

Next swoops for big stake in struggling lifestyle retailer Joules

The high street giant Next is in talks to take a big stake in Joules, the struggling fashion and lifestyle products chain.

Sky News has learnt that Next has been negotiating for several weeks to acquire up to 25% of the smaller London-listed retailer.

City sources said this weekend that the discussions were not certain to result in a deal, and that any announcement could still be some time away.

If successfully completed, a transaction would make troubled Joules the latest in a string of high street names to join Next's online platform as it continues to expand beyond the core brand which has made it an industry behemoth.

Joules, which trades from approximately 130 stores and employs more than 1,000 people, has endured an increasingly difficult time as [inflationary pressures](#) flood the retail sector.

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Last month, it hired KPMG to assist with efforts to improve "profitability, cash generation and liquidity headroom".

It subsequently said it had agreed an extension to banking facilities with its principal lender, Barclays, that would place restrictions on its ability to pay dividends.

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Joules' valuation has collapsed by nearly 90% during the last year, even as top-line sales growth has held up reasonably well.

At Friday's closing share price of 33p, it had a market valuation of just £37m.

For Next, acquiring 25% of Joules would cost a tiny sum in the

region of £10m at the smaller company's current valuation.

It was unclear this weekend how the stake purchase would be structured, and whether it would include governance rights.



Image:

Shoppers pass a branch of Next retail in London

Next has struck [joint ventures with brands including Reiss](#) and [Victoria's Secret](#) in recent years, while it also recently agreed a deal to take outright ownership of the baby products retailer [JoJo Maman Bebe](#) alongside hedge fund Davidson Kempner.

Under Lord Wolfson, its chief executive, Next has diversified into a broader mix of retail and lifestyle products, taking advantage of a litany of insolvencies among rivals such as Arcadia Group and [Debenhams](#).

[Next was among the bidders for TopShop](#), the jewel in Sir Philip Green's former high street empire, but ultimately withdrew from the race, leaving the field clear for ASOS.

EY is said to be advising Next on its talks with Joules.

Joules has been listed on the London stock market since 2016,

having been founded in 1989 when Tom Joule began selling clothes from a country show stall in Leicestershire.

Mr Joule is now a non-executive director of the company.

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Joules is chaired by Ian Filby, the former DFS chief, while chief executive Nick Jones is to step down in the coming months.

Joules plans to announce full-year results in September.

This weekend, Next and Joules declined to comment.