

New Body Shop owner to call in administrators for UK chain

The new owners of The Body Shop are lining up administrators for its British arm just weeks after taking control of the cosmetics retailer, in a move which could threaten significant numbers of shops and jobs.

Sky News has learnt that the company founded by Anita Roddick and her husband Gordon nearly half a century ago is preparing to appoint FRP Advisory to handle an insolvency process for its UK operation, which trades from around 200 stores.

City sources said on Friday that the administrators were ultimately likely to consider closing a significant chunk of The Body Shop's UK outlets, although they stressed that it was premature to speculate on specific numbers.

The Body Shop employs a large number of people in Britain, including at its head office in London.

The administration process for its UK operations will not impact the brand's global franchise partners, according to one insider.

In recent days, The Body Shop's businesses across most of Europe and parts of Asia have been sold to an unnamed family office.

The retailer told RetailWeek, which first reported the international transaction, that it "further prioritises The Body Shop's strategically important markets and global head franchise partner relationships, which it will look for opportunities to build".

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“The Body Shop will also focus on more effectively reaching customers by strengthening digital platforms, developing new sales channels, and via differentiated retail experiences,” it added.

“The announced sale is another decisive step towards delivering a strong turnaround strategy for The Body Shop, supported by the right structure.

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“The ambition is to create a modern and dynamic beauty brand, relevant to customers and able to compete for the long term.”

The Body Shop was acquired in November by Aurelius, a private equity firm, in a deal it said was valued at £207m.

Retail sources said that after the deal closed at the start of this year, the new owner concluded that the company had insufficient working capital and was trading more weakly than it had anticipated.

The company has already decided to close its Body Shop at Home division, which was struggling financially, while a report this week said that Natura, its previous owner.

The insolvency process in the UK could allow a slimmer, more financially viable business to emerge after its struggles under a succession of corporate owners.

Aurelius was said to have seen off competition to buy The Body Shop from rival bidders including Alteri Investors, private equity firm Epiris and Elliott Advisors, the owner of bookseller Waterstones.

At the time of the acquisition, The Body Shop employed about 10,000 people, and operates roughly 3,000 stores in 70 countries.

Although it has struggled for profitable growth for years, it retains a prominent presence on British high streets.

The Roddicks were prominent champions of environmental causes, a positioning which helped it gain an edge over rival retailers during the 1980s and '90s.

Its opposition to the animal testing of cosmetics was also unusual in the decades immediately after it was founded.

Its distinctiveness has, however, been diminished in recent

years by the emergence of competitors which have also put sustainability at the heart of their businesses while more effectively targeting younger consumers.

Dame Anita died in 2007.

Natura was reported to have paid more than \$1bn to buy The Body Shop in 2017.

It was owned by L'Oreal, the cosmetics giant, prior to its sale to Natura.

Aurelius and The Body Shop declined to comment.