

APPAREL AND ACCESSORIES

Farfetch furthers streetwear push with New Guards Group acquisition

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Palm Angels collaborated with Moncler. Image credit: Moncler

By STAFF REPORTS

Retail group Farfetch is getting into brand building and ownership by acquiring New Guards Group, the parent company of buzzy streetwear labels Off-White and Palm Angels.

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Under the agreement, Farfetch will acquire 100 percent of New Guards Group's shares, resulting in a total enterprise value of \$675 million. As part of the deal, the labels within the group will join Farfetch or extend their existing presence on its platform, allowing the retailer to cater to the demand for street style.

Future fashion

Founded in 2015, the Milan-based New Guards Group specializes in building emerging brands into bigger players. The group has a majority stake in seven brands and holds the licenses for the labels Off-White, Palm Angels, Marcelo Burlon County of Milan, Heron Preston, Alanui, Unravel Project and Kirin Peggy Gou.

Off-White, led by Louis Vuitton menswear creative director Virgil Abloh, is one of the top 10 most popular brands on Farfetch based on gross merchandise value. It was also the second most popular fashion brand in the second quarter, according to data from Lyst ([see story](#)).



Off-White has been popular on Farfetch. Image credit: Off-White

With this acquisition, Farfetch will be bringing all of New Guard's labels to its platform. The retailer will also power the brands' ecommerce sites and digital platforms through its Platform Solutions service.

The partnership will include a "connected wholesale" model, in which Farfetch will feed New Guards' brands with demand data at a faster pace. The labels will be able to adjust production, with the goal of reducing overstock and markdowns.

This is particularly important, since 95 percent of New Guards' sales are from wholesale, and it produces merchandise to order.

Farfetch sees the potential to join its retail savvy and reach and New Guards' expertise in strategy to create a "brand platform" that will be able to support young labels, creating the "Brands of the Future."

"The addition of New Guards' brand platform brings a creative and industrial dimension to our suite of capabilities which, combined with our community of more than 650 boutiques, enables us to power and promote both new and existing creative names in the luxury industry to build the brands of the future," said Jos Neves, founder/CEO of Farfetch, in a statement.

The acquisition is set to close in the third quarter of this year.

Farfetch's purchase of New Guards Group follows its acquisition of sneaker reseller Stadium Goods that closed earlier this year ([see story](#)).

In the second quarter ended June 30, Farfetch's gross merchandise value rose 44 percent to \$488.5 million. The company's revenues were also up, growing 42.7 percent year-over-year to \$209.3 million.

Similarly to Stadium Goods, New Guards Group is expected to be another revenue stream for Farfetch.

"The powerful network effect of the platform we have built and the rich unit economics that can be achieved underpins our future growth and will ultimately deliver strong profitability," said Elliot Jordan, chief financial officer of Farfetch, in a statement. "Additionally, the acquisition of New Guards Group brings profitable revenue streams and broadens our ability to leverage the Farfetch platform to further enable the luxury industry."