

## Active expansion.

Activewear brand Fat Face was founded in 1989 by Tim Slade and Jules Leaver to finance their extended skiing trips. They began designing T-shirts and selling them from rucksacks in the French Alps and opened their first shop in Fulham in 1993, starting a period of exponential growth. ISIS invested in the business in 2000.

By 1999, Fat Face was selling a range of branded clothing, footwear and accessories through retail and home shopping channels, turning over of £7 million. At this point Tim and Jules sought to sell the business outright. Mark Advani of ISIS says, "We were attracted to Fat Face because of the strength of its brand, the very clearly defined customer set and high levels of customer intimacy. There were also opportunities to open more shops. Yet we and other potential acquirers recognised that the real understanding of the brand and how it could be developed still resided in the founders' heads. It was therefore very difficult for them to walk away at that stage."

**“ It was refreshing to find a private equity firm stoked with enthusiasm and personality. ”**

*Tim Slade, Founder, Fat Face*

ISIS took the innovative step of investing £3.5 million for a minority stake in Fat Face. The plan was to work in partnership with Tim and Jules and over five years, while becoming less and less dependent on their input, prepare the business for sale. At the time of the investment Tim commented, "It was refreshing to find a private equity firm stoked with enthusiasm and personality."

ISIS encouraged Tim and Jules to bring in Clive Beharrell as chairman. He in turn helped Fat Face build a second tier management team to work under the founders. "The company was growing very rapidly," Clive explains. "Sales were increasing by 50 per cent year on year and we were opening 15 to 20 stores per annum. This put enormous strain on the operational infrastructure, so we worked with the board to develop the IT and logistics base and strengthen the management team while at the same time maintaining the growth rate."

Tim Slade and Jules Leaver just wanted to go skiing, but by 2000 had a £7m business on their hands. In the next five years turnover would increase eightfold as the founders and ISIS got to grips with the company's potential

**“ We'd had numerous approaches to buy the business but we were patient and waited for the right moment. ”**

*Mark Advani, ISIS*



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In 2003, Louise Barnes from Monsoon joined as chief executive and Stuart Owens joined from PC World as finance director. Louise had been heavily involved with the development of Monsoon from a similar stage and was hugely motivated to repeat the success at Fat Face. "We couldn't attract managers of the quality of Stuart and Louise until we had built a business of sufficient scale and laid the basic foundations for them to work with", says Clive. With new leadership in place, Tim and Jules were able to move to part time roles while Louise and Stuart refined the retail roll-out strategy and undertook a further round of heavy investment in the business."

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#### A Brief History

1989	Fat Face founded by Tim Slade and Jules Leaver
2000	ISIS acquires minority stake for £3.5m with turnover at £7m
2003	Louise Barnes and Stuart Owens join Fat Face
2005	With turnover at £56m, Fat Face is acquired by Advent International

Towards the end of 2004, everyone agreed that it was time to execute an exit strategy. "We were invested for over five years and had numerous approaches to buy the business over that time, but we were patient and waited for the right moment," Mark points out. "By 2004, we had managed to combine the founders' "magic dust" with a corporate structure and a first rate management team. The business was also at a scale to attract institutional investors at a time when there was unprecedented appetite for retail assets amongst the private equity community."

ISIS ran a twin-track exit, preparing for a flotation while also marketing Fat Face to trade and private equity buyers. We weren't sure which route would be the most price competitive, and we wanted to give the founders a range of exit options to ensure we satisfied their needs" Mark explains.

Fat Face was sold in April 2005 to private equity house Advent International, generating a return of 11.9x and an IRR of 67% for ISIS' clients. During the period of ISIS' involvement, Fat Face increased its turnover eight-fold to £60 million and more than trebled its store base to 97. "When ISIS invested, Fat Face was a strong brand but just one of a number of emerging businesses in the activewear sector, with several competitors of similar stature. By time we exited, Fat Face was the clear market leader and ISIS played a very important role in helping the company achieve this position and the premium valuation which resulted" says Clive.

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