Shares of apparel firm Vince Holding rise about 50% in debut

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Shares of Vince, controlled by private equity firm Sun Capital Partners Inc, rose about 50 percent in their market debut, valuing the luxury apparel company at about $1.08 billion.

Vince, previously known as Apparel Holding Corp, sells items such as $300 cashmere sweaters and $1,000 leather jackets at upscale department stores including Macy's Inc's (M.N) Bloomingdale's chain, Barneys New York Inc DBWLDB.UL, Neiman Marcus Group Inc and Saks Fifth Avenue.

It also has its own boutiques.

The company, formed in 2002, raised $200 million after its initial public offering was priced at $20 per share, slightly above the expected price range of $17-$19. The company sold all the 10 million shares in the offering.

Sun Capital's stake in the company would drop to 68 percent if the underwriters exercise their full option.

Apparel was formed to hold the assets and liabilities of St Louis-based fashion firm Kellwood Co, which was acquired by Sun Capital in 2008 for $542.4 million.

Kellwood Holding LLC, the parent of Kellwood Co, continues to own the other brands including Rebecca Taylor, Sag Harbor, My Michelle, XOXO and David Meister.

Vince's shares opened at $29.50 and rose as much as $29.97 on the New York Stock Exchange on Friday. More than 4 million shares changed hands, making it one of the most heavily traded stocks on the exchange.
The company is betting on the growing demand for affordable luxury items amid signs of an economic recovery in the United States and Europe.

Michael Kors Holdings Ltd (KORS.N), which sells fashionable handbags and watches, has seen its stock rise more than 50 percent this year and is one of the fastest-growing companies in the luxury and so-called "affordable luxury" businesses.

Macy's also reported better-than-expected quarterly results, boosted by better advertising and higher sales.

The luxury goods market grew at a compound annual growth rate of about 6 percent between 1996 and 2012, with estimated sales of about $260 billion in 2012, according to Bain Studies.

The global personal luxury goods market is expected to grow 4 to 5 percent in 2013, and at a 5 to 6 percent compounded annual growth rate over the next few years.

Vince counts Jones Group Inc (JNY.N), Fifth & Pacific Cos Inc (FNP.N) and Perry Ellis International Inc (PERY.O) among its rivals.

Vince operated 21 full-price retail stores and six outlet locations as of October. It also plans to open six new stores in the current financial year.

Earlier this year, Kellwood CEO Jill Granoff took over as Vince CEO from Vince co-founders Rea Laccone and Christopher LaPolice. Granoff is a former CEO of Kenneth Cole and has also served as an executive at Liz Claiborne.

Net proceeds from the offering would be used to pay down debt, the company said in the filing.

Goldman Sachs and Baird were the lead underwriters to the offering.