

CASE STUDY

NICOLE FARHI



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Background

Launched in 1982 by French Connection as a womenswear brand, Nicole Farhi grew through the 80s and 90s to become a critically acclaimed fashion and lifestyle house. However, by the late 2000s, the company had become heavily loss-making as a result of a lack of dedicated management and financial controls. This led to a private equity fund purchasing the business in 2010 and installing an asset based lender to fund its working capital requirements.

By mid-2011, the shareholders found themselves in the position where the ABL wished to exit its position and other lenders were unwilling to fund the business. At this point, the management team was introduced to Hilco Capital.

Hilco Capital's role

- Settled existing ABL position and provided additional funding to provide a stable platform for restructuring
- Senior Hilco team appointed to work closely with Nicole Farhi's management team to return the business to normality and make it viable for onward sale
- Installed sector specialist within the company to conduct supply chain analysis
- Used resulting information to understand issues on a supplier-by-supplier basis
- Provided additional funding to address supply chain issues and restore supplier confidence
- Funded business through the low months of the year to allow shareholders to market it for sale

Results

- Rescued the business from likely insolvency, saving over 200 jobs
- Quickly stabilised the company
- Unlocked supply chain where suppliers had put the business on stop due to non-payment of invoices
- Avoided any disruption to Nicole Farhi's wholesale and retail customers
- Facilitated strong Christmas trading which saw Nicole Farhi outperform the market with a 20% like-for-like sales increase
- Hilco's intervention enabled successful onward sale to a new investor, committed to injecting significant capital to grow Nicole Farhi internationally

Key facts

1982

launched by French Connection

2010

acquired by a PE fund

2011

Hilco provided emergency funding

9

month turnaround

200

jobs preserved