

GUESS INC
Form 10-Q
September 03, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 1, 2015

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: 1-11893

GUESS?, INC.

(Exact name of registrant as specified in its charter)

Delaware

95-3679695

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1444 South Alameda Street

Los Angeles, California

90021

(Address of principal executive offices)

(Zip Code)

(213) 765-3100

(Registrant's telephone number, including area code)

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of September 1, 2015 the registrant had 85,759,076 shares of Common Stock, \$.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

GUESS?, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	Aug 1, 2015 (unaudited)	Jan 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$470,946	\$483,483
Accounts receivable, net	198,735	216,205
Inventories	335,460	319,078
Other current assets	85,013	92,593
Total current assets	1,090,154	1,111,359
Property and equipment, net	241,579	259,524
Goodwill	33,766	34,133
Other intangible assets, net	8,009	9,745
Long-term deferred tax assets	66,513	68,747
Other assets	123,591	117,897
	\$1,563,612	\$1,601,405
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of capital lease obligations	\$4,840	\$1,548
Accounts payable	159,244	159,924
Accrued expenses	155,132	140,494
Total current liabilities	319,216	301,966
Long-term debt and capital lease obligations	2,057	6,165
Deferred rent and lease incentives	78,820	81,761
Other long-term liabilities	99,721	117,630
	499,814	507,522
Redeemable noncontrolling interests	5,349	4,437
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding	—	—
Common stock, \$.01 par value. Authorized 150,000,000 shares; issued 139,975,804 and 139,559,000 shares, outstanding 85,763,440 and 85,323,154 shares, as of August 1, 2015 and January 31, 2015, respectively	858	853
Paid-in capital	459,838	453,546
Retained earnings	1,247,339	1,265,524
Accumulated other comprehensive loss	(142,804) (127,065
Treasury stock, 54,212,364 and 54,235,846 shares as of August 1, 2015 and January 31, 2015, respectively	(518,778) (519,002
Guess?, Inc. stockholders' equity	1,046,453	1,073,856
Nonredeemable noncontrolling interests	11,996	15,590
Total stockholders' equity	1,058,449	1,089,446

\$1,563,612 \$1,601,405

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	Aug 1, 2015	Aug 2, 2014	Aug 1, 2015	Aug 2, 2014
Product sales	\$520,937	\$581,779	\$973,896	\$1,078,707
Net royalties	25,327	26,792	51,192	52,405
Net revenue	546,264	608,571	1,025,088	1,131,112
Cost of product sales	348,147	391,794	661,486	738,104
Gross profit	198,117	216,777	363,602	393,008
Selling, general and administrative expenses	171,916	186,919	333,048	365,127
Earnings from operations	26,201	29,858	30,554	27,881
Other income (expense):				
Interest expense	(729) (772) (1,164) (1,297
Interest income	239	320	511	725

Other income, net	3,708	4,766	6,334	3,647	No assurance can be given that the IRS or any court will agree with this characterization and tax treatment.
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You should consult your own tax advisor concerning the U.S. federal income tax consequences to you of acquiring, owning, and disposing of the notes, as well as any tax consequences arising under the laws of any state, local, foreign, or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws. You should review carefully the discussion under the section entitled U.S. Federal Income Tax Summary beginning on page PS-25 of product supplement EQUITY INDICES LIRN-1.

Where You Can Find More Information

We have filed a registration statement (including a product supplement, a prospectus supplement, and a prospectus) with the SEC for the offering to which this term sheet relates. Before you invest, you should read the Note Prospectus, including this term sheet, and the other documents that we have filed with the SEC, for more complete information about us and this offering. You may get these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, we, any agent, or any dealer participating in this offering will arrange to send you these documents if you so request by calling MLPF&S toll-free at 1-800-294-1322.

Market-Linked Investments Classification

MLPF&S classifies certain market-linked investments (the Market-Linked Investments) into categories, each with different investment characteristics. The following description is meant solely for informational purposes and is not intended to represent any particular Enhanced Return Market-Linked Investment or guarantee any performance.

Enhanced Return Market-Linked Investments are short- to medium-term investments that offer you a way to enhance exposure to a particular market view without taking on a similarly enhanced level of market downside risk. They can be especially effective in a flat to moderately positive market (or, in the case of bearish investments, a flat to moderately negative market). In exchange for the potential to receive better-than market returns on the linked asset, you must generally accept market downside risk and capped upside potential. As these investments are not market downside protected, and do not assure full repayment of principal at maturity, you need to be prepared for the possibility that you may lose all or part of your investment.

Leveraged Index Return Note[®] and LIRN[®]s are our registered service marks.

Capped Leveraged Index Return Notes[®]

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