G-III takes full ownership of Karl Lagerfeld label

By Dominique Muret - 3 May 2022

G-III Apparel Group, which owns Donna Karan, Sonia Rykiel and Vilebrequin among others, is preparing to take full ownership of the Karl Lagerfeld label. The American fashion group announced through a press release, dated May 2, the purchase of the remaining 81% shares of the ready-to-wear brand founded by renowned German fashion designer Karl Lagerfeld, who died in 2019, and in which the group already holds a 19% stake.

The transaction is valued at $210 million (200 million euros), with G-III buying out a group of private and public investors led by Fred Gehring of Amlon Capital BV. The all-cash deal has already been approved by both companies’ board of directors. Karl Lagerfeld’s existing management team led by CEO Pier Paolo Righi will remain in the business.

"We have great respect for Karl Lagerfeld's experienced and talented leadership team, led by Pier Paolo Righi, with whom we have worked closely for the past seven years. This team, combined with G-III’s expertise, is expected to unlock more of the brand’s global potential, which we believe represents a retail sales opportunity in excess of $2 billion," said the U.S.-based group's CEO, Morris Goldfarb.
"Morris and the G-III team have been part of our family since we joined forces in 2015 to bring the Lagerfeld name to North America. Since then, we have worked together to further grow the brand's footprint. This transaction is the natural evolution of this positive working relationship," added Righi.

This transaction marks a milestone for G-III (worth 2.7 billion dollars as of 2021) and underlines the ambitions set by the group, which acquired Sonia Rykiel last year and also has several licensing agreements with brands such as Calvin Klein and Tommy Hilfiger. The American giant aims to double Karl Lagerfeld's sales, which currently stand at around 1 billion euros, whereas 10 years ago they were in the double-digit millions.

As Goldfarb further pointed out, "the addition of this iconic fashion brand to G-III's portfolio advances several of our key priorities, namely an increase in the direct ownership of brands and their licensing opportunities and further diversification of our global presence."

Founded in 1984 by Karl Lagerfeld, former creative director of Chanel for over 30 years and of Fendi for half a century, the fashion house has been enjoying a successful resurgence for the past decade. After a period of inactivity, with investors changing regularly, Righi took over the company at the end of 2011. He skillfully capitalized on the iconic designer's fame by surrounding himself with Lagerfeld's close confidants such as Caroline Lebar, Lagerfeld's right-hand woman, and Sébastien Jondeau, his former bodyguard and trusted advisor, who became an ambassador and consultant for the sportswear collections.

The exec successfully repositioned Karl Lagerfeld in the affordable luxury market by increasing its number of licenses - there are currently about 15 in various categories, including ready-to-wear clothing, shoes, bags, eyewear and perfumes - while accelerating retail expansion and digitization. The brand has nearly 120 company-owned and franchised stores and is also available in select multi-brand retailers and its online website. Karl Lagerfeld's sales increased by 40% in 2021 compared to 2020 (up 35% compared to pre-pandemic levels), with the company targeting annual growth of around 20-25%.

The deal is expected to close in the second or third quarter of G-III's 2022-23 fiscal year, and will include Karl Lagerfeld's 10% stake in its established joint venture in China.

By Dominique Muret
Translated by Roberta Herrera