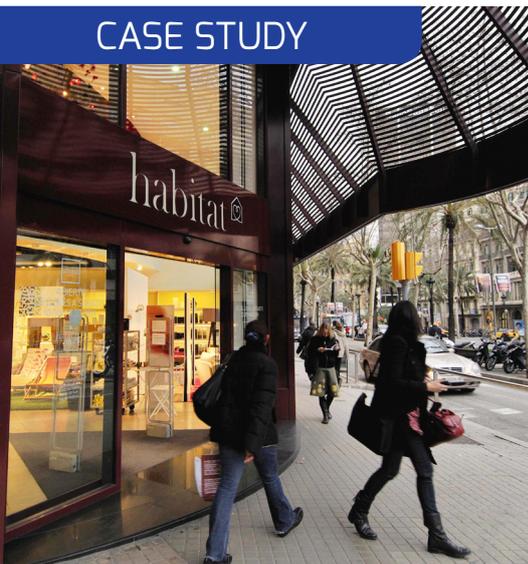


CASE STUDY



habitat 

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 business, 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.

Hilco Capital's role

- Acquired inter-group unsecured debt and equity in the business in December 2009
- Received substantial dowry from IKANO to partially cover cash flow requirements during restructuring
- Executed 19 month restructuring programme
- Team of senior Hilco staff and consultants deployed to rapidly identify and implement cost savings
- Restructured senior management team
- Created new roles of COO and Executive Chairman and recruited highly experienced retail executives
- Provided funding and expertise to replatform website and grow ecommerce business

Results

- Implemented enhanced control processes, improved buying margins and product selection techniques
- Achieved annual cost savings in excess of €20m
- Introduced new services and product categories including fitted kitchens
- Launched ecommerce in France and Germany
- Going concern sale of the UK and European business achieved in June 2011
- UK flagship stores, ecommerce operation and IP sold to then-owner of Argos and Homebase, Home Retail
- International business sold to Cafom

Key facts

1964
founded by
Sir Terence Conran

73 stores
across UK, France,
Germany & Spain

€344m
turnover

19 month
restructuring
programme

€20m
annual cost savings
achieved