

Hudson's Bay and Neiman Marcus in Possible Merger Talks

By Chloe Chavez, J.D. Candidate 2018 | March 20, 2017

Neiman Marcus is said to be in [merger talks](#) with Hudson's Bay Company, the Canadian retail giant. If closed, this deal would put the upscale department store under the same company as Sak's Fifth Ave, OFF 5TH, and Lord & Taylor.

Neiman Marcus was founded in 1907, and passed through the hands of various families until 2005. In 2005, the Neiman Marcus Group, which also operates the Bergdorf Goodman brand, was subject to a leveraged buyout. Two private equity firms, Texas Pacific Group and Warburg Pincus dropped \$1.5 billion into the \$5.1 billion [leveraged buyout deal](#). In June of 2013, the two private equity firms sought to exit this transaction and originally tried to conduct an IPO. However, they instead opted for an outright sale because of rising stock values and strong credit markets. It was sold to Ares Management LLC and the Canadian Pension Plan Investment Board for \$6 billion.

Since 2013, Neiman Marcus has been struggling as online retailers have gained popularity. Their competition stems largely from off-price stores such as TJ Maxx and online retailers such as Amazon.com. The company filed to go public in 2015, but decided to pull this IPO. As of October 2013, Neiman Marcus had about \$4.9 billion in debt and a [decrease](#) of 2.9 percent in sales.

Now, there are rumors circulating that Neiman Marcus is considering a merger with Hudson's Bay Company. If closed, this deal would shift the department store environment because Sak's Fifth Ave, also owned by Hudson's Bay Company, is currently one of Neiman Marcus' biggest competitors. Although it is not a public company, Neiman Marcus has publicly registered debt, which requires it to report certain financial disclosures. In one of those disclosures, Neiman Marcus said that it was evaluating its strategic options and the sale of the company was one of the avenues being explored. However, the financial disclosures listed that it has not set a timetable to evaluate its options.