



## **News release**

2 June 2011

### **Graphite Capital sells luxury shoe retailer Kurt Geiger for £215 million**

Graphite Capital, the leading UK mid-market private equity specialist, has sold its majority shareholding in Kurt Geiger in a transaction that values Europe's largest luxury shoe retailer at £215 million. The buyer is The Jones Group Inc., the designer, retailer and wholesaler of branded apparel and footwear listed on the New York Stock Exchange.

Graphite backed the £95 million management buy-out of Kurt Geiger in February 2008. Since then, the company has grown rapidly to become one of the leading international retailers and distributors of luxury and premium ladies' and men's footwear and accessories, selling its own brands and more than 100 third-party brands from Gucci to UGG. Despite the challenging economic conditions in the retail industry during Graphite's ownership, turnover increased by over 70 per cent to £205 million at April 2011. This strong performance was driven by the company's own brand stores, department store partnerships, investment in overseas markets and its market-leading distribution network.

Since the management buy-out, Kurt Geiger has opened 24 stand-alone stores in the UK, including a new flagship concept store in Covent Garden. It has also strengthened partnerships with leading UK department store groups, including Harrods, Selfridges, House of Fraser, John Lewis and Liberty, and signed an exclusive UK distribution agreement with Nine West, one of The Jones Group's own leading brands. Overseas, the company has opened stores in Dubai, Kuwait, Qatar and Bahrain and signed agreements with franchise partners in Russia and Turkey, opening its first stores in Moscow and Istanbul in the past few months. It has created more than 550 new jobs under Graphite's ownership, reflecting the rapid expansion of its sales channels and international penetration.

Graphite has an exceptionally strong track record of acquiring and expanding retail and consumer concepts and realising attractive returns for investors. Under Graphite's ownership, the turnover of consumer electronics specialist Maplin more than doubled and profit quadrupled, generating 10 times the original investment after three years. The number of outlets of Wagamama, a Japanese noodle restaurant chain, increased from two to 50 in the UK and Graphite made an overall return of 10 times its investment. Graphite's other retail investments, Jane Norman, Game, Ottakar's and Paperchase, also grew significantly and delivered strong returns under Graphite's ownership (see Notes below).

Neil Clifford, Kurt Geiger chief executive, commented: "Kurt Geiger has grown exceptionally strongly under Graphite's ownership via the expansion of the core business and the company's commitment to increasing its global presence. With its strong knowledge of the retail industry, Graphite has been an excellent partner and helped us exceed our original business plan."

Markus Golser and Andy Gray, both senior partners, managed the transaction for Graphite.

Golser said: "Kurt Geiger's trading record in the toughest of economic climates has been particularly impressive. The company has performed extremely well across all distribution channels and is one of very few UK private equity-backed retail companies to have expanded successfully into international territories over the past three years. Kurt Geiger is now well positioned for further growth as part of an international footwear and apparel group."

Gray added: "The sale of KG extends Graphite's highly successful track record in the retail sector over the past 20 years. We have always been highly selective in investing in businesses with distinctive characteristics and KG fitted this well and has allowed us to give our investors an excellent return. We continue to actively look for opportunities that fulfil these criteria."

**Ends**

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## **Notes to editors:**

### **About Graphite Capital**

Graphite is a specialist provider of private equity finance to mid-market companies in the UK. Graphite focuses on management buy-outs and buy-ins, expansion capital, replacement capital and turnaround opportunities. It invests in transactions with enterprise values of £25 million to £200 million. Graphite manages more than £1.2 billion through three private funds and the publicly-quoted Graphite Enterprise Trust PLC. The current fund, Graphite Capital Partners VII, is a £585 million fund raised in 2007, whose other investments include U-POL, a world leader in automotive refinishing products; Alexander Mann Solutions, the largest independent provider of recruitment process outsourcing solutions to blue-chip companies worldwide; London Square, a new house-builder focused on prime sites within the M25; and Teaching Personnel, a leading UK educational supply agency.

### **Retail track record**

Graphite has an exceptionally strong track record of acquiring and rolling out successful retail and consumer concepts:

- Maplin Electronics, the leading consumer electronics specialist; Maplin's turnover more than doubled and operating profit quadrupled under Graphite's 3-year ownership; the business was sold in a secondary buy-out, with Graphite generating 10 times its investment;
- Wagamama, a chain of Japanese restaurants, which Graphite grew to 50 outlets in the UK and 15 franchises in seven countries abroad, before selling the business in a secondary buy-out; Graphite made an overall return of 10x its investment;
- Jane Norman, a ladies' fashion retailer, which Graphite expanded to 95 outlets, before selling the business to an Icelandic investor group, generating a return of 3x its original investment;
- Paperchase, the leading stationery retailer, which expanded to 61 outlets under Graphite's ownership; Graphite sold the business to Borders Inc, generating a return of 3x its investment;
- Ottakar's, a chain of bookstores; Graphite expanded the chain to 40 outlets, before floating the business on the London Stock Exchange; it was subsequently acquired by HMV, with Graphite generating a return of 6x its investment; and
- Game, the leading retailer of computer games, which Graphite also listed on the London Stock Exchange, generating a return of 8x its investment.

[www.graphitecapital.com](http://www.graphitecapital.com)

## **About Kurt Geiger**

Kurt Geiger is Europe's largest designer shoe retailer and has four own label brands – Kurt Geiger, KG by Kurt Geiger, Carvela, and Miss KG – and over 100 luxury brands in its portfolio.

The company has over 200 trading locations with 156 concessions in Europe's leading department stores, including Harrods, Selfridges, Liberty, House of Fraser, Fenwick, John Lewis and Brown Thomas, as well as 49 freestanding stores. It is also the chosen footwear partner of BAA in UK airports. In September 2005, Kurt Geiger achieved its first international move with a concession in Le Printemps, Paris followed by being chosen as the strategic footwear partner for La Rinascente store group in Italy. 2007 saw the company sign its first licensing deals with French Connection followed by Lipsy.

In 2008 Kurt Geiger entered into a franchise partnership with Landmark International to open stores across the Gulf region. Franchise partnerships have subsequently been entered into in Russia and Turkey.

Since the 2008 management buy-out by Graphite Capital, Kurt Geiger's strategy of international investment, its focus on own brand stores and its market-leading retail distribution network has successfully led to robust growth in revenues and profits.

### **Advisers on the transaction included:**

Legal: SJ Berwin (Martin Bowen, Nadim Zaman, Raji Bartlett)  
Addleshaw Goddard (Alasdair Simpson, Mike Hinchliffe, Ed Jenkins,  
Alice Spani-Molella)

Tax: PricewaterhouseCoopers (Andy Smith, Waifoong Ng)