

BRITAIN'S JD SPORTS BUYS FINISH LINE

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BY LISA BOTTER

Britain's JD Sports Fashion plc on Monday, March 26, said it had entered an agreement to buy Finish Line Inc. (FINL) in a \$558 million deal that will boost its presence in the U.S.

JD Sports has offered \$13.50 per Finish Line share, a 27.9% premium its closing price of \$10.55 on Friday.

Finish Line shares were up 26% in premarket trading.

Nasdaq-listed Finish Line is one of the U.S.'s biggest sporting goods retailers, with 556 stores, including 188 concessions in Macy's Inc. (M) stores, across 44 states.

The acquisition gives JD Sports an immediate physical and online presence in the U.S. and increases the importance of the company to its major international brand partners, the Bury, Lancashire-based retailer said.

"This is a landmark day for JD and will be transformational for the business," JD Executive Chairman Peter Cowgill said in a statement. "The acquisition represents an excellent opportunity for JD to establish its market leading multi-brand proposition in the world's largest athleisure market."

For the year ended Feb. 25, 2017, Finish Line had revenues of \$1.84 billion, of which footwear accounted for 93%, operating income of \$54 million and profit before tax of \$54 million.

For the year ended March 3, Finish Line had revenues of \$1.84 billion. Finish Line is expected to report its full-year earnings on March 29.

In August, Finish Line deployed a poison pill to fight off the U.K.'s Sports Direct International plc, which took a 7.9% stake in the retailer. Sports Direct now owns 9.85% stake in Finish Line, according to Factset data.

JD Sports has overtaken Sports Direct International plc as Britain's leading sportswear retailer by market value and in recent years has also been expanding overseas.

The acquisition is to be funded by way of a new revolving credit facility for JD and a new asset backed lending facility secured against Finish Line's inventory and receivables.

Completion of the deal is expected no earlier than June 2018. The acquisition is



expected to make small incremental positive contribution to the company's results and earnings per share in period to Feb. 2, 2019.

JD Sports in September bought a stake in South Korean sports-shoe retailer Hot-T in a joint venture with Seoul retailer Shoemarket Inc.

Barclays plc is lead adviser to JD and joint underwriter of the RCF along with HSBC Bank. Investec Bank plc is the sponsor and joint corporate broker to JD along with Peel Hunt. Hughes Hubbard & Reed LLP and Taft Stettinius & Hollister LLP are acting as U.S. counsels to JD. Addleshaw Goddard LLP is providing U.K. legal advice to JD. Deloitte LLP is acting as financial adviser.

PJ SOLOMON is lead financial adviser to Finish Line's special committee of the board. Barnes & Thornburg LLP is providing legal advice. Houlihan Lokey is providing financial advice. Faegre Baker Daniels LLP is providing legal advice to the special committee.

Paul Singer and Nelson Peltz will join a remarkable lineup of leading CEOs and activists as keynotes for The Deal's annual Corporate Governance conference in New York on June 7, 2018. Conference host Jim Cramer will lead a series of discussions of strategies to master challenges in managing companies to maximize shareholder value.