

GUESS INC
Form 10-Q
September 07, 2011
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 30, 2011

OR

**o 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)

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Delaware

(State or other jurisdiction of
incorporation or organization)

95-3679695

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

**1444 South Alameda Street
Los Angeles, California**

(Address of principal executive offices)

90021

(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, 2011 the registrant had 92,777,636 shares of Common Stock, \$.01 par value per share, outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements.****GUESS?, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

	July 30, 2011 (unaudited)	Jan. 29, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 430,233	\$ 427,037
Short-term investments		15,087
Accounts receivable, net	391,486	358,482
Inventories	343,094	294,705
Deferred tax assets	19,014	18,121
Other current assets	58,742	50,148
Total current assets	1,242,569	1,163,580
Property and equipment, net	343,198	313,856
Goodwill	30,704	29,595
Other intangible assets, net	11,124	9,192
Long-term deferred tax assets	55,707	55,455
Other assets	133,328	114,126
	\$ 1,816,630	\$ 1,685,804
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of capital lease obligations and borrowings	\$ 2,207	\$ 2,177
Accounts payable	245,175	233,846
Accrued expenses	186,835	194,993
Total current liabilities	434,217	431,016
Capital lease obligations	12,027	12,218
Deferred rent and lease incentives	80,168	76,455
Other long-term liabilities	89,608	85,210
	616,020	604,899
Redeemable noncontrolling interests	15,411	14,711
Commitments and contingencies (Note 11)		
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 138,023,551 and 137,579,379 shares, outstanding 92,759,767 and 92,290,744 shares, at July 30, 2011 and	928	923

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January 29, 2011, respectively			
Paid-in capital	386,677		368,225
Retained earnings	1,027,019		960,460
Accumulated other comprehensive income (loss)	22,526		(8,578)
Treasury stock, 45,263,784 and 45,288,635 shares at July 30, 2011 and January 29, 2011, respectively	(266,008)		(266,154)
Guess?, Inc. stockholders' equity	1,171,142		1,054,876
Nonredeemable noncontrolling interests	14,057		11,318
Total stockholders' equity	1,185,199		1,066,194
	\$	1,816,630	\$
			1,685,804

See accompanying notes to condensed consolidated financial statements.

Table of Contents**GUESS?, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**(in thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	July 30, 2011	July 31, 2010	July 30, 2011	July 31, 2010
Product sales	\$ 649,022	\$ 550,576	\$ 1,212,421	\$ 1,064,631
Net royalties	28,137	26,559	56,982	51,845
Net revenue	677,159	577,135	1,269,403	1,116,476
Cost of product sales	377,305	324,899	720,329	628,989
Gross profit	299,854	252,236	549,074	487,487
Selling, general and administrative expenses	185,620	155,935	363,907	314,040
Settlement charge	19,463		19,463	
Pension curtailment expense	1,242		1,242	5,819
Earnings from operations	93,529	96,301	164,462	167,628
Other income (expense):				
Interest expense	(359)	(283)	(764)	(513)
Interest income	477	647	1,772	983
Other income (expense), net	2,697	(256)	(7,305)	3,172
	2,815	108	(6,297)	3,642
Earnings before income tax expense	96,344	96,409	158,165	171,270
Income tax expense	34,534	29,030	52,771	52,237
Net earnings	61,810	67,379	105,394	119,033
Net earnings attributable to noncontrolling interests	1,153	621	2,055	1,940
Net earnings attributable to Guess?, Inc.	\$ 60,657	\$ 66,758	\$ 103,339	\$ 117,093
Net earnings per common share attributable to common stockholders (Note 2):				
Basic	\$ 0.65	\$ 0.72	\$ 1.12	\$ 1.26
Diluted	\$ 0.65	\$ 0.72	\$ 1.11	\$ 1.25
Weighted average common shares outstanding attributable to common stockholders (Note 2):				
Basic	91,864	91,610	91,746	91,756
Diluted	92,368	92,153	92,281	92,471
Dividends declared per common share	\$ 0.20	\$ 0.16	\$ 0.40	\$ 0.32

See accompanying notes to condensed consolidated financial statements.

Table of Contents**GUESS?, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	July 30, 2011	July 31, 2010	July 30, 2011	July 31, 2010
Net earnings	\$ 61,810	\$ 67,379	\$ 105,394	\$ 119,033
Foreign currency translation adjustment	(15,125)	(7,605)	34,608	(19,878)
Unrealized gain (loss) on hedges, net of tax effect	4,174	(371)	(3,830)	1,057
Unrealized (loss) gain on investments, net of tax effect	(42)	20	45	195
SERP prior service cost and actuarial valuation loss amortization, including curtailment expense, net of tax effect	324	257	965	4,675
Comprehensive income	51,141	59,680	137,182	105,082
Less comprehensive income attributable to noncontrolling interests	795	436	2,739	1,665
Comprehensive income attributable to Guess?, Inc.	\$ 50,346			