

# Mossberg's Investor Digest

## Best Idea Profile:

## G-III Apparel Group Ltd. (NASDAQ:GIII)

### DESCRIPTION:

Headquartered in New York City, G-III Apparel Group designs, manufactures and markets an extensive range of outerwear, sportswear and dresses, including coats, jackets, pants and women's suits. The company sells its products under licensed brands, proprietary brands and private retail labels through a cross section of leading retailers such as Macy's, Bloomingdale's, Nordstrom, Lord & Taylor, JC Penney and Kohl's. G-III Apparel also operates 121 retail stores, of which 118 are outlet stores operated under the Wilsons Leather name. G-III apparel has licenses to produce branded fashion apparel under well-known names such as Calvin Klein, Sean John, Kenneth Cole, Cole Hana, Guess?, Jones of New York and Tommy Hilfiger. GIII also has sports licenses with the NFL, NBA, MLB, NHL, and over 100 U.S. universities.

### KEY INVESTMENT CONSIDERATIONS:

**Broad Portfolio of Well Known Brands** - G-III continued to add the licensing rights to premier brands in women's, men's and sports categories catering to a wide range of customers. Due to its diversification, the company is not dependent on any one brand or fashion and benefits from a balanced mix of well-established and newer brands. In addition to its licensed brands, G-III has developed several successful proprietary brands, including Andrew Marc and Marc New York. The company's experience in developing and acquiring licensed brands and proprietary labels, as well as its reputation for producing high quality, well-designed apparel, has led major department stores and retailers, including Macy's, JC Penney and Kohl's, to select G-III to function as a designer and manufacturer for their private label programs.

**Acquisition Opportunities** – G-III has a successful track record of acquisitions and plans to continue to pursue opportunities to add complementary product lines and businesses. From '05 through '08 GIII acquired several businesses, which substantially increased brand portfolio and numbers of stores. These acquisitions have increased the company's portfolio of licensed and proprietary brands and created economies of scale along with a new retail component. Management believes that its existing infrastructure and management depth will enable it to complete additional acquisitions in the apparel industry.

**Diversified Distribution Base** – The company markets its products at multiple price points and across multiple channels of distribution, allowing it to provide products to a broad range of consumers, while reducing its reliance on any one demographic segment, merchandise preference or distribution channel. G-III products are sold to approximately 2,800 customers, including a cross section of leading retailers.

**Seasoned Management Team** – G-III's executive management team has extensive experience in the apparel industry. Morris Goldfarb, the company's Chief Executive Officer, has been with G-III for 35 years. Sammy Aaron, Vice Chairman, has more than 25 years of experience in the apparel industry, President Jeanette Nostra, has been with G-III for over 25 years and COO Wayne S. Miller, has over ten years with the company.

### VALUATION:

The company has a strong balance sheet with \$16.6 million in cash and no long term debt. G-III is one of those rare companies that has used the recession to make key acquisitions and strategically reposition themselves for increased growth. G-III currently trades at 13x FY11 street estimate. With recent sales and net income growth in excess of this multiple, the company is worth a close look by investors.

#### (NASDAQ:GIII)

Investment Data (as of 2/18/11)

<b>Recent Price</b>	<b>\$37.25</b>
52-Week Range	\$19.69 - \$37.42
Fiscal Year End	Jan
Shares Outstanding	19.3MM
Average Trading Volume (3 mos)	200k
Market Capitalization	\$720MM
Cash	\$17MM
Long Term Debt	NA
Enterprise Value (EV)	\$703MM
LT Debt/ Equity	NA
BV/ Share	\$14.80
TTM Revenue	\$987MM
P/ Revenue	0.7x
TTM EPS	\$2.77
P/ EPS	13x
TTM EBITDA	\$95
EV/ EBITDA	7X

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.