

INDUSTRY BRIEFS

ILG Acquires Ellis Hosiery; More Growth Reported Ahead

International Legwear Group (ILG) has announced the acquisition of Ellis Hosiery Mills, a 68-year old manufacturer of socks based in Hickory, NC.

ILG, a leading manufacturer of casual, athletic and work socks, is based in Winston-Salem, NC, and acquired Neuville Industries in 2003.

The International Legwear Group was established in 2003 by a team of former senior executives of Sara Lee's Branded Apparel Group. The executive team partnered with two private equity firms--Winston Partners Group of McLean, VA, and Hunt Private Equity Group of Dallas, TX--to make the acquisitions. The company now has over \$150 in annual revenues, making it one of the nation's largest hosiery producers.

Ellis Hosiery will operate as a wholly-owned subsidiary of International Legwear Group and continued to be headquartered in Hickory. John W. Mills is CEO, reporting directly to ILG CEO John Piazza. John T. Mills, longtime Ellis CEO, will remain involved in the business as a senior advisor.

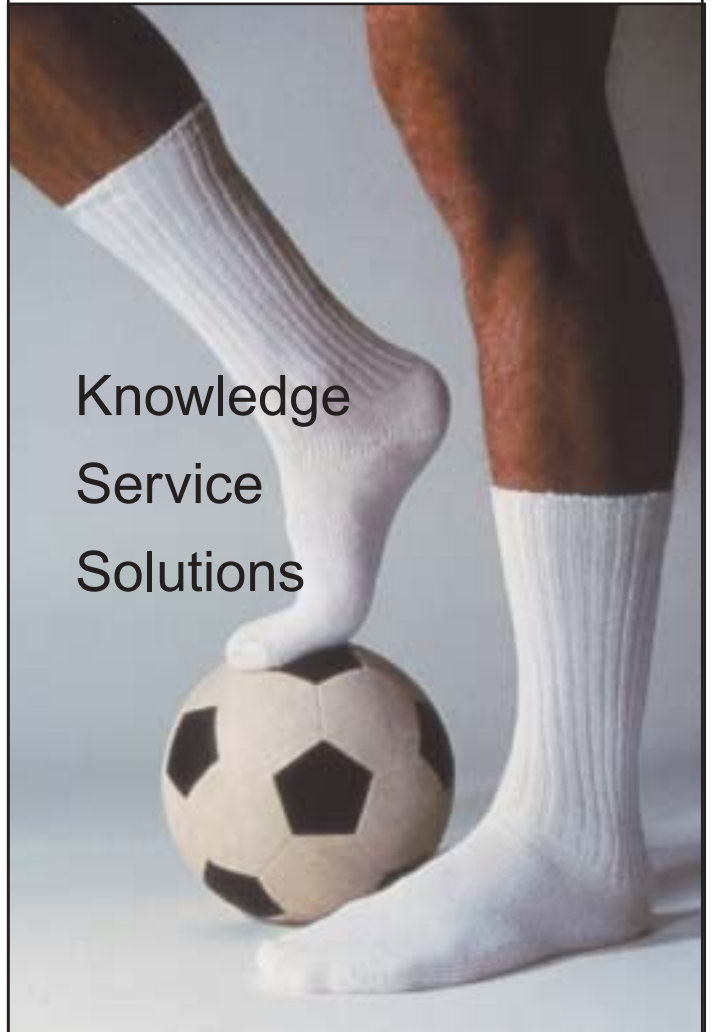
"Ellis Hosiery is an outstanding company with an excellent reputation," Piazza observed. "John T. Mills and his senior management team have built long-standing customer relationships by providing high quality products and superior service."

Piazza said Ellis will be a strong complement to Neuville Industries, establishing IGA as a leading supplier of legwear "across multiple retail classes with a wide breadth of internal manufacturing and worldwide sourcing capabilities."

"The Ellis Hosiery acquisition represents a significant milestone in our drive to become one of the top participants in the sock industry," said Stephen Frey, a managing director at Winston Partners. "We are

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Big Will Get Bigger: Wal-Mart CEO

H.E. Scott, CEO of the world's largest retailer, Wal-Mart Stores Inc., predicts 2004 will see more retail mergers "as manufacturers merge, feeding off the other."

Scott says family-owned enterprises will sell out, like Japanese retailer Seiju who sold 35 percent stake to Wal-Mart. Midsize firms will have to combine to stay competitive, the Wal-Mart executive insists.

"Large stores are continuing to do extraordinarily well," Scott recently told delegates to the annual gathering of the National Retailers Federation in New York. "Our most productive supercenter is the 200,000 square foot supercenter."

Wal-Mart plans to add 50 million square feet of retail space in 2004, giving the retailer a total of 650 million. In January alone it added 63 U.S. stores.

Scott insists the tax stimulus package is positive for the economy. It puts more money in pockets in the first half of the year when tax refunds also are received.

He said that although jobs are growing at a slow pace, consumers are responding to product innovations. Even if money is tight and consumers are in debt, "they find the money to buy it..."

As expected, Scott is upbeat on global trade. Europe is growing more attractive as the European Union eliminates borders and Wal-Mart is looking at Moscow and St. Petersburg Russia.

India and China also are priorities for Wal-Mart growth, Scott observes.

E-Tail Snares Most Growth

The heroes in the office? They are from the e-commerce division, after significant increases again during the recent holiday season for online shopping.

Nielson/Net Ratings of Milpitas, CA, a research and tracking organization, estimates consumers spent \$15.8 billion online during the season up to Dec. 19. Overall purchases were estimated at over \$17 billion.

Final sales for online purchases during the 2002 season were \$13.7 billion.

Overall, U.S. e-commerce spending, not including travel or auctions, soared to \$51 billion, according to comScore Networks, another rating service following online retailing, up 22 percent. Brick-and-mortar sales were up 6 percent.

Fueled by an improving economy and frigid weather, retail sales gave U.S. retailers something to cheer about--increases averaging almost 6 percent.

According to a survey of 80 national chains conducted by the International Council of Shopping Centers, retail sales increases averaged 5.8 percent in January. Holiday gift certificates which were redeemed in January helped with the numbers, it was reported.

Wal-Mart Stores reported January sales were up 5.7 percent, almost twice the projected increase of 3 to 4 percent. Same-store sales for Target were up 5.1 percent, meeting projections.

Department stores showed some of the healthier gains. J.C. Penney reported \$1 billion in sales during January, a 25.2 percent increase over 2003. Nordstrom's 13.5 percent and Neiman Marcus' 15.4 percent also were in the double-digit category.

Limited led the apparel specialty stores with same-store sales up 23 percent. Gap, TJX, Kohl's, and AnnTaylor had double digit sales increases also.

January is the last month in the fourth quarter of the fiscal year for most retailers. The month normally contributes only 15 percent of the quarter's sales, but it is important for clearing leftover merchandise. Stores also get an early reaction to full-price spring merchandise.

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especially enthusiastic about the opportunity for Ellis to expand its Reebok business."

Robert Sussman, vice president of Hunt Private Equity, cited the vision for acquiring more firms. "The Ellis Hosiery acquisition is consistent with our original strategy of building ILG into a sock industry leader via the acquisitions of a series of solid companies," he said.

Mills said the management team looks forward to its role with ILG. "Combining the market position and manufacturing capabilities of Ellis Hosiery with the resources at ILG will make Ellis a stronger company and put us in an excellent position to take advantage of the significant growth opportunities that are in front of us," Mills said.



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