



(GIII) 1Q17 RESULTS: BEATS ON EPS DUE TO STRONGER WHOLESALE BUSINESS, REITERATES ANNUAL GUIDANCE

	1Q17	1Q16	YoY Change
Revenues (USD Mil.)	\$457.4	\$433.0	5.6%
Gross Margin	36.2%	35.7%	55 bps
SG&A/Sales	33.5%	31.7%	182 bps
Operating Margin	1.2%	2.7%	(153) bps
EPS	\$0.06	\$0.15	(59.6)%

Source: Company reports

- **G-III Apparel Group reported record first-quarter net sales of \$457.4 million, up 5.6% year over year and in line with the consensus estimate. EPS was \$0.06, ahead of the \$0.02 consensus estimate and compared to \$0.15 in the year-ago quarter.**
- **Although the retail business did not perform in line with plans, strength in the wholesale business more than offset the softness in retail, and management has taken measures that are expected to improve top- and bottom-line performance in the second half.**
- **For the year, the company reiterated its FY17 revenue guidance of approximately \$2.62 billion and EPS of \$2.55–\$2.62.**

1Q17 RESULTS

G-III Apparel Group reported record first-quarter net sales of \$457.4 million, up 5.6% year over year and in line with the consensus estimate. Management commented that the wholesale business had transcended the tough environment in fiscal 1Q17 and is now gaining momentum, particularly in Calvin Klein and in dresses, including Eliza J and the new Tommy Hilfiger line.

Although the retail business did not perform in line with plans, management has taken measures that are expected to improve top- and bottom-line performance in the second half. Comps for the retail business were negative.

Operating expenses were higher than expected due to startup costs for growth initiatives. However, strength in the wholesale business more than offset softness in the retail business.

EPS was \$0.06, ahead of the \$0.02 consensus estimate and compared to \$0.15 in the year-ago quarter.

2017 OUTLOOK

The company reiterated its FY17 revenue guidance of approximately \$2.62 billion and EPS of \$2.55–\$2.62. The prior year's adjusted EPS of \$2.44 excludes \$0.02 in other income.

For the second quarter, the company expects revenues of approximately \$485.0 million, compared to consensus of \$457.4 million, and EPS of \$0.15–\$0.19, compared to consensus of \$0.18.



FLASH REPORT

Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

John Harmon, CFA
Senior Analyst

HONG KONG:

10th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 2470

NEW YORK:

1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

LONDON:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

FBICGROUP.COM