PVH Corp. on Wednesday recorded both a fourth-quarter and full-year sales uptick in 2019, on the back of strong sales growth at Tommy Hilfiger, as the company tries to weather the financial impact of Covid-19.
The New York-based company said full-year sales increased 3%, or 5% on a constant currency basis, compared to 2018, reaching $9.91 billion for the year ending February 2.

Tommy Hilfiger sales rose 8% increase, or 11% on a constant currency basis, driven by outperformance in Europe and added revenues resulting from the company’s acquisition of its Australian distributor, Gazal Corporation, in the second quarter.

International comparable store sales increased 9%, while North America comparable store sales decreased 6%, due to weakness in traffic and consumer spending trends, especially in stores located in international tourist locations, said the company.

Calvin Klein, however, witnessed a 2% decrease, or 1% increase on a constant currency basis, compared to the prior year, impacted by foreign currency conversion, and softness in Asia due to the Hong Kong protests, and trade tensions between the U.S. and China. International comparable store sales dipped 1%, while North America comparable sales decreased 2%, due to weakness in traffic and consumer spending trends, especially in stores located in international tourist locations.

Despite the full-year revenue gains, PVH said net income fell to $440 million, from $775.6 million in 2018 or earnings per share of $5.60, compared to $9.65 in the prior year. The company highlighted a negative impact of approximately $0.25 per share due to additional inventory reserves recorded as a result of the onset of the Covid-19 outbreak, and cited several pre-tax costs including the approximate $103 million related to its Calvin Klein restructuring and the closure of the its flagship store on Madison Avenue in New York.

For the fourth-quarter, PVH said revenue increased 5% to $2.6 billion, or 6% on a constant currency basis, compared to the prior year period. Quarterly net loss came to $68.5 million, or $0.93 a share, compared with net income of $158.7 million, or $2.09 a share, in the year-ago period.

Looking ahead, PVH said its first quarter and full-year 2020 results would include a "significant negative impact", as a result of Covid-19.

However, CEO Emanuel Chirico said the company is in a solid financial to navigate the pandemic.

"Our balance sheet has always been one of our core strengths and we have over $1 billion in cash and available borrowings. We also are taking a hard look at all of our discretionary spending, payroll and salary reductions, capital expenditures and inventory management with a firm focus on managing our cash flow and preserving our cash position and financial standing," said Chirico, adding an official 2020 guidance could not be provided at this time.

By Benjamin Fitzgerald

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