

PVH CORP.

CONSOLIDATED INCOME STATEMENTS
(In millions, except per share data)

	2016	2015	2014
Net sales	\$ 7,791.4	\$ 7,605.5	\$ 7,849.1
Royalty revenue	320.6	324.8	300.5
Advertising and other revenue	91.1	90.0	91.6
Total revenue	8,203.1	8,020.3	8,241.2
Cost of goods sold (exclusive of depreciation and amortization)	3,832.8	3,858.7	3,914.5
Gross profit	4,370.3	4,161.6	4,326.7
Selling, general and administrative expenses	3,636.7	3,417.7	3,713.6
Debt modification and extinguishment costs	15.8	—	93.1
Other noncash gain, net	71.3	—	—
Equity in net income of unconsolidated affiliates	0.1	16.6	9.9
Income before interest and taxes	789.2	760.5	529.9
Interest expense	120.9	117.0	143.5
Interest income	5.9	4.0	5.0
Income before taxes	674.2	647.5	391.4
Income tax expense (benefit)	125.5	75.1	(47.5)
Net income	548.7	572.4	438.9
Less: Net loss attributable to redeemable non-controlling interest	(0.3)	—	(0.1)
Net income attributable to PVH Corp.	\$ 549.0	\$ 572.4	\$ 439.0
Basic net income per common share attributable to PVH Corp.	\$ 6.84	\$ 6.95	\$ 5.33
Diluted net income per common share attributable to PVH Corp.	\$ 6.79	\$ 6.89	\$ 5.27

See notes to consolidated financial statements.

PVH CORP.

CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)

	January 29, 2017	January 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 730.1	\$ 556.4
Trade receivables, net of allowances for doubtful accounts of \$15.0 and \$18.1	616.0	657.2
Other receivables	25.4	28.7
Inventories, net	1,317.9	1,322.3
Prepaid expenses	133.2	150.4
Other	57.0	74.8
Assets held for sale	—	14.7
Total Current Assets	2,879.6	2,804.5
Property, Plant and Equipment, net	759.9	744.6
Goodwill	3,469.9	3,219.3
Tradenames	2,783.4	2,802.6
Other Intangibles, net	826.6	843.8
Other Assets, including deferred taxes of \$17.4 and \$12.2	348.5	259.0
Total Assets	\$ 11,067.9	\$ 10,673.8
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 682.6	\$ 636.1
Accrued expenses	832.4	696.3
Deferred revenue	30.7	32.3
Short-term borrowings	19.1	25.9
Current portion of long-term debt	—	136.6
Total Current Liabilities	1,564.8	1,527.2
Long-Term Debt	3,197.3	3,031.7
Other Liabilities, including deferred taxes of \$877.7 and \$836.4	1,499.3	1,562.6
Redeemable Non-Controlling Interest	2.0	—
Stockholders' Equity:		
Preferred stock, par value \$100 per share; 150,000 total shares authorized	—	—
Common stock, par value \$1 per share; 240,000,000 shares authorized; 83,923,184 and 83,545,818 shares issued	83.9	83.5
Additional paid in capital – common stock	2,866.2	2,822.5
Retained earnings	3,098.0	2,561.2
Accumulated other comprehensive loss	(710.8)	(704.2)
Less: 5,371,660 and 2,057,850 shares of common stock held in treasury, at cost	(532.8)	(210.7)
Total Stockholders' Equity	4,804.5	4,552.3
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity	\$ 11,067.9	\$ 10,673.8

See notes to consolidated financial statements.

PVH CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	2016	2015	2014
OPERATING ACTIVITIES			
Net income	\$ 548.7	\$ 572.4	\$ 438.9
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	321.8	257.4	244.7
Equity in net income of unconsolidated affiliates	(0.1)	(16.6)	(9.9)
Deferred taxes	1.3	(8.7)	(31.0)
Stock-based compensation expense	38.2	42.0	48.7
Impairment of long-lived assets	10.1	11.4	17.8
Actuarial (gain) loss on retirement and benefit plans	(39.1)	(20.2)	138.9
Debt modification and extinguishment costs	15.8	—	93.1
Net loss (gain) on deconsolidation of subsidiaries and joint venture	81.8	—	(8.0)
Impairment of goodwill	—	—	11.9
Gain to write-up equity investment in joint venture to fair value	(153.1)	—	—
Changes in operating assets and liabilities:			
Trade receivables, net	22.3	33.2	(17.4)
Inventories, net	2.2	(96.2)	(71.7)
Accounts payable, accrued expenses and deferred revenue	166.9	58.6	(41.7)
Prepaid expenses	19.2	(21.3)	(12.6)
Employer pension contributions	(100.0)	(1.5)	(2.7)
Other, net	18.8	89.1	(9.9)
Net cash provided by operating activities	954.8	899.6	789.1
INVESTING ACTIVITIES ⁽¹⁾			
Business acquisitions, net of cash acquired	(157.7)	—	(13.5)
Purchase of property, plant and equipment	(246.6)	(263.8)	(255.8)
Proceeds from sale of building	16.7	—	—
Contingent purchase price payments	(53.7)	(51.3)	(51.7)
Change in restricted cash	—	20.2	(10.5)
Investments in and advance to unconsolidated affiliates	(32.0)	(26.6)	(26.2)
Payment received on advance to unconsolidated affiliate	6.2	—	—
Loan to a supplier	(13.8)	—	—
Net cash used by investing activities	(480.9)	(321.5)	(357.7)
FINANCING ACTIVITIES ⁽¹⁾			
Net (payments on) proceeds from short-term borrowings	(6.8)	17.4	0.2
Redemption of 7 3/8% senior notes, including make whole premium	—	—	(667.6)
Proceeds from 2016/2014 facilities, net of related fees	571.1	—	586.7
Repayment of Term Loan B in connection with amendment to 2014 facilities	(582.0)	—	—
Repayment of 2016/2014 facilities	(350.0)	(350.0)	(425.5)
Proceeds from 3 5/8% senior notes, net of related fees	389.6	—	—
Net proceeds from settlement of awards under stock plans	13.1	7.4	13.0
Excess tax benefits from awards under stock plans	0.9	5.5	11.0
Cash dividends	(12.2)	(12.5)	(12.5)
Acquisition of treasury shares	(322.1)	(138.4)	(11.1)
Payments of capital lease obligations	(7.0)	(7.8)	(8.7)
Contributions from non-controlling interest	2.2	—	—
Net cash used by financing activities	(303.2)	(478.4)	(514.5)
Effect of exchange rate changes on cash and cash equivalents	3.0	(22.6)	(30.8)
Increase (decrease) in cash and cash equivalents	173.7	77.1	(113.9)
Cash and cash equivalents at beginning of year	556.4	479.3	593.2
Cash and cash equivalents at end of year	\$ 730.1	\$ 556.4	\$ 479.3

⁽¹⁾ See Note 18 for information on noncash investing and financing transactions.

See notes to consolidated financial statements.