



## The momentum of Mexican jeans in the United States continues Grupo Siete Leguas Success case

The Deloitte professionals of Financial Advisory and Tax and Legal Services acted as exclusive advisors to Grupo Empresarial Mexicano Siete Leguas (“GSL”) throughout the acquisitions process of AALFS Manufacturing, Inc. (“AALFS”); operation that consolidates GSL as the largest private contractor of jeans production in the American continent.

GSL, with the support of the Financial Advisory and Tax and Legal Services functions of Deloitte, successfully completed the acquisition of 100% of shares of AALFS and all its subsidiaries, among which is the Mexican company OMJC, dedicated to the manufacture and confection of jeans.

AALFS and subsidiaries are a leading business in the textile manufacturing sector in the American continent, which have more than 4 thousand employees, and

productive operations in Mexico and Nicaragua. AALFS is focused in the US market, providing services to important US brands and chains.

Given this negotiation, GSL consolidates as the as the largest private contractor of jeans production in the American continent. Currently, it has a production capacity of more than 20 million units, mainly servicing the US market with exports to other 40 countries.

The AALFS/OMJC acquisitions was part of GSL’s expansion plan, which has the objective of becoming the biggest textile group in the world, and the second biggest acquisition in the last 3 years. In 2015, GSL successfully acquired Tavex, an important denim fabric producer, which belonged to Grupo Brasileño Camargo Correa. ➤

José Juan- Marcos González and Homero Wong- CEO y CFO of GSL, respectively – were directly in charge of carrying out the purchase negotiations. Both agree in the strategic importance that this move will represent to the Group.

“With the acquisition of AALFS, we not only become the biggest Jeans producer company of the Continent, but also one of the most flexible and attractive operations in the world for having the most modern production plant in Mexico, now with a highly competitive production platform in Central America – Nicaragua- which will allow us to offer bigger and better options to our clients” José Juan-Marcos highlighted. On the other hand, Homero Wong highlighted “ We are on our way to complete our strategic growth plan through acquisitions of textile sector companies, we will continue consolidating GSL, and we will take advantage of our financial strength to keep looking for business on which to invest that will bring added value”.

“With the acquisition of AALFS, we become the biggest Jeans producer company in the American continent, and are positioned as one of the most flexible and attractive operations in the world.”

### About Grupo Siete Leguas

Textile Company founded on 1958, by Mexican businessmen. It has become the leader in the production of denim and manufacture of jeans, becoming a strategic supplier to the most important brands for such garments in the United States.

GSL is integrated by Siete Leguas, AALFS, and Tavex. It has more than 10 thousand direct employees, from which 8 thousand are located in Mexico – in Durango, Coahuila, Tlaxcala and Puebla- and 2 thousand in Nicaragua.

The Group is focused in servicing important brands and clothing stores, such as: Levi´s, Polo Ralph Lauren, JC Penney, Target, Lucky Brand, among others.

GSL, on top of being focused on the textile sector, has investments in companies from the housing, financial, and mining sectors.

### About Deloitte Financial Advisory

We provide strategies and services to our clients in each phase of the economic cycle of their businesses.

The Financial Advisory practice in Deloitte Mexico has experts that develop financial strategies to add value to businesses and their shareholders.

Our global presence allows us to have access to resources and international experiences, adding the independence, objectivity, and professional style that recognizes the areas of opportunity or the risks related to our client´s interests.

### Tax and Legal Services

We provide a wide variety of services related to the fiscal matters that taxpayers must comply with, through different lines of work.

We have a team of experienced and trained professionals to develop effective strategies in the tax field.

Our more than 1,000 specialists help our clients meet local and international regulations in an efficient manner, as well as in the resolution of conflicts with the authorities and competent tribunals.

### Contacts:

#### Jonatan Mendoza M&A Transactions Partner

Tel: +52 (55) 5080 6803  
jonamendoza@deloittemx.com

#### Pablo Arellano Deloitte Legal Partner

Tel: +52 (55) 5080 6754  
paarellano@deloittemx.com