

Newsletter

Q2 2016

Hilco providing retail support to BHS



with operational support at the BHS head office and in the stores during the store closure process.

Hilco Retail Services is assisting the Administrator in extending the viable trading period of the store network in order to provide the opportunity to realise the maximum returns for the retailer's creditors.

Hilco Capital's Retail Services team was appointed by the Administrator of BHS in June to assist in the operation of 163 BHS stores. Hilco's team, which is the largest provider of these specialist services in Europe, is providing the Administrator

The appointment draws on Hilco Capital's extensive experience of managing the operation of large scale retail businesses for retailers and insolvency practitioners in the UK and across continental Europe in both solvent and insolvent situations.

New HMV finance secured

After a successful tender process, Hilco Capital refinanced its working capital facility into the HMV group with PNC Business Credit.

Following the recent strong trading results of the HMV group and utilising an asset based lending structure, PNC was able to provide a facility of £32 million, which largely replaced the existing Hilco Capital facilities.

Recognising the strength of the brand, the management team and its investors, the facility provides the necessary flexibility to the HMV group to continue to grow market share across the 128 store portfolio and expand the new physical ecommerce business and digital operations.

Chapelle named Deal of the Year



Hilco Capital's acquisition of retailer, Chapelle Jewellery, was awarded SME Deal of the Year at the East Midlands Dealmakers Awards in May.

The largest UK retail jeweller operating in the outlet sector, Chapelle trades in virtually all of the UK's prime designer retail outlet villages and online. Hilco Capital acquired the business in June 2015.

Tilley supports Run Rwanda team



Tilley has provided its classic hats to British endurance athlete, John Gunn (pictured), and his team as they tackle a gruelling 211 mile run across the entire country of Rwanda. The Run Rwanda team's Tilley hats will protect their heads from 98% of the sun's harmful rays during their month-long journey through the 'land of a thousand hills'. For more information, visit runrwanda.com.

Back at Tilley's Canadian HQ, a redoubled focus on its ecommerce operations delivered the company's strongest ever month for web sales. June is traditionally Tilley's biggest month – its equivalent of the festive season – as the start of summer and Father's Day drive demand for its products. This year, improved digital marketing and CRM delivered a 14% year-on-year increase in web sales for the month of June.

HMV Digital forges brand partnerships

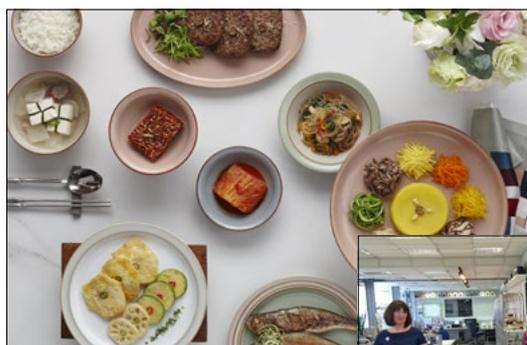


HMV Digital, the entertainment retailer's digital music service, has formed partnerships with a number of high profile brands. Designed to drive awareness and user acquisition, the UK and Ireland partnership programme includes activity with Caffè Nero, McDonalds, Money Supermarket, Halifax and South Eastern Trains.



Additionally, HMV Digital has teamed up with eight music festivals throughout the UK as part of a summer promotional programme. Nile Rodgers' FOLD festival, Kendal Calling, LeeFest Presents the Neverland, Electric Fields, Blue Dot, Caught by the River Thames, Sundown and 1234 festivals have all signed up to promote the HMV Digital service to festival goers both 'on the ground' and through their digital channels.

Koreans bowled over by Denby



Denby Pottery formally opened its new Korean base in the heart of Seoul's fashionable Gangnam district in May. The new office, which employs 16 South Korean nationals, was officially launched at a press conference at La Casa hotel.

The brand is enjoying huge success in the country where it has been embraced by younger consumers looking for stylish informality. According to Denby's Managing Director, Sebastian Lazell, "Denby is appealing to people in South Korea who particularly like the premium casual look of Denby glazes and

they like to mix and match our colourways – the more formal ornate ware used by their parents and ancestors has gone out of fashion."

The company's experience in Korea has already borne fruit back home with the introduction to the UK market of 250 new bowls originally designed for Denby's South Korean customers. The move puts Denby at the forefront of the 'bowl food revolution' which has been gripping British consumers

this year as part of a wider trend of casual dining and relaxed entertaining.

Speaking on Channel 4's 'What Britain Buys', Denby's Nicola Wilson (pictured) explained, "We're really starting to see a trend in the UK for using bowls in the home over plates and this has been fairly recent. We now produce a lot more bowl shapes than we did; it's now totalling about 32 different bowl shapes."

Hilco team relaunches ex-Co-op stores



Hilco's Food Retailer Group kicked off the conversion of 36 former Co-operative Food stores to Budgens in June. The team worked in partnership with Booker Group to re-stock and relaunch the first eight stores under Booker's Budgens fascia in a single week.

The demanding rollout schedule sees seven store conversions each week over a four week period.

The stores were acquired from the Co-operative Group with all staff transferring to the new business.



HMV wins vinyl spin battle

HMV topped off a successful quarter which saw the retailer win industry awards from Music Week and the British Video Association by winning a tongue-in-cheek war of words with supermarket giant Sainsbury's. The row erupted as the grocer, which is Britain's second largest retailer, claimed in its first quarter trading report to be "the biggest vinyl retailer on the high street" with "eight percent market share".

HMV pointed out: "For the record HMV sell more Orange Juice, Meatloaf, Cream, and Jam than Sainsbury's! We also have some Smashing Pumpkins..."

"When it comes to vinyl sales HMV have over four

times the market share of Sainsbury's from a range of up to 1,500 records in each of our 128 stores."



The light hearted spat came as HMV launched Vinyl Week, an LP-themed promotion for Father's Day. The promotion included a raft of HMV-exclusive pressings of classic albums as well as a limited Nipper edition Crosley Cruiser turntable (pictured).

HMV is on track to sell 1.5 million LPs in 2016, its biggest year for vinyl sales since 1997.

Pure wins industry award



PureHMV beat off competition from across the world to win Best Loyalty Programme of the Year – Retail (Non Food) for the second year running. The ceremony at The Pavilion in the grounds of the Tower of London was attended by entrants from businesses including Carrefour, Vodafone, Shell and Subway, together with loyalty service giants Aimia, Avios and Nectar.

PureHMV triumphed in its category over Germany's 15,000-store REWE supermarket chain and Denmark's largest retailer, Danske Supermarket.

Kraus secures additional funding with Wells Fargo



Wells Fargo Capital Finance has made an additional \$20 million available to Kraus Group, taking the flooring manufacturer and distributor's total facility up to \$70 million.

The additional funding comes on the back of another strong first half performance at Kraus which has seen revenues rise by 11% and EBITDA by 54% year-on-year.

Hilco brings digital expertise in-house

The newest addition to the Hilco Capital group, Hilco Web, provides ecommerce and digital marketing expertise to both internal and external clients.



The team already has over 40 digital optimisation and development projects in progress, ranging from digital marketing optimisation for Tilley to the creation of a professionally written digital magazine for HMV Canada (pictured).



In addition to larger assignments, the team is on hand to support Hilco's investments with digital training and advice, including Google Analytics, affiliate marketing, social media and more.

For more information, contact: enquiries@hilcower.com

Team Hilco beats fundraising target



At the time of going to press, Hilco Capital's Chris Emmott, Mark O'Neill and Matt Holt had just completed the gruelling Prudential RideLondon 100 in aid of Children With Cancer UK.

Team Captain Chris Emmott commented: "So we made it, all 100 miles done. The day started with a

dash to the hills from the Olympic Park, with Mr Holt setting a fine pace through London, whilst indulging in an experiment to see if we could set off the speed cameras.

"A brief detour was made through some suburban streets to avoid a major incident and then into the Surrey Hills with Mr O'Neill flying up Newlands and Leith.

"A series of rapid descents followed, with Mr Emmott doing his best to disprove Newton's theory about heavy things descending at the same pace as lighter objects. 70 miles in, the team dug deep and ascended Box Hill, before the sprint to the Mall."

Thanks to everyone who helped the team smash their fundraising target of £6,000.

Legends of Football 2016 announced

The HMV Football Extravaganza has long been the hottest ticket in the football fundraising calendar and the event is back for 2016 with a twist. Renamed Legends of Football, this year the HMV-sponsored event celebrates 25 seasons of The Premier League and the winner of the prestigious Legend of Football Award won't be revealed until the night.

The award will go to one of the '100 Club' of players who have scored over 100 Premier League Goals. Contenders who will be attending on the night include Alan Shearer, Michael Owen, Andrew Cole, Jermaine Defoe and Matt Le Tissier.

For more information or to book a table at the event, which raises funds for Nordoff Robbins, please visit lofootball.co.uk or email: enquiries@legendsoffootball.org.uk

A promotional poster for the Legends of Football 2016 event. The poster features the event title in large, stylized letters, a silhouette of the Premier League trophy, and several action shots of football players. Text on the poster includes: 'supported by hmv (formerly the Football Extravaganza)', 'WEDNESDAY 5TH OCTOBER 2016 GROSVENOR HOUSE HOTEL', 'The greatest night of football and fundraising in the calendar.', 'Celebrate 25 Seasons of The Premier League, and relive the most memorable moments and goals with some of the games' greatest legends and goal scorers. Be part of this amazing event where we will present the Legend of Football Award to one of the elite group of players to have scored over 100 Premier League goals.', 'Players joining us on the night from the '100 Club' include Alan Shearer, Michael Owen, Andrew Cole, Jermaine Defoe and Matt Le Tissier, as well as many more players and managers from the beautiful game.', 'For further details and to book your table: enquiries@legendsoffootball.org.uk', 'LOFOOTBALL.CO.UK', 'LEGENDS OF FOOTBALL', 'LOFOOTBALL', and 'NORDOFF ROBBINS Life-changing music'.



Hilco Industrial completed the sale of the assets of S&S Steel in April. Sales from the auction of the Anderson, Indiana-based steel mill's property exceeded expectations.

Hilco Brands has worked with Altec Lansing to produce a consumer electronics range fronted by singer and actor Nick Jonas. The range of headphones and speakers was launched at a high profile event in New York and is due in stores in Q4.

Hilco Merchant Resources began store closing sales at 47 Sport Chalet stores across California, Arizona and Nevada. Over \$130 million of sporting goods will be liquidated.

Hilco Real Estate acquired the site of a former Exelon power generation facility in Boston. The team has begun the planning process at the 15-acre site.

Hilco Global-owned fashion brand, Haute Hippie, partnered with upscale department store, Neiman Marcus, on an Instagram campaign at this year's Coachella. The activity, facilitated by Hilco's Polaroid team, saw 12 influential style bloggers outfitted in Haute Hippie for the music festival.

Hilco Global was appointed by West Ham United FC to auction more than 200 items of memorabilia from the club's former stadium. Lots included everything from goalposts to the toilet cubicle doors. West Ham moved to the Queen Elizabeth Olympic Park in June.