

PRESS RELEASE

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Iconic global shoe brand Clarks forms partnership with LionRock Capital

LionRock Capital to acquire majority stake in Clarks. Clark family to remain a key shareholder in the business.

Partnership will secure a sustainable future for the 195-year-old world-renowned British shoe brand.

The investment from LionRock Capital is conditional on shareholder approval and on a Company Voluntary Arrangement (“CVA”) for Clarks’ UK and Republic of Ireland businesses in relation to its store portfolio.

C&J Clark Limited (“Clarks”), the 195-year-old world-renowned British shoe brand, today announced its agreement to form a partnership with LionRock Capital, a seasoned Asian private equity firm with a successful track record of investing in a range of leading consumer companies. LionRock Capital will acquire a majority stake in Clarks, with the Clark family to remain invested in the business.

The £100 million investment will enable Clarks to position the business for future long-term sustainable growth and deliver its strategy to revitalise the iconic footwear brand as it enters its third century in line with its ‘Made to Last’ strategy announced in May 2020. The partnership will also enable Clarks to benefit from the expertise that LionRock Capital brings to grow the Clarks brand globally and most notably in China and across the rest of Asia Pacific.

The LionRock Capital investment in Clarks will be subject to shareholder approval, and shareholders will be asked to vote on the proposed transaction in December. The investment is also subject to a CVA for its UK and Republic of Ireland businesses in relation to its store portfolio.

Commenting on today’s announcement, Clarks Chief Executive Officer Giorgio Presca said: For nearly 200 years, Clarks has been a pioneer of shoemaking, inventing the casual shoe and delivering innovative and iconic shoes consumers love and trust. Underpinned by a rich heritage and strong values, today we are a leading global footwear brand serving millions of consumers across the world. Our new strategy, in conjunction with our new partnership with LionRock Capital will create a strong and sustainable future for this unique and iconic brand.

“Our strategy is designed to put the consumer at the heart of everything we do through a focus on brand segmentation and revitalising our brand communications, digital experience and product design to create consumer desire. The challenges to our business brought on by Covid-19 have meant that we need more resources and investment in order to fully deliver this strategy and safeguard the future of our business. The new partnership with LionRock Capital will provide this as well as the expertise to grow the Clarks brand in China, which remains a primary opportunity. Our people, partners and customers remain our top priority and we are committed to building a relevant, accessible and desirable brand that reflects the way consumers live their lives.”

Philip de Klerk, Interim Chief Financial Officer at Clarks, added: “Like many businesses in our sector, the impact of the Covid-19 pandemic and the current economic uncertainty has created a tough retail environment. The investment from LionRock Capital and the restructuring of our retail footprint, combined with the on-going support from our existing lenders and our focus on cash management and cost control, will provide funding for the company’s seasonal working capital needs and its transformation strategy.



SHOEMAKERS SINCE 1825

“In order to address the permanent shift in structural shopping behaviour as a result of the Covid-19 pandemic, the CVA is being launched out of absolute necessity. The proposal to creditors outlines a combination of a reduction of rent and a move to rebase Clarks’ rental cost base through a turnover-based model that aligns to future performance and reflects the wider retail market. As part of the CVA, we will move 60 of our 320 stores to nil rent. It is important to stress that we are not announcing the closure of any stores today, and employees and suppliers will continue to be paid.”

Daniel Tseung, Founder and Managing Director of LionRock Capital added: “Clarks is one of the world’s most recognized consumer names and we look forward to working with the Clark family in extending its tradition of providing customers with top quality products and exceptional service.

“We are extremely pleased to have the opportunity to partner with Clarks in expanding the company’s global operations and worldwide customer footprint. Our investment will not only strengthen Clarks’ position as one of the world’s most recognized brands, but also allow growth into key emerging markets.

“We believe our investment would create a stable platform for the Company from which to manage through the unprecedented crisis, holistically restructure and transform the business and further expedite the brand’s growth globally going forward.”

Clarks’ Non-Executive Chair, Stella David said: “The ongoing Covid-19 crisis that has engulfed the world this year has affected Clarks in common with many other brands. We owe it to our consumers, our employees, all our partners and everyone that loves the Clarks brand to ensure that this company is protected and that its future is secured.

“We are entering a new era for Clarks and we are delighted to be welcoming LionRock Capital as our partners as they share our long-term vision for a successful and sustainable future for Clarks and the strategy for growth on a global scale.”

Chair of the Clark Family Shareholder Council, Irene Pedder also commented: “For nearly two hundred years, Clarks has pioneered a culture of innovation and craftsmanship, growing to become one of the world’s most loved and respected footwear brands. The impact of the ongoing Covid-19 crisis has resulted in necessary steps being taken to safeguard the future of the Clarks brand, business and its people. We remain invested in Clarks’ long-term growth and will remain committed shareholders to help steward this iconic company into its third century, while protecting the strong values and brand heritage Clarks is known for.”

Gavin Maher, Partner, Deloitte, concluded: “The retail trading environment in the UK has been under pressure for some time. The Clarks UK business has been faced with weaker consumer confidence and reduced footfall. In the midst of Clarks undertaking its transformation plan, Covid-19 exacerbated these challenges, with working capital and turnover significantly impacted, placing acute liquidity pressure on the Group.

“The turnover rent model better aligns the risk and reward of trading during these uncertain times and the CVA, together with the proposed investment from LionRock, provides a stable platform upon which the management’s transformation strategy can be delivered.

“It is important to stress that no stores will close immediately, and employees and suppliers will continue to be paid.”

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About Clarks

Clarks, based in Somerset, England, has been at the forefront of innovative shoemaking since its foundation in 1825, when brothers James and Cyrus Clark made a slipper from sheepskin off-cuts. At the time it was ground-breaking; a combination of invention and craftsmanship that's remained at the heart of what the brand does now.

In the Clarks archive of more than 22,000 pairs are shoes that have sparked revolutions and defined generations. From the original Clarks Desert Boot, first designed by Nathan Clark and launched in 1950 to the iconic Wallabee, each design has an instantly recognisable signature - a unique combination of craftsmanship and innovation that make it unmistakably Clarks.

With a turnover of £1.5 billion, Clarks is a global business operating retail, wholesale, franchise and online channels in over 100 markets worldwide supported by nearly 10,000 employees across the world.

www.clarks.com

About LionRock Capital

LionRock Capital is a seasoned private equity fund with offices in Zurich, Hong Kong, and Shanghai, and seeks to partner with leading global consumer brands with an emphasis on China expansion. Daniel Tseung, Founder of LionRock Capital with over 25 years of principal investment experience, is well recognized as a leader in the Asian investment industry.

<http://www.lionrockcapitalhk.com/>