

PVH CORP. /DE/
Form 10-K
March 30, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K
(Mark One)

- ANNUAL REPORT
PURSUANT TO
SECTION 13 OR
15(d) OF THE
SECURITIES
EXCHANGE ACT
OF 1934
For the fiscal year
ended February 4,
2018
OR
TRANSITION
REPORT
PURSUANT TO
SECTION 13 OR
15(d) OF THE
SECURITIES
EXCHANGE ACT
OF 1934
For the transition
period from
_____ to

Commission File
Number
001-07572

PVH CORP.
(Exact name of registrant as specified in its charter)
Delaware
(State or other jurisdiction of incorporation or organization)
200 Madison Avenue, New York, New York
(Address of principal executive offices)

13-1166910
(I.R.S. Employer Identification No.)
10016
(Zip Code)

212-381-3500
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$1.00 par value	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None	

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant (assuming, for purposes of this calculation only, that the registrant's directors and corporate officers are affiliates of the registrant) based upon the closing sale price of the registrant's common stock on July 30, 2017 (the last business day of the registrant's most recently completed second quarter) was \$9,245,444,045.

Number of shares of Common Stock outstanding as of March 19, 2018: 76,991,793

DOCUMENTS INCORPORATED BY REFERENCE

Document	Location in Form 10-K in which incorporated
Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 21, 2018	Part III

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

Forward-looking statements in this Annual Report on Form 10-K including, without limitation, statements relating to our future revenue, earnings and cash flows, plans, strategies, objectives, expectations and intentions are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy, and some of which might not be anticipated, including, without limitation, (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) we may be considered to be highly leveraged and we use a significant portion of our cash flows to service our indebtedness, as a result of which we might not have sufficient funds to operate our businesses in the manner we intend or have operated in the past; (iii) the levels of sales of our apparel, footwear and related products, both to our wholesale customers and in our retail stores, the levels of sales of our licensees at wholesale and retail, and the extent of discounts and promotional pricing in which we and our licensees and other business partners are required to engage, all of which can be affected by weather conditions, changes in the economy, fuel prices, reductions in travel, fashion trends, consolidations, repositionings and bankruptcies in the retail industries, repositionings of brands by our licensors and other factors; (iv) our ability to manage our growth and inventory, including our ability to realize benefits from acquisitions; (v) quota restrictions, the imposition of safeguard controls and the imposition of duties or tariffs on goods from the countries where we or our licensees produce goods under our trademarks, any of which, among other things, could limit the ability to produce products in cost-effective countries, or in countries that have the labor and technical expertise needed; (vi) the availability and cost of raw materials; (vii) our ability to adjust timely to changes in trade regulations and the migration and development of manufacturers (which can affect where our products can best be produced); (viii) changes in available factory and shipping capacity, wage and shipping cost escalation, civil conflict, war or terrorist acts, the threat of any of the foregoing, or political or labor instability in any of the countries where our or our licensees' or other business partners' products are sold, produced or are planned to be sold or produced; (ix) disease epidemics and health related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas, as well as reduced consumer traffic and purchasing, as consumers become ill or limit or cease shopping in order to avoid exposure; (x) acquisitions and divestitures and issues arising with acquisitions, divestitures and proposed transactions, including, without limitation, the ability to integrate an acquired entity or business into us with no substantial adverse effect on the acquired entity's, the acquired business's or our existing operations, employee relationships, vendor relationships, customer relationships or financial performance, and the ability to operate effectively and profitably our continuing businesses after the sale or other disposal of a subsidiary, business or the assets thereof; (xi) the failure of our licensees to market successfully licensed products or to preserve the value of our brands, or their misuse of our brands; (xii) significant fluctuations of the United States dollar against foreign currencies in which we transact significant levels of business; (xiii) our retirement plan expenses recorded throughout the year are calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions, and differences between estimated and actual results give rise to gains and losses, which can be significant, that are recorded immediately in earnings, generally in the fourth quarter of the year; (xiv) the impact of new and revised tax legislation and regulations, particularly the recently enacted U.S. Tax Cuts and Jobs Act that might disproportionately affect us as compared to some of our peers due to our specific tax structure and greater percentage of revenues and income generated outside the United States; and (xv) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

We do not undertake any obligation to update publicly any forward-looking statement, including, without limitation, any estimate regarding revenue, earnings or cash flows, whether as a result of the receipt of new information, future events or otherwise.

PVH Corp.
 Form 10-K
 For the Year Ended February 4, 2018
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PART I

Item 1. Business

Introduction

Unless the context otherwise requires, the terms “we,” “our” or “us” refer to PVH Corp. and its subsidiaries.

Our fiscal years are based on the 52-53 week period ending on the Sunday closest to February 1 and are designated by the calendar year in which the fiscal year commences. References to a year are to our fiscal year, unless the context requires otherwise. Our 2017 year commenced on January 30, 2017 and ended on February 4, 2018; 2016 commenced on February 1, 2016 and ended on January 29, 2017; and 2015 commenced on February 2, 2015 and ended on January 31, 2016.

We obtained the market and competitive position data used throughout this report from research, surveys or studies conducted by third parties (including, with respect to the brand rankings, the NPD Group/POS Tracking Service), information provided by customers and industry or general publications. The United States department and chain store rankings to which we refer in this report are on a unit basis. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications and all other information are reliable, we have not independently verified such data and we do not make any representation as to the accuracy of such information.

References to the brand names CALVIN KLEIN, CALVIN KLEIN BY APPOINTMENT, CALVIN KLEIN 205 W39 NYC, CK CALVIN KLEIN, CALVIN KLEIN JEANS, CALVIN KLEIN UNDERWEAR, TOMMY HILFIGER, HILFIGER COLLECTION, TOMMY HILFIGER TAILORED, TOMMY JEANS, Van Heusen, IZOD, ARROW, Speedo, Warner’s, Olga, True&Co., Eagle, Geoffrey Beene, Kenneth Cole New York, Kenneth Cole Reaction, MICHAEL Michael Kors, Michael Kors Collection, DKNY and Chaps, and to other brand names in this report are to registered trademarks owned by us or licensed to us by third parties and are identified by italicizing the brand name.

References to the acquisition of Warnaco refer to our February 13, 2013 acquisition of The Warnaco Group, Inc. and its subsidiaries, which companies we refer to collectively as “Warnaco.”

References to the acquisition of Tommy Hilfiger refer to our May 6, 2010 acquisition of Tommy Hilfiger B.V. and certain affiliated companies, which companies we refer to collectively as “Tommy Hilfiger.”

References to our acquisition of Calvin Klein refer to our February 2003 acquisition of Calvin Klein, Inc. and certain affiliated companies, which companies we refer to collectively as “Calvin Klein.”

Company Information

We were incorporated in the State of Delaware in 1976 as the successor to a business begun in 1881. Our principal executive offices are located at 200 Madison Avenue, New York, New York 10016; our telephone number is (212) 381-3500.

We make available at no cost, on our corporate website, PVH.com, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we have electronically filed such material with the Securities and Exchange Commission (“SEC”). All such filings are also available on the SEC’s website

at sec.gov. Copies of these filings may also be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549, or by calling the SEC at 1-800-SEC-0330.

We also make available at no cost, on PVH.com, the charters of the committees of our Board of Directors, as well as our Corporate Governance Guidelines and Code of Business Conduct and Ethics.

Company Overview

We are one of the largest branded apparel companies in the world, with a history going back over 135 years. We have over 36,000 associates operating in over 40 countries. Our brand portfolio consists of nationally and internationally recognized brand names, including the global designer lifestyle brands CALVIN KLEIN and TOMMY HILFINGER, as well as Van Heusen,

IZOD, ARROW, Warner's, Olga, Eagle and True&Co. We also license brands from third parties, including Speedo (licensed in perpetuity for North America and the Caribbean), Geoffrey Beene, Kenneth Cole New York, Kenneth Cole Reaction, MICHAEL Michael Kors, Michael Kors Collection, DKNY and Chaps. Our brand portfolio also consists of various other owned, licensed and private label brands.

We design and market branded dress shirts, neckwear, sportswear, jeanswear, performance apparel, intimate apparel, underwear, swimwear, swim products, handbags, accessories, footwear and other related products. Our brands are positioned to sell at various price points and in multiple channels of distribution and regions. This enables us to offer products to a broad range of consumers, while minimizing competition among our brands and reducing our reliance on any one demographic group, merchandise preference, price point, distribution channel or region. We also license our brands to third parties and joint ventures for product categories and in regions where we believe our partners' expertise can better serve our brands. During 2017, our directly operated businesses in North America consisted principally of wholesale sales under our CALVIN KLEIN, TOMMY HILFIGER, Van Heusen, IZOD, ARROW, Speedo, Warner's and Olga brands; the operation of digital commerce sites under the CALVIN KLEIN, TOMMY HILFIGER, Speedo and True&Co. brands; and the operation of retail stores, principally in premium outlet centers, primarily under our CALVIN KLEIN, TOMMY HILFIGER and certain of our heritage brands.

Our directly operated businesses outside of North America consisted principally of our wholesale and retail sales in Europe and Asia under our TOMMY HILFIGER brands; our wholesale and retail sales in Europe, Asia and Latin America under our CALVIN KLEIN brands; and the operation of digital commerce sites under the CALVIN KLEIN and TOMMY HILFIGER brands. Our licensing activities principally related to the licensing worldwide of our CALVIN KLEIN and TOMMY HILFIGER trademarks for a broad array of product categories and for various regions.

Our history of growth has been achieved through organic growth, as well as a number of acquisitions and strategic partnerships that have made us a more diversified global organization, with an extensive brand portfolio, retail footprint and distribution network, as well as a large consumer base. These acquisitions included Calvin Klein in 2003, Tommy Hilfiger in 2010, and Warnaco in 2013. We will continue to explore strategic acquisitions of licensed businesses, trademarks and companies that we believe are additive to our overall business.

We acquired True & Co., a direct-to-consumer intimate apparel digital commerce retailer on March 30, 2017. This acquisition enables us to participate further in the fast-growing online channel and provides a platform to increase innovation, data-driven decisions and speed in the way we serve our consumers across our channels of distribution.

We entered into agreements for a transaction to restructure our supply chain relationship with Li & Fung Trading Limited ("Li & Fung") on March 20, 2017. Under these agreements, we terminated our non-exclusive buying agency agreement with Li & Fung during the third quarter of 2017 (the "Li & Fung termination").

We formed a joint venture in Mexico ("PVH Mexico") in which we own a 49% economic interest on November 30, 2016. The joint venture was formed by merging our wholly owned subsidiary that principally operated and managed our Calvin Klein business in Mexico with a wholly owned subsidiary of Grupo Axo, S.A.P.I. de C.V. that distributes certain TOMMY HILFIGER brand products in Mexico. In connection with the formation of PVH Mexico, we deconsolidated our wholly owned subsidiary (the "Mexico deconsolidation"). PVH Mexico licenses from certain of our wholly owned subsidiaries the rights to distribute and sell certain CALVIN KLEIN, TOMMY HILFIGER, Warner's, Olga and Speedo brand products in Mexico.

We acquired the 55% of the ownership interests in TH Asia, Ltd. ("TH China"), our former joint venture for TOMMY HILFIGER in China, that we did not already own (the "TH China acquisition") on April 13, 2016. As a result of the TH China acquisition, we now operate directly our Tommy Hilfiger business in this high-growth market.

We entered into a licensing agreement with G-III Apparel Group, Ltd. (“G-III”) for the design, production and wholesale distribution of TOMMY HILFIGER womenswear in the United States and Canada (the “G-III license”) on February 1, 2016, which resulted in the discontinuation of our directly operated Tommy Hilfiger North America womenswear wholesale business in the fourth quarter of 2016.

We aggregate our reportable segments into three main businesses: (i) Calvin Klein, which consists of the Calvin Klein North America and Calvin Klein International segments; (ii) Tommy Hilfiger, which consists of the Tommy Hilfiger North America and Tommy Hilfiger International segments; and (iii) Heritage Brands, which consists of the Heritage Brands Wholesale and Heritage Brands Retail segments. Note 19, “Segment Data,” in the Notes to Consolidated Financial Statements included in Item 8 of this report contains information with respect to revenue, income before interest and taxes, assets, depreciation and amortization, and capital expenditures related to each segment, as well as information regarding our revenue generated from foreign and domestic sources, and the geographic locations where our net property, plant and equipment is held.

Our 2017 revenue was \$8.9 billion, of which approximately 50% was generated outside of the United States. Our global designer lifestyle brands, CALVIN KLEIN and TOMMY HILFINGER, together generated over 80% of our revenue during 2017.

Calvin Klein Business Overview

We believe Calvin Klein is one of the best known designer names in the world, exemplifying bold, progressive ideals and a seductive, often minimalist aesthetic. Global retail sales of products sold under the CALVIN KLEIN brands were approximately \$9.1 billion in 2017. The CALVIN KLEIN brands provide us with the opportunity to market products both domestically and internationally at various price points, through multiple distribution channels and to different consumer groups. Our tiered-brand strategy provides a focused, consistent approach to global growth and development that preserves the brand's prestige and image. The CALVIN KLEIN brands are:

CALVIN KLEIN BY APPOINTMENT — introduced in February 2017, this new brand offers distinct looks handcrafted and made to measure in New York, New York. CALVIN KLEIN BY APPOINTMENT is a tribute to the CALVIN KLEIN atelier and the full range of handcrafting skills its artisans offer, from embroidery to tailoring.

CALVIN KLEIN 205 W39 NYC — our “halo” brand, offering men's and women's high-end designer apparel and accessories, as well as items for the home. Representing pure, refined luxury, distribution is through our wholesale partners globally (in stores and online), pure play digital commerce retailers, our flagship store on Madison Avenue in New York, New York, and calvinklein.com.

CK CALVIN KLEIN — our “contemporary” brand, offering modern, sophisticated items including apparel and accessories. Distribution is in the wholesale channel through specialty and department store retailers (in stores and online) in various regions and through free-standing stores and online in Asia, as well as on calvinklein.com in the United States. Distribution for the line continues to expand in Europe, including the Fall 2018 launch of womenswear.

CALVIN KLEIN — our “master” brand, offering men's and women's sportswear, outerwear, fragrance, accessories, footwear, performance apparel, men's dress furnishings, women's dresses, suits and handbags, and items for the home. Distribution is primarily in North America, Europe and Asia through our wholesale partners (in stores and online), our own stores, pure play digital commerce retailers, and calvinklein.com.

CALVIN KLEIN JEANS — the casual expression of the CALVIN KLEIN brand with roots in denim, offering men's and women's jeanswear, related apparel and accessories. CALVIN KLEIN jeanswear is known for its unique details and innovative washes. Distribution is worldwide through our own stores, our wholesale partners (in stores and online), pure play digital commerce retailers and calvinklein.com.

CALVIN KLEIN UNDERWEAR — known across the globe for provocative, cutting-edge products and marketing campaigns and consistently delivering innovative designs with superior fit and quality. Offerings include men's and women's underwear, women's intimates, sleepwear and loungewear. Distribution is worldwide through our own stores, our wholesale partners (in stores and online), pure play digital commerce retailers and calvinklein.com.

Over \$380 million was spent globally in 2017 in connection with the advertising, marketing and promotion of the CALVIN KLEIN brands and approximately 40% of these expenses were funded by Calvin Klein's licensees and other authorized users of the brands. Global 360° marketing campaigns, designed to engage consumers through provocative, modern, sensual and iconic lifestyle imagery, are integral to CALVIN KLEIN. Calvin Klein's socially powered marketing campaigns are focused on growing brand awareness and cultural relevancy.

Through our Calvin Klein North America and Calvin Klein International segments, we sell CALVIN KLEIN products in a variety of distribution channels, including:

Wholesale — The wholesale business principally consists of the distribution and sale of products under the CALVIN KLEIN brands to third party retailers (for sale both in stores and online), distributors, franchisees and pure play digital commerce retailers.

• Retail — The retail business principally consists of the distribution and sale of apparel, accessories and related products under the CALVIN KLEIN brands in North America, Europe, Asia and Brazil, as well as on the

calvinklein.com sites we operate in over 35 countries. Our stores in North America are primarily located in premium outlet centers. In Europe, Asia and Brazil, we operate full-price and outlet stores and concession locations. Additionally, CALVIN KLEIN 205 W39 NYC brand men's and women's high-end designer ready-to-wear and accessories collections are marketed through our flagship store located on Madison Avenue in New York, New York and online through calvinklein.com.

Licensing — We license the CALVIN KLEIN brands throughout the world in connection with a broad array of product categories. In these arrangements, Calvin Klein combines its design, marketing and branding skills with the specific manufacturing, distribution and geographic capabilities of its partners to develop, market and distribute these goods, most of which are subject to our prior approval and continuing oversight. Calvin Klein has approximately 55 licensing and other arrangements across the CALVIN KLEIN brands. The arrangements generally are exclusive to a territory or product category. Territorial licensees include our joint ventures in Australia, India and Mexico.

Calvin Klein's key licensees, and the products and territories licensed, include:

Licensee	Product Category and Territory
CK Watch & Jewelry Co., Ltd. (Swatch SA)	Men's and women's watches and jewelry (worldwide)
CK21 Holdings Pte. Ltd.	Men's and women's CK CALVIN KLEIN apparel (Asia, excluding Japan)
Coty Inc.	Men's and women's fragrance, bath products and color cosmetics (worldwide)
DWI Holdings, Inc. / Himatsingka Seide, Ltd.	Soft home bed and bath furnishings (United States, Canada, Mexico, Central America, South America and India)
G-III	Women's coats, suits, dresses, sportswear, active performancewear, handbags and small leather goods, men's coats, and luggage (United States, Canada and Mexico with distribution for luggage in Europe and elsewhere)
Jimlar Corporation / LF USA, Inc.	Men's, women's and children's footwear (United States, Canada, Mexico and certain other jurisdictions for the CALVIN KLEIN and CK CALVIN KLEIN lines and worldwide for the CALVIN KLEIN 205 W39 NYC and CALVIN KLEIN JEANS lines)
Marchon Eyewear, Inc.	Men's and women's optical frames and sunglasses (worldwide)
McGregor Industries, Inc. / American Essentials, Inc.	Men's and women's socks and women's tights (United States, Canada, Mexico, Central and South America, Europe, Middle East and Asia, excluding Japan)
Onward Kashiya Co. Ltd.	Men's and women's CK CALVIN KLEIN apparel (Japan)
Peerless Clothing International, Inc.	Men's tailored clothing (United States, Canada and Mexico)

Our Calvin Klein North America segment includes the results of our Calvin Klein wholesale, retail and licensing activities in the United States, Canada and Mexico, and our proportionate share of the net income or loss of our investment in the joint venture in Mexico relating to the joint venture's Calvin Klein business. Our Calvin Klein

International segment includes the results of our Calvin Klein wholesale, retail and licensing activities outside of North America, and our proportionate share of the net income or loss of our investments in joint ventures in Australia and India relating to the joint ventures' Calvin Klein businesses.

Tommy Hilfiger Business Overview

We believe TOMMY HILFIGER is one of the world's leading designer lifestyle brands and is internationally recognized for celebrating the essence of classic American cool style with a preppy twist. Global retail sales of products sold under the TOMMY HILFIGER brands were approximately \$7.4 billion in 2017. Our Tommy Hilfiger business markets its products under several brands in order to fully capitalize on its global appeal, as each brand varies in terms of price point, demographic target and distribution. The TOMMY HILFIGER brands consist of:

HILFIGER COLLECTION — represents the pinnacle of the TOMMY HILFIGER product offerings, blending the brand's Americana styling with contemporary influences and a playful fashion edge. The collection is targeted to 25 to 40 year-old consumers and consists of designs that premiere on the runway. HILFIGER COLLECTION is available globally at select TOMMY HILFIGER stores, through our wholesale partners (in stores and online), and on tommy.com.

TOMMY HILFIGER TAILORED — targeting 25 to 40 year-old consumers, this line reflects the brand's American menswear heritage in elevated, sophisticated styles that are suitable for more formal occasions. From structured suiting to more relaxed tailoring, classics are modernized with precision fit, premium fabrics, updated cuts, rich colors and luxurious details executed with the brand's signature twist. TOMMY HILFIGER TAILORED is available globally at select TOMMY HILFIGER stores, through our wholesale partners (in stores and online), and on tommy.com.

TOMMY HILFIGER — targeting 25 to 40 year-old consumers, our core line embodies the brand's classic American cool spirit with a broad selection of designs across more than 25 categories, including men's, women's and children's sportswear, footwear and accessories. Products are sold domestically and internationally in our TOMMY HILFIGER specialty and outlet stores, through our wholesale partners (in stores and online), through pure play digital commerce retailers, and on tommy.com.

TOMMY JEANS (formerly HILFIGER DENIM) — targeting the 18 to 30 year-old denim-oriented consumer, the line focuses on premium denim separates, footwear, bags, accessories, eyewear and fragrance. TOMMY JEANS is available globally at select TOMMY HILFIGER stores, through our wholesale partners (in stores and online), through pure play digital commerce retailers, and on tommy.com.

Tommy Hilfiger's global marketing and communications strategy is to build a consumer-centric, go-to-market strategy that maintains the brand's momentum, driving awareness, consistency and relevancy across product lines and regions. We engage consumers through comprehensive 360° marketing campaigns, which have a particular focus on innovative experiences and digital marketing initiatives. Marketing campaigns for the brand have a dedicated focus on TOMMY HILFIGER's global growth categories (women's apparel and accessories, underwear and men's tailored clothing), as well as its core men's apparel and denim businesses. During 2017, Tommy Hilfiger spent over \$180 million on global marketing and communications efforts.

Through our Tommy Hilfiger North America and Tommy Hilfiger International segments, we sell TOMMY HILFIGER products in a variety of distribution channels, including:

Wholesale — The wholesale business principally consists of the distribution and sale of products in North America, Europe, Japan and China under the TOMMY HILFIGER brands to third party retailers and distributors (for sale both in stores and online), franchisees and pure play digital commerce retailers. Tommy Hilfiger has, since 2008, made the majority of its North American wholesale sales to Macy's, Inc. ("Macy's"), which is currently our exclusive department store retailer for TOMMY HILFIGER men's sportswear in the United States.

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Retail — The retail business principally consists of the distribution and sale of products under the TOMMY HILFIGER brands in North America, Europe, Japan, and China through Company-operated full-price specialty and outlet stores, as well as select flagship stores, and through the tommy.com sites we operate in approximately 30 countries.

Licensing — We license the TOMMY HILFIGER brands to third parties globally for a broad range of products through approximately 30 license agreements. We provide support to our licensees and seek to preserve the integrity of our brands by taking an active role in the design, quality control, advertising, marketing and distribution of each licensed product, most of which are subject to our prior approval and continuing oversight. The arrangements generally are exclusive to a territory or product category. Territorial licensees include our joint ventures in Australia, Brazil, India and Mexico.

Tommy Hilfiger's key licensees, and the products and territories licensed, include:

Licensee	Product Category and Territory
American Sportswear S.A.	Men's, women's and children's sportswear, accessories and TOMMY JEANS distribution (Central America and South America (excluding Brazil))
Aramis, Inc. (a subsidiary of The Estee Lauder Companies Inc.)	Fragrance, cosmetics, skincare products and toiletries (worldwide)
Dickson Concepts (International) Limited	Men's, women's and children's sportswear and TOMMY JEANS distribution (Hong Kong, Macau, Malaysia, Singapore and Taiwan)
G-III	Men's and women's outerwear, luggage, women's dresses and women's apparel (excluding intimates, sleepwear, loungewear, hats, scarves, gloves and footwear) (United States and Canada)
GBG Youth Apparel LLC	Boys' and girls' apparel (United States, Canada, Puerto Rico and Guam (Macy's stores only)) and school uniforms (United States)
Hyundai G&F Co., Ltd.	Men's, women's and children's sportswear and TOMMY JEANS distribution (South Korea)
Peerless Clothing International, Inc. (effective January 1, 2018; formerly licensed to Marcraft Clothes, Inc.)	Men's tailored clothing (United States and Canada)
MBF Holdings LLC	Men's and women's footwear (United States and Canada)
Movado Group, Inc. & Swissam Products, Ltd.	Men's and women's watches and jewelry (worldwide, excluding Japan (except certain customers))
Safilo Group S.P.A.	Men's, women's and children's eyeglasses and non-ophthalmic sunglasses (worldwide, excluding India)

Our Tommy Hilfiger North America segment includes the results of our Tommy Hilfiger wholesale, retail and licensing activities in the United States, Canada and Mexico, and our proportionate share of the net income or loss of our investment in the joint venture in Mexico relating to the joint venture's Tommy Hilfiger business. Our Tommy Hilfiger International segment includes the results of our Tommy Hilfiger wholesale, retail and licensing activities outside of North America, and our proportionate share of the net income or loss of our investments in joint ventures in Australia, Brazil and India relating to the joint ventures' Tommy Hilfiger businesses.

Heritage Brands Business Overview

Our Heritage Brands business designs, sources and markets a varied selection of prominent brand label dress shirts, neckwear, sportswear, swim products, intimate apparel, underwear and related apparel and accessories, and licenses

our Van Heusen, IZOD, ARROW, Speedo, Warner's and Olga brands for an assortment of products. The Heritage Brands business also offers private label dress furnishings programs, particularly in neckwear. We design, source and market substantially all of these products on a brand-by-brand basis, targeting distinct consumer demographics and lifestyles in an effort to minimize competition among our brands. Global retail sales of products sold under our heritage brands were approximately \$3.4 billion in 2017.

We principally distribute our Heritage Brands products at wholesale in the United States and Canada through department, chain and specialty stores, warehouse clubs and mass market, off-price and independent retailers (in stores and online), as well as through pure play digital commerce retailers. As a complement to our wholesale business, which is our core business, we also market products directly to consumers through our Heritage Brands stores, principally located in outlet centers throughout the United States and Canada, and through our directly operated digital commerce sites for Speedo and True&Co.

Heritage Brands Wholesale. Our Heritage Brands Wholesale segment principally consists of the following product categories:

Men's dress shirts and neckwear that is primarily distributed through department, chain and specialty stores, warehouse clubs and mass market and off-price retailers (in stores and online), as well as pure play digital commerce retailers. We market both dress shirts and neckwear under brands including Van Heusen, ARROW, IZOD, Eagle, Geoffrey Beene, Kenneth Cole New York, Kenneth Cole Reaction, MICHAEL Michael Kors, Michael Kors Collection and, beginning in 2018, DKNY. We also market dress shirts under the Chaps brand, among others. We also offer private label dress shirt and neckwear programs to retailers, primarily national department stores and mass market retailers. We believe our product offerings collectively represent a sizeable portion of the domestic dress furnishings market.

We license certain of the brands under which we sell men's dress shirts and neckwear. The following table provides information with respect to the expiration of the licenses for the more significant brands (as determined based on 2017 sales volume):

Brand Name	Licensor	Expiration
Geoffrey Beene	Geoffrey Beene, LLC	December 31, 2021, with a right of renewal (subject to certain conditions) through December 31, 2028.
Kenneth Cole New York and Kenneth Cole Reaction	Kenneth Cole Productions (Lic), Inc.	December 31, 2022, with a right of renewal (subject to certain conditions) through December 31, 2025
Chaps	The Polo/Lauren Company, LP and PRL USA, Inc.	March 31, 2020
MICHAEL Michael Kors	Michael Kors, LLC	January 31, 2019, with a right of renewal (subject to certain conditions) through January 31, 2022

Sportswear, including men's sport shirts, sweaters, bottoms and outerwear, principally under the IZOD, Van Heusen and ARROW brands, that is primarily distributed through department, chain and specialty stores, warehouse clubs and mass market and off-price retailers (in stores and online), as well as pure play digital commerce retailers. IZOD, Van Heusen and ARROW were the first, second and sixth best selling national brand men's woven sport shirts, respectively, in United States department and chain stores in 2017. We began producing in 2018 men's sportswear and jeanswear under a license for the DKNY brand.

Men's, women's and children's swimwear, pool and deck footwear, and swim-related products and accessories, such as swim goggles, learn-to-swim aids, water-based fitness products and training accessories under the Speedo trademark. The Speedo brand is exclusively licensed to us for North America and the Caribbean in perpetuity from Speedo International Limited. We primarily distribute Speedo products through mass market retailers, sporting goods stores, team dealers, swim clubs, off-price retailers, catalog retailers and digital commerce sites, including our directly operated digital commerce site SpeedoUSA.com and sites operated by pure play digital commerce retailers.

Women's intimate apparel, shapewear and loungewear under the Warner's, Olga and True&Co. brands. Warner's and Olga products are primarily distributed through department and chain stores, warehouse clubs and mass market and off-price retailers (in stores and online), as well as pure play digital commerce retailers. Warner's was the fourth best selling brand for bras and panties in United States department and chain stores in 2017. True&Co. is primarily distributed in the United States through our TrueandCo.com digital commerce site.

Heritage Brands Retail. Our Heritage Brands Retail segment consists of the operation of stores, primarily located in outlet centers throughout the United States and Canada. A majority of our stores offer a broad selection of Van Heusen men's and women's apparel, along with a limited selection of our dress shirt and neckwear offerings, and IZOD Golf, Warner's and, to a lesser extent, Speedo brand products. Approximately half of these stores operate under the Van Heusen name, with the remaining stores featuring multiple brand names on the store signage.

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Licensing. We license our heritage brands globally for a broad range of products through approximately 75 license agreements. We provide support to our licensees and seek to preserve the integrity of our brands by taking an active role in the design, quality control, advertising, marketing and distribution of each licensed product, most of which are subject to our prior approval and continuing oversight. The arrangements generally are exclusive to a territory or product category. Territorial licenses include our joint ventures in Australia and Mexico.

Our heritage brands licensees, and the products and territories licensed by them, include:

Licensees	Product Category and Territory
Arvind Lifestyle Brands LTD.	ARROW men's and women's dresswear, sportswear and accessories (India, Middle East, Egypt, Ethiopia, Maldives, Nepal, Sri Lanka and South Africa); IZOD men's and women's sportswear and accessories (India)
ECCE	ARROW men's and women's dresswear, sportswear and accessories (France, Switzerland and Andorra)
F&T Apparel LLC	Van Heusen and ARROW boys' dress furnishings and sportswear; IZOD boys' sportswear; IZOD and ARROW boys' and girls' school uniforms; ARROW men's tailored clothing; IZOD boys' tailored clothing (United States and Canada)
I.C.C. International Public Company, Ltd.	ARROW men's dress furnishings, tailored clothing, sportswear and accessories; ARROW women's dresswear and sportswear (Thailand, Myanmar, Laos, Cambodia and Vietnam)
Peerless Delaware, Inc.	Van Heusen and IZOD men's tailored clothing (United States, Canada and Mexico)
Van Dale Industries, Inc.	IZOD women's intimates and sleepwear; Warner's and Olga women's shapewear, sleepwear, loungewear and athletic wear (United States and Canada)
Basic Resources, Inc. / USA Legwear LLC	Van Heusen and IZOD men's and boy's knit and woven underwear; Van Heusen, IZOD and Warner's hosiery (United States and Canada)

Our Heritage Brands Wholesale segment includes the results of our Heritage Brands wholesale and licensing activities and our proportionate share of the net income or loss of our investments in the joint ventures in Australia and Mexico relating to the joint ventures' Heritage Brands businesses. Our Heritage Brands Retail segment includes the results of our Heritage Brands retail activities.

Our Business Strategy

We are one of the largest branded apparel companies in the world, with \$8.9 billion in revenues in 2017. We see opportunity for growth as we employ our strategic priorities across our organization. Our global growth strategies include:

- Driving consumer engagement by investing in brand, product, channel and in-store and online experiences.

- Innovation in design, product offerings and new categories.

- Growing our presence where our consumers shop and engage.

- Expanding CALVIN KLEIN's and TOMMY HILFINGER's worldwide reach and extending direct control over licensed businesses.

- Investing in and evolving our operating platforms through system upgrades, consumer data analytics, speed to market improvements, digitalization, supply chain initiatives and centers of excellence.
- Developing a talented and skilled organization that embodies our core values by attracting and retaining talent through associate engagement and career growth opportunities.
- Generating free cash flow by accelerating topline growth and focusing on margin and working capital opportunities, while maximizing returns.
- Making a positive impact on the communities where we work and live.

Calvin Klein Business

We believe significant growth opportunities exist to drive further global retail sales of CALVIN KLEIN over time, including through:

- Enhancing CALVIN KLEIN's global brand relevance through marketing campaigns and consumer engagement initiatives that are based on consumer insights.

- Innovating and driving product improvement and expansion, particularly within denim, accessories and underwear.

- Growing and elevating the consumer shopping experience, including digital commerce, specialty stores and travel retail, while opportunistically opening specialized brick and mortar locations and modernizing our presence in department stores.

- Expanding globally and extending greater control of the brand by taking back licensed businesses to operate them directly.

Tommy Hilfiger Business

We believe significant growth opportunities exist to drive further global retail sales of TOMMY HILFIGER over time, including through:

- Engaging consumers through marketing campaigns and brand partnerships that are designed to drive growth and reflect TOMMY HILFIGER's accessible luxury positioning and classic American cool aesthetic.

- Innovating and driving category expansion within womenswear, sportswear, accessories, men's tailored clothing and underwear, as well as other licensing opportunities.

- Growing and modernizing the consumer shopping experience, while digitizing Tommy Hilfiger from showrooms to the consumer experience at wholesale, online and at our own stores.

- Expanding regionally, particularly in Asia Pacific.

Heritage Brands Business

Our Heritage Brands business represents our original business, where we developed our core competencies, and is an important complement to our global designer brand businesses. We believe that this business can continue to gain market share and generate healthy cash flows as we execute against our key strategic initiatives, including:

- Driving consumer engagement by leveraging and enhancing each brand's position in the market.

- Innovating and offering quality, trend-right products that deliver advanced technologies and features at a great value to our customers.

- Growing presence online with the launch of a new directly operated digital commerce site and through pure play digital commerce retailers, as well as increased distribution through wholesale partners (in stores and online).

- Pursuing international expansion opportunistically.

Other Strategic Opportunities

While we believe we have an attractive and diverse portfolio of brands with growth potential, we will continue to explore strategic acquisitions of licensed businesses, trademarks and companies that we believe are additive to our overall business. We take a disciplined approach to acquisitions, seeking brands with broad consumer recognition that we can grow profitably and expand by leveraging our infrastructure and core competencies and, where appropriate, by extending the brand through licensing.

Seasonality

Our business generally follows a seasonal pattern. Our wholesale businesses tend to generate higher levels of sales in the first and third quarters, while our retail businesses tend to generate higher levels of sales in the fourth quarter. Royalty, advertising and other revenue tends to be earned somewhat evenly throughout the year, although the third quarter has the highest level of royalty revenue due to higher sales by licensees in advance of the holiday selling season. We expect this seasonal pattern will generally continue. Working capital requirements vary throughout the year to support these seasonal patterns and business trends.

Design

Our businesses depend on our ability to stimulate and respond to consumer tastes and demands, as well as on our ability to remain competitive in the areas of quality and delivering a compelling price value proposition.

A significant contributor to the continued strength of our brands is our in-house design teams. Each brand employs its own teams of designers and merchandisers that develop products representing our brand aesthetics, while also being mindful of our consumers' taste, lifestyle needs and current fashion trends. To reflect consumer variances in each of our regional markets, our brands tailor their products to appeal to local tastes, sizing differences or other preferences, while maintaining the cohesive creative vision for each brand.

Calvin Klein implemented a global creative strategy to unify all of the CALVIN KLEIN brands under one creative vision during 2016. As part of this strategy, Raf Simons was appointed as Chief Creative Officer of Calvin Klein and is responsible for leading the creative strategy of the brand globally, as well as overseeing all aspects of design, marketing and communications, and visual creative services. Mr. Simons' first collections for CALVIN KLEIN 205 W39 NYC were presented in February 2017 at New York Fashion Week and were available for sale in Fall 2017. Mr. Simons was honored as Designer of the Year at the 2017 British Fashion Council's annual Fashion Awards and won the Council of Fashion Designers of America Fashion Awards for both the Womenswear Designer of the Year and the Menswear Designer of the Year. He also introduced CALVIN KLEIN BY APPOINTMENT, a tribute to the CALVIN KLEIN atelier and the full range of handcrafting skills its artisans offer, from embroidery to tailoring, available exclusively by appointment in New York, New York. Mr. Simons' team also controls design operations and product development for most licensees and other strategic partners.

Product Sourcing

Our capabilities for worldwide procurement and sourcing enable us to deliver to our customers competitive and high quality goods at an attractive value and on a timely basis. We have an extensive established network of worldwide sourcing partners that enables us to meet our customers' needs in an efficient manner and not rely on any one vendor or factory or on vendors or factories in any one country. Our products were produced in over 1,200 factories in approximately 50 countries during 2017. All but two of these factories were operated by independent manufacturers, with most being located in Asia.

We source finished products and, to a lesser extent, raw materials and trim. Raw materials and trim include fabric, buttons, thread, labels and similar components. Finished products consist of manufactured and fully assembled products ready for shipment to our customers and our stores. Raw material, trim, and finished product commitments are generally made two to six months prior to production, and quantities are finalized at that time. We believe we are one of the largest users of shirting fabric in the world. We believe that an ample number of alternative suppliers exist should we need to secure additional or replacement production capacity and raw materials.

Our purchases from our suppliers are effected through individual purchase orders specifying the price, quantity, delivery date and destination of the items to be produced. Sales are monitored regularly at both the retail and wholesale levels and modifications in production can be made either to increase or reduce inventories. We look to establish long-term supplier relationships in the appropriate locations throughout the world to meet our needs and we place our orders in a manner designed to limit the risk that a production disruption at any one facility could cause a serious inventory problem, while maximizing the business opportunity.

The manufacturers of our products are required to meet our quality, human rights, safety, environmental and cost requirements. Our global supply chain teams, offices and buying agents enable us to monitor the quality of the goods manufactured by, and the delivery performance of, our suppliers, and work with our global compliance teams to ensure the enforcement of our human rights and labor standards and other code of conduct requirements through our ongoing extensive training, approval and monitoring system. They also monitor and track the primary cost inputs to the finished product to ensure

that we pay the most appropriate cost for our finished goods. We continue to assess our manufacturing footprint to ensure we have the best infrastructure to meet the needs of our global wholesale and retail businesses. We are continuing to make progress on maintaining an agile and data-driven supply chain. We have made advancements to capture additional gross margin opportunities, as we continue to optimize our vendor base to work more closely with long-term strategic partners, focus on core replenishment for select categories and improve our speed to market. We have also optimized our country of origin strategy to maximize regional opportunities. We believe the enhancement of our supply chain efficiencies and working capital management through the effective use of our distribution network and overall infrastructure will allow us to better control costs and provide improved service to our customers.

We recently restructured our supply chain relationship with Li & Fung in line with our supply chain priorities. We completed the Li & Fung termination during the third quarter of 2017. In connection with this transaction, we terminated our non-exclusive buying agency agreement with Li & Fung and entered into a new agreement that will allow us to evolve our supply chain, while also building upon our operating platforms to enhance our efficiencies across the organization.

We also began producing finished products in Ethiopia during the first half of 2017 to evolve our supply chain and become more dynamic. Production is through a joint venture, PVH Arvind Manufacturing Private Limited Company (“PVH Ethiopia”), that we formed with Arvind Limited (“Arvind”). The goods produced are primarily distributed in the United States by our Heritage Brands business.

Corporate Responsibility

As an industry leader and one of the largest branded apparel companies in the world, PVH recognizes its responsibility to address its social and environmental impacts. Further, we recognize the responsibility and opportunity to make positive impacts - from source to store - by empowering the people who work in our supply chain, preserving the environment and supporting our communities. Corporate responsibility is central to how we conduct business and it is a crucial consideration embodied in all of the strategic business decisions that we make. We are committed to making an impact on the people, the environment and the communities where we work and live and communicating our progress transparently to our stakeholders. Our corporate responsibility strategy consists of ten commitments under three key focus areas, which align with the United Nations’ Sustainable Development Goals, covering issues such as clean water and sanitation, affordable and clean energy, and inclusion and diversity.

The three key focus areas are:

Empowering people — We believe that our people are our most valuable asset. We are committed to investing in talent, developing our people and expanding their career development opportunities, while providing an inclusive environment where every individual is valued. We view the workers in our supply chain as an extension of our organization and are committed to partnering with our business partners to protect the human rights of every worker.

Preserving the environment — We recognize our responsibility to reduce our impact on the environment and sustainably manage resources. This means reducing our global greenhouse gas emissions, phasing out hazardous chemicals, safeguarding water resources, innovating towards more sustainable packaging, and sourcing raw materials in a way that respects people, animals and the environment.

Supporting communities — We are committed to creating positive change in the communities where we work and live. We aim to support the needs of women and children around the world by creating safe spaces, improving access to education and enhancing quality of life. We invest in local communities through partnerships with non-profit organizations, associate volunteerism and contributions.

We issue an annual report on our corporate responsibility efforts that can be found on our corporate website at PVH.com/responsibility.

Warehousing, Distribution and Logistics

Our products are shipped from manufacturers to our wholesale and retail warehousing and distribution centers for inspection, sorting, packing and shipment. Centers range in size and our main facilities are located in the United States, the Netherlands, Canada, China, Japan, Hong Kong, South Korea, Taiwan and Brazil. Our warehousing and distribution centers are designed to provide responsive service to our customers and our retail stores on a cost-effective basis.

We believe that our investments in logistics and supply chain management allow us to respond rapidly to changes in sales trends and consumer demands while enhancing inventory management. We believe our customers can better manage their inventories as a result of our continuous analysis of sales trends, broad array of product availability and quick response capabilities. Certain of our products can be ordered at any time through our basic stock replenishment programs. We generally ship these products within two days of order receipt for customers who reorder these products.

Our backlog of customer orders totaled \$2.097 billion and \$1.377 billion as of February 4, 2018 and January 29, 2017, respectively. The size of our order backlog depends upon a number of factors, including the timing of the market weeks for our particular lines during which a significant percentage of our orders are received and the timing of the shipments, which varies from year-to-year with consideration for holidays, consumer trends, concept plans, and the usage of our basic stock replenishment programs. As a consequence, a comparison of the size of our order backlog from period to period may not be meaningful, nor may it be indicative of eventual shipments.

Material Customers

Our largest customers account for significant portions of our revenue. Sales to our five largest customers were 18.9% of our revenue in 2017, 21.3% of our revenue in 2016 and 22.2% of our revenue in 2015. No single customer accounted for more than 10% of our revenue in 2017, 2016 or 2015.

Advertising and Promotion

Our marketing programs are an integral component of our brands and their associated product offerings. Advertisements generally portray a lifestyle representation of our category offerings rather than a specific item. We intend for each of our brands to be a leader in its respective market segment, with strong consumer awareness, relevance and consumer loyalty. We believe that our brands are successful in their respective market segments because we have strategically positioned each brand to target a distinct consumer demographic. We design and market our products to complement each other, satisfy lifestyle needs, emphasize product features important to our target consumers, deliver a strong price/value proposition and encourage consumer loyalty.

The largest component of our marketing programs is digital media, including our digital commerce platforms and social media channels, which allow us to expand our reach to customers and enable us to provide timely information in an entertaining fashion to consumers about our products, special events, promotions and store locations. We also advertise through print media (including fashion, entertainment/human interest, business, men's, women's and sports magazines and newspapers), on television, through outdoor signage and through in-store point of sale materials, as well as participate in cooperative advertising programs with our retail partners. In addition, we advertise our brands through sport sponsorships and product tie-ins. We believe that our use of influential brand ambassadors across our marketing programs helps drive our brand awareness and cultural relevance.

With respect to our retail outlet operations, we generally rely upon local outlet mall developers to promote traffic for their centers. Outlet center developers employ multiple formats, including signage (highway billboards, off-highway directional signs, on-site signage and on-site information centers), print advertising (brochures, newspapers and travel magazines), direct marketing (to tour bus companies and travel agents), radio and television advertising and special promotions.

We believe Calvin Klein is one of the best known designer names in the world, exemplifying bold, progressive ideals and a seductive, and often minimalist aesthetic. Its high-profile, often cutting-edge global advertising campaigns have periodically garnered significant publicity, notoriety and conversation among customers and consumers, as well as within the fashion industry, and have helped to establish and maintain the CALVIN KLEIN name and image. Calvin

Klein has a dedicated in-house advertising agency, with experienced creative and media teams that develop and execute a substantial portion of the institutional consumer advertising for products under the CALVIN KLEIN brands and work closely with other Calvin Klein departments and business partners to deliver a cohesive and aspirational brand message to the consumer. Calvin Klein maintains multiple showroom facilities and sales offices around the world.

Calvin Klein experienced wide success in its global marketing campaigns in 2017, with a continued focus on engaging consumers through provocative, modern, sensual and iconic lifestyle imagery and elevating the brand's cultural and fashion relevance. The debut of CALVIN KLEIN BY APPOINTMENT, a high luxury tier of product available exclusively by appointment beginning in Spring 2017, featured popular actress Millie Bobby Brown and other celebrities and gave the fashion world its first look at the brand's cohesive creative vision under Raf Simons. The launch was accompanied by a new advertising campaign, which was featured on calvinklein.com, the brand's official social media channels, and in print, digital and outdoor advertising in major fashion cities around the world. Calvin Klein launched for Spring 2017 its American Classics

campaign, which included works by artist Andy Warhol to capture cultural moments and communicate with consumers through more of an artistic lens. Calvin Klein expanded upon this campaign for Fall 2017 with images featuring the debut CALVIN KLEIN 205 W39 NYC collection by Raf Simons photographed by photographer Willy Vanderperre.

Beginning in Fall 2017, CALVIN KLEIN took a more commercial approach, with the relaunch of the brand's highly successful #MYCALVINS campaign that originally debuted in 2014. Under the new moniker, Our Family. #MYCALVINS, the brand featured siblings Kaia and Presley Gerber wearing CALVIN KLEIN JEANS, as well as songwriter and recording/visual artist Solange alongside her personally curated cast of singers/songwriters, amongst other celebrities, such as members of the popular hip-hop collective A\$AP Mob, wearing CALVIN KLEIN JEANS and CALVIN KLEIN UNDERWEAR. To drive further momentum for Spring 2018, Calvin Klein enlisted sisters Kim Kardashian West, Khloé Kardashian, Kourtney Kardashian, Kendall Jenner and Kylie Jenner as brand ambassadors for CALVIN KLEIN JEANS and CALVIN KLEIN UNDERWEAR in the brands' global multi-media campaign, marking the first time all of the sisters were photographed together for a brand.

Calvin Klein also has a dedicated in-house global communications team, which incorporates corporate communications, public relations, celebrity dressing and special events. This group coordinates many global events to support the brand and business, including the Spring and Fall CALVIN KLEIN 205 W39 NYC runway shows, and oversees the dressing of celebrities for events, award ceremonies and film premieres.

We believe that TOMMY HILFIGER is one of the world's leading designer lifestyle brands and is internationally recognized for celebrating the essence of classic American cool style with a preppy twist. Tommy Hilfiger employs advertising, marketing and communications staff, including an in-house creative team, as well as outside agencies, to implement its global marketing and communications strategy across all channels of distribution. The Tommy Hilfiger marketing and communications team develops and coordinates TOMMY HILFIGER advertising for all regions and product lines, licensees and regional distributors. Advertisements for TOMMY HILFIGER brand products appear primarily in social media outlets, fashion and lifestyle magazines, newspapers, outdoor media and cinema and on television. The digital and online focus of marketing for the TOMMY HILFIGER brands is integral to its campaigns and continues to increase. Additionally, the marketing and communications team coordinates personal appearances by Mr. Tommy Hilfiger, including at runway shows, brand events and flagship store openings as part of its efforts. Tommy Hilfiger maintains multiple showroom facilities and sales offices around the world, more than half of which include innovative digital sales showrooms that have created a more engaging, integrated and seamless digitized buying experience for its wholesale partners.

Tommy Hilfiger celebrated in 2017 Mr. Hilfiger's affinity for music, pop culture, fashion and entertainment through several high profile collaborations during the year. Tommy Hilfiger's advertising programs focused on driving sales in its global growth categories - women's apparel, accessories and men's tailored apparel and underwear - while also engaging new consumers, with a particular focus on attracting a younger consumer. The successful strategic partnership with Gigi Hadid, the global brand ambassador for TOMMY HILFIGER womenswear, continued with the model co-designing capsule pieces for Spring and Fall 2017. Building upon its role in the "see now, buy now" realm, the brand's TOMMYNOW Spring 2017 fashion show in Venice Beach and Fall 2017 fashion show in London allowed consumers to immediately purchase items featured on the runway through tommy.com, as well as in TOMMY HILFIGER stores and through select wholesale partners globally. Additionally, the TOMMY JEANS Spring and Fall 2017 marketing campaigns featured celebrities, including Gigi Hadid and Sofia Richie.

On the menswear side, Tommy Hilfiger continued its successful partnership with Rafael Nadal through the Spring 2017 marketing campaign and enlisted the American pop music/producer duo, The Chainsmokers, as global brand ambassadors for TOMMY HILFIGER menswear for Fall 2017. Tommy Hilfiger also partnered with Hong Kong actor and singer, Shawn Yue, the first local ambassador in China, Hong Kong, Macau and Taiwan beginning in Fall 2017.

We believe that this was the first meaningful collaboration for the brand to capitalize on the tremendous opportunity that exists to expand its presence in Asia. Additionally, Tommy Hilfiger announced in early 2018 a multi-year partnership with four-time Formula One World Champions Mercedes-AMG Petronas Motorsport and that four-time Formula One World Champion Lewis Hamilton will appear as the new global brand ambassador for TOMMY HILFIGER menswear. These partnerships build upon the efforts to expand the brand's global recognition and bring TOMMY HILFIGER to new audiences, as well as further drive the global growth of Tommy Hilfiger's menswear business.

Tommy Hilfiger's digital commerce site, tommy.com, and Calvin Klein's digital commerce site, calvinklein.com, serve as marketing vehicles to complement the ongoing development of the TOMMY HILFIGER and CALVIN KLEIN lifestyle brands, respectively, in addition to offering a broad array of apparel and licensed products.

We delivered engaging marketing campaigns for our Heritage Brands business in 2017, with a particular focus on driving brand relevance with younger consumers, and communicated our product features through digital, print, point of sale

and television advertisements. The Van Heusen Flex Collection was supported by point of sale signage and print advertising to communicate the breadth of the collection and key product features. We also advertised the Warner's No Side Effects and Cloud 9 bras and True&Co. True Body Collection bras on television during 2017. Additionally, we leveraged strategic new platforms to commercialize Heritage Brands products, including efforts to develop the Speedo Fit training program by building relevancy through partnerships with personal trainers, gyms and fitness professionals.

We also advertised our Heritage Brands business through sport sponsorships. Three-time PGA Tour winner Scott Piercy and 2015 PGA Tour champion David Lingmerth serve as brand ambassadors for IZOD Golf, which includes wearing IZOD Golf apparel on-course, and Olympic gold medalists and champion tennis players the Bryan Brothers serve as brand ambassadors for IZOD. Speedo is endorsed by world-class swimmers, including Missy Franklin and Nathan Adrian. These athletes exclusively wear Speedo products in competition, including throughout the 2016 Summer Olympics and 2017 World Championships, and participate in various promotional activities on behalf of the brand. In addition, we have an all-brand, regional sponsorship agreement with the New York Giants.

Trademarks

We own the CALVIN KLEIN, TOMMY HILFIGER, Van Heusen, IZOD, ARROW, Warner's, Olga, True&Co. and Eagle brands, as well as related trademarks (e.g., the interlocking "IZ" logo for IZOD and the TOMMY HILFIGER flag logo and crest design) and lesser-known names. These trademarks are registered for use in each of the primary countries where our products are sold and additional applications for registration of these and other trademarks are made in jurisdictions to accommodate new marks, uses in additional trademark classes or additional categories of goods or expansion into new countries.

We own the CALVIN KLEIN