

## CASE STUDY



## Background

Founded in 1921, HMV is the UK's original and last remaining nationwide, specialist retailer of audio and visual entertainment products. The business had been facing increasing pressure and declining performance for a number of years. The impact of widespread price deflation, combined with increased competition from large, non-specialist retailers was compounded by rising property costs and the rapid growth of digital distribution.

HMV Group plc entered administration in January 2013. Hilco Capital purchased the group's debt and acted as agents to the Administrators to ensure the stores continued to trade. Hilco then acquired HMV in a £50m transaction in April 2013.

## Hilco Capital's role

- Provided £25m working capital facility
- Provided operational and financial turnaround support to the Board
- Hilco Property managed landlord negotiations and the rightsizing of the store portfolio including relocations
- Replaced low margin, cash intensive phones and tablets with high margin T-shirts and merchandise
- Managed the relaying and remerchandising of the stores
- Refocused marketing strategy and promotional plan
- Conducted cost efficiency project, including supplier negotiations and the introduction of new vendors
- Provided funding and resources to relaunch hmv.com and the purehmv loyalty programme

## Results

- Central overheads reduced by over £25m p.a.
- New stores opened to achieve optimal nationwide portfolio of 130 stores
- Relunched ecommerce and grew into a £16m turnover business by 2018
- Doubled the number of *hmvlive* in-store celebrity events to over 300 p.a.
- Grew loyalty programme to 2.5m active members
- Increased share of a declining market every year during six years of ownership
- UK retail business acquired by a Canadian investor in February 2019

## Key facts

**1921**  
first store opened  
on Oxford Street

**£50m**  
acquisition out of  
administration

**130**  
stores

**£25m**  
working capital  
provided

**£25m**  
annual reduction in  
central overheads