



PRIVATE EQUITY IN ACTION - CASE STUDY

NKD



Country	Germany
Region	Bindlach
Investor	OpCapita

NKD, a Germany-based clothing retailer with stores across Germany, Austria, Italy, Slovenia and Croatia, had been through a difficult period when OpCapita acquired the business in 2013: the business had suffered from underinvestment and material operational mismanagement for several years and senior management had been charged with fraud. The operational underperformance drove the once-profitable business to suffer significantly, leading to losses.

Able to clearly identify the operational mismanagement from the outside, over the next few years, OpCapita completely transformed the company. It brought in experienced retailers, John von Spreckelsen and New Look founder Tom Singh, as Chairman and senior advisor respectively, and focused on recruiting a new management team, overhauling the store estate, consolidating the supplier base, implementing a new pricing policy to reduce markdowns and improving marketing.

By the time OpCapita sold the business in 2019, NKD was growing and generating substantial profits, with the turnaround having saved over 7,000 jobs.

What did the business need?

- New management and investment to turn the company around
- A new strategy to return the retailer to profitability
- Operational overhaul to modernise the business and improve efficiency

How did private equity backing create lasting

970

basis point improvement in gross margins

>7,000

jobs saved



"OpCapita was a strong and successful partner for NKD and the management team. We're proud of the results we accomplished together – sales and profitability are increasing and stable, c. 8,500 jobs are secured and the company's

business model is ready

value?

- Appointed a new management team, including CEO, CFO, Chief Sales Officer and Marketing Director
- Brought in experienced retail executives as Chairman and advisors
- Closed 400 underperforming stores, renegotiated 1,000 leases, opened 247 stores in carefully selected locations
- Refocused the business on its core 40+ female demographic
- Restructured NKD's supply chain to improve margins, reduce delivery times, improve quality and ensure ethical sourcing
- Implemented new pricing policy to reduce markdowns

What outcomes did private equity investment achieve?

- Rescued a business on the verge of collapse, directly saving over 7,000 jobs
- Returned the company to profitability: it went from a €34m loss in 2013 to €45m EBITDA*
- Improved store portfolio, from just c. 67% of stores being profitable in 2013 to c. 97% in 2019
- Improved gross margins by 970 basis points between 2014 and 2018
- Increased sales per square metre by 25%
- Created a sustainable business for the future and returned to growth, with 99 new store openings planned when OpCapita sold the business

* *EBITDA is a measure of performance commonly used by private equity. It stands for earnings before interest, taxation, depreciation and amortisation.*

More information

[NKD Deutschland](#)

[OpCapita](#)

and sustainable for the future."

ULRICH HANFELD

CEO

NKD

