



THG

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Cult Beauty taken over by the Hut Group in £275m deal

Site founded by Alexia Inge and Jessica DeLuca sells skincare, haircare and cosmetic brands

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A former model and a management consultant are to cash in about £70m after the beauty site they founded was bought by fast-growing e-commerce company the Hut Group.

Cult **Beauty**, founded by Alexia Inge and Jessica DeLuca in 2008, has been taken over in a £275m deal, recognising soaring interest in online shopping during the pandemic.

The site sells about 300 skincare, haircare and cosmetics brands, such as Charlotte Tilbury, fast-growing US skincare brand Drunk Elephant and Huda

Beauty, the cosmetics and false eyelash brand set up by blogger and makeup artist Huda Kattan.

Founded in a basement flat after DeLuca and Inge met through work, Cult now employs about 300 people as it has benefited from the social-media-fuelled rise of a plethora of independent beauty and cosmetics brands.

Sales rose almost 38% to just over £123m in the year to the end of May 2020 as it had a “substantial increases in sales and new customers” during the first national lockdown last year.

Shareholders, which include luxury fashion site Net-a Porter founder Mark Quinn-Newall’s Neurotribes investment fund and Murray Salmon, a backer of Net-a-Porter, were handed a £1.6m dividend in August last year as pre-tax profits leapt to £6.4m, more than two and a half times that of a year before, according to accounts filed at Companies House.

Matthew Moulding, executive chairman and chief executive of the Hut Group (THG), said: “Cult Beauty’s first-to-market reputation makes the brand an exciting fit for our beauty division.”

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The deal came a few months after THG secured **\$1.6bn (£1.15bn) of new investment** from a division of SoftBank to help fund expansion of its technology platform after **floating on the London stock market** in September last year. THG, which started out by selling CDs online, has expanded by buying up numerous online brands. It **spent \$350m** on US online skincare retailer Dermstore.com last year and operates the Lookfantastic and Zavvi retail sites.

Moulding said Cult Beauty was “frequently the partner of choice for emerging indie brands” because of its personalised, content-led approach and would be one of THG’s main beauty platforms in the UK, Europe and Asia alongside Lookfantastic. He said two-thirds of Cult’s brands were not listed on THG’s existing beauty sites.

The company said a plan to switch Cult Beauty on to its main operating system over the next six months would “underpin significant future growth”. Annual sales are expected to reach £140m and profits £10m next year. The current management team

will stay on, with Inge taking an “ambassadorial” role for the site and continuing to be involved in the creation of content.

This article was amended on 5 August 2021. An earlier version incorrectly captioned an image of Alexia Inge’s sister Olivia as showing Alexia.

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