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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) August 30, 2016

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**G-III APPAREL GROUP, LTD.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-18183**  
(Commission File Number)

**41-1590959**  
(IRS Employer  
Identification No.)

**512 Seventh Avenue**  
**New York, New York**  
(Address of principal executive offices)

**10018**  
(Zip Code)

Registrant's telephone number, including area code: **(212) 403-0500**

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

On August 30, 2016, G-III Apparel Group, Ltd. (the “Company”) announced its results of operations for the second fiscal quarter ended July 31, 2016. A copy of the press release issued by the Company relating thereto is furnished herewith as Exhibit 99.1.

**Item 7.01 REGULATION FD DISCLOSURE.**

A copy of a slide presentation to investors is incorporated herein by reference and furnished herewith as Exhibit 99.2.

The information under Item 7.01 in this Current Report on Form 8-K, including the Exhibit 99.2, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information under Item 7.01 in this Current Report on Form 8-K will not be incorporated by reference into any registration statement or other document filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference. The furnishing of the information under Item 7.01 in this Current Report on Form 8-K is not intended to, and does not, constitute a determination by the Company that the information under Item 7.01 in this Current Report on Form 8-K is complete or that investors should consider this information before making an investment decision with respect to any security of the Company.

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**Item 9.01 Financial Statements and Exhibits.**

(a) Financial Statements of Businesses Acquired.

None.

(b) Pro Forma Financial Information.

None.

(c) Shell Company Transactions

None.

(d) Exhibits.

99.1 Press release of G-III Apparel Group, Ltd. issued on August 30, 2016 relating to its second quarter fiscal 2017 results.

99.2 Presentation entitled "G-III Apparel Group Ltd., to Acquire Donna Karan International, Inc." dated August 2016.

Limitation on Incorporation by Reference

In accordance with General Instruction B.2 of Form 8-K, the information reported under Item 2.02 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

G-III APPAREL GROUP, LTD.

Date: August 30, 2016

By: /s/ Neal S. Nackman  
Name: Neal S. Nackman  
Title: Chief Financial Officer

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EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press release of G-III Apparel Group, Ltd. issued on August 30, 2016 relating to its second quarter fiscal 2017 results.
99.2	Presentation entitled "G-III Apparel Group Ltd., to Acquire Donna Karan International, Inc." dated August 2016.

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**G-III APPAREL GROUP, LTD.**

For: G-III Apparel Group, Ltd.  
Contact: Investor Relations  
James Palczynski  
(203) 682-8229  
Neal S. Nackman, Chief Financial Officer  
G-III Apparel Group, Ltd.  
(212) 403-0500

**G-III APPAREL GROUP, LTD. ANNOUNCES SECOND QUARTER FISCAL 2017 RESULTS**

**—Strength in Non-Outerwear Offset by Reduced Outerwear Deliveries—  
—Updates Guidance to Reflect Second Quarter Results and Second Half Visibility—**

New York, New York – August 30, 2016 — G-III Apparel Group, Ltd. (NasdaqGS: GIII) today announced operating results for the second quarter of fiscal 2017 that ended July 31, 2016.

For the quarter ended July 31, 2016, G-III reported that net sales decreased 7% to \$442.3 million from \$473.9 million in the year-ago period. The Company reported a net loss for the second quarter of (\$1.3) million, or (\$0.03) per share, compared to net income of \$12.5 million, or \$0.27 per diluted share, in the prior year's comparable period. The Company's results for the second quarter included professional fees of approximately \$3.0 million, equal to approximately \$0.04 per share, net of taxes, in connection with its pending acquisition of Donna Karan.

Morris Goldfarb, G-III's Chairman, Chief Executive Officer and President, said, "We sustained momentum in our wholesale businesses with consistent well designed high quality product that our customers responded to. We believe our wholesale outerwear opportunity is intact for the full year despite a reduction by retailers in early season orders as they shifted their focus toward a greater degree of in season replenishment and reorder business. We believe that the risk of continued softness in the retail outlet environment has somewhat abated as we have now liquidated inventory from last year's holiday season and are currently adding some great new fall products to our store inventory. Lastly, we believe forecasted cool weather trends should be in our favor this fall and holiday season compared to last year and should provide the impetus for improved sales for Wilsons and Bass in the second half."

Mr. Goldfarb concluded, "We expect to generate stronger operating margins in the back half of the year as we begin to realize improved sales and gross margins in both our retail outlet and wholesale businesses, as well as better leverage on expenses in our wholesale outerwear and newly

launched and expanded Tommy Hilfiger and Karl Lagerfeld lines. The fundamentals of our wholesale apparel and accessories business remain excellent. This is significant as it aligns with the substantial growth opportunities we have with Calvin Klein, Tommy Hilfiger and Karl Lagerfeld. It is also consistent with our planned strategy for the acquisition of Donna Karan which will be to develop and build categories of Donna Karan women's apparel and accessories throughout the world. We believe that this set of opportunities supports an eventual doubling of our annual revenues to roughly \$5 billion in five years. Today, we have submitted with our Form 8-K that includes this press release, an investor presentation outlining our strategy and preliminary sales and operating income targets for Donna Karan for the next three years. While we have revised our short-term expectations to reflect external challenges in outerwear and in the outlet center environment, we are as confident as ever in our ability to grow revenues and increase our profitability over the next few years."

## Outlook

The Company today revised its prior guidance for the full fiscal year ending January 31, 2017. The Company is now forecasting net sales of approximately \$2.48 billion and net income between \$102 million and \$106 million, or a range between \$2.16 and \$2.26 per diluted share, compared to its previous guidance of net sales of approximately \$2.56 billion and net income between \$120 million and \$125 million, or a range between \$2.55 and \$2.65 per diluted share. For the fiscal 2016 year ended January 31, 2016, net sales were \$2.34 billion and net income was \$114.3 million, or \$2.46 per diluted share.

The current year's fiscal 2017 forecast includes professional fees of approximately \$3.0 million, equal to approximately \$0.04 per share, net of taxes, in connection with its pending acquisition of Donna Karan, but does not reflect the significant additional expenses related to this acquisition that the Company expects to incur in the second half of the fiscal year or the impact of the issuance of new G-III common stock to the seller.

On an adjusted basis, the Company is now forecasting non-GAAP net income per diluted share for fiscal 2017 between \$2.20 and \$2.30 per diluted share as compared to \$2.44 per diluted share in fiscal 2016. Non-GAAP net income diluted per share for fiscal 2017 excludes the effect of the expenses incurred in the second quarter of fiscal 2017 in connection with the pending acquisition of Donna Karan, and does not reflect the significant additional expenses that the Company expects to incur in the second half of fiscal 2017 in connection with this acquisition or the impact of the issuance of new G-III common stock to the seller.

The Company is now projecting adjusted EBITDA for fiscal 2017 to decrease from the prior year between 2% and 5% to between approximately \$199 million and \$206 million. This compares to its previous guidance of adjusted EBITDA between approximately \$228 million and \$236 million. Adjusted EBITDA for fiscal 2016 was \$210.1 million. Adjusted EBITDA for fiscal 2017 does not reflect the significant additional expenses related to this acquisition of Donna Karan that the Company expects to incur in the second half of the fiscal year.

For its third fiscal quarter ending October 31, 2016, the Company is forecasting net sales of approximately \$940 million compared to \$910 million in the comparable quarter last year. The Company is also forecasting net income for the third fiscal quarter between \$70 million and \$76 million, or between \$1.50 and \$1.60 per diluted share, compared to net income of \$87.2 million, or \$1.87 per diluted share, in last year's third quarter. The third quarter forecast does not reflect any additional expenses related to the pending acquisition that may be incurred in the third quarter of the fiscal year.



On an adjusted basis, excluding items resulting in other income in the third fiscal quarter ended October 31, 2015 of \$0.02 per share, net of taxes, non-GAAP net income per diluted share was \$1.85 in the third fiscal quarter ended October 31, 2015.

**Non-GAAP Financial Measures**

Reconciliations of GAAP net income per share to non-GAAP net income per share and of GAAP net income to adjusted EBITDA are presented in tables accompanying the condensed financial statements included in this release and provide useful information to evaluate the Company's operational performance. Non-GAAP net income per share and adjusted EBITDA should be evaluated in light of the Company's financial results prepared in accordance with GAAP.

### **About G-III Apparel Group, Ltd.**

G-III is a leading manufacturer and distributor of apparel and accessories under licensed brands, owned brands and private label brands. G-III's owned brands include Vilebrequin, Andrew Marc, Marc New York, Bass, G.H. Bass, Weejuns, G-III Sports by Carl Banks, Eliza J, Black Rivet and Jessica Howard. G-III has also entered into an agreement to acquire the Donna Karan brand, including DKNY. G-III has fashion licenses under the Calvin Klein, Tommy Hilfiger, Karl Lagerfeld, Kenneth Cole, Cole Haan, Guess?, Jones New York, Jessica Simpson, Vince Camuto, Ivanka Trump, Ellen Tracy, Kensie, Levi's and Dockers brands. Through our team sports business, G-III has licenses with the National Football League, National Basketball Association, Major League Baseball, National Hockey League, Hands High, Touch by Alyssa Milano and more than 100 U.S. colleges and universities. G-III also operates retail stores under the Wilsons Leather, Bass, G.H. Bass & Co., Vilebrequin and Calvin Klein Performance names.

*Statements concerning G-III's business outlook or future economic performance, anticipated revenues, expenses or other financial items; product introductions and plans and objectives related thereto; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matters are "forward-looking statements" as that term is defined under the Federal Securities laws. Forward-looking statements are subject to risks, uncertainties and factors which include, but are not limited to, reliance on licensed product, reliance on foreign manufacturers, risks of doing business abroad, the current economic and credit environment, the nature of the apparel industry, including changing customer demand and tastes, customer concentration, seasonality, risks of operating a retail business, customer acceptance of new products, the impact of competitive products and pricing, dependence on existing management, possible disruption from acquisitions, risks relating to G-III's proposed acquisition of Donna Karan International Inc. and general economic conditions, as well as other risks detailed in G-III's filings with the Securities and Exchange Commission. G-III assumes no obligation to update the information in this release.*

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

(NASDAQS: GIII)  
 CONSOLIDATED STATEMENTS OF INCOME AND  
 SELECTED BALANCE SHEET DATA  
 (In thousands, except per share amounts)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2016	2015	2016	2015
Net sales	\$ 442,267	\$ 473,884	\$ 899,670	\$ 906,849
Cost of sales	286,624	305,544	578,358	584,082
Gross profit	155,643	168,340	321,312	322,767
Selling, general and administrative expenses	153,168	141,483	306,273	278,516
Depreciation and amortization	7,672	5,914	14,865	11,601
Operating profit (loss)	(5,197)	20,943	174	32,650
Equity gain in investment	347	—	617	—
Interest and financing charges, net	(1,055)	(1,177)	(2,298)	(2,153)
Income (loss) before taxes	(5,905)	19,766	(1,507)	30,497
Income tax expense (benefit)	(4,612)	7,313	(2,985)	11,284
Net income (loss)	\$ (1,293)	\$ 12,453	\$ 1,478	\$ 19,213
Net income (loss) per common share:				
Basic	\$ (0.03)	\$ 0.28	\$ 0.03	\$ 0.43
Diluted	\$ (0.03)	\$ 0.27	\$ 0.03	\$ 0.42
Weighted average shares outstanding:				
Basic	45,667	45,073	45,601	45,020
Diluted	45,667	46,362	46,697	46,289

**Selected Balance Sheet Data (in thousands):**

	At July 31,	
	2016	2015
Cash	\$ 44,950	\$ 18,810
Working Capital	634,582	558,152
Inventory	569,996	605,214
Total Assets	1,259,520	1,189,479
Short-term Revolving Debt	—	5,503
Total Stockholders' Equity	900,105	785,175

**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF FORECASTED AND ACTUAL GAAP NET INCOME PER SHARE TO**  
**FORECASTED AND ACTUAL NON-GAAP NET INCOME PER SHARE**  
**(Unaudited)**

	Forecasted Three Months Ending October 31, 2016	Actual Three Months Ending October 31, 2015	Forecasted Twelve Months Ending January 31, 2017	Actual Twelve Months Ended January 31, 2016
GAAP diluted net income per common share	\$1.50 - \$1.60	\$ 1.87	\$2.16 - \$2.26	\$ 2.46
<b>Excluded from non-GAAP:</b>				
Expenses associated with pending Donna Karan International acquisition, net of taxes	—	—	0.04	—
Other income, net of taxes	—	(0.02)	—	(0.02)
Non-GAAP diluted net income per common share	\$1.50 - \$1.60	\$ 1.85	\$2.20 - \$2.30	\$ 2.44

Non-GAAP diluted net income per share is a “non-GAAP financial measure” that excludes (i) expenses incurred in connection with the pending acquisition of Donna Karan International in the second quarter of fiscal 2017 and (ii) other income in fiscal 2016 which consisted of the reduction of the estimated contingent consideration payable in connection with the acquisition of Vilebrequin. Management believes that this non-GAAP financial measure provides meaningful supplemental information regarding our performance by excluding acquisition expenses and other income that is not indicative of our core business operating results. Management uses this non-GAAP financial measure to assess our performance on a comparative basis and believes that it is also useful to investors to enable them to assess our performance on a comparative basis across historical periods and facilitate comparisons of our operating results to those of our competitors. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. GAAP diluted net income per share does not include significant additional expenses that will be incurred in connection with the pending acquisition of Donna Karan International in the third and fourth quarter of fiscal 2017 or the impact of the issuance of new G-III common stock to the seller.

**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF FORECASTED AND ACTUAL NET INCOME TO FORECASTED AND ACTUAL ADJUSTED EBITDA**  
(In thousands)  
(Unaudited)

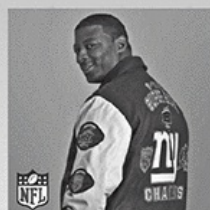
	<u>Forecasted Twelve Months Ending January 31, 2017</u>	<u>Actual Twelve Months Ended January 31, 2016</u>
Net income	\$102,000 – \$106,000	\$ 114,333
Expenses associated with pending Donna Karan International acquisition	3,000	—
Other (income)	—	(1,068)
Depreciation and amortization	31,700	25,392
Interest and financing charges, net	7,300	6,691
Income tax expense	<u>55,000 – 58,000</u>	<u>64,800</u>
Adjusted EBITDA, as defined	<u>\$199,000 – \$206,000</u>	<u>\$ 210,148</u>

Adjusted EBITDA is a “non-GAAP financial measure” which represents earnings before depreciation and amortization, interest and financing charges, net, and income tax expense and excludes (i) expenses incurred in connection with the acquisition of Donna Karan International in the second quarter of fiscal 2017 and (ii) other income in fiscal 2016 which consisted of the reduction of the estimated contingent consideration payable in connection with the acquisition of Vilebrequin. Adjusted EBITDA is being presented as a supplemental disclosure because management believes that it is a common measure of operating performance in the apparel industry. Adjusted EBITDA should not be construed as an alternative to net income as an indicator of the Company’s operating performance, or as an alternative to cash flows from operating activities as a measure of the Company’s liquidity, as determined in accordance with generally accepted accounting principles. Net income above does not include significant additional expenses that will be incurred in connection with the pending acquisition of Donna Karan International in the third and fourth quarter of fiscal 2017.

# GIII

## G-III Apparel Group, Ltd. to Acquire Donna Karan International, Inc.

August 2016



# Forward Looking Statements

Statements concerning G-III's business outlook or future economic performance, anticipated revenues, expenses or other financial items; product introductions and plans and objectives related thereto; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matters are "forward-looking statements" as that term is defined under the Federal Securities laws. Forward-looking statements are subject to risks, uncertainties and factors which include, but are not limited to, reliance on licensed product, reliance on foreign manufacturers, risks of doing business abroad, the current economic and credit environment, the nature of the apparel industry, including changing customer demand and tastes, customer concentration, seasonality, risks of operating a retail business, customer acceptance of new products, the impact of competitive products and pricing, dependence on existing management, possible disruption from acquisitions and general economic conditions, as well as other risks detailed in G-III's filings with the Securities and Exchange Commission. G-III assumes no obligation to update the information in this presentation.

Certain information included in this release is forward looking and is subject to important risks and uncertainties and factors beyond our control or ability to predict, that could cause actual results to differ materially from those anticipated, projected or implied. It only reflects our views as of the date of this presentation. No undue reliance should therefore be based on any such information, it being also agreed that we undertake no commitment to amend or update it after the date hereof.



## G-III to Acquire Donna Karan and DKNY

- G-III is acquiring one of the world's most iconic and recognizable power brand portfolios
- Donna Karan International, Inc. ("DKI") fits squarely into G-III's stated strategy to diversify and expand its business to further drive long-term shareholder value
- G-III's goal has been to acquire a brand in order to accelerate operating margin expansion; G-III expects DKI to have the highest operating margin within its stable of brands
- Significant opportunity to generate incremental sales across channels and categories in U.S. and key markets worldwide
- Financially compelling transaction that is expected to be accretive in the fiscal year ending January 31, 2019 (year 2)





# Transaction Overview

## Transaction Summary

- Transaction announced on July 25, 2016
- G-III will acquire DKI, parent of the Donna Karan and DKNY brands, from LVMH
- Enterprise value of \$650 million

## Sources of Financing

- Committed financing from Barclays, JPMorgan Chase Bank, N.A. and others for an initial amount of \$650 million in a new ABL credit facility replacing G-III's existing \$450 million ABL credit facility and \$350 million in a 6-year term loan
- \$75 million 6½ year Seller Note
- \$75 million of newly issued G-III common stock to LVMH

## Financial Impact

- Post-close, G-III expected to have significant cash flow generation capabilities from existing operations to enable deleveraging
- Current valuation based on the potential of the brand, distribution enhancements and product launches planned in the next 12-18 months, in addition to turnaround measures taken by previous owners

## Due Diligence

- Conducted significant due diligence over 4 months to ensure that DKI was the best fit for our business

## Key Conditions & Timing

- Expected closing by early 2017
- Subject to certain closing conditions

# DKI is a Powerful Iconic Global Brand

- **Established in 1984, Donna Karan International has a stable of one of the world's most iconic portfolios of fashion brands, including Donna Karan, DKNY and DKNY Jeans**
  - Designs, sources, markets, retails, and distributes collections of women's and men's clothing, sportswear, accessories and shoes under the Donna Karan and DKNY brand names
  - DKNY will generate ~\$300 million in sales in 2016; reduced from over ~\$500 million in 2015
- **Operates three segments:**
  - **Wholesale (53% of 2016E Net Sales):** Maintains partnerships with Neiman Marcus, Bloomingdale's, Nordstrom, Lord & Taylor, Saks Fifth Avenue, Harrods and Harvey Nichols, as well as best in class international distributors
  - **Retail (35% of 2016E Net Sales):** By year end 2016E, will operate approximately 45 stores, primarily outlets
  - **Royalties (12% of 2016E Net Sales):** Strong relationships with category leading license partners, including Estée Lauder, Fossil, Hanes and Luxottica
- **Business at key inflection point**
  - In 2014, LVMH announced the appointment of Caroline Brown, former President of Carolina Herrera, effective January 2015
    - In June 2015, Donna Karan stepped down from her role as Chief Designer and Dao-Yi Chow and Maxwell Osborne of the Public School label were named Donna Karan NY Creative Directors
  - Over the course of the last year and a half, LVMH took significant steps to reposition and elevate the brand and meaningfully reduce overhead costs including:
    - Eliminating unprofitable stores
    - Limiting channels of distribution by significantly reducing sales to off price and club accounts



# Significant Growth Opportunity Across Channels and Markets

**DKNY alone has the potential to be a billion dollar brand, in addition to the relaunch of Donna Karan Collection, DKNY Jeans and associated licensing revenues**

**Addition of DKI enables meaningful expansion of wholesale category**

- Significant growth opportunity in North America and around the world
- Plays to operating strengths of design, sourcing and distribution

**DKI adds scale, diversification and incremental growth**

- Meaningful sales growth expected across categories, including Sportswear, Jeans and Footwear
- Ability to capitalize on significant, untapped global licensing potential in several Men's categories, as well as Home and Jewelry

**Strengthens online retail channels and brick-and-mortar stores with clear opportunities to:**

- Focus and enhance the Donna Karan and DKNY websites
- Prudently expand retail stores over the long-term, including through conversion of stores within the existing retail base
- Capitalize on industry relationships to ensure premium product placements in stores nationwide

**Build upon existing G-III sourcing and supply chain organizations to effectively build new categories**

**Best-in-class relationships with existing manufacturing partners will ensure best prices, quality and delivery**

# DKI Enhances and Complements our Global Brand Portfolio

**G-III is committed to building all of its brands and has a proven track record of doing so**

- **Great fit along-side G-III's other powerful brands:**
  - Calvin Klein: Modern American minimalist (\$1.5 billion annual sales potential)
  - Tommy Hilfiger: American classic (\$1+ billion annual sales potential)
  - Karl Lagerfeld: Parisian chic (\$500 million annual sales potential)
  - Donna Karan: Aspirational luxury
  - DKNY: City elegant (\$1 billion annual sales potential)
  - Vilebrequin: Status resort (\$250 million annual sales potential)
- **Brings increased scale, channel diversification, and incremental growth to G-III**
- **Further diversifies G-III's sales distribution by broadening non-licensed sales**



# Demonstrated Track Record of Acquiring, Managing and Integrating Businesses

**G-III has grown from \$1.4 billion to \$2.5 billion in global sales over the past 5 years and DKI will be a significant driver of future growth**

**Adding new categories and brands to diversify G-III's portfolio is at the heart of its growth strategy**

**Strong track record of developing new growth opportunities in well-recognized brands**

- Built Calvin Klein Women's to a \$1 billion business
- Successfully launched Karl Lagerfeld and introduced Tommy Hilfiger women's product in the U.S.
- Recently expanded license for Tommy Hilfiger includes women's sportswear, suit separates, performance and denim in the U.S. and Canada

**Demonstrated ability to grow and diversify businesses across categories**

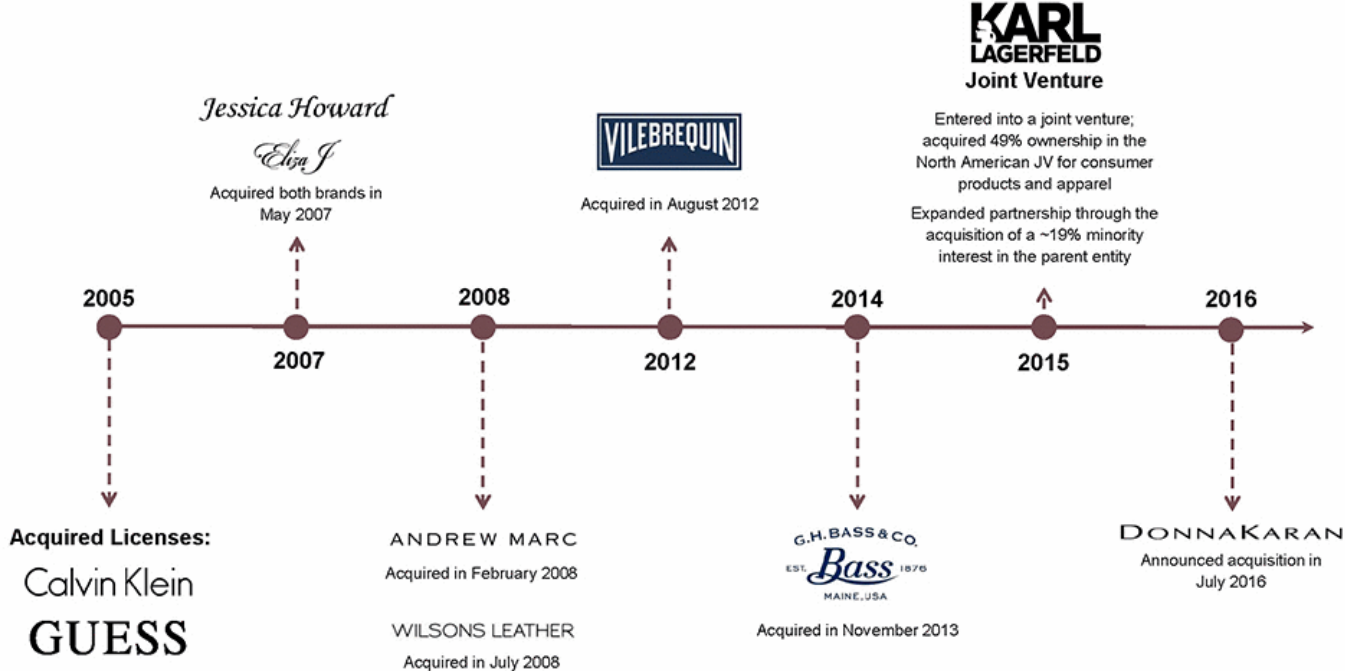
- Wholesale business continues to perform well
- Strong infrastructure for apparel, handbags and shoes
- Launched ecommerce initiative across multiple brands

**Prior actions at DKI have repositioned the brand for future growth, creating stronger foundation from which to grow and expand margins**

- Poor performing stores closed and distribution to off-price and club channels significantly reduced
- LVMH undertook a significant restructuring in 2015 / 2016 and incurred related costs

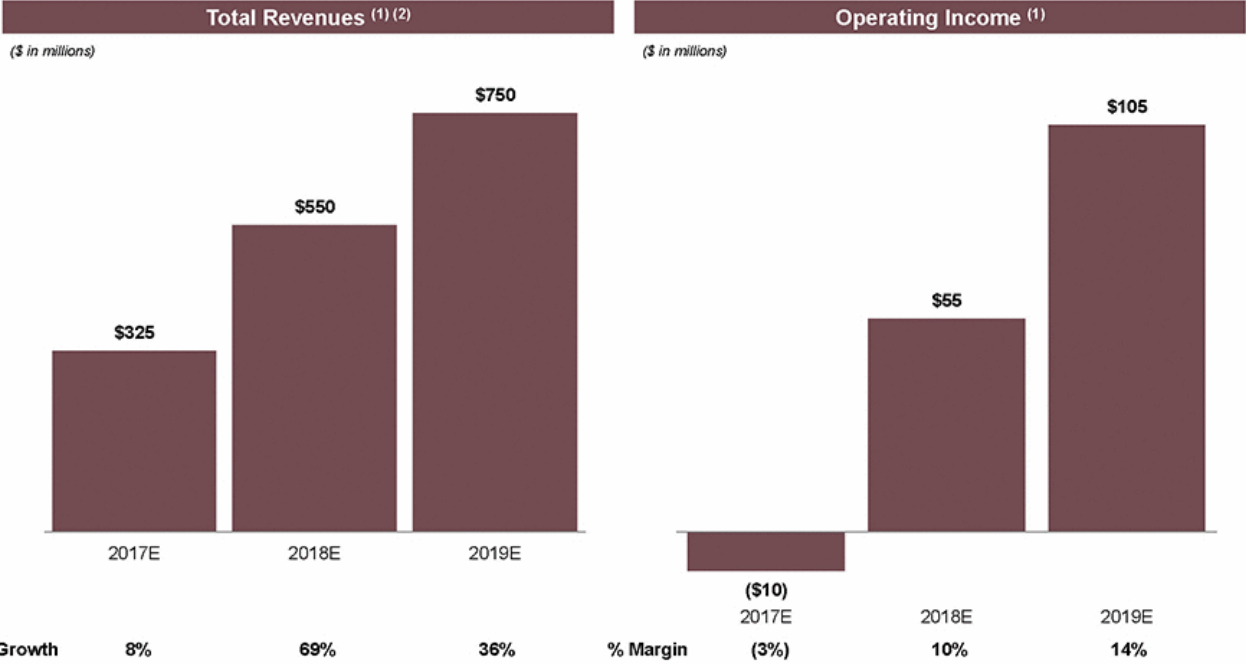
# Over a Decade of Successful Brand Integration

Eight acquisitions, and one joint venture, over the last eleven years – successful in broadening via product offerings, geographic reach and channel diversification



# Preliminary DKI Financial Targets

G-III has developed financial targets for DKI based on extensive due diligence and a bottoms-up approach to the DKI operating model



Note: Assumes February 1, 2017 transaction close.  
 1. Reflects fiscal year ending January 31 of the following year.  
 2. Includes royalty revenues.

## Conducted Significant Due Diligence

- **Stated interest in acquiring a U.S. women's brand that fit into G-III model**
- **Engaged Barclays, Simpson Thacher and Norton Rose to ensure a thorough due diligence process**
- **Conducted numerous commercial, business, financial, tax and legal diligence meetings with both LVMH and DKI management**
- **High level of confidence in due diligence process**
  - Barclays provided a fairness opinion
- **Retailer acceptance highly anticipated**



## Financially Compelling Transaction

- **G-III believes DKI should be evaluated based on a future operating income multiple basis**
  - 2014 DKI sales were nearly double the projected 2016 sales of ~\$300 million
  - Lower 2016 sales reflects LVMH's decision to halt Donna Karan, DKNY Jeans and DKNYC, reduce licensing business and significantly reduce off price and club sales
- **G-III believes valuation is fair and appropriate given brand strength and potential, expected distribution enhancements, product launches, and operating improvements**
  - Confident in ability to achieve targets
- **DKI expected to be highest margin business in portfolio**
  - Margin enhancements expected to come from growth in wholesale sales, optimizing royalty revenues, sourcing and a more hands on management approach`

## Conclusion

- **Iconic power brand with deep heritage, global recognition**
- **Significant growth potential leveraging G-III's core competencies, strong track record and industry reputation**
- **Complementary addition to G-III's portfolio of owned and licensed brands**
- **Demonstrated integration capabilities**
- **Attractive valuation based on intrinsic value of brand / business and forward operating income multiple**
- **LVMH's investment through \$75 million of G-III common stock received as part of the purchase price is a strong indicator of support of G-III**