French retailer Spartoo looking to raise €30 million, says CEO Boris Saragaglia

By Olivier Guyot - June 9, 2021

Boris Saragaglia, co-founder and CEO of French fashion retailer Spartoo, is waiting for the green light. On Monday, the group applied to France’s financial markets authority (AMF) for a stock market listing on the Euronext Growth index in Paris.

“Spartoo’s adventure continues, and we want to write a new chapter of it, as we have been doing regularly for 15 years,” said Saragaglia in a telephone conversation with the press on Monday June 7. Saragaglia indicated that the three co-founders and the employees of the French footwear and fashion e-tailer based in Grenoble still own a 25% stake in the company.

“Since our inception, we have talked with investment funds and individual investors every two/three years, to assess existing opportunities. We never thought about a stock market listing. But it’s a fine opportunity to raise capital. Our last fund-raising round was in 2012, and for the last nine years we have forged ahead with our own money. We think [a listing] might accelerate our growth, that it would give us the freedom to develop the business while also allowing us to boost Spartoo’s reputation,” said Saragaglia.

He indicated that work on the application began in March, and did not provide a specific date for the listing, underlining that it will depend on “the AMF’s approval and on favourable market conditions,” but that it is likely to take place in “a few weeks.”

How much capital does Spartoo expect to raise with this operation?

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We'd like to raise about €30 million,” said Saragaglia, “with a cash float of roughly 30%. One of my jobs as CEO of a listed company will be to meet with investors to illustrate our project. I will also need to ensure that our performance is in line with expected returns and, if possible, slightly exceeds them. I've been working with private equity firms since 2007, and the approach is the same. At heart, we are a business-building team.”

In 2020, Spartoo generated a revenue of €190 million, 90% of which was derived from sales to end-consumers, and 10% from services rendered to other companies. Last year, 40% of its business was generated outside France. In 2020, Spartoo reported EBITDA worth over €6 million, with €15 million of equity capital and debts for €6.6 million. The capital inflow deriving from a stock market listing would enable the company to strengthen and accelerate its ongoing projects.

“Without disclosing actual figures, I can say that over 50% of the funds raised will be earmarked for product range expansion,” said Saragaglia, adding that “our plans for the next three to four years are to keep investing in footwear, and to continue to expand a new product category, home decoration, which we introduced at the start of this year. It was the first new category we launched since ready-to-wear five years ago. Having a varied product range enables us to communicate with consumers in different ways. (...) We want to broaden our range and acquire new brands. We are mostly looking at footwear brands, but at ready-to-wear ones too.”

Spartoo is considering two different brand profiles. Firstly, brands with a history and heritage, like JB Martin and Christian Pellé, bought by Spartoo in 2020. The group has been monitoring opportunities arising from receivership proceedings, but may also look further afield. Notably, at brands born online and on Instagram, the kind of companies that are likely to benefit from Spartoo’s distribution network and know-how, and which in turn would bring a younger clientele to the group. In the medium term, it would be a way to increase the share of Spartoo sales generated through the group’s own brands, currently between 7% and 8%, according to Saragaglia.

The funding round would also enable Spartoo to boost its brand visibility, notably on TV and radio in the various markets where the group operates, to expand its marketplace business with city-centre retailers and also extend its physical retail footprint.

“We are planning four to five store openings per year in the next few years,” said Saragaglia. “We believe [physical] retail has a long-term future. We are seeing this with our own stores, which boost our visibility and customer loyalty. And we want to continue with the strategy of city centre and shopping mall openings. For the next few years, we will focus on directly owned shops. But it will depend on locations and suitable rents. We are also capable of working with commercial partners. For the last two years we have been featuring the entire footwear range of Le Printemps. We are sharing our know-how with them, it's going well. We could develop similar initiatives with Galeries Lafayette, Le Printemps and others,” said Saragaglia.
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Spartoo is currently targeting “an annual growth of 15% and an EBITDA margin of over 7% for the next three to five years,” he added. The plans are ambitious. It remains to be seen whether the stock market will appreciate them.

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