

## BUSINESS

# Camuto Group to Be Acquired for \$375M

- ABG agrees to buy 60 percent stake in company's intellectual property, with DSW receiving the rest.

BY VICKI M. YOUNG

The Camuto Group has found a new home.

Authentic Brands Group has inked a definitive agreement to purchase a 60 percent stake of the company's intellectual property, including the Vince Camuto, Louise et Cie, Sole Society and Enzo Angiolini brands.

ABG is working in partnership with DSW Inc., which will take a 40 percent stake in the IP and also buy Camuto's sourcing and design infrastructure. The total purchase price is \$375 million and the two will partner to license the brands across footwear, handbags and jewelry.

Alex Del Cielo, chief executive officer of Camuto Group, said: "The partnership with DSW and ABG creates an unmatched opportunity for the Camuto Group to expand the platform for our leading lifestyle brands."

He added that in leveraging DSW's resources: "[We] will strengthen our wholesale business and bring to market an exciting and world-class, direct-to-consumer experience that will grow our brand equity and customer demand across additional points of sale. I believe our founder Vince Camuto would be as excited about the transaction as we are and view the opportunity as a way to extend the company's reach and realize his vision."

Del Cielo will remain ceo of Camuto Group, which will continue to operate out of its offices in Connecticut and New York.

Jamie Salter, ABG's chairman and ceo, said: "This strategic arrangement preserves the Camuto Group operation, which will continue to service its current footwear partners, and provides a robust infrastructure for new brands and growth. In addition, our partnership with DSW links ABG to a footwear authority whose sourcing and manufacturing expertise will extend across our portfolio."

In a telephone interview, Salter added,

"This is one big deal that does a couple of things that are incredibly important for ABG."

He highlighted the building of a "footwear platform, with a partner that has sourcing capabilities." ABG in July completed its deal to buy the Nine West footwear and accessories IP. The brand management firm already counts Frye and Taryn Rose as part of its footwear group. According to Salter, ABG's business is about 35 percent international, an area that he said Camuto Group is lacking and where ABG can help grow the business.

As for the partnership with DSW, Salter said he's worked with Jay Schottenstein over the years. Schottenstein, chairman of DSW, retains a stake in Judith Leiber, Taryn Rose and Adrienne Vittadini, brands that have been under the ABG umbrella for the last seven years or so.

In the transaction, DSW will acquire the Camuto Group operation that includes its design, sourcing, production and wholesale infrastructure. DSW will also have the licensing rights for Jessica Simpson footwear, and the footwear and handbag rights for Lucky Brand and Max Studio. DSW will also acquire joint venture participation in the ED Ellen DeGeneres and Mercedes Castillo brands. ABG will focus on brand building, marketing and business development.

Roger Rawlins, ceo of DSW, told WWD the transaction was a "game changer" for the industry. He said the deal is expected close on Nov. 5.

According to Rawlins, the market share in the footwear sector has been going to brands that have a direct-to-consumer business. In acquiring Camuto, the DSW ceo said the deal gives the company a wholesale business that, through the department store channel, has access to "a consumer's closet different from the way we have today," growth in the private label business, a new partnership with ABG and an ability to grow a direct-to-consumer business. The ceo said the Camuto Group is under-penetrated in the digital channel.

In a conference call to Wall Street analysts Wednesday, Rawlins said DSW's



A Vince Camuto ad image.

contribution to the purchase price is \$256 million, with \$56 million attributed to its 40 percent stake in the IP. The balance is for the operations component of the business that also includes the new state-of-the-art distribution center in New Jersey.

Jared A. Poff, DSW's chief financial officer and senior vice president, told analysts that the Camuto Group in 2017 had total revenues close to \$435 million, with about 75 percent attributable to its wholesale footwear sales led by the Vince Camuto brand.

The Camuto Group was founded in 2001 as a footwear and accessories firm, and is best known for its Vince Camuto brand. Today, the brand can be found in several key categories that include footwear, fragrance, apparel, handbags and accessories across more than 8,000 retail locations in multiple distribution channels that include department stores and specialty doors.

Following completion of the transaction, the Camuto family will no longer have any stake in the business. Founder Vince Camuto passed away in January 2015.

Separately, ABG will also acquire the IP of the Bernard Chaus Inc. brands in partnership with Ariel Chaus, the current ceo and former owner of BCI, which includes I.STATE, CeCe and Chaus. And Ariel Chaus also will repurchase the BCI business – the operations component – from Camuto Group and become the core women's apparel licensing partner for Vince Camuto. He will work closely with ABG on the development of a global footprint for the women's sportswear platform.

Chaus said: "My repurchase of BCI is fitting and a special tribute to the memory of my late mom Josephine and my late date Bernard. Founded by my parents in 1976 and with a profound history, BCI today stands at the threshold of a new era of opportunity in which the need to transform and adapt to both retail partners' and consumers' desires and demands is enduring and compelling."

Chaus said he will remain ceo of BCI and continue working out of the company's existing headquarters at 530 Seventh Avenue, where the firm occupies two floors. He will work with ABG to license out the handbag and footwear categories for the BCI brands. Chaus, who said he was one of the first to work with retailers on drop shipping, wants to continue working closely with his retail partners to be "more vertical with them." According to the BCI ceo, he has a speed-to-market capability that now brings in goods from overseas on a six-week timeframe.

The BCI brands, which market sources said bring in over \$300 million in wholesale revenues annually, are sold in the better department store channel, including Nordstrom, Bloomingdale's, Macy's, Lord & Taylor and Dillard's. Price points for woven blouses range between \$79 to \$89 at retail, \$59 for cotton tops and \$149 for blazers, on average.

Goldman Sachs & Co. was the financial adviser to DSW, while MMG Advisors was the financial adviser to Camuto Group.