

Nike to Sell Cole Haan to Apax Partners for \$570 Million

By Peter Lattman November 16, 2012 10:20 am

Nike announced on Friday that it had reached an agreement to sell its Cole Haan unit to the private equity firm Apax Partners for \$570 million.

The sneaker-and-athletic wear giant telegraphed a sale earlier this year when it said it was disposing of its Cole Haan and Umbro brands to focus on its core businesses.

“The decision to divest of Cole Haan allows us to sharpen our focus on opportunities with the highest potential for strong returns, and to make sure the brands within the Nike portfolio are the most complementary to the Nike Brand,” Mark Parker, the chief executive of Nike, said in a statement.

Apax outbid several other private equity firms for Cole Haan. Industry analysts handicapping the sale considered the private equity firm TPG a logical buyer since Matthew Rubel, a former Cole Haan chief executive, is now a TPG senior adviser and TPG owns fashion brands like Neiman Marcus and J. Crew. But the \$570 million purchase price proved too rich for TPG, according to people briefed on the sales process.

To run Cole Haan, Apax is bringing in Jack Boys, the former head of Converse. (Coincidentally, Nike now owns Converse.) Apax, which operates out of New York and London, has deep experience with retail and fashion brands, including investments including Tommy Hilfiger and rue21.

The nearly century-old Cole Haan brand was started in Chicago by Trafton Cole and Eddie Haan. In 1988, Nike, looking to broaden its product line beyond sneakers, paid \$80 million for the company.

In addition to its loafers and pumps having a prominent place in department stores' shoe departments, Cole Haan has about 80 standalone stores. The unit racked up \$535 million in sales for Nike in its last fiscal year, only about 2 percent of the sneaker giant's overall revenue.

Among Cole Haan's bestselling lines is its Maria Sharapova collection of pumps, sandals and ballet flats. Ms. Sharapova, one of Nike's top athletes, will still have a contract with Cole Haan but has an option to get out with the sale, said a person with direct knowledge of the deal.

Last month, Nike announced the sale of the Umbro brand to the Iconix Brand Group for \$225 million. Iconix, a licensing business that controls brands including Starter and Mossimo, is run by Neil Cole.

Shoe industry trivia: Mr. Cole is the young brother of the well-known shoe purveyor Kenneth Cole, but Iconix and Kenneth Cole have no connection. And the Cole brothers are unrelated to Trafton Cole and Cole Haan.

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