



## **WET SEAL<sup>®</sup>**

### **CHAPTER 11 ACQUISITION OPPORTUNITY**

**BID DEADLINE: FEBRUARY 28, 2017 AT 5PM ET**

*wet seal<sup>®</sup>*

## **INTRODUCTION**

Hilco Streambank has been retained by The Wet Seal, LLC (“Wet Seal” or the “Company”) as its agent to market and sell its intellectual property assets. The assets include brands, trademarks, domain names, an e-commerce platform and customer data (the “Assets”). The Company is currently operating as a Debtor-in-possession under Chapter 11 in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

## **BACKGROUND**

### **WET SEAL**

Founded in 1962, Wet Seal was a pioneer of the “fast fashion” retail model. Wet Seal quickly became a favorite shopping destination for teen girls and young women looking for trend-right fashion at affordable prices. At their peak, Wet Seal stores were commonplace in malls across the US with over 500 stores in 48 states and in Puerto Rico.

Wet Seal underwent a restructuring through chapter 11 in 2015 and emerged with a smaller store-count of less than 200 stores, and a focus on the [www.wetseal.com](http://www.wetseal.com) e-commerce platform. In an effort to continue an already fundamentally strong online business, the Company underwent a complete redesign and optimization of the web platform. The e-commerce business went on to generate over \$22MM in FY2015 and approximately \$19.1MM in FY2016. The website attracted approximately 24.6MM visitors in 2016 through organic and direct traffic paired with various Google paid search and social media campaigns. Despite the gains in the e-commerce business, the Company determined that its growth trend was not meeting its legacy expense burden, and therefore determined to file a second chapter 11 to facilitate a sale of the remaining business:

### **Wet Seal 4-Year Financial Overview:**

- FY2016 Total Revenue: \$152.2MM
- FY2015 Total Revenue: \$170.5MM
- FY2014 (Q1 - Q3) Total Revenue: \$316.3MM
- FY2013 Total Revenue: \$530.1MM

### **ARDEN B**

In addition to the Wet Seal business, the Company also operated a mall-based chain of stores under the Arden B<sup>®</sup> name that was known as a destination for club wear for women aged 23-28. In 2014, the Company implemented a plan to wind down the operations of the Arden B<sup>®</sup> in an effort to execute strategies focusing on its flagship store banner Wet Seal and the Wet Seal Plus concept. The Arden B intellectual property is also available for sale.

## AVAILABLE ASSETS

### Trademarks

The Company has 85 trademarks registered in the US and worldwide. The registered trademarks include the following:

- WetSeal<sup>®</sup> (US registrations and 18 foreign registrations)
- The Wet Seal<sup>®</sup>
- Wet Seal+<sup>®</sup>
- ArdenB<sup>®</sup>
- Blue Asphalt<sup>®</sup>
- Chiq Boutique<sup>®</sup>
- Fashion Insider<sup>®</sup>
- Blink<sup>®</sup>
- Rock The Blues<sup>®</sup>
- Urban Vibe<sup>®</sup>

### Domain Names

The Company has 35 domain names which include the following:

- WetSeal.com (.net | .biz | .org | .us | .mobi | .xxx)
- ArdenB.com
- WetSealBlog.com
- BlueAsphalt.com
- WetSealPlus.com

### E-Commerce Platform

The Company recently redesigned its e-commerce site, utilizing a Demandware based platform. The site is fully functioning and can be transitioned over to a buyer of the IP Assets.

### Customer Data

- Over 5MM customer data files
- Approximately 2.9MM Opt-in E-mail Addresses
- Buy In Loyalty Program (Fashion Insider Club): 156,911 Current Members

### Social Media Profiles

- Facebook – Over 2MM Page Likes
- Instagram – @wetseal 367K Followers |@wetsealplus 80.1K Followers
- Twitter – 56.8K Followers
- Pinterest – 20.5K Followers
- Snapchat
- Blog (WetSealBlog.com) – 63K sessions, 1.64% Conversion Rate, \$49.7K Revenue in 2016

## OPPORTUNITY HIGHLIGHTS

- Large national footprint attributed to increased brand awareness among consumers
- Wet Seal's timeless fashion prolongs customer retention
- Industry differentiation due to Wet Seal's long established and unique identity
- Multiple market segmentation opportunities: Wet Seal<sup>®</sup>, Wet Seal+<sup>®</sup> and Arden B<sup>®</sup>
- Highly established e-commerce platform
- Industry leader for ratio of e-commerce sales to retail sales
- Industry leader in organic traffic among junior retailers

## POTENTIAL AREAS FOR GROWTH

A buyer of the Wet Seal<sup>®</sup> brand will have multiple opportunities to curate value including:

- E-Commerce with a world-wide recognized brand
- Potential U.S & International Licensing in multiple categories
- Stores in key locations and outlets
- Potential retail house brand or wholesale apparel brand
- Strong database of loyal customers

## DILIGENCE & SALE PROCESS

Hilco Streambank is currently soliciting interest in the Assets from qualified buyers.

### Data Room:

An online Data Room containing detailed diligence information has been constructed. Access to the online Data Room will be provided to interested parties upon execution of a non-disclosure agreement.

### Bid Submission:

Bidding instructions will be provided by Hilco Streambank in advance of the bid deadline.

## BID DEADLINE:

**FEBRUARY 28, 2017 AT 5PM ET**

For further information about the sale process and access to diligence materials please contact one of the following Hilco Streambank representatives:

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