

# Superdry weighs restructuring as sales slump continues

Superdry, the London-listed clothing retailer, is weighing a radical restructuring that could involve significant numbers of store closures and job cuts after reporting weak sales.

Sky News has learnt that Superdry and its advisers at PricewaterhouseCoopers (PwC) are initiating work on plans that could lead to a company voluntary arrangement (CVA) or restructuring plan, both of which are insolvency mechanisms enabling businesses to reduce their liabilities to creditors.

This could be aimed at closing underperforming shops – with a commensurate impact on jobs – and forcing through rent cuts with landlords.

Detailed proposals have yet to be worked up, and there was little indication this weekend of how many of the company's 3,350 staff and more than 215 stores might ultimately be affected.

On Friday, Superdry announced that its finance chief, Shaun Willis, would step down in March.

Giles David, who has previously worked at McColls, Casual Dining Group and Wiggle, is to replace him on an interim basis.

News of a potential formal restructuring comes days after Sky News revealed that Superdry had drafted in PwC to explore debt-raising options as it seeks to stabilise its balance sheet.

Founded by Julian Dunkerton, the chain has endured a torrid few years punctuated by capital-raising and brand licensing deals aimed at raising cash.

Late last year, its shares sank to a record low after it blamed abnormally mild autumn weather for weak sales.

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Following this week's sales figures, the shares crashed even further, ending on Friday at 16.44p and with a market capitalisation of just £16m.

Friday's announcement said that group revenue in the 26 weeks to October 28 had plunged by 23.5%.

"The consumer retail market remains challenging and unpredictable, and sales performance has not been helped by the extreme weather events of the summer being followed by one of the warmest autumn seasons on record, which persisted through the peak Christmas trading period," Superdry said in the trading update.

"We are mindful of these external and macro factors and as outlined as part of our December trading statement we expect full year profitability to be impacted by the weaker trading we have seen to-date, and internal expectations remain consistent with that view.

"As a management team, we continue to focus on the delivery of our cost efficiency programme and further opportunities to reduce the fixed cost base of the business, with in excess of £40m of savings due to be realised within the year."

Its measures to bolster its balance sheet included a modest equity-raise and brand licensing deals in Asia-Pacific and India.

Superdry already has debt facilities available to it, through arrangements with Hilco and Bantry Bay Capital worth a total of more than £100m.

There has been persistent speculation that Mr Dunkerton, who owns roughly a quarter of Superdry's shares, would seek to

take the company private.

Just under a year ago, he appointed Interpath Advisory, a restructuring firm, to draw up cost-cutting plans for the business.

A Superdry spokesman declined to comment on PwC's role or any restructuring plans.

The latest news of Superdry's travails comes after some retailers, including Marks & Spencer, reported buoyant Christmas trading.

On Saturday, The Guardian reported that John Lewis Partnership could axe as many as 11,000 jobs over five years after forcing through changes to redundancy terms.