

MEDIA COVERAGE

--Dow Jones (original story)

<http://lbo.djnewsletters.com/sector.asp?sectorID=363>

Alumni Capital Bets Consumers Have \$10 To Spare

By Mohammed Aly Sergie

10/15/2010 – Buyout firms acquired dollar stores as the economy slipped into recession. Logic dictates that the play during the recovery should be a \$10 store.

Alumni Capital Network acquired a controlling stake in SNI Group, a wholesaler and creator of the "Everything's \$10" store concept-- selling handbags, watches, jewelry and other "items of high perceived value," the New York firm said in a statement.

Established in 1988, the Bensalem, Pa., company distributes items sold in more than 3,000 retail outlets in airports, casinos, hotels and other tourist hotspots. The company also owns a brand of travel pillows, and supplies pricier items that are sold at "Luxury for Less" stores. Its best-selling items are watches and handbags.

The wholesaler has no third-party debt and has capital on hand for growth, according to Alumni Capital. The firm didn't disclose the value of the deal.

Alumni Capital was founded in 2007 by several former Accenture Ltd. partners. It closed its maiden fund, Alumni Capital Network Fund I LP, that year with \$37 million of committed capital, and said at the time that it looks to invest \$4 million to \$8 million a deal.

Randy Cohen, co-founder of SNI Group, said the company performs many functions of a franchisor but doesn't collect a fee. SNI Group has been talking to private equity firms since October 2009 and met with Alumni Capital earlier this year. Cohen said it was the expertise of the former consultants that sealed the deal.

"The recession has allowed us to grow," Cohen said. One large operator of stores in Las Vegas reported the inexpensive jewelry outsold the retailer's luxury items. "You can imagine at \$10 how many units had to be sold in order to surpass a \$5000 watch," Cohen said.

In the past few years, discount stores have ended up in the hands of private equity. In 2007, Kohlberg Kravis Roberts & Co. bought Dollar General Corp. for about \$7.3 billion, and took the company public in November.

Advent International Corp. agreed to buy a stake in LLR Partners-backed Five Below Inc. last month. Advent sold Dollar Express to Dollar Tree in 2001, and sold U.K.-based

Poundland to Warburg Pincus LLC this year. Bain Capital LLC's Dollarama Inc. went public last fall.

Consumers still seem to be searching for the lowest prices even as the economy rebounds from the recession. Dollar General's latest quarterly net profit surged 51% to \$141.2 million compared to a year earlier, and the rise in sales spurred the company to increase its yearly profit forecast.

While Cohen credits the weak economy for his company's growth, his plans aren't dependent on the whims of the business cycle. "As Americans, and as tourists, people always love to spend money, but it's just a matter of giving them something they can afford to buy," he said.

Reach Alumni Capital at 212-792-5510; SNI Group at 215-788-0600.

--Duty Free News (original story)

<http://www.dfnionline.com/article/Private-equity-firm-buys-into-Everythings-10-concept-1860439.html>

Private equity firm buys into "Everything's \$10" concept

Bill Lumley

Investment will lead to expansion of SNI Group's distribution network at airports and other tourist locations

New York-based private equity company Alumni Capital Network (ACN) has bought a controlling interest in fashion and accessories wholesaler Sourcing Network International Group (SNI). The two founders behind the "Everything's \$10" supplier, Todd and Randy Cohen, will continue to run the Bensalem, Pennsylvania-based organization, and hold a higher shareholding in the company.

SNI sources, produces and distributes goods of high perceived value including watches, handbags, wallets, scarves and ties to more than 3,000 retail outlets including airports, cruise ships and other tourist destinations. ACN was formed by former partners from multi-national consulting firm Accenture.

ACN CEO Jim Honohan said: "The Cohen brothers have invigorated the fashion accessories industry by offering shoppers incredible quality at the \$10 price point. We're thrilled to become partners with such dynamic entrepreneurs and are confident we can help them take their business to even greater heights."

SNI plans to use the new capital to extend its sourcing networks, enter new global markets, implement new technology, hire new staff and streamline its operations.

Executive vice-president Randy Cohen said: “These changes will allow us to make our customer partnerships better than ever.”

--Duty Free & Travel Retail Intelligence (original story)

http://www.bestandmost.com/?subG=0&n_id=417

‘Everything’s \$10’ on Expansion Trail After Acquisition

By Kevin Rozario

‘Everything’s \$10’, the widely distributed retail concept in US airports, is honing its international expansion strategy now that it has been bought by a newly created private equity firm based in New York for an undisclosed amount.

On Tuesday, Alumni Capital Network (ACN) – created in 2007 by former partners at management consultancy Accenture – announced it had acquired a controlling interest in SNI Group, the fashion accessories wholesaler that developed the ‘Everything’s \$10’ concept. Founders Todd and Randy Cohen will continue to lead Pennsylvania-based SNI, now known as Sourcing Network International, and hold a large equity stake. In a statement the company says: “SNI plans to use the influx of capital to broaden its sourcing networks, enter new markets globally, install new information technology, hire more employees and streamline operations.”

Todd Cohen, SNI Chief Executive Officer was keen to point out that while the transaction enhances the financial position of the company, “it has no third-party debt, a strong balance sheet, specific capital targeted for growth and access to future funds”.

Speaking to Best & Most, Randy Cohen, SNI Executive Vice President, adds: “We’re excited to enter new channels due to our track record of turning unproductive, uninteresting retail space into exciting, profit-producing retail environments.”

SNI’s retail units, ranging in size from 46-140 sqm, can be found in large airports across the US including New York JFK, Los Angeles, Miami International, Dallas, Houston, Pittsburgh and Las Vegas, with a new unit opening at Atlanta airport in the final quarter of 2010. It also has a Clöudz store in Singapore’s Changi Airport. Clöudz is a brand of travel pillows and accessories owned by SNI.

‘Everything’s \$10’ competes head to head with Bijoux Terner in the airport channel, selling fashion accessories and gifts that range from watches, jewellery, handbags, and leather goods to travel accessories, silk ties, shawls and scarves, mostly targeted at women.

However SNI’s 3,000 retail outlets also include casinos, cruise ships, museums, hotels and other tourist destinations and it distributes its products in 15 countries including Canada, Mexico, and the Europe, Middle East and Asia regions. SNI also supplies more

upscale products to its Luxury for Less stores as well as the Museum Artifacts line of silk ties, scarves and watches

SNI's expansion plans may be coming at the right time. The Luxury Goods category in the duty free and travel retail channel, of which fashion and accessories is one segment, has been in a stronger position than competitor categories in 2010 following last year's downturn according to Generation Research data (see [here](#) and [here](#) for details). In 2009, the decline in Luxury Goods sales at -5.4% was less than that of the overall market (-6.8%) – and for fashion and accessories alone, the decline was even less at -5.3%.

--Moodie Report

http://www.moodiereport.com/document.php?c_id=1113&doc_id=25500

--PE Hub

<http://www.pehub.com/85702/alumni-capital-buys-pennsylvania-fashion-wholesaler/>

--Business Insider

<http://www.businessinsider.com/alumni-capital-buys-pennsylvania-fashion-wholesaler-2010-10>

--Alacra Pulse

http://pulse.alacra.com/analyst-comments/Alumni_Capital_Network-C4100812

--City BizList Philly

<http://philly.citybizlist.com/yourcitybiznews/detail.aspx?id=98094>