



Largest CEE online underwear retailer ASTRATEx acquired by Hartenberg Capital

Deal Highlights

- Astratex is the largest Central and Eastern European online retailer specializing in lingerie and underwear. By web traffic alone, it ranks in the Top 5 European online lingerie retailers. The company's net sales have grown by CAGR 55% over the past 3 years in the CEE region.
- The company owners were looking for an investor to speed up growth in Europe; capitalizing on its business model, newly developed ecommerce platform and accumulated know-how, while maintaining a significant minority stake to participate in the company's future development and product/geographic expansion.
- With this acquisition, Hartenberg Capital – a Czech private equity backed by the one of the richest Czechs and current Prime Minister, Mr. Andrej Babiš – entered ecommerce as a new strategic focus.

Market Outlook

- The total European fashion market is worth approximately €425 billion, out of which lingerie retail accounts for €10.8 billion. Online fashion sales amounted to €51 billion, i.e. 11.9% of all fashion retail in 2016 and remain fast growing: while the overall fashion market remained virtually unchanged over the past 5 years, online fashion grew by CAGR 13.5%. The global online lingerie market is expected to grow at a CAGR of over 17% from 2016-2020 – higher than overall online fashion retail.
- The lingerie market is a niche market, usually neglected by general mass retailers due to its complexity (variety of styles and sizes).
- The leading European online pure-lingerie retailers are Hunkemöller, Victoria's Secret, Intimissimi, Figleaves and Triumph.

Valuation Summary

- Publicly traded companies – pure online fashion retailers – bear hefty valuations and for companies including Zalando, ASOS, Boohoo, YNAP and Amazon, range from EV/Revenue 3.3-4.3x and EV/EBITDA 40-55x. Smaller private companies are traded at much lower multiples, with specialists achieving premium valuations over generalists.
- While ecommerce is expected to grow at a double-digit pace, fierce competition in the online segment, along with increasing marketing and IT costs, makes it difficult for laggards to reach profits. Therefore, we expect a wave of consolidation and/or the closure of many shops in the near future, bringing their expected valuations back down to more normal levels.

CONSUMER & RETAIL

HARTENBERG
C A P I T A L S

Private equity fund
CZECH REPUBLIC

Acquired Majority Control of
Business Operations

ASTRATEx

The leading CEE online
underwear retailer
CZECH REPUBLIC

IMAP
ADVISED ON SALE OF COMPANY

IMAP Approach

- The shareholders of ASTRATEX were exclusively advised by IMAP Czech Republic, who prepared – in close cooperation with the management – an extensive investment memorandum and detailed business plan so that prospective buyers were able to fully assess both the future potential of the company and its competitive edge.
- IMAP supported ASTRATEX throughout the whole acquisition process, including support for management presentations, provision of business updates on individual markets and details requested by the prospective buyers for the business valuation.
- IMAP structured the transaction so as to ensure that the owners will participate significantly on the upside, while the company obtains resources to finance working capital needs for on-going expansion.
- IMAP partners supported the deal by means of their extensive sector insights and investor contacts.

Client Comment

Petr Vít, CEO, ASTRATEX:

“By teaming up with Hartenberg we’ve got a strong partner who we believe will fuel even faster growth and development of the Company. Thanks to IMAP the whole transaction process ran smoothly and with favorable terms for the shareholders.”

IMAP Transaction Advisors










Michal Mišun, CFA, FRM
Partner
IMAP Czech Republic
michal.misun@imap.com



Petr Sedlář
Senior Manager
IMAP Czech Republic
petr.sedlar@imap.com

IMAP has closed 57 transactions in the Consumer & Retail sector since 2015

CONSUMER & RETAIL 	CONSUMER & RETAIL 	CONSUMER & RETAIL 	CONSUMER & RETAIL 	CONSUMER & RETAIL 
 Acquired Majority Control of Business Operations   <small>ADVISED ON SALE OF COMPANY</small>	 Acquired 100% of Business Operations   <small>ADVISED ON SALE OF COMPANY</small>	Controlling Shareholders Acquired 26.4% of Shares   <small>ADVISED ON PURCHASE OF SHARES</small>	PYKA Oy Acquired 100% of Shares   <small>ADVISED ON SALE OF COMPANY</small>	 Acquired 100% of Business Operations   <small>ADVISED ON SALE OF COMPANY</small>

IMAP is an International Mergers and Acquisitions Partnership with more than 350 M&A advisors and a presence in 39 countries. IMAP has closed over 2,100 transactions valued at \$90 billion in the last 10 years and is consistently ranked among the world’s top ten M&A advisors for mid-market transactions (Thomson Reuters). IMAP advises primarily mid-sized companies and their shareholders on sales and acquisitions on a global scale, providing clients with entrepreneurial, unbiased advice and successfully helping them achieve their objectives.