



Apparel & Lifestyle Brands Special M&A Report

Uniform & Workwear Apparel Continues to Thrive

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Uniform & Workwear Apparel Continues to Thrive

With the continued upheaval in the retail environment, workwear is among the few thriving apparel segments, projected to grow to \$41 billion by 2024¹. Estimated at \$33.1 billion² today, this sector provides apparel and accessories to a wide range of professionals, including construction workers, nurses, firefighters, and cafeteria workers. Investors have recognized the opportunity in the segment, which has resulted in substantially higher M&A activity compared to the rest of the apparel industry as well as higher valuations for uniform and workwear companies in the public markets compared to basic apparel companies. With competition and volatility continuing to increase in the apparel and retail landscape, private equity firms and strategics are being very selective towards the apparel targets they decide to pursue. In today's environment, there is heightened interest for brands that have a purpose-driven/functional component or a unique passionate consumer following.

While capturing the attention and dollars of the Millennial generation may be a moving target for many fashion apparel brands, uniform and workwear providers serve a growing, stable and recurring market. The category is largely resistant to trends and consumer preferences, decreasing the risk for potential acquirers. This decreased risk, as well as the reliability and longevity of the markets they serve, make uniform and workwear companies particularly attractive assets for both strategic and financial investors. These combined factors have resulted in an optimistic outlook for the uniform and workwear sector.

At Intrepid, our approach is to start building relationships with prospective clients early on in their business life cycle. As you evaluate your own opportunities, please feel free to call us at 310.478.9000 for more pointed insight.

Thank you,

A handwritten signature in black ink that reads "Marvin Padilla".

Marvin Padilla

Managing Director

Head of Apparel & Lifestyle Brands

mpadilla@intrepidib.com

⁽¹⁾ Source: Global Industry Analysts, Inc.

⁽²⁾ Source: Bizwit Research and Consulting

Select Uniform & Workwear M&A Transactions

Milliken & Company Acquires Polartec Textiles (June 2019)

Milliken & Company (Milliken), a global diversified manufacturer with more than a century and a half of textile expertise, announced the acquisition of Polartec Textiles. Milliken offers a strong global brand known for its innovative performance textiles for outdoor and military apparel. The acquisition of Polartec Textiles will expand Milliken's comprehensive portfolio of brands, allowing the company to deliver significant access to a range of performance textiles for consumers, industrial workers and military personnel around the world. Polartec's products range from lightweight wicking and cooling fabrics to insulation and weather protection textiles, which are used by leading consumer brands, the U.S. Military and other global militaries, flame resistance, workwear and contract upholstery markets.



PIP Acquires Worldwide Protective Products (May 2019)

Protective Industrial Products, Inc. (PIP), a supplier of hand protection and general safety products, announced the acquisition of Worldwide Protective Products, LLC (Worldwide). Worldwide offers an extensive line of industrial hand protection products along with protective sleeves and garments. The acquisition of Worldwide will expand PIP's global product offering and channel penetration. New products will be offered, such as metal-mesh gloves, sleeves and garments. Together with Worldwide, PIP solidifies its position as a market leader in providing hand protection and general safety products in North America. **Intrepid served as the buy-side advisor to PIP.**



Saf-Gard Safety Acquires Michigan Industrial and Great Lakes Industrial (April 2019)

Saf-Gard Safety Shoe Company, a leading supplier of top-quality safety shoe footwear, acquired Michigan Industrial Shoe and Great Lakes Industrial Shoe. Michigan Industrial Shoe and Great Lakes Industrial Shoe have provided top-quality safety footwear for decades and places a premium on supplying the latest comfort features and safety technologies to ensure customers have the best safety shoes for their job. The acquisition will augment Saf-Gard's 21 retail locations, operations, and facilities in Michigan, Indiana, and Ohio.



Ansell Limited Acquires Ringers Gloves (February 2019)

Ansell Limited (ASX:ANN), a global leader in safety protection solutions, acquired Texas-based Ringers Gloves, a leading provider of specialty impact gloves to oil and gas and general industry segments, for \$70 million. Ringers Gloves has developed a best-in-class portfolio of impact protection gloves engineered to serve the unique safety needs of their customers worldwide. This acquisition provides a highly complementary suite of industry-leading impact protection products for the Ansell suite of products.



FR Monkhouse Acquires Early Years Schoolwear (November 2018)

FR Monkhouse, a subsidiary of the Banner Group, acquired Early Years Schoolwear, a family-run business that supplies school uniforms for approximately 70 schools in the U.K. Funded by growth capital investors, MML Capital Partners, the acquisition represents a key step in Banner's strategy to be the market leader in the supply of both uniform and sportswear to the schoolwear industry. Furthermore, the acquisition reflects Banner's continued commitment to supporting the fundamental role that independent retailers play in offering flexible and convenient ways for schools and parents to purchase school uniforms and sportswear in a rapidly changing market.



Select Uniform & Workwear M&A Transactions

Delta Plus Group Acquires Degil Safety and Ontario Glove (November 2018)

The Delta Plus Group acquired Canadian-based designers Degil Safety and Ontario Glove, a manufacturer and marketer of personal protective equipment. For more than 30 years, Degil Safety and Ontario Glove has provided personal protective equipment across head, hand, and fall protection categories. The two companies have built a loyal customer portfolio over the years, consisting of distributors, DIY chains and end-users. The acquisition strategically positions Delta Plus Group to double sales volume in the North American market and capitalize on the 6% growth the two companies achieved in the Canadian market in 2018.



Unisync Corp. Acquires Utility Garments (October 2018)

Unisync Corp. (TSX:UNI) acquired Utility Garments, a Canadian-based manufacturer and marketer of uniforms and career apparel, from private equity firm BDG & Partners for cash consideration of \$18.7 million. Unisync provides full-service, managed apparel programs for major corporations and government-related entities throughout Canada to a customer base that includes leading brands, as well as municipal and provincial agencies. The acquisition of Utility Garment helps Unisync establish a full-service base in Quebec to better service clients and national customers with operations in the region. The acquisition implies a 1.4x revenue multiple and is expected to be immediately accretive to Unisync's pro forma EBITDA and earnings per share.



Bain Capital Acquires Varsity Brands for \$2.5 Billion (June 2018)

Bain Capital acquired Varsity Brands, a supplier and retailer of sports uniforms, from Charlesbank Capital Partners and European investment firm, Partners Group Holding AG, in a deal reportedly worth \$2.5 billion. Founded in 1974, Varsity Brands owns sports equipment and apparel distributor BSN Sports, cheerleading apparel retailer Varsity Spirit and yearbook and class ring maker Herff Jones. Bain plans to continue focusing on the company's digital side of the business, creating a platform to buy team merchandise online. The company is positioned as one of the few retail businesses of scale that may also have an Amazon defense. As part of the acquisition strategy, Bain expects to make further add-on acquisitions across regional stores that sell team sports equipment and apparel.

Varsity  BRANDS

Superior Uniform Group Acquires CID Resources for \$88 Million (May 2018)

Superior Uniform Group, Inc. (NASDAQ:SGC) acquired CID Resources, Inc., (CID) a provider of branded medical uniforms, for approximately \$88 million. CID manufactures and supplies medical uniforms that are sold through various retail stores. Additionally, CID maintains a portfolio of licenses of workwear and lifestyle brands such as Carhartt and Vera Bradley. By leveraging CID's brands, licenses of the established network of retailers, Superior Uniform Group expects to expand its line of uniforms for healthcare support personnel with more retail-focused uniform options. The acquisition implies a 1.4x and 13.1x revenue and EBITDA multiple, respectively.



National Safety Apparel Acquires Rubin Brothers (May 2018)

National Safety Apparel acquired Rubin Brothers, a Chicago-based safety clothing producer including its Union Line brand. Rubin Brothers serves local, national and international customers with both traditional workwear and flame resistant clothing through the company's Union Line brand. The acquisition of Rubin Brothers further increases National Safety's portfolio of safety apparel products and adds a market leading brand, Union Line, to their already established brands. The Union Line brand will be marketed to National Safety's distributor partners alongside their existing brands. The acquisition further supports National Safety's commitment to building a portfolio of premium industrial and safety apparel brands.

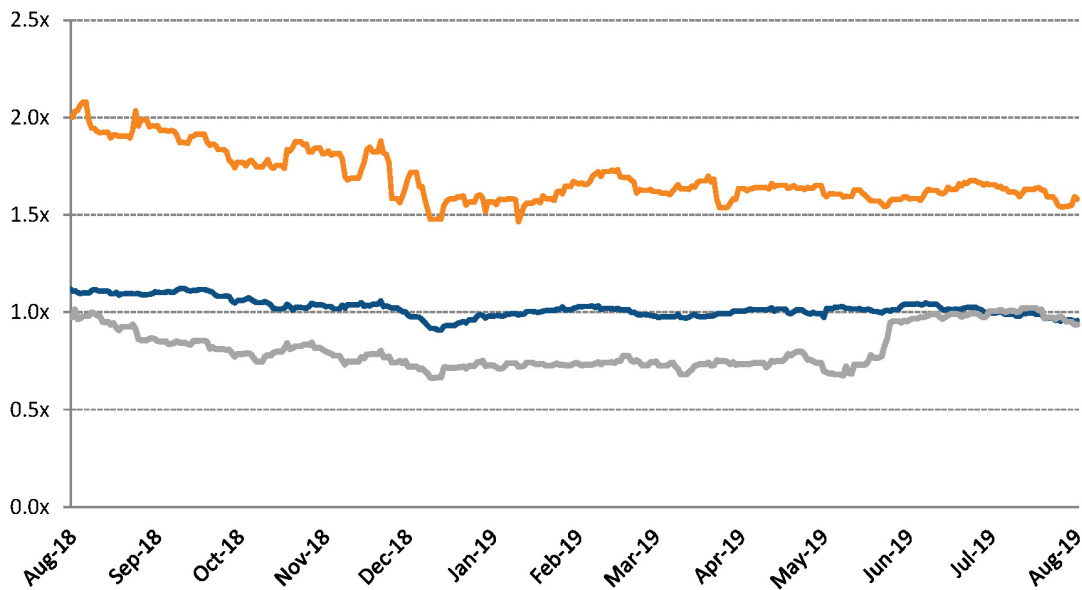


Publicly Traded Companies (USD Millions)

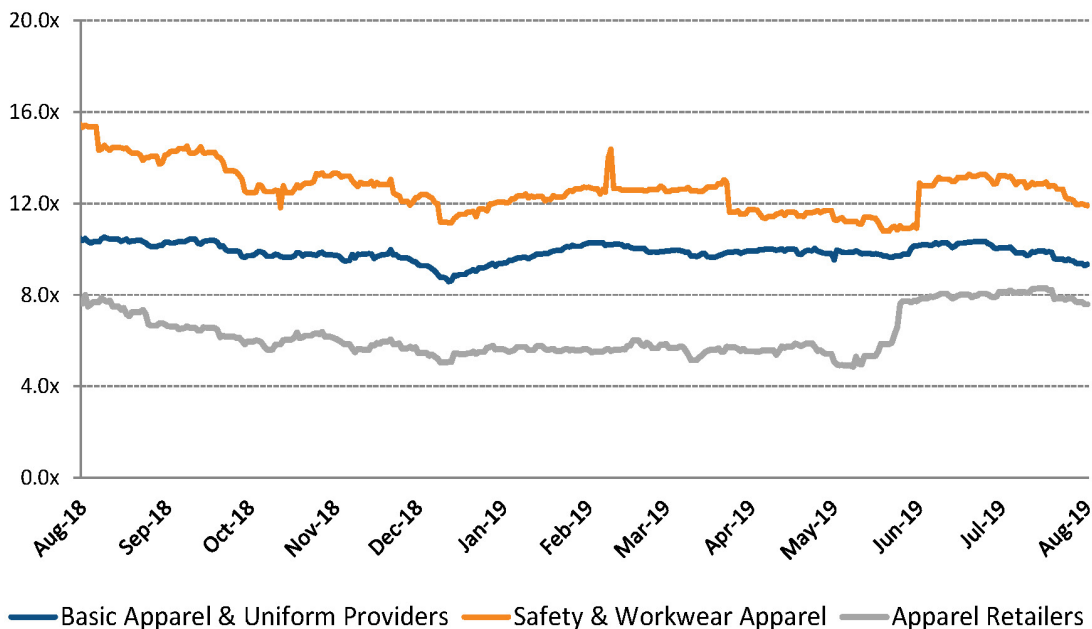
Company	Enterprise Value	Market Cap	Last Twelve Months				Revenue Growth		Enterprise Value / LTM		
			Revenue	EBITDA	Gross Margin	EBITDA Margin	1-year	3-year	Revenue	EBITDA	
Basic Apparel & Uniform Providers											
Delta Apparel, Inc.	\$311	\$161	\$417	\$25	19.5%	6.0%	5.8%	(1.1%)	0.7x	12.5x	
Delta Galil Industries Ltd.	\$1,332	\$712	\$1,529	\$124	36.8%	8.1%	10.4%	12.4%	0.9x	10.8x	
G-III Apparel Group, Ltd.	\$1,830	\$1,106	\$3,098	\$274	35.8%	8.8%	7.2%	9.4%	0.6x	6.7x	
Gildan Activewear Inc.	\$8,488	\$7,499	\$2,923	\$552	27.3%	18.9%	5.1%	5.3%	2.9x	15.4x	
Hanesbrands Inc.	\$9,538	\$5,257	\$6,966	\$1,096	39.7%	15.7%	5.0%	7.0%	1.4x	8.7x	
JICHODO Co.,Ltd.	\$173	\$192	\$184	\$25	31.0%	13.8%	11.5%	5.3%	0.9x	6.8x	
Superior Group of Companies, Inc.	\$332	\$213	\$370	\$35	35.2%	9.5%	25.0%	16.7%	0.9x	9.4x	
									Mean	1.2x	10.0x
									Adjusted Mean	1.0x	9.6x
									Median	0.9x	9.4x
Safety & Workwear Apparel											
Ansell Limited	\$2,583	\$2,429	\$1,499	\$237	39.0%	15.8%	0.6%	3.5%	1.7x	10.9x	
Delta Plus Group	\$365	\$294	\$270	\$38	51.3%	14.1%	1.5%	7.4%	1.4x	9.6x	
Duluth Holdings Inc.	\$536	\$330	\$582	\$43	54.2%	7.3%	13.6%	22.6%	0.9x	12.6x	
MSA Safety Incorporated	\$4,188	\$3,913	\$1,369	\$289	45.4%	21.1%	4.7%	5.6%	3.1x	14.5x	
									Mean	1.8x	11.9x
									Adjusted Mean	1.5x	11.8x
									Median	1.5x	11.8x
Apparel Retailers											
Abercrombie & Fitch Co.	\$2,228	\$1,067	\$3,593	\$320	60.2%	8.9%	0.9%	1.3%	0.6x	7.0x	
American Eagle Outfitters, Inc.	\$3,922	\$2,676	\$4,099	\$509	44.5%	12.4%	6.3%	4.5%	1.0x	7.7x	
Ascena Retail Group, Inc.	\$1,286	\$51	\$6,571	\$399	56.5%	6.1%	15.2%	(2.1%)	0.2x	3.2x	
Carter's, Inc.	\$5,210	\$3,881	\$3,486	\$481	42.9%	13.8%	1.7%	4.2%	1.5x	10.8x	
Guess?, Inc.	\$2,280	\$1,066	\$2,625	\$183	36.1%	7.0%	8.0%	6.5%	0.9x	12.4x	
L Brands, Inc.	\$14,473	\$6,093	\$13,240	\$2,025	43.2%	15.3%	3.3%	2.3%	1.1x	7.1x	
Lululemon Athletica Inc.	\$23,385	\$23,296	\$3,421	\$858	55.3%	25.1%	17.1%	17.1%	6.8x	NM	
The Buckle, Inc.	\$980	\$845	\$882	\$142	52.7%	16.2%	(2.7%)	(6.2%)	1.1x	6.9x	
The Gap, Inc.	\$13,161	\$6,599	\$16,503	\$1,849	40.6%	11.2%	1.9%	2.0%	0.8x	7.1x	
Urban Outfitters, Inc.	\$2,836	\$2,049	\$3,959	\$485	33.8%	12.2%	6.7%	4.5%	0.7x	5.9x	
Zumiez Inc.	\$764	\$584	\$985	\$92	34.5%	9.3%	3.4%	7.3%	0.8x	8.3x	
									Mean	1.4x	7.6x
									Adjusted Mean	0.9x	7.6x
									Median	0.9x	7.1x

Publicly Traded Companies

TEV / Revenue Multiples¹




TEV / EBITDA Multiples¹




Market statistics as of August 13, 2019.¹ Source: S&P Capital IQ. Multiples shown represent the adjusted mean, which excludes the highest and lowest values. Indices calculated on an equally-weighted basis.


Select Transactions



creator of



has received a growth equity investment from



in partnership with the Founders / Management

Advisor to me & my BIG ideas

CLASSIC BRANDS

The LEADER IN WILD BIRD FEEDING

a portfolio company of



and



has been acquired by



and



Advisor to Classic Brands, LLC



has been acquired by




a portfolio company of




Advisor to PIP



has been acquired by



Advisor to M.L. Kishigo




has been acquired by




a portfolio company of



Advisor to Loungefly



has been acquired by



Advisor to LRG

HYBRID

has completed a recapitalization with



ALTAMONT CAPITAL PARTNERS

and concurrent investment in



Fox Head, Inc.

Advisor to Hybrid Apparel



has completed a recapitalization with




ALTAMONT CAPITAL PARTNERS


Advisor to HUF

Arlington Global Financial Limited

has acquired




from




Advisor to Arlington Global Financial

Kommonwealth, Inc. dba



has been acquired by



Advisor to Creative Recreation



has been acquired by

Southwest Wine & Spirits, LLC

an entity controlled by Maurice and Paul Marciano, and Christian Navarro

Advisor to Wally's Wine & Spirits

CAbi

has completed a recapitalization

J.H. WHITNEY & CO.

and



IRVING PLACE CAPITAL

Advisor to CAbi



Apparel & Lifestyle Brands Team

Lifestyle Brands | Accessories | Footwear | Action Sports | Streetwear | Women's Wear | Retail | Outdoor



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