

## Michael Hill Int'l Deal with Whitehall Marks Entry into U.S. Market

By Jeff Miller Posted: 08/22/08 11:32

RAPAPORT... Michael Hill International signed an agreement to acquire 17 stores from Whitehall Jewelers. The deal is said to be worth about \$5 million (NZD7 million.) These stores are mostly in the greater Chicago area, with two located in Missouri. The deal marks the first foray into the United States for Michael Hill.

"This grouping of stores fits with our historical pattern of building a concentration of stores in new markets to leverage efficiencies in logistics, marketing and management supervision," according to the jeweler.

"The company does not expect these stores to achieve profitability for several years, but believes the opportunity presented by the Whitehall Jewelers acquisition was one which would enable Michael Hill International to enter this market on favorable terms," company chair Michael Hill told the New Zealand Herald.

"The short to medium term focus would be on honing the retail formula for growth," Hill said.

With some 200 jewelry stores in Australia, New Zealand, and Canada, Michael Hill is the most profitable publicly listed jeweler in Australia/New Zealand. The company reported profits rose 20 percent for its fiscal year 2008 to NZD 25.23 million (\$17.9 million.) Sales grew 8 percent to NZD 376.66 million (\$268.2 million,) boosted by the company's operations in Australia.

"We are delighted to have facilitated the introduction of a new and highly successful jewelry retailer into the U.S. We look forward to Michael Hill's continuing growth as it enters its newest market," said Chris Ellis, president of Consensus which represented Michael Hill in this transaction.

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