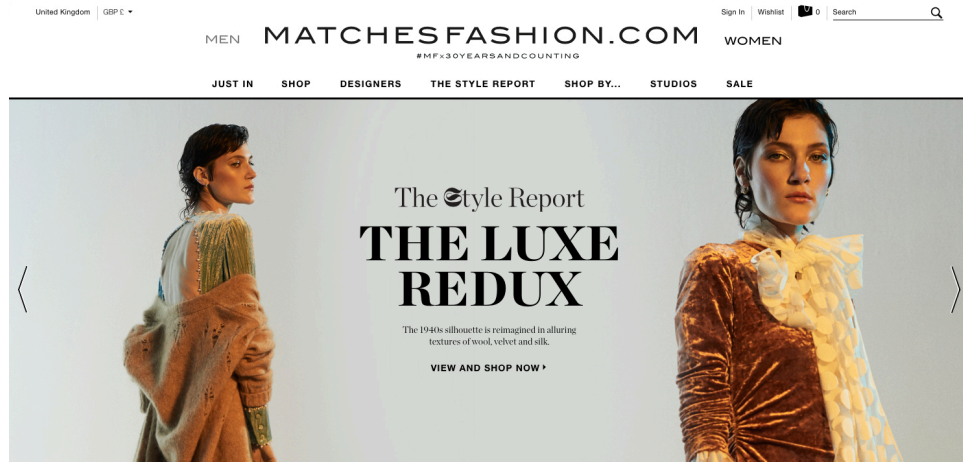


Apax Partners Buys UK Luxury Fashion Retailer Matchesfashion.com for a Reported £800 Million



Source: Matchesfashion.com

- 1) Private equity firm Apax Partners has agreed to acquire a majority stake in UK luxury fashion retailer Matchesfashion.com for a reported £800 million (\$1 billion).
- 2) Matchesfashion’s £204 million revenues in 2017 put it in third place among multi-brand luxury e-commerce players, behind Yoox Net-a-Porter and Farfetch.
- 3) In the year ended January 2017, Matchesfashion.com grew revenues by 61% and operating income by 1,526% year over year.

Apax Acquires Matchesfashion.com

Private equity firm Apax Partners has agreed to acquire a majority stake in British multichannel luxury apparel retailer Matchesfashion.com. The terms of the acquisition were not disclosed, but a figure of £800 million (\$1 billion) has been widely reported.

Founders husband and wife duo Tom and Ruth Chapman, and existing venture capital backers Scottish Equity Partners and Highland Europe, will retain minority stakes in the business. The Chapmans said, “Our world-class team, led by CEO Ulric Jerome and CFO Fiona Greiner, will continue to drive Matchesfashion.com to becoming the number-one luxury fashion commerce company in the world.”

Matchesfashion’s £204 million revenues in 2017 put it in third place among multi-brand luxury e-commerce players, behind retailer Yoox Net-a-Porter and marketplace Farfetch, according to our April 2017 report [Deep Dive: Luxury E-Commerce Evolution](#).

Matchesfashion Grows 61% in FY17

Despite being an established retailer, Matchesfashion.com continues to grow fast, helped by the more general rapid growth in online luxury goods sales.

- In the year ended January 2017, Matchesfashion.com grew revenues by 61% and operating income by 1,526% year over year.
- The company's EBIT margins have proved volatile: back in 2007, the company recorded an EBIT margin peak of 11.7%, according to S&P Capital IQ, but the EBIT margin has been sporadically negative in more recent years.

Figure 1. Matchesfashion.com Financial Metrics

	FY14	FY15	FY16	FY17
Revenue (GBP Mil.)	81.6	99.6	126.9	203.7
Gross Margin	42.6%	41.1%	41.9%	44.0%
SG&A Ratio	41.6%	46.1%	42.2%	37.6%
EBIT Margin	1.5%	(5.1)%	0.8%	7.8%
Net Profit (GBP Mil.)	(0.4)	(5.5)	(1.7)	9.9

January fiscal year-end.

Source: S&P Capital IQ

The company is 30 years old this year. However, its e-commerce offering was launched only in 2006. Today, its revenues overwhelmingly originate online, according to multiple press reports. It operates three London stores.

Figure 2. Matchesfashion.com Timeline

1 Sep 2017	Apax Partners announces a definitive agreement to acquire a majority stake in Matchesfashion.com; the transaction is expected to close in the fourth quarter of 2017
2017	95% of revenues are generated online and 80% of online orders are generated internationally, according to <i>Business of Fashion</i>
2016	Launches a 90-minute delivery service in London
2015	85% of revenues are generated online, according to the <i>Daily Telegraph</i>
2012	Sells a minority stake to Scottish Equity Partners and Highland Capital for £32 million
2006	Launches Matchesfashion.com transactional website
1987	Tom and Ruth Chapman establish the company as a brick-and-mortar retailer, with its first store in Wimbledon, London

Source: Company reports

- For further discussion of this sector, see our report [Deep Dive: Luxury E-Commerce Evolution](#).



FLASH REPORT

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