
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 21, 2018

GUESS?, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-11893

(Commission File Number)

95-3679695

(IRS Employer Identification No.)

1444 S. Alameda Street, Los Angeles, California 90021

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(213) 765-3100**

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02. Results of Operations and Financial Condition.

Guess?, Inc. (the "Company") issued a press release on March 21, 2018 announcing its financial results for the quarter and fiscal year ended February 3, 2018. A copy of the press release is being furnished as Exhibit 99.1 attached hereto.

The information in this Item 2.02 of Form 8-K is being furnished hereby and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1 | Press Release of Guess?, Inc. dated March 21, 2018 (financial results for the quarter and fiscal year ended February 3, 2018) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Guess?, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 21, 2018

GUESS?, INC.

By: /s/ Sandeep Reddy
Sandeep Reddy
Chief Financial Officer

GUESS?, INC. REPORTS FOURTH QUARTER RESULTS

Q4 Fiscal 2018 Revenues Increased 18% to \$792 Million; Increased 10% in Constant Currency

Q4 Fiscal 2018 GAAP EPS of \$0.01, Compared to \$0.08 in Q4 Fiscal 2017; Q4 Fiscal 2018 Adjusted EPS of \$0.62, Compared to \$0.43 in Q4 Fiscal 2017

Fiscal Year 2018 Revenues Increased 8% to \$2.4 Billion; Increased 5% in Constant Currency

Fiscal Year 2018 GAAP Loss Per Share of \$0.11, Compared to EPS of \$0.27 in Fiscal Year 2017; Fiscal Year 2018 Adjusted EPS of \$0.70, Compared to \$0.46 in Fiscal Year 2017

LOS ANGELES, March 21, 2018 - Guess?, Inc. (NYSE: GES) today reported unaudited financial results for its fourth quarter and fiscal year ended February 3, 2018.

Victor Herrero, Chief Executive Officer, commented, "I am pleased to report that the overall results of the fourth quarter finished above the high-end of our expectations, with higher sales, higher adjusted operating profit and higher adjusted earnings per share. This quarter concludes a year where we saw revenue increase, operating profit growth, adjusted operating margin expansion and adjusted EPS growth of 52%. I believe that this year marks the beginning of a turnaround for the Company."

Mr. Herrero concluded, "I am convinced that maintaining the focus on the strategic initiatives I outlined on my arrival at the Company in August 2015 is now clearly showing in our financial results. And looking forward to fiscal 2019, we expect to make continued progress on this front. I still see a lot of opportunities left in Europe and Asia, where we will continue to allocate capital for superior returns and where we plan to continue growing sales in double digits while also expanding margins. We will keep working on improving the profitability of the Americas by executing on our cost reduction and margin improvement initiatives. This is truly a very exciting time for our Company as a lot of opportunities are in front of us."

This press release contains certain non-GAAP, or adjusted, financial measures. References to "adjusted" results exclude the impact of (i) net (gains) losses on lease terminations, (ii) asset impairment charges, (iii) restructuring charges, (iv) a restructuring related exit tax charge, (v) a gain from the sale of a minority interest investment, (vi) the related tax effects of these adjustments, (vii) tax impacts resulting from the enactment of the 2017 Tax Cuts and Jobs Act (the "Tax Reform") and (viii) a non-cash valuation allowance established on certain deferred tax assets, where applicable. A reconciliation of reported GAAP results to comparable non-GAAP results is provided in the accompanying tables and discussed under the heading "Presentation of Non-GAAP Information" below.

As further discussed below, during the fourth quarter of fiscal 2018, the Company reclassified certain royalties received from net revenue to cost of product sales. Accordingly, amounts presented related to net royalties, net revenue and cost of product sales for the twelve months ended February 3, 2018 as well as the three and twelve months ended January 28, 2017 have been adjusted to conform to the current period presentation. This reclassification had no impact on previously reported earnings from operations, net earnings, net earnings per share or cash flows.

Fourth Quarter Fiscal 2018 Results

For the fourth quarter of fiscal 2018, the Company recorded GAAP net earnings of \$1.0 million, an 84.2% decrease from \$6.6 million for the fourth quarter of fiscal 2017. GAAP diluted earnings per share decreased 87.5% to \$0.01 for the fourth quarter of fiscal 2018, from \$0.08 in the prior-year quarter. The Company estimates the positive impact of currency on diluted earnings per share in the fourth quarter of fiscal 2018 was approximately \$0.04 per share. The Company's fourth quarter of fiscal 2018 results included 14 weeks, while the fourth quarter of fiscal 2017 results included 13 weeks.

For the fourth quarter of fiscal 2018, the Company recorded adjusted net earnings of \$51.3 million, a 40.2% increase compared to \$36.6 million for the fourth quarter of fiscal 2017. Adjusted diluted earnings per share increased 44.2% to \$0.62, compared to \$0.43 for the prior-year quarter.

Net Revenue. Total net revenue for the fourth quarter of fiscal 2018 increased 17.5% to \$792.2 million, compared to \$674.0 million in the prior-year quarter. In constant currency, net revenue increased by 10.2%.

- Americas Retail revenues decreased 6.1% in U.S. dollars and 7.2% in constant currency. Retail comp sales including e-commerce decreased 4% in U.S. dollars and 5% in constant currency.

- Americas Wholesale revenues increased 3.8% in U.S. dollars and 0.9% in constant currency.
- Europe revenues increased 39.7% in U.S. dollars and 24.1% in constant currency. Retail comp sales including e-commerce increased 18% in U.S. dollars and 6% in constant currency.
- Asia revenues increased 40.2% in U.S. dollars and 33.1% in constant currency. Retail comp sales including e-commerce increased 14% in U.S. dollars and 8% in constant currency.
- Licensing revenues increased 11.4% in U.S. dollars and constant currency.

Operating Earnings. GAAP operating earnings for the fourth quarter of fiscal 2018 increased 225.9% to \$68.4 million (including a \$7.1 million favorable currency translation impact), compared to \$21.0 million in the prior-year quarter. GAAP operating margin in the fourth quarter increased 550 basis points to 8.6%, compared to 3.1% in the prior-year quarter, driven primarily by lower asset impairment charges. The positive impact of currency on operating margin for the quarter was roughly 80 basis points.

For the fourth quarter of fiscal 2018, adjusted operating earnings increased 31.2% to \$70.7 million, compared to \$53.9 million in the prior-year quarter. Adjusted operating margin was 8.9%, an increase of 90 basis points compared to the same prior-year quarter, driven primarily by overall leveraging of expenses, partially offset by higher performance-based compensation costs.

- Operating margin for the Company's Americas Retail segment increased 620 basis points to 6.0% in the fourth quarter of fiscal 2018, compared to negative 0.2% in the prior-year quarter. This increase was driven primarily by cost reductions due primarily to store closures and negotiated rent reductions, higher initial markups and lower markdowns, partially offset by the negative impact on the fixed cost structure resulting from negative comparable sales.
- Operating margin for the Company's Americas Wholesale segment decreased 290 basis points to 14.2% in the fourth quarter of fiscal 2018, from 17.1% in the prior-year quarter, driven primarily by lower gross margins and overall deleveraging of expenses.
- Operating margin for the Company's Europe segment decreased 10 basis points to 15.9% in the fourth quarter of fiscal 2018, from 16.0% in the prior-year quarter, due primarily to higher distribution costs resulting from the relocation of the Company's European distribution center, partially offset by overall leveraging of expenses and higher initial markups.
- Operating margin for the Company's Asia segment increased 470 basis points to 8.4% in the fourth quarter of fiscal 2018, compared to 3.7% in the same prior-year quarter, driven primarily by overall leveraging of expenses.
- Operating margin for the Company's Licensing segment decreased 26.9% to 87.7% in the fourth quarter of fiscal 2018, from 114.6% in the prior-year quarter.

Other Income (Expense), Net. Other net expense was \$0.1 million in the fourth quarter of fiscal 2018, which primarily includes net unrealized and realized mark-to-market revaluation losses on foreign exchange currency contracts, partially offset by unrealized gains on non-operating assets and net unrealized mark-to-market revaluation gains on foreign currency balances, compared to other net income of \$4.5 million in the prior-year quarter.

Income Taxes. On December 22, 2017, the Tax Reform was enacted into law and contains several key tax provisions that affected the Company, including a one-time mandatory transition tax on accumulated foreign earnings and a reduction of the U.S. corporate income tax rate from 35% to 21%. Our GAAP results for the fourth quarter of fiscal 2018 include the impact of a \$47.9 million charge related to the Tax Reform, or an unfavorable \$0.58 per share impact. This is comprised of a \$24.9 million charge for the provisional re-measurement of certain deferred taxes and related amounts and a provisional charge of \$23.0 million to income tax expense for the estimated effects of the transitional tax on the deemed repatriation of foreign earnings. These provisional amounts will be finalized in fiscal 2019 as the Company completes its analysis of the impact of the Tax Reform. Our GAAP results for the fourth quarter of fiscal 2017 included the impact of a valuation allowance established on certain deferred tax assets of \$6.8 million, a portion of which was generated from asset impairment charges recorded during the fourth quarter of fiscal 2017.

The Company's GAAP effective tax rate increased to 95.5% for the fourth quarter of fiscal 2018, compared to 65.6% in the prior-year quarter. The Company's adjusted effective tax rate decreased to 24.7% for the fourth quarter of fiscal 2018, from 33.4% in the prior-year quarter.

Fiscal Year 2018 Results

For the fiscal year ended February 3, 2018, the Company recorded GAAP net loss of \$7.9 million, compared to GAAP net earnings of \$22.8 million for the fiscal year ended January 28, 2017. GAAP diluted loss per share was \$0.11 in fiscal 2018, compared to GAAP diluted earnings per share of \$0.27 in the prior year. The Company estimates the positive impact of currency on diluted loss per share for the fiscal year ended February 3, 2018 was approximately \$0.02 per share. The Company's fiscal 2018 results included 53 weeks,

while fiscal 2017 results included 52 weeks.

For the fiscal year ended February 3, 2018, the Company recorded adjusted net earnings of \$58.4 million, a 50.6% increase compared to \$38.8 million for the fiscal year ended January 28, 2017. Adjusted diluted earnings per share increased 52.2% to \$0.70 in fiscal 2018, compared to \$0.46 for the prior year.

Net Revenue. Total net revenue for fiscal 2018 increased 7.9% to \$2.36 billion, compared to \$2.19 billion in the prior year. In constant currency, net revenue increased by 5.3%.

- Americas Retail revenues decreased 10.9% in U.S. dollars and 11.4% in constant currency. Retail comp sales including e-commerce decreased 9% in U.S. dollars and 10% in constant currency.
- Americas Wholesale revenues increased 2.8% in U.S. dollars and 2.0% in constant currency.
- Europe revenues increased 26.7% in U.S. dollars and 20.6% in constant currency. Retail comp sales including e-commerce increased 11% in U.S. dollars and 6% in constant currency.
- Asia revenues increased 24.3% in U.S. dollars and 22.1% in constant currency. Retail comp sales including e-commerce increased 8% in U.S. dollars and 5% in constant currency.
- Licensing revenues increased 1.2% in U.S. dollars and constant currency.

Operating Earnings. GAAP operating earnings for fiscal 2018 increased 187.0% to \$65.2 million (including an \$8.1 million favorable currency translation impact), compared to \$22.7 million in the prior year. GAAP operating margin for fiscal 2018 increased 180 basis points to 2.8%, compared to 1.0% in the prior year, driven primarily by overall leveraging of expenses, higher initial mark-ups and lower asset impairment charges, partially offset by the negative impact on the fixed cost structure resulting from negative comparable sales in Americas Retail and higher performance-based compensation costs. The positive impact of currency on operating margin for fiscal 2018 was roughly 30 basis points.

For fiscal 2018, adjusted operating earnings increased 36.1% to \$85.0 million, compared to \$62.5 million in the prior year. Adjusted operating margin was 3.6%, an increase of 70 basis points compared to the prior year, driven primarily by overall leveraging of expenses and higher initial mark-ups in Europe, partially offset by the negative impact on the fixed cost structure resulting from negative comparable sales in Americas Retail and higher performance-based compensation costs.

- Operating margin for the Company's Americas Retail segment improved 30 basis points to negative 2.1% in fiscal 2018, compared to negative 2.4% in the prior year. This improvement was driven primarily by cost reductions due primarily to store closures and negotiated rent reductions and higher initial markups, partially offset by the negative impact on the fixed cost structure resulting from negative comparable store sales.
- Operating margin for the Company's Americas Wholesale segment increased 20 basis points to 16.7% in fiscal 2018, compared to 16.5% in the prior year. The increase in operating margin was due to higher gross margins, partially offset by overall deleveraging of expenses.
- Operating margin for the Company's Europe segment increased 150 basis points to 8.7% in fiscal 2018, compared to 7.2% in the prior year, due to higher initial mark-ups and the favorable impact on the fixed cost structure resulting from overall leveraging of expenses, partially offset by higher distribution costs resulting from the relocation of the Company's European distribution center.
- Operating margin for the Company's Asia segment increased 560 basis points to 4.6% in fiscal 2018, compared to negative 1.0% in the prior year. The increase in operating margin was driven primarily by overall leveraging of expenses.
- Operating margin for the Company's Licensing segment decreased 450 basis points to 107.3% in fiscal 2018, from 111.8% in the prior year.

Other Income, Net. Other net income was \$3.4 million for fiscal 2018, which primarily includes unrealized gains on non-operating assets and net unrealized mark-to-market revaluation gains on foreign currency balances, partially offset by net realized and unrealized mark-to-market revaluation losses on foreign exchange currency contracts, compared to \$30.9 million for the prior year. For the fiscal year ended January 28, 2017, other net income included a realized gain of \$22.3 million from the sale of a minority interest investment. The gain from the sale of the minority interest investment has been excluded for purposes of calculating adjusted financial measures for fiscal 2017. A reconciliation of reported GAAP results to comparable non-GAAP results is provided in the accompanying tables and discussed under the heading "Presentation of Non-GAAP Information" below.

Income Taxes. On December 22, 2017, the Tax Reform was enacted into law and contains several key tax provisions that affected the Company, including a one-time mandatory transition tax on accumulated foreign earnings and a reduction of the U.S. corporate income

tax rate from 35% to 21%. Our GAAP results for fiscal 2018 include the impact of a \$47.9 million charge related to the Tax Reform, or an unfavorable \$0.58 per share impact. This is comprised of a \$24.9 million charge for the provisional re-measurement of certain deferred taxes and related amounts and a provisional charge of \$23.0 million to income tax expense for the estimated effects of the transitional tax on the deemed repatriation of foreign earnings. These provisional amounts will be finalized in fiscal 2019 as the Company completes its analysis of the impact of the Tax Reform. Our GAAP results for fiscal 2017 included the impact of a valuation allowance established on certain deferred tax assets of \$6.8 million, a portion of which was generated from asset impairment charges recorded during fiscal 2017.

The Company's GAAP effective tax rate increased to 105.6% for fiscal 2018, compared to 52.6% in the prior year. The Company's adjusted effective tax rate decreased to 30.7% for fiscal 2018, compared to 41.7% in the prior year.

Dividends

The Company's Board of Directors has approved a quarterly cash dividend of \$0.225 per share on the Company's common stock. The dividend will be payable on April 20, 2018 to shareholders of record at the close of business on April 4, 2018.

Reclassification of Prior Period Financial Statements

In connection with our implementation of the new revenue standard for fiscal 2019, we determined that conclusions reached under existing revenue standards as to the appropriate classification of payments received by us related to the Company's purchases of licensed inventory products was not correct. While the Company has concluded that the impact of these reclassification errors on the Company's previously-issued consolidated financial statement is not material, the Company has determined to revise its comparable periods when presented herein and in future filings. During the fourth quarter of fiscal 2018, the Company reclassified certain royalties received from net revenue to cost of product sales.

For fiscal 2018, the historical quarterly periods ended April 29, 2017, July 29, 2017, October 28, 2017, which are not presented herein as comparisons, the reclassification would have reduced net revenue and cost of product sales by \$4.2 million, \$5.4 million, and \$5.2 million, respectively, impacting the cumulative twelve months ended February 3, 2018 presented by \$14.8 million. The comparative periods for the three and twelve months ended January 28, 2017 have been reduced by \$5.3 million and \$18.9 million, respectively, to conform to the current period presentation. This reclassification had no impact on previously reported earnings from operations, net earnings, net earnings per share or cash flows.

Outlook

The Company's expectations and outlook for the first quarter and fiscal year ending February 2, 2019 are as follows:

Outlook for Total Company¹

| | First Quarter of Fiscal 2019 | Fiscal Year 2019² |
|--------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Consolidated net revenue in U.S. dollars ³ | increase between 11.0% and 12.5% | increase between 7.0% and 8.0% |
| Consolidated net revenue in constant currency ^{3,4} | increase between 5.5% and 7.0% | increase between 5.0% and 6.0% |
| Operating margin ⁵ | (4.5)% to (4.0)% | 4.0% to 4.5% |
| Currency impact included in operating margin ⁶ | 40 basis points | 50 basis points |
| Estimated effective tax rate | 10% | 25% |
| Earnings (loss) per share | \$(0.27) to \$(0.24) | \$0.86 to \$0.98 |
| Currency impact included in earnings (loss) per share ⁶ | \$0.00 | \$0.15 |

Notes:

- ¹ The Company's outlook for the first quarter ending May 5, 2018 and the fiscal year ending February 2, 2019 assumes that foreign currency exchange rates remain at prevailing rates.
- ² The Company's fiscal year 2019 will include 52 weeks, while fiscal year 2018 included 53 weeks.
- ³ The Company adopted the new accounting standard ASC 606, *Revenue From Contracts With Customers* ("ASC 606"), during the first quarter of fiscal 2019. As such the Company's outlook for the first quarter ending May 5, 2018 and the fiscal year ending February 2, 2019 reflects the accounting treatment of revenue transactions under this new standard. If the outlook was presented under the current accounting standard, the outlook for net revenue would have been reduced by 0.4% and 0.2% for the first quarter and full year 2019, respectively.

- 4 Eliminates the impact of expected foreign currency translation to give investors a better understanding of the underlying trends within the business.
- 5 The Company adopted new authoritative guidance during the first quarter of fiscal 2019 related to the presentation of net periodic pension cost in the income statement. This guidance requires that the non-service components of net periodic pension cost be presented outside of earnings from operations, and all prior periods will be comparably restated when presented in the future. As a result, our outlook includes the presentation of approximately \$2 million of net periodic pension cost within other income (expense) that was presented within SG&A expenses in fiscal 2018.
- 6 Represents the estimated translational and transactional gains (losses) of foreign currency rate fluctuations within operating margin and EPS measures presented.

On a segment basis, the Company expects the following ranges for percentage changes for comparable store sales including e-commerce (“comps”) and net revenue in U.S. dollars and constant currency compared to the same prior-year period:

Outlook by Segment¹

| | First Quarter of Fiscal 2019 | | Fiscal Year 2019 | |
|----------------------------|------------------------------|--------------------------------|------------------|--------------------------------|
| | U.S. Dollars | Constant Currency ² | U.S. Dollars | Constant Currency ² |
| Americas Retail: | | | | |
| Comps | — | up LSD | — | down LSD |
| Net Revenue | down LSD to up LSD | down LSD to flat | down MSD | down MSD |
| Americas Wholesale: | | | | |
| Net Revenue | up MSD | up LSD | up LSD | up LSD |
| Europe: | | | | |
| Comps | — | flat | — | up LSD to MSD |
| Net Revenue | up high-teens | up MSD | up mid-teens | up LDD |
| Asia: | | | | |
| Comps | | up low to high-teens | | up low to mid-teens |
| Net Revenue | up mid to high twenties | up mid to high twenties | up high-teens | up low twenties |
| Licensing: | | | | |
| Net Revenue ³ | up low twenties | — | up LSD | — |

Notes:

- 1 As used in the table above, “LSD” is used to refer to the range of Low-Single-Digits, “MSD” is used to refer to the range of Mid-Single-Digits, “HSD” is used to refer to the range of High-Single-Digits, and “LDD” is used to refer to the range of Low-Double-Digits.
- 2 Eliminates the impact of expected foreign currency translation to give investors a better understanding of the underlying trends within the business.
- 3 Our outlook includes the impacts of changes resulting from the prospective adoption of the revenue accounting standard in the first quarter of fiscal 2019. Excluding this impact, our guidance for Licensing net revenue would have been up in the high-single digits in the first quarter of fiscal 2019 and down in the mid-single digits for fiscal year 2019.

Presentation of Non-GAAP Information

The financial information presented in this release includes non-GAAP financial measures such as adjusted results, constant currency financial information and free cash flow measures. For the three and twelve months ended February 3, 2018, the adjusted results exclude the impact of net losses on lease terminations, asset impairment charges and the tax impacts of these adjustments, as well as the tax impacts resulting from the enactment of the Tax Reform, where applicable. For the three and twelve months ended January 28, 2017, the adjusted results exclude the impact of asset impairment charges, a gain from the sale of a minority interest investment, restructuring charges, a restructuring related exit tax charge, net gains on lease terminations and the tax effects of these adjustments, as well as the impact of a non-cash valuation allowance established on certain deferred tax assets, where applicable. These non-GAAP measures are provided in addition to, and not as alternatives for, the Company’s reported GAAP results.

The Company has excluded these items from its adjusted financial measures primarily because it believes that the adjusted financial information provided is useful for investors to evaluate the comparability of the Company’s operating results and its future outlook (when reviewed in conjunction with the Company’s GAAP financial statements). A reconciliation of reported GAAP results to comparable non-GAAP results is provided in the accompanying tables.

This release also includes certain constant currency financial information. Foreign currency exchange rate fluctuations affect the amount reported from translating the Company’s foreign revenue, expenses and balance sheet amounts into U.S. dollars. These rate fluctuations can have a significant effect on reported operating results under GAAP. The Company provides constant currency information to enhance the visibility of underlying business trends, excluding the effects of changes in foreign currency translation rates. To calculate net revenue, comparable store sales and earnings (loss) from operations on a constant currency basis, actual or

forecasted results for the current-year period are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year. The constant currency calculations do not adjust for the impact of revaluing specific transactions denominated in a currency that is different to the functional currency of that entity when exchange rates fluctuate. However, in calculating the estimated impact of currency on our earnings (loss) per share for our actual and forecasted results, the Company estimates gross margin (including the impact of merchandise-related hedges) and expenses using the appropriate prior-year rates, translates the estimated foreign earnings at the comparable prior-year rates, and excludes the year-over-year earnings impact of gains or losses arising from balance sheet remeasurement and foreign currency contracts not designated as merchandise hedges. The constant currency information presented may not be comparable to similarly titled measures reported by other companies.

The Company also includes information regarding its free cash flows in this release. The Company calculates free cash flows as cash flows from operating activities less purchases of property and equipment. Free cash flow measure is not intended to be an alternative to cash flows from operating activities as a measure of liquidity, but rather provides additional visibility to investors regarding how much cash is generated for discretionary and non-discretionary items after deducting purchases of property and equipment. Free cash flow information presented may not be comparable to similarly titled measures reported by other companies. A reconciliation of reported GAAP cash flows from operating activities to the comparable non-GAAP free cash flow measure is provided in the accompanying tables.

Investor Conference Call

The Company will hold a conference call at 4:45 pm (ET) on March 21, 2018 to discuss the news announced in this press release. A live webcast of the conference call will be accessible at www.guess.com via the "Investor Relations" link. The webcast will be archived on the website for 30 days.

About Guess?

Guess?, Inc. designs, markets, distributes and licenses a lifestyle collection of contemporary apparel, denim, handbags, watches, footwear and other related consumer products. Guess? products are distributed through branded Guess? stores as well as better department and specialty stores around the world. As of February 3, 2018, the Company directly operated 1,011 retail stores in the Americas, Europe and Asia. The Company's licensees and distributors operated 652 additional retail stores worldwide. As of February 3, 2018, the Company and its licensees and distributors operated in approximately 100 countries worldwide. For more information about the Company, please visit www.guess.com.

Forward-Looking Statements

Except for historical information contained herein, certain matters discussed in this press release or the related conference call and webcast, including statements concerning the Company's expectations, future prospects, business strategies and strategic initiatives; statements expressing optimism or pessimism about future operating results or events and projected sales (including comparable sales), earnings, capital expenditures, operating margins, cost savings and cash needs; and guidance for the first quarter and full year of fiscal 2019, including the impact of the new revenue recognition standard, are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, which are frequently indicated by terms such as "expect," "will," "should," "goal," "strategy," "believe," "estimate," "continue," "outlook," "plan" and similar terms, are only expectations, and involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from what is currently anticipated. Factors which may cause actual results in future periods to differ materially from current expectations include, among others: our ability to maintain our brand image and reputation; domestic and international economic conditions, including economic and other events that could negatively impact consumer confidence and discretionary consumer spending; changes in the competitive marketplace and in our commercial relationships; our ability to anticipate and adapt to changing consumer preferences and trends; our ability to manage our inventory commensurate with customer demand; risks related to the timing and costs of delivering merchandise to our stores and our wholesale customers; unexpected or unseasonable weather conditions; our ability to effectively operate our various retail concepts, including securing, renewing, modifying or terminating leases for store locations; our ability to successfully and/or timely implement our growth strategies and other strategic initiatives; our ability to expand internationally and operate in regions where we have less experience, including through joint ventures; our ability to successfully or timely implement plans for cost reductions; our ability to complete the transfer of our European distribution center without incurring additional shipment delays and/or increased costs; our ability to attract and retain key personnel; changes to our short or long-term strategic initiatives; obligations arising from new or existing litigation, tax and other regulatory proceedings (including the European Commission proceeding initiated during the second quarter of fiscal 2018 to investigate whether the Company breached certain European Union competition rules); risks related to the complexity of the Tax Reform and our ability to accurately interpret and predict its impact on our cash flows and financial condition; significant changes in our provisional estimates of the Tax Reform; changes in U.S. or foreign tax or tariff policy including with respect to apparel and other accessory merchandise; accounting adjustments to our unaudited financial statements identified during the completion of our annual independent audit of financial statements and financial controls or from subsequent events arising after issuance of this release; risk of future store asset and/or goodwill impairments or restructuring charges; our ability to adapt to new regulatory compliance and disclosure obligations;

risks associated with our foreign operations, such as violations of laws prohibiting improper payments and the burdens of complying with a variety of foreign laws and regulations (including global data privacy regulations); risks associated with the acts or omissions of our third party vendors, including a failure to comply with our vendor code of conduct or other policies; risks associated with cyber attacks and other cyber security risks; and changes in economic, political, social and other conditions affecting our foreign operations and sourcing, including the impact of currency fluctuations, global tax rates and economic and market conditions in the various countries in which we operate. In addition to these factors, the economic, technological, managerial, and other risks identified in the Company's most recent annual report on Form 10-K and other filings with the Securities and Exchange Commission, including but not limited to the risk factors discussed therein, could cause actual results to differ materially from current expectations. The current global economic climate and uncertainty surrounding potential changes in U.S. policies and regulations under the new administration may amplify many of these risks. Additional information with respect to known and unknown risks will also be set forth in the Company's annual report on Form 10-K for the year ended February 3, 2018, which will be filed with the Securities and Exchange Commission in the first quarter of fiscal 2019. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Contact: Guess?, Inc.
Fabrice Benarouche
VP, Finance and Investor Relations
(213) 765-5578

Source: Guess?, Inc.

Guess?, Inc. and Subsidiaries
Condensed Consolidated Statements of Income (Loss)
(amounts in thousands, except per share data)

| | Three Months Ended ¹ | | | | Twelve Months Ended ¹ | | | |
|-----------------------------------------------------------------------------------------------|---------------------------------|--------|------------------|----------------|----------------------------------|----------------|------------------|----------------|
| | February 3, 2018 | | January 28, 2017 | | February 3, 2018 | | January 28, 2017 | |
| | \$ | % | \$ | % ² | \$ | % ² | \$ | % ² |
| Product sales | \$ 772,676 | 97.5% | \$ 656,505 | 97.4% | \$ 2,290,999 | 96.9% | \$ 2,118,534 | 96.7% |
| Net royalties ² | 19,488 | 2.5% | 17,499 | 2.6% | 72,755 | 3.1% | 71,919 | 3.3% |
| Net revenue ² | 792,164 | 100.0% | 674,004 | 100.0% | 2,363,754 | 100.0% | 2,190,453 | 100.0% |
| Cost of product sales ² | 497,094 | 62.8% | 437,597 | 64.9% | 1,534,906 | 64.9% | 1,445,413 | 66.0% |
| Gross profit | 295,070 | 37.2% | 236,407 | 35.1% | 828,848 | 35.1% | 745,040 | 34.0% |
| Selling, general and administrative expenses | 224,326 | 28.3% | 182,493 | 27.1% | 743,823 | 31.5% | 682,559 | 31.1% |
| Net (gains) losses on lease terminations | (121) | (0.0%) | — | 0.0% | 11,373 | 0.5% | (695) | (0.0%) |
| Asset impairment charges | 2,466 | 0.3% | 32,928 | 4.9% | 8,479 | 0.3% | 34,385 | 1.6% |
| Restructuring charges | — | 0.0% | — | 0.0% | — | 0.0% | 6,083 | 0.3% |
| Earnings from operations | 68,399 | 8.6% | 20,986 | 3.1% | 65,173 | 2.8% | 22,708 | 1.0% |
| Other income (expense): | | | | | | | | |
| Interest expense | (789) | (0.1%) | (419) | (0.1%) | (2,431) | (0.1%) | (1,897) | (0.1%) |
| Interest income | 1,084 | 0.2% | 127 | 0.0% | 4,106 | 0.2% | 1,890 | 0.1% |
| Other income (expense), net | (138) | (0.0%) | 4,492 | 0.7% | 3,423 | 0.1% | 30,909 | 1.4% |
| Earnings before income tax expense | 68,556 | 8.7% | 25,186 | 3.7% | 70,271 | 3.0% | 53,610 | 2.4% |
| Income tax expense | 65,449 | 8.3% | 16,530 | 2.4% | 74,172 | 3.2% | 28,212 | 1.2% |
| Net earnings (loss) | 3,107 | 0.4% | 8,656 | 1.3% | (3,901) | (0.2%) | 25,398 | 1.2% |
| Net earnings attributable to noncontrolling interests | 2,067 | 0.3% | 2,089 | 0.3% | 3,993 | 0.1% | 2,637 | 0.2% |
| Net earnings (loss) attributable to Guess?, Inc. | \$ 1,040 | 0.1% | \$ 6,567 | 1.0% | \$ (7,894) | (0.3%) | \$ 22,761 | 1.0% |
| Net earnings (loss) per common share attributable to common stockholders: | | | | | | | | |
| Basic | \$ 0.01 | | \$ 0.08 | | \$ (0.11) | | \$ 0.27 | |
| Diluted | \$ 0.01 | | \$ 0.08 | | \$ (0.11) | | \$ 0.27 | |
| Weighted average common shares outstanding attributable to common stockholders: | | | | | | | | |
| Basic | 81,046 | | 83,769 | | 82,189 | | 83,666 | |
| Diluted | 82,377 | | 83,970 | | 82,189 | | 83,829 | |
| Effective tax rate | 95.5% | | 65.6% | | 105.6% | | 52.6% | |
| Adjusted earnings from operations ³ : | \$ 70,744 | 8.9% | \$ 53,914 | 8.0% | \$ 85,025 | 3.6% | \$ 62,481 | 2.9% |
| Adjusted net earnings attributable to Guess?, Inc. ³ : | \$ 51,336 | 6.5% | \$ 36,607 | 5.4% | \$ 58,426 | 2.5% | \$ 38,800 | 1.8% |
| Adjusted diluted earnings per common share attributable to common stockholders ³ : | \$ 0.62 | | \$ 0.43 | | \$ 0.70 | | \$ 0.46 | |
| Adjusted effective tax rate ³ : | 24.7% | | 33.4% | | 30.7% | | 41.7% | |

Notes:

¹ The three and twelve months ended February 3, 2018 contain 14 and 53 weeks, respectively. The three and twelve months ended January 28, 2017 contain 13 and 52 weeks, respectively.

- 2 During the fourth quarter of fiscal 2018, the Company reclassified net royalties received on the Company's inventory purchases of licensed product from net revenue to cost of product sales to reflect its treatment as a reduction of the cost of such licensed product. Accordingly, amounts related to net royalties, net revenue and cost of product sales for the twelve months ended February 3, 2018 as well as the three and twelve months ended January 28, 2017 have been adjusted to conform to the current period presentation. This reclassification had no impact on previously reported earnings from operations, net earnings or net earnings per share.
- 3 The adjusted results for the three and twelve months ended February 3, 2018 reflect the exclusion of net (gains) losses on lease terminations, asset impairment charges and the tax impacts of these adjustments, as well as the tax impacts resulting from the enactment of the 2017 Tax Cuts and Jobs Act ("Tax Reform"), where applicable. The adjusted results for the three and twelve months ended January 28, 2017 reflect the exclusion of asset impairment charges, a gain from the sale of a minority interest investment, restructuring charges, a restructuring related exit tax charge, net gains on lease terminations and the tax impacts of these adjustments, as well as the impact of a non-cash valuation allowance established on certain deferred tax assets, where applicable. A complete reconciliation of actual results to adjusted results is presented in the table entitled "Reconciliation of GAAP Results to Adjusted Results."

Guess?, Inc. and Subsidiaries
Reconciliation of GAAP Results to Adjusted Results
(dollars in thousands)

The following table provides reconciliations of reported GAAP earnings from operations to adjusted earnings from operations, reported GAAP net earnings (loss) attributable to Guess?, Inc. to adjusted net earnings attributable to Guess?, Inc. and reported GAAP income tax expense to adjusted income tax expense for the three and twelve months ended February 3, 2018 and January 28, 2017.

| | Three Months Ended¹ | | Twelve Months Ended¹ | |
|------------------------------------------------------------------------------|---------------------------------------|-----------------------------|----------------------------------------|-----------------------------|
| | February 3, 2018 | January 28, 2017 | February 3, 2018 | January 28, 2017 |
| Reported GAAP earnings from operations | \$ 68,399 | \$ 20,986 | \$ 65,173 | \$ 22,708 |
| Net (gains) losses on lease terminations ² | (121) | — | 11,373 | (695) |
| Asset impairment charges ³ | 2,466 | 32,928 | 8,479 | 34,385 |
| Restructuring charges ⁴ | — | — | — | 6,083 |
| Adjusted earnings from operations | \$ 70,744 | \$ 53,914 | \$ 85,025 | \$ 62,481 |
| Reported GAAP net earnings (loss) attributable to Guess?, Inc. | \$ 1,040 | \$ 6,567 | \$ (7,894) | \$ 22,761 |
| Net (gains) losses on lease terminations ² | (121) | — | 11,373 | (695) |
| Asset impairment charges ³ | 2,466 | 32,928 | 8,479 | 34,385 |
| Restructuring charges ⁴ | — | — | — | 6,083 |
| Gain on sale of a minority interest investment ⁵ | — | — | — | (22,279) |
| Income tax adjustments ⁶ | 61 | (9,718) | (1,422) | (10,196) |
| Tax Reform - repatriation tax adjustment ⁷ | 23,034 | — | 23,034 | — |
| Tax Reform - deferred tax adjustment ⁷ | 24,856 | — | 24,856 | — |
| Valuation allowance on certain deferred tax assets ⁸ | — | 6,830 | — | 6,830 |
| Exit tax charge ⁹ | — | — | — | 1,911 |
| Total adjustments affecting net earnings (loss) attributable to Guess?, Inc. | 50,296 | 30,040 | 66,320 | 16,039 |
| Adjusted net earnings attributable to Guess?, Inc. | \$ 51,336 | \$ 36,607 | \$ 58,426 | \$ 38,800 |
| Reported GAAP income tax expense | \$ 65,449 | \$ 16,530 | \$ 74,172 | \$ 28,212 |
| Income tax adjustments ⁶ | (61) | 9,718 | 1,422 | 10,196 |
| Tax Reform - repatriation tax adjustment ⁷ | (23,034) | — | (23,034) | — |
| Tax Reform - deferred tax adjustment ⁷ | (24,856) | — | (24,856) | — |
| Valuation allowance on certain deferred tax assets ⁸ | — | (6,830) | — | (6,830) |
| Exit tax charge ⁹ | — | — | — | (1,911) |
| Total income tax effect | (47,951) | 2,888 | (46,468) | 1,455 |
| Adjusted income tax expense | \$ 17,498 | \$ 19,418 | \$ 27,704 | \$ 29,667 |
| Adjusted effective tax rate | 24.7% | 33.4% | 30.7% | 41.7% |

Notes:

- 1 The three and twelve months ended February 3, 2018 contain 14 and 53 weeks, respectively. The three and twelve months ended January 28, 2017 contain 13 and 52 weeks, respectively.
- 2 During the three and twelve months ended February 3, 2018, the Company recorded net (gains) losses on lease terminations related primarily to the modification of certain lease agreements held with a common landlord in North America. During the twelve months ended January 28, 2017, the Company recorded net gains on lease terminations related primarily to the early termination of certain lease agreements. The net gains on lease terminations were recorded during the first and second quarters of fiscal 2017. The results for the twelve months ended January 28, 2017 have been adjusted to show the impact of the net gains on lease terminations for comparative purposes to same current-year period results.
- 3 During the three and twelve months ended February 3, 2018 and January 28, 2017, the Company recognized asset impairment charges for certain retail locations resulting from under-performance and expected store closures.

- 4 During the first quarter of fiscal 2017, the Company implemented a global cost reduction and restructuring plan to better align its global cost and organizational structure with its current strategic initiatives which resulted in restructuring charges, mainly related to cash-based severance costs, incurred during the twelve months ended January 28, 2017. The restructuring charges were recorded during the three months ended April 30, 2016.
- 5 The Company recognized a gain related to the sale of its minority interest equity holding in a privately-held boutique apparel company during the twelve months ended January 28, 2017. The gain related to the sale was recorded during the three months ended July 30, 2016.
- 6 The income tax effect of the net (gains) losses on lease terminations, asset impairment charges and restructuring charges was based on the Company's assessment of deductibility using the statutory tax rate (inclusive of the impact of valuation allowances) of the tax jurisdiction in which the charges were incurred. The income tax effect on the gain on sale of the minority interest investment was based on the impact of the transaction on the effective tax rate.
- 7 During the fourth quarter of fiscal 2018, the Company recognized additional tax expense resulting from the enactment of the 2017 Tax Reform to account for deemed repatriation of foreign earnings and reduced deferred tax assets due to lower future U.S. corporate tax rates.
- 8 During the fourth quarter of fiscal 2017, the Company recorded a non-cash valuation allowance on certain of its deferred tax assets, a portion of which was generated from the impairments discussed above.
- 9 As a result of the global cost reduction and restructuring plan, the Company incurred an estimated exit tax charge related to its reorganization in Europe during the twelve months ended January 28, 2017. The estimated exit tax charge was recorded during the three months ended April 30, 2016.

Guess?, Inc. and Subsidiaries

Consolidated Segment Data

(dollars in thousands)

| | Three Months Ended ¹ | | | Twelve Months Ended ¹ | | |
|-------------------------------------------------------|---------------------------------|---------------------|-------------|----------------------------------|---------------------|-------------|
| | February 3, 2018 | January 28, 2017 | % change | February 3, 2018 | January 28, 2017 | % change |
| Net revenue: | | | | | | |
| Americas Retail | \$ 271,174 | \$ 288,906 | (6%) | \$ 833,077 | \$ 935,479 | (11%) |
| Americas Wholesale ² | 36,215 | 34,906 | 4% | 150,366 | 146,260 | 3% |
| Europe ² | 356,824 | 255,347 | 40% | 998,657 | 788,194 | 27% |
| Asia ² | 108,463 | 77,346 | 40% | 308,899 | 248,601 | 24% |
| Licensing ³ | 19,488 | 17,499 | 11% | 72,755 | 71,919 | 1% |
| Total net revenue ³ | <u>\$ 792,164</u> | <u>\$ 674,004</u> | <u>18%</u> | <u>\$ 2,363,754</u> | <u>\$ 2,190,453</u> | <u>8%</u> |
| Earnings (loss) from operations: | | | | | | |
| Americas Retail ² | \$ 16,353 | \$ (537) | 3,145% | \$ (17,301) | \$ (22,816) | 24% |
| Americas Wholesale ² | 5,150 | 5,979 | (14%) | 25,161 | 24,190 | 4% |
| Europe ² | 56,627 | 40,740 | 39% | 87,376 | 56,961 | 53% |
| Asia ² | 9,061 | 2,870 | 216% | 14,116 | (2,381) | 693% |
| Licensing ² | 17,083 | 20,061 | (15%) | 78,102 | 80,386 | (3%) |
| Total segment earnings from operations | 104,274 | 69,113 | 51% | 187,454 | 136,340 | 37% |
| Corporate overhead ² | (33,530) | (15,199) | 121% | (102,429) | (73,859) | 39% |
| Net gains (losses) on lease terminations ² | 121 | — | | (11,373) | 695 | |
| Asset impairment charges ² | (2,466) | (32,928) | | (8,479) | (34,385) | |
| Restructuring charges | — | — | | — | (6,083) | |
| Total earnings from operations | <u>\$ 68,399</u> | <u>\$ 20,986</u> | <u>226%</u> | <u>\$ 65,173</u> | <u>\$ 22,708</u> | <u>187%</u> |
| Operating margins: | | | | | | |
| Americas Retail ² | 6.0% | (0.2%) | | (2.1%) | (2.4%) | |
| Americas Wholesale ² | 14.2% | 17.1% | | 16.7% | 16.5% | |
| Europe ² | 15.9% | 16.0% | | 8.7% | 7.2% | |
| Asia ² | 8.4% | 3.7% | | 4.6% | (1.0%) | |
| Licensing ^{2,3} | 87.7% | 114.6% | | 107.3% | 111.8% | |
| GAAP operating margin for total Company ³ | 8.6% | 3.1% | | 2.8% | 1.0% | |
| Net gains (losses) on lease terminations ² | (0.0%) | 0.0% | | 0.5% | (0.0%) | |
| Asset impairment charges ² | 0.3% | 4.9% | | 0.3% | 1.6% | |
| Restructuring charges | 0.0% | 0.0% | | 0.0% | 0.3% | |
| Adjusted operating margin for total Company | <u>8.9%</u> | <u>8.0%</u> | | <u>3.6%</u> | <u>2.9%</u> | |

Notes:

- 1 The three and twelve months ended February 3, 2018 contain 14 and 53 weeks, respectively. The three and twelve months ended January 28, 2017 contain 13 and 52 weeks, respectively.
- 2 During the first quarter of fiscal 2018, net revenue and related costs and expenses for certain globally serviced customers were reclassified into the segment primarily responsible for the relationship. During the third quarter of fiscal 2018, segment results were also adjusted to exclude corporate performance-based compensation costs, net gains (losses) on lease terminations and asset impairment charges due to the fact that these items are no longer included in the segment results provided to the Company's chief operating decision maker in order to allocate resources and assess performance. Accordingly, segment results have been adjusted for the three and twelve months ended January 28, 2017 to conform to the current period presentation.
- 3 During the fourth quarter of fiscal 2018, the Company reclassified net royalties received on the Company's inventory purchases of licensed product from net revenue to cost of product sales to reflect its treatment as a reduction of the cost of such licensed product. Accordingly, net revenue for the twelve months ended February 3, 2018 as well as the three and twelve months ended January 28, 2017 have been adjusted to conform to the current period presentation. This reclassification had no impact on previously reported earnings from operations.

Guess?, Inc. and Subsidiaries
Constant Currency Financial Measures
(dollars in thousands)

| | Three Months Ended ¹ | | | | | | |
|---------------------------------|---------------------------------|----------------------------|----------------------|-------------------|-------------|----------------------|--|
| | February 3, 2018 | | | January 28, 2017 | | % change | |
| | As Reported | Foreign Currency Impact | Constant Currency | As Reported | As Reported | Constant Currency | |
| Net revenue: | | | | | | | |
| Americas Retail | \$ 271,174 | \$ (3,105) | \$ 268,069 | \$ 288,906 | (6%) | (7%) | |
| Americas Wholesale ² | 36,215 | (982) | 35,233 | 34,906 | 4% | 1% | |
| Europe ² | 356,824 | (40,017) | 316,807 | 255,347 | 40% | 24% | |
| Asia ² | 108,463 | (5,536) | 102,927 | 77,346 | 40% | 33% | |
| Licensing ³ | 19,488 | — | 19,488 | 17,499 | 11% | 11% | |
| Total net revenue ³ | <u>\$ 792,164</u> | <u>\$ (49,640)</u> | <u>\$ 742,524</u> | <u>\$ 674,004</u> | 18% | 10% | |

| | Twelve Months Ended ¹ | | | | | | |
|---------------------------------|----------------------------------|----------------------------|----------------------|---------------------|-------------|----------------------|--|
| | February 3, 2018 | | | January 28, 2017 | | % change | |
| | As Reported | Foreign Currency Impact | Constant Currency | As Reported | As Reported | Constant Currency | |
| Net revenue: | | | | | | | |
| Americas Retail | \$ 833,077 | \$ (3,931) | \$ 829,146 | \$ 935,479 | (11%) | (11%) | |
| Americas Wholesale ² | 150,366 | (1,168) | 149,198 | 146,260 | 3% | 2% | |
| Europe ² | 998,657 | (47,743) | 950,914 | 788,194 | 27% | 21% | |
| Asia ² | 308,899 | (5,417) | 303,482 | 248,601 | 24% | 22% | |
| Licensing ³ | 72,755 | — | 72,755 | 71,919 | 1% | 1% | |
| Total net revenue ³ | <u>\$ 2,363,754</u> | <u>\$ (58,259)</u> | <u>\$ 2,305,495</u> | <u>\$ 2,190,453</u> | 8% | 5% | |

Notes

- 1 The three and twelve months ended February 3, 2018 contain 14 and 53 weeks, respectively. The three and twelve months ended January 28, 2017 contain 13 and 52 weeks, respectively.
- 2 During the first quarter of fiscal 2018, net revenue for certain globally serviced customers was reclassified into the segment primarily responsible for the relationship. Accordingly, segment results for Americas Wholesale, Europe and Asia have been adjusted for the three and twelve months ended January 28, 2017 to conform to the current year presentation.
- 3 During the fourth quarter of fiscal 2018, the Company reclassified net royalties received on the Company's inventory purchases of licensed product from net revenue to cost of product sales to reflect its treatment as a reduction of the cost of such licensed product. Accordingly, net revenue for the twelve months ended February 3, 2018 as well as the three and twelve months ended January 28, 2017 have been adjusted to conform to the current period presentation.

Guess?, Inc. and Subsidiaries
Selected Condensed Consolidated Balance Sheet Data
(in thousands)

| | February 3, 2018 | January 28, 2017 |
|---------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 367,441 | \$ 396,129 |

| | | |
|-----------------------------|---------------------|---------------------|
| Receivables, net | 259,996 | 225,537 |
| Inventories | 428,304 | 367,381 |
| Other current assets | 52,964 | 54,965 |
| Property and equipment, net | 294,254 | 243,005 |
| Restricted cash | 241 | 1,521 |
| Other assets | 252,434 | 245,947 |
| Total Assets | <u>\$ 1,655,634</u> | <u>\$ 1,534,485</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|-------------------------------------------------------------|---------------------|---------------------|
| Current portion of capital lease obligations and borrowings | \$ 2,845 | \$ 566 |
| Other current liabilities | 465,000 | 344,887 |
| Long-term debt and capital lease obligations | 39,196 | 23,482 |
| Other long-term liabilities | 209,528 | 180,104 |
| Redeemable and nonredeemable noncontrolling interests | 22,246 | 16,224 |
| Guess?, Inc. stockholders' equity | 916,819 | 969,222 |
| Total Liabilities and Stockholders' Equity | <u>\$ 1,655,634</u> | <u>\$ 1,534,485</u> |

Guess?, Inc. and Subsidiaries Condensed Consolidated Cash Flow Data (in thousands)

| | Twelve Months Ended | |
|--------------------------------------------------------------------------------------|---------------------|---------------------|
| | February 3, 2018 | January 28, 2017 |
| Net cash provided by operating activities ^{1,2} | \$ 148,370 | \$ 71,740 |
| Net cash used in investing activities ¹ | (90,347) | (48,984) |
| Net cash used in financing activities ¹ | (128,737) | (69,034) |
| Effect of exchange rates on cash, cash equivalents and restricted cash ¹ | 40,746 | (2,071) |
| Net change in cash, cash equivalents and restricted cash ¹ | (29,968) | (48,349) |
| Cash, cash equivalents and restricted cash at the beginning of the year ¹ | 397,650 | 445,999 |
| Cash, cash equivalents and restricted cash at the end of the year ¹ | <u>\$ 367,682</u> | <u>\$ 397,650</u> |
| Supplemental information: | | |
| Depreciation and amortization | \$ 63,588 | \$ 69,319 |
| Rent | \$ 272,332 | \$ 263,126 |
| Non-cash investing and financing activity: | | |
| Assets acquired under capital lease obligations ³ | \$ 18,502 | \$ — |

Notes:

1 As a result of the adoption of new authoritative guidance during the first quarter of fiscal 2018 which impacted the classification of certain cash receipts and cash payments in the statement of cash flows, the amounts related to cash flows from operating, investing and financing activities as well as the effect of exchange rates on cash, cash equivalents and restricted cash have been updated for the twelve months ended January 28, 2017 to conform to the current year presentation.

- 2 During fiscal 2018, the Company recorded net losses on lease terminations related primarily to the modification of certain lease agreements held with a common landlord in North America. In connection with this modification, the Company made up-front payments of approximately \$22 million, of which \$12 million was recognized as net losses on lease terminations and \$10 million was recorded as advance rent payments.
- 3 During fiscal 2018, the Company began the relocation of its European distribution center to the Netherlands. As a result, the Company entered into a capital lease of \$17.0 million for equipment used in the new facility. During fiscal 2018, the Company also entered into a capital lease for \$1.5 million related primarily to computer hardware and software.

Guess?, Inc. and Subsidiaries
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
(in thousands)

| | Twelve Months Ended | |
|----------------------------------------------------------|-----------------------------|-----------------------------|
| | February 3, 2018 | January 28, 2017 |
| Net cash provided by operating activities ^{1,2} | \$ 148,370 | \$ 71,740 |
| Less: Purchases of property and equipment | (84,655) | (90,581) |
| Free cash flow ^{1,2} | \$ 63,715 | \$ (18,841) |

Notes:

- 1 As a result of the adoption of new authoritative guidance during the first quarter of fiscal 2018 which impacted the classification of certain cash receipts and cash payments in the statement of cash flows, net cash provided by operating activities and free cash flow have been updated for the twelve months ended January 28, 2017 to conform to the current year presentation.
- 2 During fiscal 2018, the Company recorded net losses on lease terminations related primarily to the modification of certain lease agreements held with a common landlord in North America. In connection with this modification, the Company made up-front payments of approximately \$22 million, of which \$12 million was recognized as net losses on lease terminations and \$10 million was recorded as advance rent payments.

Guess?, Inc. and Subsidiaries
Retail Store Data
International Store Count

| Region | As of February 3, 2018 | | As of January 28, 2017 | |
|----------------------------|-------------------------------|-------------------------------------|-------------------------------|-------------------------------------|
| | Total Stores | Directly Operated Stores | Total Stores | Directly Operated Stores |
| United States | 308 | 306 | 341 | 339 |
| Canada | 89 | 89 | 111 | 111 |
| Central and South America | 103 | 59 | 95 | 51 |
| Total Americas | 500 | 454 | 547 | 501 |
| Europe and the Middle East | 669 | 400 | 629 | 336 |
| Asia | 494 | 157 | 504 | 108 |
| | 1,663 | 1,011 | 1,680 | 945 |

Guess?, Inc. and Subsidiaries
Directly Operated Retail Store Data
U.S. and Canada

| | Twelve Months Ended | |
|-----------------------------------------------|-----------------------------|-----------------------------|
| | February 3, 2018 | January 28, 2017 |
| Number of stores at the beginning of the year | 450 | 455 |

| | | |
|---------------------------------------------------|------------------|------------------|
| Store openings | 7 | 19 |
| Store closures | (62) | (24) |
| Number of stores at the end of the year | <u>395</u> | <u>450</u> |
| Total store square footage at the end of the year | <u>1,980,000</u> | <u>2,198,000</u> |