

GUESS INC  
Form 10-Q  
September 07, 2010  
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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 July 31, 2010**

**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)

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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   
(Do not check if a smaller reporting company)

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 2, 2010, the registrant had 91,799,365 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 31, 2010 (unaudited)	Jan. 30, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 478,625	\$ 502,063
Accounts receivable, net	301,522	283,747
Inventories	307,056	253,162
Deferred tax assets	30,245	30,570
Other current assets	57,534	54,621
Total current assets	1,174,982	1,124,163
Property and equipment, net	272,938	255,308
Goodwill	28,817	29,877
Other intangible assets, net	13,343	15,974
Long-term deferred tax assets	52,388	55,504
Other assets	85,065	50,423
	\$ 1,627,533	\$ 1,531,249
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Current portion of capital lease obligations and borrowings	\$ 2,123	\$ 2,357
Accounts payable	229,451	195,075
Accrued expenses	149,999	145,321
Total current liabilities	381,573	342,753
Capital lease obligations	12,519	14,137
Deferred rent and lease incentives	68,617	60,642
Other long-term liabilities	75,305	73,561
	538,014	491,093
Redeemable noncontrolling interests	14,467	13,813
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 137,096,878 and 136,568,091 shares, outstanding 91,790,540 and 92,736,761 shares, at July 31, 2010 and January 30, 2010, respectively	918	927

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Paid-in capital	343,871	319,737
Retained earnings	1,006,230	919,531
Accumulated other comprehensive (loss) income	(16,628)	(2,952)
Treasury stock, 45,306,338 and 43,831,330 shares at July 31, 2010 and January 30, 2010, respectively	(266,258)	(217,032)
Guess?, Inc. stockholders' equity	1,068,133	1,020,211
Nonredeemable noncontrolling interests	6,919	6,132
Total stockholders' equity	1,075,052	1,026,343
	\$ 1,627,533	\$ 1,531,249

*See accompanying notes to condensed consolidated financial statements.*

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(unaudited)

	Three Months Ended		Six Months Ended	
	July 31, 2010	Aug. 1, 2009	July 31, 2010	Aug. 1, 2009
Net revenue:				
Product sales	\$ 550,576	\$ 500,364	\$ 1,064,631	\$ 919,491
Net royalties	26,559	22,059	51,845	44,133
	577,135	522,423	1,116,476	963,624
Cost of product sales	324,899	290,646	628,989	554,344
Gross profit	252,236	231,777	487,487	409,280
Selling, general and administrative expenses	155,935	140,663	314,040	270,132
Pension curtailment expense			5,819	
Earnings from operations	96,301	91,114	167,628	139,148
Other income (expense):				
Interest expense	(283)	(339)	(513)	(945)
Interest income	647	447	983	1,184
Other income (expense), net	(256)	(1,339)	3,172	(73)
	108	(1,231)	3,642	166
Earnings before income tax expense	96,409	89,883	171,270	139,314
Income tax expense	29,030	29,662	52,237	45,974
Net earnings	67,379	60,221	119,033	93,340
Net earnings attributable to noncontrolling interests	621	661	1,940	1,238
Net earnings attributable to Guess?, Inc.	\$ 66,758	\$ 59,560	\$ 117,093	\$ 92,102
Earnings per common share attributable to common stockholders (Note 2):				
Basic	\$ 0.72	\$ 0.65	\$ 1.26	\$ 1.00
Diluted	\$ 0.72	\$ 0.64	\$ 1.25	\$ 0.99
Weighted average common shares outstanding attributable to common stockholders (Note 2):				
Basic	91,610	90,724	91,756	90,678
Diluted	92,153	91,381	92,471	91,253
Dividends declared per common share	\$ 0.16	\$ 0.10	\$ 0.32	\$ 0.20

*See accompanying notes to condensed consolidated financial statements.*



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(unaudited)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>July 31, 2010</b>	<b>Aug. 1, 2009</b>	<b>July 31, 2010</b>	<b>Aug. 1, 2009</b>
Net earnings	\$ 67,379	\$ 60,221	\$ 119,033	\$ 93,340
Foreign currency translation adjustment	(7,605)	23,725	(19,878)	34,698
Unrealized (loss) gain on hedges, net of tax effect	(371)	(5,637)	1,057	(8,937)
Unrealized (loss) gain on investments, net of tax effect	20	(120)	195	60
SERP prior service cost and actuarial valuation loss amortization, including curtailment expense, net of tax effect	257	292	4,675	576
Comprehensive income	59,680	78,481	105,082	119,737
Less comprehensive income attributable to noncontrolling interests	436	1,366	1,665	2,307