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Insiders Mull Potential Li & Fung, Jimlar Deal

By FN STAFF

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After speculation surfaced last week that LF USA — the U.S. division of Li & Fung Ltd. — was closing in on a deal for

Jimlar Corp., industry players said a union would be advantageous for both companies.

“Jimlar has clearly been around a long time and is a successful business, but Li & Fung is an opportunity for Jimlar,” said Jack Hendler, president of Net Worth Solutions Inc. “I don’t know how many other companies would have an interest in it.”

Sam Poser, an analyst with Sterne Agee, said Li & Fung’s sourcing prowess would benefit Jimlar. And the latter’s stable of footwear brands, which includes Frye and licenses for Coach and Calvin Klein, would be a boon for Li & Fung. Jimlar also has a large private-label business.

One investment banking veteran, who declined to be named, said he heard the deal could be valued at \$450 million, but called that figure “too high.”

When reached late Thursday, Jimlar President Larry Tarica declined to address potential acquisition plans but noted that the firm would openly discuss any such moves when details became official.

“We have been contacted about rumors in the past, and they are often wrong,” he told Footwear News. “If and when there is anything of importance about our company, we will be more than happy to share [the details].”

Li & Fung has been on a buying spree of late. The company bought three health and beauty, jeans and fashion accessories companies for \$140 million on July 8, and last Monday sold some 10-year debt to bump up its acquisitions war chest to about \$1.15 billion.

The firm, which pulled in sales of HK\$104.5 billion (or \$13.5 billion at current exchange) last year, derived 64 percent of that total from the U.S., where the firm has bought 15 companies in the last five years.

“Li & Fung has done so much in the ready-to-wear garment space, and they’re tired of looking at apparel companies,” said Hendler. “They recognized that the accessory and shoe business is another avenue that they really need to grow and expand their foothold into.”