.9%
Crocs, Inc.	\$73.34	74.1%	93.2%	\$4,950	\$4,962	3.09x	2.55x	16.1x	12.5x	19.2%
Wolverine World Wide, Inc.	\$30.59	(6.4%)	90.0%	\$2,511	\$3,057	1.77x	1.40x	19.3x	10.9x	9.2%
Steven Madden, Ltd.	\$34.90	(16.5%)	82.9%	\$2,903	\$2,658	2.26x	1.64x	34.9x	14.2x	6.5%
Caleres, Inc.	\$16.76	(16.8%)	80.7%	\$635	\$1,015	0.46x	0.37x	NM	5.6x	0.8%
Median		(6.4%)	90.0%	\$5,746	\$5,395	2.61x	2.27x	24.5x	14.2x	9.2%
Mean		16.0%	88.7%	\$36,324	\$36,099	2.60x	2.17x	26.8x	14.6x	10.2%

Source: S&P Global Market Intelligence as of January 22, 2021

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 11.0x and 50.0x, respectively

Public Company Valuations – Accessory Brands

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

	Stock Price	One-Year Stock	% of	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2020
	Jan. 22, 2021	Performance	52-Week High			Revenue	EBITDA	Revenue	EBITDA	EBITDA Margin
						2020	2021E	2020	2021E	
Accessories										
The Swatch Group AG	\$290.46	2.4%	97.7%	\$14,828	\$13,857	1.98x	1.62x	22.6x	10.2x	8.8%
Pandora A/S	\$103.10	77.8%	90.1%	\$10,275	\$10,911	3.82x	3.38x	14.2x	10.3x	26.9%
Tapestry, Inc.	\$34.33	24.6%	96.8%	\$9,523	\$10,301	2.05x	1.71x	13.0x	8.0x	15.9%
Capri Holdings Limited	\$44.34	21.5%	94.8%	\$6,680	\$8,224	1.93x	1.54x	14.7x	8.6x	13.1%
Safilo Group S.p.A.	\$1.13	(10.7%)	79.2%	\$312	\$540	0.52x	0.51x	NM	18.0x	(1.5%)
Fossil Group, Inc.	\$9.87	18.6%	72.5%	\$508	\$423	NM	NM	NM	NM	NM
Movado Group, Inc.	\$20.46	1.9%	93.9%	\$475	\$352	0.53x	0.45x	NM	NM	NM
Median		18.6%	93.9%	\$6,680	\$8,224	1.95x	1.58x	14.5x	10.2x	13.1%
Mean		19.4%	89.3%	\$6,086	\$6,372	1.81x	1.54x	16.1x	11.0x	12.6%

Source: S&P Global Market Intelligence as of January 22, 2021

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 11.0x and 50.0x, respectively

Public Company Valuations – Luxury Brands

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

(\$ in USD millions, except per-share data)	Stock Price	One-Year Stock	% of	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2020
	Jan. 22, 2021	Performance	52-Week High			Revenue		EBITDA		EBITDA Margin
						2020	2021E	2020	2021E	
Luxury										
LVMH Moët Hennessy	\$622.64	25.5%	97.4%	\$313,412	\$326,646	5.96x	4.88x	24.3x	17.6x	24.5%
Christian Dior SE	\$543.15	0.6%	94.9%	\$97,991	\$138,826	2.52x	2.11x	13.0x	9.1x	19.4%
Hermès International	\$1,065.86	25.2%	97.5%	\$111,489	\$107,119	NM	NM	41.4x	31.3x	34.1%
Kering SA	\$662.20	(3.8%)	86.6%	\$82,702	\$87,949	5.92x	5.06x	18.8x	14.7x	31.5%
Compagnie Financière Richemont SA	\$96.51	15.8%	97.2%	\$54,537	\$52,260	3.04x	2.84x	16.7x	13.4x	18.2%
Burberry Group plc	\$24.04	(16.0%)	82.3%	\$9,707	\$9,076	2.83x	2.67x	13.5x	11.6x	20.9%
Hugo Boss AG	\$33.94	(37.7%)	61.1%	\$2,331	\$2,567	1.06x	0.90x	8.7x	4.2x	12.2%
TOD'S S.p.A.	\$33.01	(31.0%)	68.8%	\$1,093	\$1,322	1.77x	1.53x	33.8x	10.3x	5.2%
Median		(1.6%)	90.8%	\$68,620	\$70,104	2.83x	2.67x	17.8x	12.5x	20.2%
Mean		(2.7%)	85.7%	\$84,158	\$90,721	3.30x	2.86x	21.3x	14.0x	20.8%

Source: S&P Global Market Intelligence as of January 22, 2021

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 11.0x and 50.0x, respectively

Public Company Valuations – Retailers

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

	Stock Price	One-Year Stock	% of	Market	Enterprise	Enterprise Value as a Multiple of				2020
	Jan. 22, 2021	Performance	52-Week High	Value	Value	Revenue	EBITDA	Revenue	EBITDA	EBITDA Margin
						2020	2021E	2020	2021E	
Contemporary Retail										
Lululemon Athletica Inc.	\$346.37	42.5%	86.6%	\$45,145	\$44,664	10.35x	8.25x	44.0x	31.8x	23.5%
The Gap, Inc.	\$22.59	26.8%	83.7%	\$8,449	\$8,014	0.51x	0.45x	NM	5.2x	(2.3%)
Urban Outfitters, Inc.	\$26.76	1.1%	81.4%	\$2,617	\$1,992	0.54x	0.47x	14.9x	5.3x	3.6%
Guess?, Inc.	\$24.19	8.1%	93.6%	\$1,539	\$1,535	0.76x	0.63x	21.3x	7.2x	3.6%
Express, Inc.	\$1.79	(64.6%)	34.8%	\$116	\$174	0.10x	0.07x	NM	1.8x	(30.2%)
Median		8.1%	83.7%	\$2,617	\$1,992	0.54x	0.47x	21.3x	5.3x	3.6%
Mean		2.8%	76.0%	\$11,573	\$11,276	2.45x	1.97x	26.7x	10.3x	(0.3%)
Women's Retail										
L Brands, Inc.	\$45.28	118.3%	93.8%	\$12,593	\$16,437	1.21x	1.13x	6.5x	6.4x	18.7%
Aritzia Inc.	\$21.63	9.8%	97.7%	\$2,371	\$2,285	3.31x	2.61x	34.1x	16.6x	9.7%
Vera Bradley, Inc.	\$8.47	(22.5%)	77.6%	\$283	\$265	NM	NM	NM	NM	NM
J.Jill, Inc.	\$4.03	(42.4%)	51.7%	\$39	\$261	0.52x	0.47x	4.7x	3.8x	10.9%
Chico's FAS, Inc.	\$2.18	(46.6%)	49.2%	\$261	\$265	0.14x	0.12x	NM	5.7x	(27.2%)
The Cato Corporation	\$11.31	(28.0%)	64.9%	\$248	\$289	NM	NM	NM	NM	NM
Median		(25.2%)	71.2%	\$272	\$277	0.86x	0.80x	6.5x	6.1x	10.3%
Mean		(1.9%)	72.5%	\$2,632	\$3,300	1.29x	1.08x	15.1x	8.1x	3.0%

Source: S&P Global Market Intelligence as of January 22, 2021

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 11.0x and 50.0x, respectively

Public Company Valuations – Retailers (cont'd)

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

(\$ in USD millions, except per-share data)	Stock Price	One-Year Stock	% of	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2020
	Jan. 22, 2021	Performance	52-Week High			Revenue		EBITDA		EBITDA Margin
						2020	2021E	2020	2021E	
Kids/Tween Retail										
Carter's, Inc.	\$97.00	(10.1%)	86.3%	\$4,234	\$4,373	1.37x	1.25x	11.3x	8.6x	12.1%
The Children's Place, Inc.	\$64.41	1.2%	88.8%	\$940	\$1,132	0.63x	0.56x	31.1x	6.6x	2.0%
Median		(4.5%)	87.5%	\$2,587	\$2,752	1.00x	0.90x	21.2x	7.6x	7.0%
Mean		(4.5%)	87.5%	\$2,587	\$2,752	1.00x	0.90x	21.2x	7.6x	7.0%
Footwear Retailers										
Foot Locker, Inc.	\$47.55	23.9%	98.0%	\$4,955	\$3,688	0.39x	0.37x	5.2x	3.6x	7.4%
Boot Barn Holdings, Inc.	\$58.35	33.0%	97.9%	\$1,684	\$1,826	1.69x	1.47x	15.7x	13.1x	10.7%
Caleres, Inc.	\$16.76	(16.8%)	80.7%	\$635	\$1,015	0.46x	0.37x	NM	5.6x	0.8%
Shoe Carnival, Inc.	\$41.86	9.5%	94.7%	\$590	\$544	0.52x	0.47x	14.9x	6.2x	3.5%
Genesco Inc.	\$37.96	(13.3%)	86.9%	\$569	\$488	0.21x	0.17x	20.5x	3.3x	1.0%
Median		9.5%	94.7%	\$635	\$1,015	0.46x	0.37x	15.3x	5.6x	3.5%
Mean		7.3%	91.6%	\$1,687	\$1,512	0.65x	0.57x	14.1x	6.4x	4.7%
Sporting Goods Retailers										
DICK'S Sporting Goods, Inc.	\$68.12	50.6%	99.4%	\$6,103	\$5,455	0.46x	0.46x	4.3x	4.8x	10.8%
Hibbett Sports, Inc.	\$54.28	110.1%	94.5%	\$901	\$723	0.42x	0.44x	3.6x	5.2x	11.8%
Big 5 Sporting Goods Corporation	\$12.13	231.5%	87.0%	\$259	\$203	0.16x	0.16x	1.7x	2.8x	8.9%
Median		110.1%	94.5%	\$901	\$723	0.42x	0.44x	3.6x	4.8x	10.8%
Mean		130.7%	93.6%	\$2,421	\$2,127	0.35x	0.35x	3.2x	4.3x	10.5%

Source: S&P Global Market Intelligence as of January 22, 2021

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

NM noted for revenue and EBITDA multiples greater than 11.0x and 50.0x, respectively



Public Company Valuations – Retailers (cont'd)

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

(\$ in USD millions, except per-share data)	Stock Price	One-Year Stock	% of	Market Value	Enterprise Value	Enterprise Value as a Multiple of				2020
	Jan. 22, 2021	Performance	52-Week High			Revenue		EBITDA		2020 EBITDA Margin
						2020	2021E	2020	2021E	
Department Stores										
Macy's, Inc.	\$12.88	(21.4%)	72.9%	\$3,999	\$7,836	0.43x	0.37x	NM	4.9x	(1.8%)
Nordstrom, Inc.	\$37.37	(3.8%)	90.5%	\$5,893	\$8,470	0.70x	0.56x	NM	7.1x	(2.1%)
Kohl's Corporation	\$45.18	1.4%	97.2%	\$7,123	\$7,634	0.46x	0.40x	14.5x	4.3x	3.2%
Dillard's, Inc.	\$79.80	16.2%	99.1%	\$1,755	\$2,275	0.42x	0.33x	21.9x	5.9x	1.9%
Median		(1.2%)	93.8%	\$4,946	\$7,735	0.44x	0.38x	18.2x	5.4x	0.1%
Mean		(1.9%)	89.9%	\$4,692	\$6,554	0.50x	0.41x	18.2x	5.5x	0.3%
Off-Price Retail										
The TJX Companies, Inc.	\$66.91	7.5%	94.3%	\$80,334	\$75,949	2.38x	1.82x	47.8x	14.4x	5.0%
Ross Stores, Inc.	\$113.33	(3.8%)	91.3%	\$40,398	\$38,494	3.34x	2.49x	46.2x	16.1x	7.2%
Burlington Stores, Inc.	\$252.25	12.0%	92.8%	\$16,601	\$17,411	3.26x	2.38x	NM	20.3x	(1.8%)
Median		7.5%	92.8%	\$40,398	\$38,494	3.26x	2.38x	47.0x	16.1x	5.0%
Mean		5.2%	92.8%	\$45,778	\$43,951	2.99x	2.23x	47.0x	16.9x	3.5%
Mass/Club										
Walmart Inc.	\$146.33	28.5%	95.2%	\$414,009	\$451,926	0.80x	0.80x	12.7x	12.5x	6.3%
Costco Wholesale Corporation	\$362.30	19.8%	92.2%	\$160,483	\$154,134	0.93x	0.87x	21.5x	19.7x	4.3%
Target Corporation	\$191.91	69.5%	96.0%	\$96,103	\$102,712	1.03x	1.06x	10.7x	11.2x	9.6%
Big Lots, Inc.	\$50.82	99.5%	88.8%	\$1,886	\$1,392	0.18x	0.19x	2.1x	2.8x	8.6%
Median		49.0%	93.7%	\$128,293	\$128,423	0.87x	0.83x	11.7x	11.9x	7.5%
Mean		54.3%	93.0%	\$168,120	\$177,541	0.73x	0.73x	11.7x	11.6x	7.2%

Source: S&P Global Market Intelligence as of January 22, 2021

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Public Company Valuations – Retailers (cont'd)

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

	Stock Price	One-Year Stock	% of	Market	Enterprise	Enterprise Value as a Multiple of				2020
	Jan. 22, 2021	Performance	52-Week High	Value	Value	Revenue	EBITDA	Revenue	EBITDA	EBITDA Margin
						2020	2021E	2020	2021E	
Online Retail										
Amazon.com, Inc.	\$3,292.23	74.7%	92.7%	\$1,651,880	\$1,617,287	4.21x	3.56x	29.2x	22.9x	14.4%
Alibaba Group Holding Limited	\$258.62	18.0%	81.0%	\$699,732	\$674,237	6.20x	4.45x	20.6x	15.5x	30.1%
eBay Inc.	\$56.46	60.8%	92.5%	\$38,920	\$43,019	3.83x	3.54x	10.3x	9.8x	37.2%
Zalando SE	\$119.88	116.4%	98.9%	\$30,188	\$28,451	1.60x	1.42x	26.4x	33.3x	6.1%
Wayfair Inc.	\$299.94	180.5%	81.3%	\$30,875	\$31,180	2.73x	2.31x	35.5x	34.2x	7.7%
Rakuten, Inc.	\$9.43	11.0%	77.8%	\$12,840	\$8,856	0.64x	0.57x	16.6x	7.5x	3.9%
ASOS Plc	\$65.42	45.1%	86.3%	\$6,515	\$5,968	1.31x	1.08x	16.1x	13.9x	8.1%
boohoo group plc	\$4.55	7.0%	76.8%	\$5,678	\$5,208	2.41x	1.99x	26.4x	20.8x	9.1%
Revolve Group, Inc.	\$36.21	101.7%	99.3%	\$2,543	\$2,399	0.65x	0.64x	19.2x	17.9x	3.4%
Overstock.com, Inc.	\$67.91	720.2%	52.8%	\$2,904	\$2,480	0.65x	0.64x	19.2x	17.9x	3.4%
Median		67.8%	83.8%	\$21,514	\$18,654	2.00x	1.71x	19.9x	17.9x	7.9%
Mean		133.6%	83.9%	\$248,207	\$241,909	2.42x	2.02x	21.9x	19.4x	12.3%

Source: S&P Global Market Intelligence as of January 22, 2021

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NM noted for revenue and EBITDA multiples greater than 11.0x and 50.0x, respectively

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