



Hampshire Sells Women's Businesses

May 9, 2011

By: Evan Clark

Hampshire Group is getting out of the women's business, freeing up resources for both acquisitions and its men's wear operations in a bid to return to profitability.

The New York-based firm, headed by chief executive officer Heath Golden, sold its Designers originals, Mercer Street Studio and Hampshire Studio businesses to the LF USA division of Li & Fung and inked an agreement to sell its item Eyes unit to KBL Group. The terms of the deals were not disclosed.

"The plan is to get to profitability, and our women's businesses were good businesses but difficult for us with our cost structure to really grow and do very well in," Golden told WWD. "We had an opportunity to monetize them for good value and bring significant money back onto our balance sheet."

Hampshire's losses from continuing operations widened last year to \$9.7 million from \$6 million in 2009, as sales fell 18.6 percent to \$134.5 million. The company last turned a profit in 2007,

when net income from continuing operations was \$2.8 million. The company ended last year with cash and shortterm investments of \$33.7 million.

"The company didn't divulge the breakdown between men's and women's wear sales.

"Now we have more cash in the bank," said Golden, who plans to grow the business strategically and perhaps get back into women's if the opportunity is right. "We are absolutely looking at acquisitions, but we are also a public company with a duty to our shareholders," he said.

For now, the company will continue in the men's arena, where it has been ramping up. Last year, Hampshire acquired Scott James, a men's specialty retailer and wholesaler, and named Eric prengel president of the division that oversees Scott James and the firm's licensed Geoffrey Beene, Dockers and Joe Joseph Abboud businesses. Marketing Management Group inc. advised Hampshire on the transactions.