

Nicole Miller Could Consider Future IPO

But Rules Out Acquisitions; Need To Get Past 'Recession Mentality,' CEO Says

By Richard Collings

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Nicole Miller, the New York-based apparel business, views a future IPO as possible, but rules out acquisitions, said CEO Bud Konheim.

While an IPO is possible, the company hasn't researched or thoroughly explored it yet, he added.

According to an industry expert on merger and acquisition-related transactions, an IPO in this environment, or a sale, would likely not be advantageous, because of tightened credit and low valuations.

Companies have a myriad of options to go public in addition to the traditional route, such as through a reverse merger or being acquired by a special purpose acquisition company, also known as a SPAC or blank check company.

Konheim also said the privately held company couldn't easily acquire another business currently, due to the Employee Stock Ownership Plan, or ESOP, it executed in November of 2007.

As a result of that ESOP, company owners Konheim and designer Nicole Miller sold a 30% stake to their 150 employees.

The company would rather "run the business right for the next six-to-seven years" before adding other businesses to its portfolio, Konheim said.

The ESOP allowed Miller and Konheim to retain control of the business, while gaining some liquidity, which was preferable to an IPO or sale. There were also tax advantages to the deal, such as capital gains deferral.

It was also previously thought that the company could entertain a sale once it doubled its revenues to about \$700 million, from the roughly \$350 million in turnover Nicole Miller likely generated in 2007.

Nicole Miller products, both in-house and licensed, rang up a total of some \$750 million in business at retail stores' cash registers in 2007. In 2002, the company had \$130 million in revenues.

The company intended to grow partly through licensing, as it does not require a large investment of capital, and by building up its core brand. CSG Capital Partners structured the ESOP and Israel Discount Bank served as the financial advisor

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