

The Habitat logo, featuring the word "habitat" in a lowercase, white, serif font on a dark background, with a small house icon to the right.

Habitat Group

Debt and operational restructuring and turnaround

Background

After incurring significant losses for the previous five years, IKANO – the family investment fund of the Kamprad family, owners of IKEA – decided that nothing more could be served by their continued ownership of the Habitat retail business. Sales had been declining, losses had exceeded €100 million in the last three years alone and the brand had lost direction.

Despite the massive downturn in the performance of the businesses, it was clear from Hilco's research that the Habitat brand retained a strong place in the minds of consumers throughout Europe. The period of ownership by IKANO was one in which the business had lost its way and had become structurally unsound.

The Transaction

In December 2009, Hilco Capital acquired all of the inter-group unsecured debt and the equity in the business. Hilco received a substantial dowry from IKANO to partially cover the cash flow requirements of the group for a period during which a restructuring would be implemented by Hilco's retail team.

Hilco's Role

A team of senior Hilco staff and consultants was put in place to rapidly identify and implement process changes and cost savings throughout the business. The company's senior management team was restructured, including the creation of the new roles of Chief Operating Officer and Executive Chairman. Both of these new positions were filled by highly experienced and renowned retail executives, bringing a wealth of experience to the business.

Hilco's team managed the design and implementation of each of the structural changes within the business resulting in substantial cost reductions and enhanced process clarity within the business.

Results

Hilco's change management teams restructured the management of the business, implemented improved control processes, improved buying margins and product selection techniques and effected aggressive cost reduction techniques to create annual savings in excess of €20 million.

Hilco's retail support teams tackled issues in logistics, property management, buying and sourcing, marketing, financial control and IT. Substantial investment was committed to e-commerce with the launch of greatly enhanced websites and expansion into new territories while several new retail stores have opened in the UK, France and Spain.

In June 2011, after a 19 month programme of restructuring and improvements, Hilco completed the sale of the Habitat business. The UK flagship stores, ecommerce operation and brand rights were sold to Home Retail Group, the owner of Homebase and Argos. The international business was acquired by Cafom, the French home furnishings giant that operates the Conforama and BUT stores throughout Europe.



Key Facts

- › Iconic international furniture and homewares retailer
- › **73 stores** across the UK, France, Germany and Spain plus franchise stores worldwide
- › Fledgling ecommerce operation

Results

- › Annual savings in excess of **€20m** identified and implemented
- › UK business sold to Home Retail Group (Jun 11)
- › International business sold to Cafom (Jun 11)