

J&A Capital Markets Report:

Sportswear Investments in the Middle East

June 2022

The Middle Eastern sportswear market was valued at \$5 billion in 2020 and is expected to grow with a compound annual growth rate (CAGR) of more than 6% from 2021 to 2025. The sportswear market gained rapid growth during the global COVID-19 pandemic in 2020 as a result of an increased focus on health and wellness. Manufacturers and retailers have expanded their business in production and categories in sportswear as a result.

Sportswear or activewear is clothing, including footwear, worn for sport or physical exercise. Sports clothing is divided into 3 main sectors which are women's wear, men's wear, and children's wear. Women's sportswear is the top sector in terms of growth, and it is projected to continue to grow up to 7% by 2025. The sportswear market is projected to grow to over \$17 billion by 2028. In this article, J&A will analyze the capital market activity conducted within the sportswear market in the Middle East between 2011 and 2022.

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Overview of the Middle East Sportswear Market



MARKET SIZE
2020

\$5.3B



CAGR %

> 6%



SECTOR SHARE
(FASHION INDUSTRY)

> 6%



FORECAST
PERIOD

2021-2028



TOP MARKET PLAYERS

PUMA NIKE ADIDAS



TOP SECTOR

WOMEN SPORTS
CLOTHING

Source: <https://store.globaldata.com/report/mea-sportswear-market-analysis/>

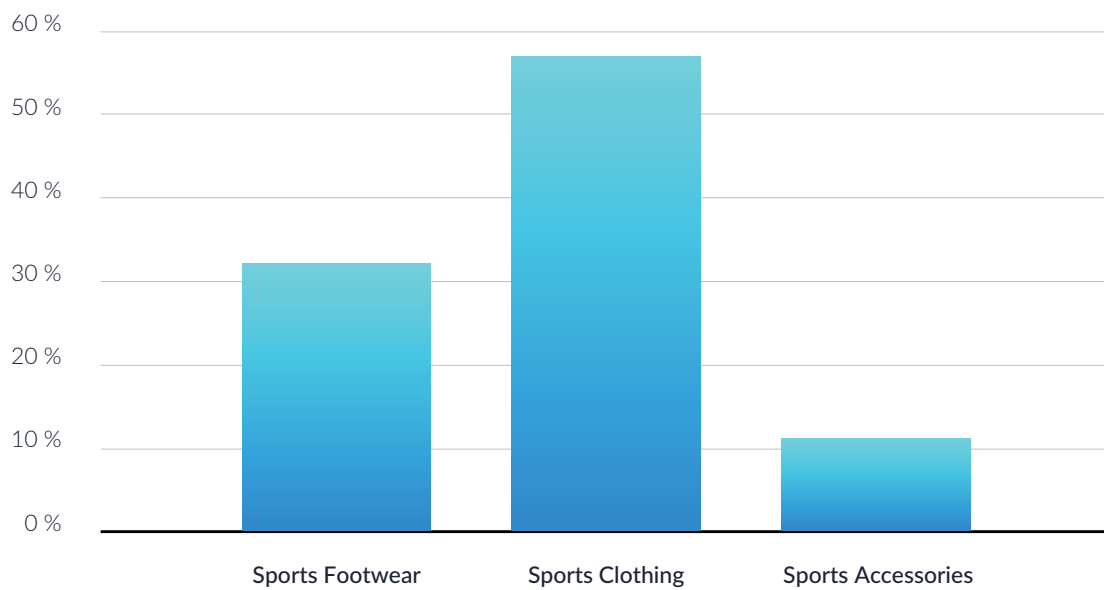
Key Segments of the Industry

- Sportswear in the Middle East maintained a market size of \$5 billion in 2020 with more than 6% CAGR; it is projected to reach more than \$17 billion by 2028.
- Puma led the overall sportswear market in 2020 with market share followed by Nike and Adidas.
- Women's sports clothing is one of the crucial categories of sportswear that has growth potential. The sector is forecast to expand at a CAGR of 7% between 2021 and 2025.
- The COVID-19 pandemic in 2020 affected the wealth and wellness market, which drove sportswear manufacturers to expand into new verticals and product offerings.
- Strategic partnerships and the technology in the textile industry will grow the market.

The Middle East's Sportswear Market by Key Categories

The sportswear market is categorized into sports clothing, sports footwear, and sports accessories. Sports clothing accounted for the largest share in 2020, followed by sports footwear and sports accessories. Sports clothing share has been increasing and it is expected to grow at a slow pace during the forecast period.

THE MIDDLE EAST'S SPORTSWEAR MARKET
BY KEY CATEGORIES

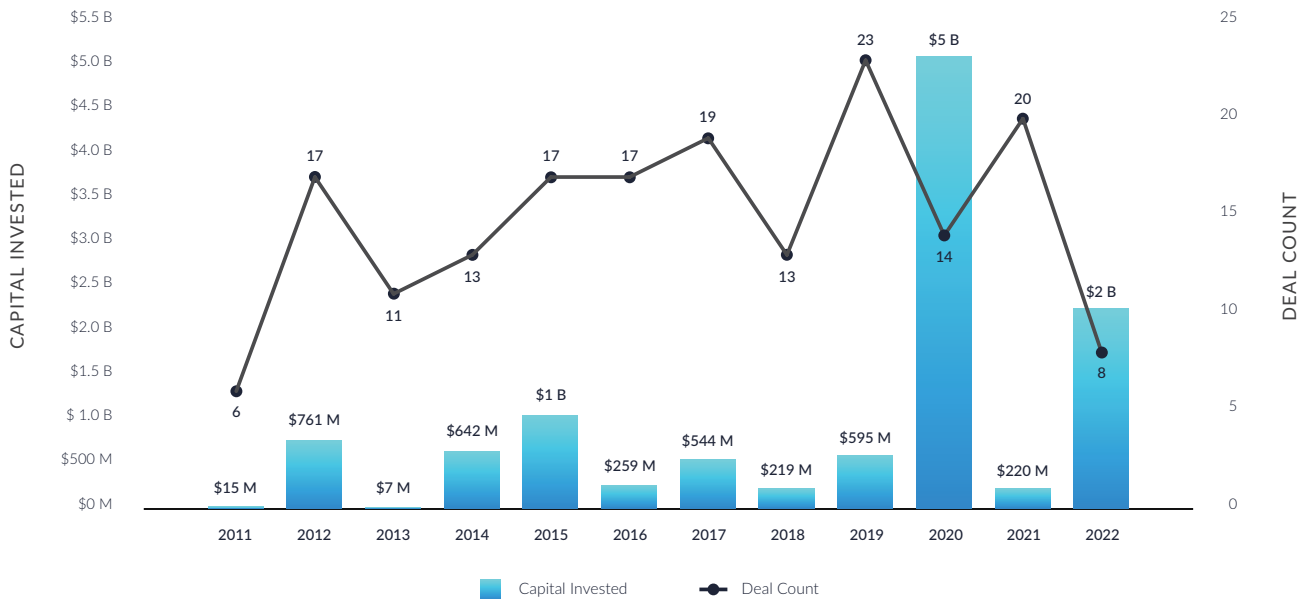


- The Middle East's sports clothing includes women's wear, men's wear, and children's wear, with a 57% market share. Women's wear is expected to show the highest growth rate during the forecast period. In 2020, activewear was the dominating sportswear type, followed by sports-inspired casual wear and technical sportswear types.
- The Middle East's sports footwear includes women's footwear, men's footwear, and children's footwear, with a 32% market share.

Women's footwear is expected to show the highest growth rate during the forecast period, while children's footwear showed the lowest growth rate.

- The Middle East's sports accessories include bags, sunglasses, hats, scarves, gloves, belts, and other accessories. Sports accessories have 11% of the market share. In 2020, sports-inspired casual wear was the dominating sports accessories type, followed by technical and active sports accessory types.

Announced Sportswear Deals by Middle Eastern Investors Since 2011



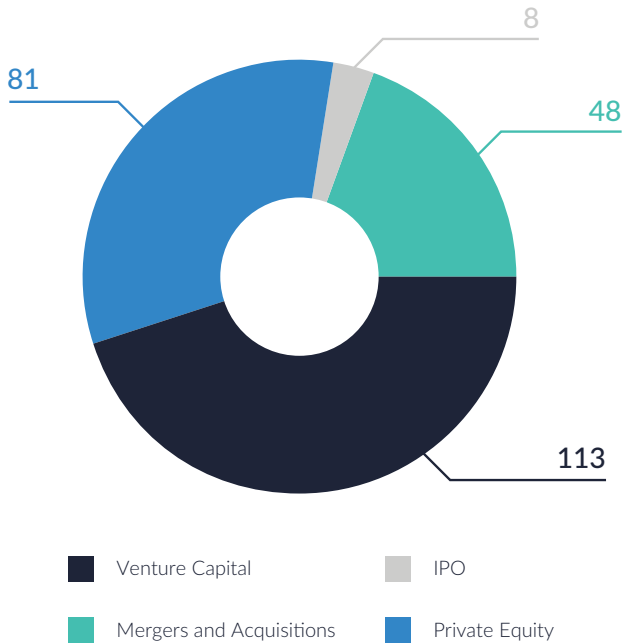
Source: PitchBook Data, Inc.

- Global capital deployed in the sportswear sector increased by 262% between 2012 and 2022.
- In the sector, \$10.432 billion was deployed across 178 deals, with an average deal size of \$586 million. Significant acquisitions in 2012, 2019, and 2020 drove the fluctuations within the amount of deployed capital.
- The 2020 focus on health and wellness, due to the global pandemic, led to a spike in deal flow in the sector. In that year 14 deals were done in the space and over \$5 billion was invested in the sector.
- There was a notable decrease in 2021, but in the first five months of 2022 over \$2 billion has been invested into the sector, a trend that J&A anticipates will continue.



Announced Sportswear Deals by Middle Eastern Investors

ANNOUNCED SPORTSWEAR DEALS BY MIDDLE EASTERN INVESTORS (BY DEAL TYPE)



- So far in 2022, eight IPO deals were announced in the sportswear sector in the Middle East.
- Over 80 deals occurred within the private equity sector showing the growing maturity of the market. Venture and pre-venture capital represented 45% of capital deployed in the sector (113 deals). This trend highlights the potential in the sportswear sector as new entrances into the market receive notable capital deployment.
- There were 48 mergers and acquisitions announced within the sportswear sector. This indicates that there are large firms that are interested in mergers and acquisitions deals.



DEAL SPOTLIGHT:

THE GIVING MOVEMENT**THEGIVINGMOVEMENT**TOTAL CAPITAL
RAISED TO DATE

\$15 M

ENTITY
TYPEDEAL
TYPEPRIVATE
COMPANYFUNDRAISING
FROM SERIES ADEAL
DATELEAD
INVESTORMARCH 13,
2022KNURU
CAPITAL**THE COMPANY**

Dominic Nowell-Barnes made the UAE his home in 2017, where he found his purpose for making a change. Seeing the fashion industry's impact on climate changes and in some areas unethical practices he made it his mission to create a vehicle of positive change that everyone can be a part of. The Giving Movement launched in April 2020, created as a way to alter the way fashion is consumed and to shed light on conscious consumerism. The goal was to create a new model where sustainability is curated for youth, a disruptive brand that creates meaningful apparel – making an impact with every purchase.

RECENT FUNDRAISING

The Giving Movement, a sustainable sportswear company, raised \$15 million of Series A venture funding in a deal led by Knuru Capital on March 13, 2022. Other undisclosed investors also participated in the round. The funds will be used to further its category growth to include children's wear, and the recently announced baby wear lines, as it eyes expansion into new markets.

Global trends towards health and wellness will continue to drive demand for sportswear products. J&A predicts a continued increase in capital market activity within the sportswear sector in the Middle East as economies become more interconnected and companies expand into new international markets.