

city chic collective

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Potential acquisition of a US plus size e-commerce business

City Chic Collective Limited (ASX: CCX) (“City Chic”) advises that it has been nominated as the Stalking Horse Bidder for the e-commerce assets of Avenue Stores, LLC (“Avenue”) which are to be sold via auction in early October.

Established more than 30 years ago, Avenue is a US-based specialty retailer of plus size apparel, targeting value-conscious women aged 25 to 55. Avenue entered into Chapter 11 bankruptcy in August 2019 and has been closing its physical store network. As part of this process, Avenue’s e-commerce assets, which include a well-established customer database and inventory, have been offered for sale.

The acquisition of Avenue’s e-commerce assets would provide City Chic with access to the significant value segment of the US plus size market. In court filings, Avenue disclosed sales of US\$75.3m and negative EBITDA of US\$0.9m for the group from January through May 2019, and an e-commerce sales contribution of 36% of group sales. City Chic continues to conduct operational due diligence and assess the opportunity in light of the impact of the bankruptcy process and the store closures on the e-commerce business.

The Stalking Horse offer for the e-commerce assets is US\$10.0 million. If City Chic is the successful acquirer, the transaction will be funded by a combination of cash and debt. The expected date of completion would be mid October 2019.

As Stalking Horse Bidder, City Chic has entered into an asset purchase agreement that is subject to City Chic being the highest bidder at the auction and approval by the US Bankruptcy Court in Delaware. There is therefore no guarantee City Chic will be successful in its bid to acquire the Avenue e-commerce assets. City Chic will keep the market updated as the transaction progresses.

About City Chic Collective Limited

City Chic Collective is a leading Australian multichannel retailer specialising in the plus-size (size 14+) women’s apparel, accessories and footwear market. Its customer-led offer appeals to young, fashion- forward women. Lifestyle driven and accessible, the City Chic brand has a strong following in Australia and New Zealand, with a fast-growing presence in North America and Europe.

City Chic’s multichannel model comprises: a network of 104 stores across Australia/New Zealand; two websites operating in Australasia and USA; marketplace and wholesale partnerships with major US retailers such as Macys and Nordstrom; and a wholesale business with European partners such as ASOS and Zalando.

Investor and media enquiries

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