G-III disappoints with slower than expected sales growth and trimmed full-year guidance

By Robin Driver  -  5 December 2019

G-III Apparel Group, Ltd., the New York-based owner of Donna Karan and DKNY, has announced a 5.2% increase in sales for the third quarter, a lower than expected increase, which combined with the company’s lowered full-year guidance, sent shares tumbling 6% in premarket trading on Wednesday.

For the third quarter ended October 31, 2019, G-III reported $1.13 billion in net sales, up from $1.07 billion in the prior-year period. Analysts polled by FactSet and cited by MarketWatch had expected the company to post quarterly sales of $1.17 billion.
Net income for the quarter was $95.4 million, or $1.97 per diluted share, increasing from $94.0 million, or $1.86 per diluted share, in the same period in the previous year.

“We are pleased to report third quarter results that exceeded our bottom-line expectations,” said G-III chairman and CEO Morris Goldfarb in a release. “We maintained good momentum in our wholesale business, in spite of the challenging retail and macro environment.”

Year to date, G-III’s net sales totaled $2.41 billion, increasing 4.3% from $2.31 billion in the first three quarters of the previous year. Net income for the period was $118.5 million, or $2.42 per diluted share, up from $113.0 million, or $2.26 per diluted share, in the prior-year period.

Looking forward, the company also announced that it has revised down its full-year guidance to reflect the expected impact of additional tariffs that came into effect on September 1, 2019.

G-III now expects to achieve annual net income of between $147 million and $152 million on sales of around $3.20 billion. This compares to a previously reported guidance that predicted net income of between $154 million and $159 million on net sales of approximately $3.30 billion.

Along with Donna Karan and DKNY, G-III’s owned brand portfolio includes Vilebrequin, Jessica Howard and Andrew Marc, among others. The company also holds licenses with the likes of Calvin Klein, Tommy Hilfiger, Karl Lagerfeld Paris, Kenneth Cole, Levi’s and Dockers.

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