Global Brands Group cuts losses thanks to restructuring

By Robin Driver - June 26, 2019

Hong Kong-based apparel, footwear and brand management company Global Brands Group Holding Limited announced on Wednesday that it successfully reduced its losses in fiscal 2019 despite revenue declines, as it began reaping the benefits of its restructuring efforts.

For the 12-month period ended 31 March, 2019, the company reported $1.51 billion in revenue, down 4.6% from $1.59 billion. The decrease was principally due to Global Brands Group’s elimination of unprofitable businesses as part of its restructuring plans.

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The non-core businesses divested by the company over the course of the year include its North American kids, accessories and West Coast fashion businesses, for which it received $1.2 billion last October, and its Chinese kids business, which went to Fung Group for a net tangible asset value of $20 million.

The company reported a widened annual net loss from continuing operations of $250 million, but posted a significant improvement of 55.7% in its overall net loss attributable to shareholders, which totaled $400 million, compared to $903 million in the previous year.

“The restructuring program we announced in November last year aimed at further improving our operating efficiencies,” explained Global Brands Group CEO Rick Darling in a release. “I would like to report that we are now making significant strides towards achieving our target of reducing $100 million in operating expenses and are well on our way to exceeding this initial target. Our goal is to complete the restructuring program by the end of the 2020 fiscal year.”

As part of its restructuring, the company also consolidated its third-party warehouses worldwide, appointed a new management team and flattened its organizational structure in fiscal 2019.

Global Brands Group operates a portfolio of both owned and licensed brands including Juicy Couture, Jennifer Lopez, David Beckham, Aquatalia and Kenneth Cole, among others.

Looking forward to 2020, the group plans to complete the first phase of its restructuring plan, stabilize revenue and improve margins by 100bps. The company will also be looking to better integrate its North American and European businesses, and maximize its high performing brands.

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