

APPAREL AND ACCESSORIES

Mulberry accrues damage from House of Fraser collapse

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Mulberry will see damage from House of Fraser. Image credit: Mulberry

By STAFF REPORTS

Luxury accessories manufacturer Mulberry has reported that department store House of Fraser's collapse into administration could cause an impact of 3 million pounds, or \$3.8 million at current exchange.

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After billionaire Mike Ashley's Sports Direct picked up House of Fraser, Mr. Ashley stated he will not pay off its debts to creditors. House of Fraser owed just below 3 million pounds to Mulberry, as the label operates 21 House of Fraser concessions.

Damage control

Mulberry's team of experts has assessed the damage from the collapse of House of Fraser, and has set aside the 3 million pounds for the issue.

Following this announcement, Mulberry's stocks dropped 30 percent.

"Since the group reported in June 2018, the U.K. market has continued to remain challenging and sales in House of Fraser stores have been particularly affected," the company said in its statement. "If these sales trends in the U.K. continue into the key trading period of the second half of the financial year, the group's profit for the whole year will be materially reduced.

"Trading in the rest of the world continues to develop broadly in line with management's expectations and, in August, the group completed the previously announced transaction with its distribution partner to create Mulberry Korea, which became a subsidiary from that date," it said.



Mulberry recently teamed with British Vogue for a shoot with Greta Bellamacina. Image credit: Mulberry

Previously for 2017, the British fashion label's retail sales grew 2 percent in the six months prior ended Sept. 30, driven partly by an increase in full-price transactions.

Mulberry's total revenues for the first half of the fiscal year were largely flat, growing to 74.6 million pounds, or about \$99.8 million at current exchange, from 74.5 million pounds in 2016. However, the company saw growth in areas such as digital and gross margin ([see story](#)).

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