



CASE STUDY

OLDMUTUAL



MAY 2022

THE COMPANY



Company	Footgear
Country	South Africa
Sector	Retail
Investor	OMPE Fund IV
Investment	Equity

IMPACT HIGHLIGHTS

Following OMPE's investment:

- Footgear has trebled its store footprint from 63 stores when OMPE invested in August 2019 to 193 stores as at March 2022
- Given the growing number of stores, Footgear now employs c. 1,200 staff, up from 484 people at the time of OMPE's investment

FOOTGEAR'S STORY

Footgear was founded in 2001 with its first store in Access Park, Cape Town. Neil Stephens, the current CEO joined the business shortly after to assist in growing the business. Since then, it has come a long way and now offers branded sports, lifestyle and performance footwear across all genders and ages at affordable prices; with a high service element in all its stores across South Africa.

Footgear has earned the well-deserved reputation of a family-orientated value brand, whose employees are committed to providing excellent customer service. Footgear's customer service is a differentiating factor amongst its peers. As its website promises, "we believe the customer is king and your experience is paramount to us – hot shoes, hot prices, and even hot chocolate!"

South Africa offers Footgear strong potential for growth as illustrated by the threefold growth in stores over OMPE's investment period. Large segments of the population have a keen appetite for branded consumer goods; and strong continued growth among this consumer demographic is highly likely, meaning Footgear's future looks very bright.

THE ROLE PLAYED BY OLD MUTUAL PRIVATE EQUITY

In 2019, Old Mutual Private Equity (OMPE) acquired a 60% interest in Footgear to partner with the management team in growing the business. At this point, Footgear had 63 stores and 484 staff.

With OMPE's cash injection, Footgear was able to significantly increase its store footprint, which meant more jobs for SA citizens.

Shortly after its initial investment, OMPE with management, acquired Edgars Active, a loss-making sportswear business in danger of closing down. With OMPE's investment and M&A

expertise, together with management's skill, Footgear was able to step in and acquire and integrate, in a short space of time, 110 Edgars Active stores. The move saved many hundreds of jobs and the total number of permanent staff at Footgear grew to 1,200, with the growth potential of the business offering those staff further development potential over time.

OMPE is more than a financial partner. When OMPE invests, it provides capital, but also wide market and industry perspective, M&A, strategy and funding expertise. Together with Footgear's management team OMPE has come up



THE COMPANY VIEW

"People think of Old Mutual as this massive conglomerate, but the people who work there are down-to-earth and connect with potential business partners on a personal level. They don't just take into account synergy and opportunity, but values too. Working with Old Mutual Private Equity is more than a financial investment, it's a team approach. It's not 'us' and 'them'; we are one team, and we combine our approaches and work together to find the best way to take the company forward."

- Neil Stephens, CEO, Footgear.



with a strategic five-year plan. As part of this, it has set up governance processes such as board sub-committees, monthly shareholder meetings and enhanced systems and financial reporting standards.

The plan also sets out ways to help Footgear scale its operations efficiently, by introducing improved and scalable systems, the introduction of efficient lighting in stores to be more environmentally friendly and save on electricity, and assessing best practice in warehousing and logistics. One of the major obstacles to scaling up a business quickly is the ability to find the right talent. Since OMPE's investment the company has brought on new talent by introducing roles such as Chief Operating Officer, Head of Human Resources, and appointing an experienced independent non-executive director to the board and various legal and financial positions to help Footgear scale its operations efficiently.

OMPE'S partnership approach with Footgear's management team, together with the above-mentioned combined efforts, means that the company is well-positioned for future growth in a prosperous and exciting sector.

THE EFFECTS OF COVID-19

As a result of the pandemic and the hard lockdown imposed by the South African government, all of Footgear's stores were forced to close for a period of five weeks, with the exception of its online store. OMPE was able to support Footgear during this time by providing strategic input to bank funding and landlord negotiations. This helped Footgear get through not just the initial five-week closed trading period, but also over the following six months when the effects of the pandemic really began to affect the market.

OMPE's active management and partnership style means that it regularly meets with Footgear's CEO and exco team, usually weekly, however, this was increased to nearly daily meetings during the height of the pandemic. In a listed environment, meaningful engagement between shareholders and management happens only once or twice a year, but through its active partnership approach, OMPE is able to provide strategic counsel to Footgear on an ongoing basis.

A FORCE FOR GOOD

South Africa's retail environment is an important source of employment. Footgear prioritises occupational health and safety, employee engagement and diversity in the workplace. Promotion within the Footgear ecosystem means that candidates can build sustainable careers: There are numerous examples within the business where high performing employees benefit from career progression, with some now heads of departments or managers, having started out as sales assistants.

Footgear also has an employee equity plan in place, and more than half of their employees are women. The aim is to align its recruitment plan with national demographics, placing focus on the recruitment of disabled individuals, increased focus on succession planning and promoting from within.

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