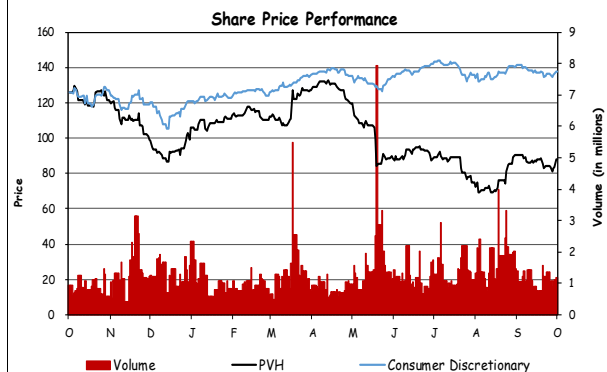


PVH Corp.	Symbol: PVH
Analyst	Paul Liguori
Buy below	\$86.22
Sell above	\$120.98
Probability of Price Increase	72%
Last Price	\$87.72
Intrinsic Value	\$96.94
Target Dividends	\$0.16
Target Price	\$107.61



Description
 PVH Corp. operates as an apparel company in North America and internationally.

Sector	Consumer Discretionary
Industry	Textiles, Apparel and Luxury Goods
Last Guidance	December 11, 2018
Next earnings date	November 29, 2019

People
 Chirico, Emanuel, Chairman & CEO
 Shaffer, Michael, Executive VP and Chief Operating & Financial Of
 Duane, Francis, Vice Chairman & CEO of Heritage Brands
 Grieder, Daniel, Chief Executive Officer of Tommy Hilfiger Globa
 Larsson, Stefan, President
 Mahoney, Eileen, Chief Information Officer & Executive VP

Top Competitors

Columbia Sportswear Company	--
Skechers U.S.A., Inc.	--
Ralph Lauren Corporation	--
Hanesbrands Inc.	--
DMG MORI AKTIENGESELLSCHAFT	--

Market Statistics

Market Capitalization (mil)	\$6,503.89
Last Price per share	\$87.72
52 week high	\$134.24
52-week low	\$67.41
Volatility	31.69%
Daily volume (mil)	1.20
Short interest	3.43%
Days to cover short interest	1.75
Beta	2.57

Financials

Profitability	PVH (LTM)	PVH Historical	Peers' Median (LTM)
Return on Capital	4.5%	5.56%	17.09%
Adjusted EBITDA Margin	9.5%	8.34%	12.80%
Return on Equity	10.6%	11.8%	18.5%
Adjusted Net margin	6.0%	6.7%	7.6%
Invested Funds	PVH (LTM)	PVH Historical	Peers' Median (LTM)
Cash/Capital	4.2%	5.0%	23.7%
NWC/Capital	7.7%	6.9%	27.9%
Operating Assets/Capital	55.2%	55.0%	45.2%
Goodwill/Capital	32.8%	32.9%	9.1%
Capital Structure	PVH (LTM)	PVH Historical	Peers' Median (LTM)
Total Debt/(Market Cap.+ Other Claims on Capital)	0.55	0.40	0.31
Minority Interest/(Market Cap.+ Other Claims on Capital)	0.0%	0.0%	0.0%
Preferred Equity/(Market Cap.+ Other Claims on Capital)	0.0%	0.0%	0.0%
CGFS Credit Rating	CCC		B
Credit Rating Model	a- to a		bbb to bbb+
Probability of Default Model	b- to b		bbb-
Likely Current Cost of Debt	3.06%		4.15%
Likely Current Cost of Equity (Cost of Debt + MRP)	10.71%		11.81%
Likely Current WACC	7.82%		9.8%

Investment Thesis

TRADE TENSIONS AND THE FALL OF BRICK AND MOARTAR STORES

I am initiating coverage of PVH with a BUY at market price (\$87.72) and a \$100 price target. PVH holds name-brand companies such as Tommy Hilfiger and Calvin Klein, as well as lower-end names such as Izod, Van Heusen, Speedo, and Arrow. Through increased control of its brands through multi-worldwide acquisitions, a high initiative to pay off debt with FCF, and stable management PVH has created a name that is sure to sustain growth in an ever-so-depleating and confusing field of operation that is clothing, even through high investor inconfidence in China and the EU.

For the long:

1. New Growth Opportunities into large market sectors:

With new outlook ventures to grow their business among Chinese and Latin American marketplaces, PVH's Heritage brands are set to make a great difference to their ever-so-changing business model. Due to big box store slowdown (especially within Macy's and JCPenny) slowing the revenue growth of TH and CK lines, the potential held within the consumer friendly price range can be more appealing to the ever-so-growing marketplace that is gen X and Y.

2. Reinvesting into slowing brands:

With the closing of the Calvin Klein flagship store in NYC, a larger inflow of cash is now available to re-align themselves into a "digital-first" approach. This will include a reorganization of its North American division, combining operations in sportswear and jeans, as well as its higher-end Calvin Klein 205W39NYC business, relaunching with a new name and creative direction. This may cause a period of consumer volatility due to the uncertainty of this decision, but with good leadership, and a clear vision I believe this will grow PVH to the top.

3. A high initiative to pay off debt:

With the closing of the Flagship store in NYC as well as the ending of the "Collection" from their CK line, more money is now available to attack debt obligations from global acquisitions and licensing agreements from 2018 and 19. I believe this will create an opportunity in the long-run to allow PVH to continue to reach their goals of global expansion into new marketplaces.

For the short:

1. Growth hinging on the stages of Chinese trade deal conversation:

As of the newly-updated trade deal on Friday, the 11th, prices soared over 5%. Keep a close eye to how fast this price will start to creep back to its intrinsic value, and towards the target price of \$100. However, with the tap of a finger on twitter, trade tensions can be re-lifted.

Key Catalysts for price change

- China & US Trade Tensions
- Ability to take foot in Latin America and Chinese markets
- European marketplace and Brexit

Valuation

My \$40 price target is derived from Discounted Unlevered Free Cash Flow, Forward P/E, and Asset Based valuation.
 (80%,15%, 5%)

Ownership

	Change in Ownership (over the past "Number" months)
Shares outstanding (mil)	74.14
Weighted Diluted shares outstanding (mil)	76.05
Options and Warrants (Shares equivalent)	0.30
% shares held by institutions	104%
% shares held by investments Managers	83%
% shares held by hedge funds	12.34%
% shares held by VC/PE firms	0.832%
% shares held by insiders	0.75%
Poison Pill and Type	NONE

Quarterly Earning Surprises (Actual/Median Estimates)

Revenue	Last 5 quarters
8/5/2018	\$9334.8 (2.1%)
11/4/2018	\$10098 (-0.3%)
2/3/2019	\$9936 (3.2%)
5/5/2019	\$9425.2 (-0.6%)
8/4/2019	\$9456.8 (1.6%)
History:	Last 10 years
Mean Surprise	0.87%
99th percentile "surprise" range	-2% to 4%
EBITDA	Last 5 quarters
8/5/2018	\$1244.4 (-2.8%)
11/4/2018	\$1432 (-3.2%)
2/3/2019	\$1033.6 (-3.7%)
5/5/2019	\$1547.6 (10.4%)
8/4/2019	\$1231.6 (5.8%)
History:	Last 10 years
Mean Surprise	-5.91%
99th percentile "surprise" range	-32% to 21%

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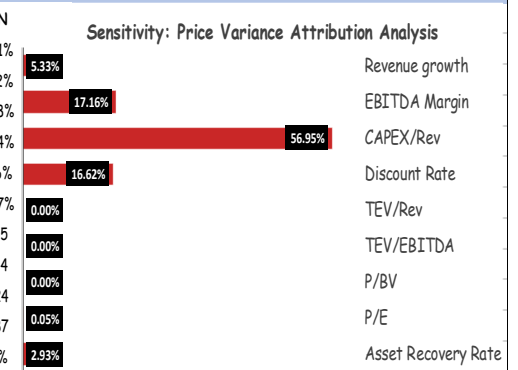
Cost of Capital Estimates			
	CGFS Credit Rating	Credit Rating Model	Probability of Default Model/Model
Implied Cost of Borrowing (PVH)	5.3%	4.2%	6.5%
Implied Cost of Borrowing (Peers)	4.9%	4.4%	5.2%
	Base Year	Explicit Period (5 years)	Continuing Period
Cost of New Debt Estimate	3.07%		4.00%
Country Risk Premium Estimate	6.30%		6.30%
Cost of Equity Estimate	9.37%		10.30%
WACC Estimate	6.47%	7.34%	7.34%

Forecast Assumptions

Fiscal Year	Revenue Growth	EBITDA Margin	CAPEX/Revenue	DPR/CAPEX	Other
Base Year (Actual)	9.31%	10.8%	3.9%	0.88	SBC/Revenue 0.59%
year 1	2.14%	16.9%	3.9%	0.92	Constant/same as LTM
year 2	2.75%	12.9%	3.9%	0.91	Lease term 10
year 3	3.19%	13.1%	3.8%	0.90	Rent Expense/Revenue 6.60%
year 4	2.61%	12.5%	4.0%	0.91	Tappers off to historical average
year 5	2.64%	12.6%	4.0%	0.92	R&D life 10
year 6	6.30%	10.9%	3.6%	0.91	R&D Expense/Revenue 0.00%
year 7	2.70%	10.9%	3.2%	0.92	Constant/same as LTM
year 8	2.31%	10.9%	2.8%	0.94	LIFO Reserve Tappers off to zero
year 9	1.90%	10.9%	2.4%	0.96	Non-operating pension costs Tappers off to zero
year 10	1.50%	10.9%	2.0%	1.00	Net financing pensions costs Tappers off to zero
year 11	1.24%	10.9%	1.7%	1.00	Overfunded pension plans Tappers off to zero
year 12	0.98%	10.9%	1.4%	1.00	Capitalized interests Constant/same as LTM
year 13	0.73%	10.9%	1.1%	1.00	Dividends/Revenue 2.23%
year 14	0.47%	10.9%	0.8%	1.00	Tax Rate 15.56%
year 15	0.22%	10.9%	0.5%	1.00	
Continuing Period	2.52%	10.9%	3%	1.00	

Simulation Assumptions

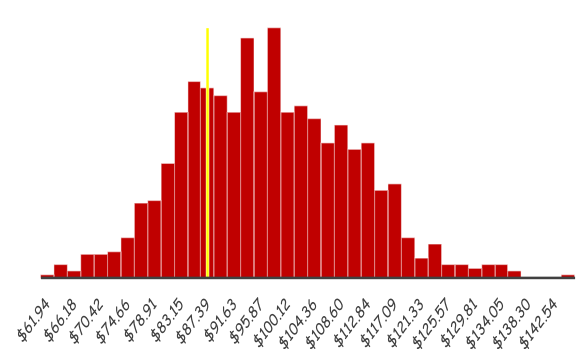
Random Variables	Distribution Assumption	MAX	Likely	MIN
Deviations in annual Revenue Growth--Expl. Per.	Triangular	6.83%	0%	-2.61%
Deviations in annual Revenue Growth--Cont. Per.	Normal	1.52%	0%	-1.52%
Deviations from EBITDA Margin base annual estimates	Triangular	2.63%	0%	-0.78%
Deviations from CAPEX/Revenue base annual estimates	Triangular	0.76%	0%	-0.24%
Deviations from Kd base annual estimates	Triangular	2.45%	0%	-1.16%
Deviations from CRP base annual estimates	Triangular	3.17%	0%	-0.57%
Deviations from TEV/Revenue base estimate	Triangular	0.79	0%	-0.15
Deviations from TEV/Revenue base estimate	Triangular	4.26	0%	-1.54
Change in P/BV (TTM)	Triangular	2.22	0%	-0.24
Change in P/E (FW)	Triangular	7.00	0%	-4.87
Recovery Rate	Triangular	10.00%	0%	-10%



Valuation

DCF Valuation	Base	Explicit Period (Average)	Continuing Period
Revenues	\$9,729.00	\$11,684.94	\$13,403.17
EBITDA Margin	9%	12%	11%
UFCF	\$438.41	\$1,061.27	\$983.22
WACC	6.47%	7.34%	7.34%
ROIC	4.50%	7.45%	6.88%

Intrinsic Value Distribution--Probability (Upside)=71.7%



Relative Valuation

	Median Justified Multiple	Basis	Implied Equity Value
EV/Rev (FW)	1.3x	\$9,860.99	\$5,075.07
EV/EBITDA (FW)	9.2x	\$1,588.37	\$6,599.05
P/BV (TTM)	2.6x	\$5,993.62	\$15,824.30
P/E (FW)	13.6x	\$1,014.91	\$13,795.36

Asset Based Valuation

Recovery Rate	60%
Capital	\$15,279.12
Intangibles	\$7,461.10
Claims	\$9,811.47
Implied Equity Value	\$0.00

Valuation Summary	Intrinsic Value	Target Price	Model Weight
DCF Valuation	\$ 88.87	\$ 100.06	80%
EV/Rev (FW)	\$ 66.47	\$ 70.59	0%
EV/EBITDA (FW)	\$ 86.43	\$ 91.84	0%
P/BV (TTM)	\$ 207.25	\$ 220.48	0%
P/E (FW)	\$ 180.68	\$ 192.19	15%
Asset Based Valuation	\$ -	\$ (0.17)	5%
Price per Share	\$ 98.20	\$ 108.87	100%

