

Luxury designer raises nearly \$1 billion in IPO

Written by Administrator

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Luxury lifestyle company Michael Kors Holdings raised nearly \$1 billion in an initial public offering that was priced well above the expected price range Wednesday.

In all, 47.2 million shares were sold at \$20 each, generating proceeds of \$944 million. At that price, the company is valued at about \$3.82 billion. The offering had originally been expected to be for 41.7 million shares, priced at \$17 to \$19 apiece.

Michael Kors himself is selling 5.8 million shares in the IPO. Others offering shares include the company's chief executive John Idol and its largest shareholder, Sportswear Holdings Ltd. The company did not sell any shares itself.

Kors, a well-known fashion designer and one of the judges on the long-running TV fashion show "Project Runway," is the founder and chief creative officer of the company.

"A company like this can go public even in an uncertain market based on their recent successes," IPOdesktop.com analyst Francis Gaskins said. "They've done a lot of things correctly in the past couple of years."

The company has not only stayed profitable through the financial crisis, but has also managed to nearly double its profit to \$72.5 million for fiscal 2011.

The offering follows a successful \$2.1 billion IPO of Italian fashion house Prada SpA and a \$487 million IPO of Italian luxury shoemaker Salvatore Ferragamo.

The luxury goods industry has rebounded strongly after the sharp downturn of 2009, and analysts see 2011 to be another record year, particularly for watchmakers, luxury hotels, fashion and leather goods groups.

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Michael Kors Holdings with 169 stores in North America and 34 in Europe and Japan, competes with retailers such as Coach, Burberry, Ralph Lauren and Hermes International.

Shares are expected to begin trading on Thursday on the New York Stock Exchange under the symbol "KORS."

Source :bottomline.msnbc.msn.com