UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 3, 2019

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 001-07572

PVH CORP.

(Exact name of registrant as specified in its charter)

Delaware	13-1166910
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 Madison Avenue, New York, New York	10016
(Address of principal executive offices)	(Zip Code)

(212) 381-3500

(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $1.00 par value	PVH	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files).
Yes ☒ No ☐

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

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

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

The number of outstanding shares of common stock of the registrant as of December 2, 2019 was 72,958,317.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Forward-looking statements in this Quarterly Report on Form 10-Q, including, without limitation, statements relating to our future revenue, earnings and cash flows, plans, strategies, objectives, expectations and intentions, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not be anticipated, including, without limitation, (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) we may be considered to be highly leveraged and we use a significant portion of our cash flows to service our indebtedness, as a result of which we might not have sufficient funds to operate our businesses in the manner we intend or have operated in the past; (iii) the levels of sales of our apparel, footwear and related products, both to our wholesale customers and in our retail stores, the levels of sales of our licensees at wholesale and retail, and the extent of discounts and promotional pricing in which we and our licensees and other business partners are required to engage, all of which can be affected by weather conditions, changes in the economy, fuel prices, reductions in travel, fashion trends, consolidations, repositionings and bankruptcies in the retail industries, repositionings of brands by our licensors, and other factors; (iv) our ability to manage our growth and inventory, including our ability to realize benefits from acquisitions; (v) quota restrictions, the imposition of safeguard controls and the imposition of duties or tariffs on goods from the countries where we or our licensees produce goods under our trademarks, such as the recently imposed increased tariffs, and threatened increased tariffs on goods imported into the United States from China, any of which, among other things, could limit the ability to produce products in cost-effective countries or in countries that have the labor and technical expertise needed, or require that we absorb costs or try to pass costs onto consumers, which could materially impact our revenue and profitability; (vi) the availability and cost of raw materials; (vii) our ability to adjust timely to changes in trade regulations and the migration and development of manufacturers (which can affect where our products can best be produced); (viii) changes in available factory and shipping capacity, wage and shipping cost escalation, civil conflict, war or terrorist acts, the threat of any of the foregoing, or political or labor instability in any of the countries where our or our licensees' or other business partners' products are sold, produced or are planned to be sold or produced; (ix) disease epidemics and health related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas, as well as reduced consumer traffic and purchasing, as consumers become ill or limit or cease shopping in order to avoid exposure; (x) acquisitions and divestitures and issues arising with acquisitions, divestitures and proposed transactions, including, without limitation, the ability to integrate an acquired entity or business into us with no substantial adverse effect on the acquired entity's, the acquired business's or our existing operations, employee relationships, vendor relationships, customer relationships or financial performance, and the ability to operate effectively and profitably our continuing businesses after the sale or other disposal of a subsidiary, business or the assets thereof; (xi) the failure of our licensees to market successfully licensed products or to preserve the value of our brands, or their misuse of our brands; (xii) significant fluctuations of the United States dollar against foreign currencies in which we transact significant levels of business; (xiii) our retirement plan expenses recorded throughout the year are calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions, and differences between estimated and actual results give rise to gains and losses, which can be significant, that are recorded immediately in earnings, generally in the fourth quarter of the year; (xiv) the impact of new and revised tax legislation and regulations; and (xv) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

We do not undertake any obligation to update publicly any forward-looking statement, including, without limitation, any estimate regarding revenue, earnings or cash flows, whether as a result of the receipt of new information, future events or otherwise.

PART I -- FINANCIAL INFORMATION
Item 1 - Financial Statements

PART II -- OTHER INFORMATION

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

PVH Corp.
Consolidated Income Statements
Unaudited
(In millions, except per share data)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 3, 2019	November 4, 2018	November 3, 2019	November 4, 2018
Net sales	$ 2,433.5	$ 2,377.4	$ 6,919.8	$ 6,794.1
Royalty revenue	113.1	112.2	288.3	283.1
Advertising and other revenue	41.1	34.9	100.1	95.6
Total revenue	2,587.7	2,524.5	7,308.2	7,172.8
Cost of goods sold (exclusive of depreciation and amortization)	1,181.5	1,159.7	3,317.7	3,220.0
Gross profit	1,406.2	1,364.8	3,990.5	3,952.8
Selling, general and administrative expenses	1,141.6	1,091.3	3,457.6	3,215.8
Non-service related pension and postretirement income	2.0	2.7	6.1	7.8
Debt modification and extinguishment costs	—	—	5.2	—
Other noncash gain	—	—	113.1	—
Equity in net income of unconsolidated affiliates	2.9	6.1	7.5	13.2
Income before interest and taxes	269.5	282.3	654.4	758.0
Interest expense	29.2	30.3	88.5	90.0
Interest income	1.4	0.9	3.8	3.1
Income before taxes	241.7	252.9	569.7	671.1
Income tax expense	32.8	10.3	86.1	84.9
Net income	208.9	242.6	483.6	586.2
Less: Net loss attributable to redeemable non-controlling interest	(0.3)	(0.5)	(1.1)	(1.5)
Net income attributable to PVH Corp.	$ 209.2	$ 243.1	$ 484.7	$ 587.7
Basic net income per common share attributable to PVH Corp.	$ 2.83	$ 3.18	$ 6.49	$ 7.65
Diluted net income per common share attributable to PVH Corp.	$ 2.82	$ 3.15	$ 6.46	$ 7.56

See accompanying notes.

PVH Corp.
Consolidated Statements of Comprehensive Income
Unaudited
(In millions)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 3, 2019	November 4, 2018	November 3, 2019	November 4, 2018
Net income	$ 208.9	$ 242.6	$ 483.6	$ 586.2
Other comprehensive income (loss):				
Foreign currency translation adjustments	11.5	(58.8)	(130.8)	(396.9)
Net unrealized and realized (loss) gain related to effective cash flow hedges, net of tax (benefit) expense of $(0.4), $0.9, $(1.8) and $5.2	(20.4)	17.2	(7.5)	108.2
Net (loss) gain on net investment hedges, net of tax (benefit) expense of $(0.8), $4.0, $7.5 and $24.8	(2.3)	12.0	23.6	75.9
Total other comprehensive loss	(11.2)	(29.6)	(114.7)	(212.8)
Comprehensive income	197.7	213.0	368.9	373.4
Less: Comprehensive loss attributable to redeemable non-controlling interest	(0.3)	(0.5)	(1.1)	(1.5)
Comprehensive income attributable to PVH Corp.	$ 198.0	$ 213.5	$ 370.0	$ 374.9

See accompanying notes.

PVH Corp.
Consolidated Balance Sheets
(In millions, except share and per share data)

	November 3, 2019 UNAUDITED	February 3, 2019 AUDITED	November 4, 2018 UNAUDITED
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 555.2	$ 452.0	$ 398.5
Trade receivables, net of allowances for doubtful accounts of $25.7, $21.6 and $26.9	972.7	777.8	937.0
Other receivables	26.1	26.0	28.6
Inventories, net	1,768.1	1,732.4	1,686.9
Prepaid expenses	161.3	168.7	173.4
Other	98.7	81.7	83.4
Total Current Assets	3,582.1	3,238.6	3,307.8
Property, Plant and Equipment, net	994.7	984.5	923.7
Operating Lease Right-of-Use Assets	1,648.1	—	—
Goodwill	3,738.5	3,670.5	3,655.2
Tradenames	2,837.1	2,863.7	2,859.4
Other Intangibles, net	882.5	705.5	715.6
Other Assets, including deferred taxes of $29.2, $40.5 and $15.3	336.2	400.9	369.2
Total Assets	$ 14,019.2	$ 11,863.7	$ 11,830.9
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	$ 780.5	$ 924.2	$ 752.5
Accrued expenses	951.3	891.6	830.1
Deferred revenue	44.8	65.3	39.3
Current portion of operating lease liabilities	347.3	—	—
Short-term borrowings	387.5	12.8	276.7
Current portion of long-term debt	41.3	—	—
Total Current Liabilities	2,552.7	1,893.9	1,898.6
Long-Term Portion of Operating Lease Liabilities	1,517.5	—	—
Long-Term Debt	2,738.4	2,819.4	2,878.3
Other Liabilities, including deferred taxes of $624.1, $565.2 and $655.3	1,226.4	1,322.4	1,372.3
Redeemable Non-Controlling Interest	(0.9)	0.2	0.5
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; 85,876,613; 85,446,141 and 85,444,411 shares issued	85.9	85.4	85.4
Additional paid in capital - common stock	3,061.9	3,017.3	3,002.9
Retained earnings	4,820.4	4,350.1	4,191.4
Accumulated other comprehensive loss	(622.6)	(507.9)	(534.3)
Less: 12,574,071; 10,042,510 and 9,533,692 shares of common stock held in treasury, at cost	(1,360.5)	(1,117.1)	(1,064.2)
Total Stockholders' Equity	5,985.1	5,827.8	5,681.2
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity	$ 14,019.2	$ 11,863.7	$ 11,830.9

See accompanying notes.

PVH Corp.
Consolidated Statements of Cash Flows
Unaudited
(In millions)

	Thirty-Nine Weeks Ended	
	November 3, 2019	November 4, 2018
OPERATING ACTIVITIES		
Net income	$ 483.6	$ 586.2
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	236.5	248.0
Equity in net income of unconsolidated affiliates	(7.5)	(13.2)
Deferred taxes	2.6	2.3
Stock-based compensation expense	43.2	41.9
Impairment of long-lived assets	89.3	4.7
Debt modification and extinguishment costs	5.2	—
Other noncash gain	(113.1)	—
Changes in operating assets and liabilities:		
Trade receivables, net	(196.2)	(316.1)
Other receivables	(0.8)	7.9
Inventories, net	32.3	(172.9)
Accounts payable, accrued expenses and deferred revenue	(88.2)	(122.5)
Prepaid expenses	(14.9)	2.9
Employer pension contribution	(0.7)	(10.0)
Contingent purchase price payments to Mr. Calvin Klein	—	(15.9)
Other, net	(39.5)	61.8
Net cash provided by operating activities	431.8	305.1
INVESTING ACTIVITIES[1]		
Acquisitions, net of cash acquired	(192.4)	(15.9)
Purchases of property, plant and equipment	(233.1)	(269.8)
Proceeds from sale of building	59.4	—
Investments in unconsolidated affiliates	(2.5)	—
Net cash used by investing activities	(368.6)	(285.7)
FINANCING ACTIVITIES[1]		
Net proceeds from short-term borrowings	324.4	257.2
Proceeds from 2019 facilities, net of related fees	1,639.8	—
Repayment of 2016 facilities	(1,649.3)	(85.0)
Repayment of 2019 facilities	(10.2)	—
Net proceeds from settlement of awards under stock plans	1.9	20.3
Cash dividends	(11.3)	(11.6)
Acquisition of treasury shares	(240.2)	(270.4)
Payments of finance lease liabilities	(4.1)	(4.0)
Net cash provided (used) by financing activities	51.0	(93.5)
Effect of exchange rate changes on cash and cash equivalents	(11.0)	(21.3)
Increase (Decrease) in cash and cash equivalents	103.2	(95.4)
Cash and cash equivalents at beginning of period	452.0	493.9
Cash and cash equivalents at end of period	$ 555.2	$ 398.5

[1] See Note 19 for information on Noncash Investing and Financing Transactions.

See accompanying notes.

PVH Corp.
Consolidated Statements of Changes in Stockholders’ Equity and Redeemable Non-Controlling Interest
Unaudited
(In millions, except share and per share data)

	Thirty-Nine Weeks Ended November 4, 2018								
		Stockholders’ Equity							
			Common Stock						
	Redeemable Non-Controlling Interest	Preferred Stock	Shares	$1 par Value	Additional Paid In Capital-Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders’ Equity
February 4, 2018	$ 2.0	$ —	84,851,079	$ 84.9	$ 2,941.2	$ 3,625.2	$ (321.5)	$ (793.4)	$ 5,536.4
Net income attributable to PVH Corp.						179.4			179.4
Foreign currency translation adjustments							(172.2)		(172.2)
Net unrealized and realized gain related to effective cash flow hedges, net of tax expense of $2.7							50.1		50.1
Net gain on net investment hedges, net of tax expense of $12.0							37.0		37.0
Comprehensive income attributable to PVH Corp.									94.3
Cumulative-effect adjustment related to the adoption of accounting guidance for revenue recognition						(1.9)			(1.9)
Cumulative-effect adjustment related to the adoption of accounting guidance for income tax accounting on intercompany sales or transfers of assets other than inventory						(8.0)			(8.0)
Settlement of awards under stock plans			481,647	0.4	12.8				13.2
Stock-based compensation expense					11.6				11.6
Cash dividends ($0.075 per common share)						(5.9)			(5.9)
Acquisition of 494,898 treasury shares								(75.1)	(75.1)
Net loss attributable to redeemable non-controlling interest	(0.5)								
May 6, 2018	1.5	—	85,332,726	85.3	2,965.6	3,788.8	(406.6)	(868.5)	5,564.6
Net income attributable to PVH Corp.						165.2			165.2
Foreign currency translation adjustments							(165.9)		(165.9)
Net unrealized and realized gain related to effective cash flow hedges, net of tax expense of $1.6							40.9		40.9
Net gain on net investment hedges, net of tax expense of $8.8							26.9		26.9
Comprehensive income attributable to PVH Corp.									67.1
Settlement of awards under stock plans			103,053	0.1	6.8				6.9
Stock-based compensation expense					15.2				15.2
Cash dividends ($0.0375 per common share)						(2.9)			(2.9)
Acquisition of 553,837 treasury shares								(85.5)	(85.5)
Net loss attributable to redeemable non-controlling interest	(0.5)								
August 5, 2018	1.0	—	85,435,779	85.4	2,987.6	3,951.1	(504.7)	(954.0)	5,565.4
Net income attributable to PVH Corp.						243.1			243.1
Foreign currency translation adjustments							(58.8)		(58.8)
Net unrealized and realized gain related to effective cash flow hedges, net of tax expense of $0.9							17.2		17.2
Net gain on net investment hedges, net of tax expense of $4.0							12.0		12.0
Comprehensive income attributable to PVH Corp.									213.5
Settlement of awards under stock plans			8,632	—	0.2				0.2
Stock-based compensation expense					15.1				15.1
Cash dividends ($0.0375 per common share)						(2.8)			(2.8)
Acquisition of 812,640 treasury shares								(110.2)	(110.2)
Net loss attributable to redeemable non-controlling interest	(0.5)								
November 4, 2018	$ 0.5	$ —	85,444,411	$ 85.4	$ 3,002.9	$ 4,191.4	$ (534.3)	$ (1,064.2)	$ 5,681.2

PVH Corp.
Consolidated Statements of Changes in Stockholders’ Equity and Redeemable Non-Controlling Interest (continued)
Unaudited
(In millions, except share and per share data)

	Thirty-Nine Weeks Ended November 3, 2019								
		Stockholders’ Equity							
			Common Stock						
	Redeemable Non-Controlling Interest	Preferred Stock	Shares	$1 par Value	Additional Paid In Capital-Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders’ Equity
February 3, 2019	$ 0.2	$ —	85,446,141	$ 85.4	$ 3,017.3	$ 4,350.1	$ (507.9)	$ (1,117.1)	$ 5,827.8
Net income attributable to PVH Corp.						82.0			82.0
Foreign currency translation adjustments							(111.6)		(111.6)
Net unrealized and realized gain related to effective cash flow hedges, net of tax expense of $0.4							13.4		13.4
Net gain on net investment hedges, net of tax expense of $7.2							22.4		22.4
Comprehensive income attributable to PVH Corp.									6.2
Cumulative-effect adjustment related to the adoption of accounting guidance for leases						(3.1)			(3.1)
Settlement of awards under stock plans			371,129	0.4	1.5				1.9
Stock-based compensation expense					13.9				13.9
Cash dividends ($0.075 per common share)						(5.7)			(5.7)
Acquisition of 659,630 treasury shares								(79.5)	(79.5)
Net loss attributable to redeemable non-controlling interest	(0.4)								
May 5, 2019	(0.2)	—	85,817,270	85.8	3,032.7	4,423.3	(583.7)	(1,196.6)	5,761.5
Net income attributable to PVH Corp.						193.5			193.5
Foreign currency translation adjustments							(30.7)		(30.7)
Net unrealized and realized loss related to effective cash flow hedges, net of tax benefit of $1.8							(0.5)		(0.5)
Net gain on net investment hedges, net of tax expense of $1.1							3.5		3.5
Comprehensive income attributable to PVH Corp.									165.8
Settlement of awards under stock plans			48,714	0.1	(0.1)				—
Stock-based compensation expense					14.4				14.4
Cash dividends ($0.0375 per common share)						(2.8)			(2.8)
Acquisition of 711,895 treasury shares								(67.2)	(67.2)
Net loss attributable to redeemable non-controlling interest	(0.4)								
August 4, 2019	(0.6)	—	85,865,984	85.9	3,047.0	4,614.0	(611.4)	(1,263.8)	5,871.7
Net income attributable to PVH Corp.						209.2			209.2
Foreign currency translation adjustments							11.5		11.5
Net unrealized and realized loss related to effective cash flow hedges, net of tax benefit of $0.4							(20.4)		(20.4)
Net loss on net investment hedges, net of tax benefit of $0.8							(2.3)		(2.3)
Comprehensive income attributable to PVH Corp.									198.0
Settlement of awards under stock plans			10,629	—	—				—
Stock-based compensation expense					14.9				14.9
Cash dividends ($0.0375 per common share)						(2.8)			(2.8)
Acquisition of 1,160,036 treasury shares								(96.7)	(96.7)
Net loss attributable to redeemable non-controlling interest	(0.3)								
November 3, 2019	$ (0.9)	$ —	85,876,613	$ 85.9	$ 3,061.9	$ 4,820.4	$ (622.6)	$ (1,360.5)	$ 5,985.1

See accompanying notes.

1. GENERAL

PVH Corp. and its consolidated subsidiaries (collectively, the “Company”) constitute a global apparel company with a brand portfolio consisting of nationally and internationally recognized trademarks, including *TOMMY HILFIGER, CALVIN KLEIN, Van Heusen, IZOD, ARROW, Warner's, Olga, True&Co.* and *Geoffrey Beene*, which are owned, and *Speedo*, which is licensed in perpetuity for North America and the Caribbean, as well as various other owned, licensed and, to a lesser extent, private label brands. The Company designs and markets branded dress shirts, neckwear, sportswear, jeanswear, performance apparel, intimate apparel, underwear, swimwear, swim products, handbags, accessories, footwear and other related products and licenses its owned brands globally over a broad array of product categories and for use in numerous discrete jurisdictions. References to the aforementioned and other brand names are to registered and common law trademarks owned by the Company or licensed to the Company by third parties and are identified by italicizing the brand name.

The consolidated financial statements include the accounts of the Company. Intercompany accounts and transactions have been eliminated in consolidation. Investments in entities that the Company does not control but has the ability to exercise significant influence over are accounted for using the equity method of accounting. The Company’s Consolidated Income Statements include its proportionate share of the net income or loss of these entities. Please see Note 6, “Investments in Unconsolidated Affiliates,” for further discussion. The Company and Arvind Limited (“Arvind”) have a joint venture in Ethiopia, PVH Arvind Manufacturing Private Limited Company (“PVH Ethiopia”), in which the Company owns a 75% interest. PVH Ethiopia is consolidated and the minority shareholder’s proportionate share (25%) of the equity in this joint venture is accounted for as a redeemable non-controlling interest. Please see Note 5, “Redeemable Non-Controlling Interest,” for further discussion.

The Company’s fiscal years are based on the 52-53 week periods ending on the Sunday closest to February 1 and are designated by the calendar year in which the fiscal year commences. References to a year are to the Company’s fiscal year, unless the context requires otherwise.

The accompanying unaudited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not contain all disclosures required by accounting principles generally accepted in the United States for complete financial statements. Reference is made to the Company’s audited consolidated financial statements, including the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended February 3, 2019.

The preparation of the interim financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from these estimates.

The results of operations for the thirteen and thirty-nine weeks ended November 3, 2019 and November 4, 2018 are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors. The data contained in these consolidated financial statements are unaudited and are subject to year-end adjustments. However, in the opinion of management, all known adjustments (which were normal and recurring in nature) have been made to present fairly the consolidated operating results for the unaudited periods.

Certain reclassifications have been made to the consolidated financial statements for the prior year periods to present that information on a basis consistent with the current year.

2. REVENUE

The Company generates revenue primarily from sales of finished products under its owned and licensed trademarks through its wholesale and retail operations. The Company also generates royalty and advertising revenue from licensing the rights to its trademarks to third parties. Revenue is recognized upon the transfer of control of products or services to the Company’s customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those products or services.

<u>Product Sales</u>

The Company generates revenue from the wholesale distribution of its products to traditional retailers (including for sale through their digital commerce sites), pure play digital commerce retailers, franchisees, licensees and distributors. Revenue is recognized upon transfer of control of goods to the customer, which generally occurs when title to goods is passed and risk of loss transfers to the customer. Depending on the contract terms, transfer of control is upon shipment of goods to or upon receipt of goods by the customer. Payment is typically due within 30 to 90 days. The amount of revenue recognized is net of returns, sales allowances and other discounts that the Company offers to its wholesale customers. The Company estimates returns based on an analysis of historical experience and specific customer arrangements and estimates sales allowances and other discounts based on seasonal negotiations, historical experience and an evaluation of current market conditions.

The Company also generates revenue from the retail distribution of its products through its freestanding stores, shop-in-shop/concession locations and digital commerce sites. Revenue is recognized at the point of sale in the stores and shop-in-shop/concession locations and upon estimated time of delivery for sales through the Company’s digital commerce sites, at which point control of the products passes to the customer. The amount of revenue recognized is net of returns, which are estimated based on an analysis of historical experience.

The Company excludes from revenue taxes collected from customers and remitted to government authorities related to sales of the Company’s products. Shipping and handling costs that are billed to customers are included in net sales.

Customer Loyalty Programs

The Company uses loyalty programs that offer customers of its retail businesses specified amounts off of future purchases for a specified period of time after certain levels of spending are achieved. Customers that are enrolled in the programs earn loyalty points for each purchase made.

Loyalty points earned under the customer loyalty programs provide the customer a material right to acquire additional products and give rise to the Company having a separate performance obligation. For each transaction where a customer earns loyalty points, the Company allocates revenue between the products purchased and the loyalty points earned based on the relative standalone selling prices. Revenue allocated to loyalty points is recorded as deferred revenue until the loyalty points are redeemed or expire.

Gift Cards

The Company sells gift cards to customers in its retail stores. Gift card purchases by a customer are prepayments for products to be provided by the Company in the future and are therefore considered to be performance obligations of the Company. Upon the purchase of a gift card by a customer, the Company records deferred revenue for the cash value of the gift card. Deferred revenue is relieved and revenue is recognized when the gift card is redeemed by the customer. The portion of gift cards that the Company does not expect to be redeemed (referred to as “breakage”) is recognized proportionately over the estimated customer redemption period, subject to the constraint that it must be probable that a significant reversal of revenue will not occur, if the Company determines that it does not have a legal obligation to remit the value of such unredeemed gift cards to any jurisdiction.

License Agreements

The Company generates royalty and advertising revenue from licensing the rights to access its trademarks to third parties, including the Company’s joint ventures. The license agreements are generally exclusive to a territory or product category, have terms in excess of one year and, in most cases, include renewal options. In exchange for providing these rights, the license agreements require the licensees to pay the Company a royalty and, in certain agreements, an advertising fee. In both cases, the Company generally receives the greater of (i) a sales-based percentage fee and (ii) a contractual minimum fee for each annual performance period under the license agreement.

In addition to the rights to access its trademarks, the Company provides ongoing support to its licensees over the term of the agreements. As such, the Company’s license agreements are licenses of symbolic intellectual property and, therefore, revenue is recognized over time. For license agreements where the sales-based percentage fee exceeds the contractual minimum fee, the Company recognizes revenues as the licensed products are sold as reported to the Company by its licensees. For license agreements where the sales-based percentage fee does not exceed the contractual minimum fee, the Company recognizes the contractual minimum fee as revenue ratably over the contractual period.

Under the terms of the license agreements, payments are generally due quarterly from the licensees. The Company records deferred revenue when amounts are received or receivable from the licensee in advance of the recognition of revenue.

As of November 3, 2019, the contractual minimum fees on the portion of all license agreements not yet satisfied totaled $1.1 billion, of which the Company expects to recognize $44.4 million as revenue during the remainder of 2019, $235.9 million in 2020 and $825.9 million thereafter.

Deferred Revenue

Changes in deferred revenue related to customer loyalty programs, gift cards and license agreements for the thirty-nine weeks ended November 3, 2019 and November 4, 2018 were as follows:

(In millions)	Thirty-Nine Weeks Ended	
	11/3/19	11/4/18
Deferred revenue balance at beginning of period	$ 65.3	$ 39.2
Impact of adopting the new revenue standard	—	15.6
Net additions to deferred revenue during the period	41.1	34.2
Reductions in deferred revenue for revenue recognized during the period [1]	(61.6)	(49.7)
Deferred revenue balance at end of period	$ 44.8	$ 39.3

[1] Represents the amount of revenue recognized during the period that was included in the deferred revenue balance at the beginning of the period, as adjusted in 2018 for the impact of adopting the new revenue standard, and does not contemplate revenue recognized from amounts deferred during the period. These amounts include $1.8 million and $1.7 million of revenue recognized during the thirteen weeks ended November 3, 2019 and November 4, 2018, respectively.

The Company also had long-term deferred revenue liabilities included in other liabilities in its Consolidated Balance Sheets of $1.6 million, $2.3 million and $2.6 million as of November 3, 2019, February 3, 2019 and November 4, 2018, respectively.

Optional Exemptions

The Company elected not to disclose the remaining performance obligations for contracts that have an original expected term of one year or less and expected sales-based percentage fees for the portion of all license agreements not yet satisfied.

Please see Note 20, “Segment Data,” for information on the disaggregation of revenue by segment and distribution channel.

3. INVENTORIES

Inventories are comprised principally of finished goods and are stated at the lower of cost or net realizable value, except for certain retail inventories in North America that are stated at the lower of cost or market using the retail inventory method. Cost for substantially all wholesale inventories in North America and certain wholesale and retail inventories in Asia is determined using the first-in, first-out method. Cost for all other inventories is determined using the weighted average cost method. The Company reviews current business trends, inventory aging and discontinued merchandise categories to determine adjustments that it estimates will be needed to liquidate existing clearance inventories and record inventories at either the lower of cost or net realizable value or the lower of cost or market using the retail inventory method, as applicable.

4. ACQUISITIONS

<u>TH CSAP Acquisition</u>

The Company acquired on July 1, 2019 the Tommy Hilfiger retail business in Central and Southeast Asia from the Company's previous licensee in these markets (the "TH CSAP acquisition"). As a result of the TH CSAP acquisition, the Company now operates directly the Tommy Hilfiger retail business in these markets.

The acquisition date fair value of the consideration paid was $74.3 million. The estimated fair value of the assets acquired consisted of $63.9 million of goodwill and $10.4 million of other net assets. The goodwill of $63.9 million was assigned as of the acquisition date to the Company's Tommy Hilfiger International segment, which is the Company's reporting unit that is expected to benefit from the synergies of the combination. Goodwill is not expected to be deductible for tax purposes. The Company is still in the process of finalizing the valuation of the assets acquired; thus, the allocation of the acquisition consideration is subject to change.

<u>Australia Acquisition</u>

The Company acquired on May 31, 2019 the approximately 78% ownership interests in Gazal Corporation Limited ("Gazal") that it did not already own (the "Australia acquisition"). Prior to the Australia acquisition, the Company and Gazal jointly owned and managed a joint venture, PVH Brands Australia Pty. Limited ("PVH Australia"), with each owning a 50% interest. PVH Australia licensed and operated businesses under the *TOMMY HILFIGER*, *CALVIN KLEIN* and *Van Heusen* brands, along with other licensed and owned brands. PVH Australia came under the Company's full control as a result of the acquisition. The Company now operates directly the Tommy Hilfiger, Calvin Klein and Van Heusen businesses in this region.

Prior to May 31, 2019, the Company accounted for its approximately 22% interest in Gazal and its 50% interest in PVH Australia under the equity method of accounting. Following the completion of the Australia acquisition, the results of Gazal and PVH Australia have been consolidated in the Company's consolidated financial statements.

Gain on Previously Held Equity Investments

The carrying values of the Company's approximately 22% interest in Gazal and 50% interest in PVH Australia prior to the acquisition were $16.5 million and $41.9 million, respectively. In connection with the acquisition, these investments were remeasured to fair values of $40.1 million and $131.4 million, respectively, resulting in the recognition of an aggregate noncash gain of $113.1 million during the second quarter of 2019, which was included in other noncash gain in the Company's Consolidated Income Statements.

The fair value of the Company's investment in Gazal was determined using the trading price of Gazal's common stock, which was listed on the Australian Securities Exchange, on the date of the acquisition. The Company classified this as a Level 1 fair value measurement due to the use of an unadjusted quoted price in an active market. The fair value of Gazal included the fair value of Gazal's 50% interest in PVH Australia. As such, the Company derived the fair value of its investment in PVH Australia from the fair value of Gazal by adjusting for (i) Gazal's non-operating assets and net debt position and (ii) the estimated future operating cash flows of Gazal's standalone operations, which were discounted at a rate of 12.5% to account for the relative risks of the estimated future cash flows. The Company classified this as a Level 3 fair value measurement due to the use of significant unobservable inputs.

Mandatorily Redeemable Non-Controlling Interest

Pursuant to the terms of the acquisition agreement, key members of Gazal and PVH Australia management exchanged a portion of their interests in Gazal for approximately 6% of the outstanding shares in the previously wholly owned subsidiary of the Company that acquired 100% of the ownership interests in the Australia business. The Company is obligated to purchase this 6% interest within two years of the acquisition closing in two tranches as follows: tranche 1 – 50% of the shares one year after the closing, but up to half of this tranche may be deferred at the holders' option to tranche 2; and tranche 2 – all remaining shares two years after the closing. The purchase price for the tranche 1 and tranche 2 shares is based on a multiple of the subsidiary's adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") less net debt as of the end of the measurement year, and the multiple varies depending on the level of EBITDA compared to a target.

The Company recognized a liability of $26.2 million for the fair value of the 6% interest on the date of the acquisition, which is being accounted for as a mandatorily redeemable non-controlling interest. The fair value of the liability was determined using a Monte Carlo simulation model, which utilizes inputs, including the volatility of financial results, in order to model the probability of different outcomes. The Company classified this as a Level 3 fair value measurement due to the use of significant unobservable inputs. In subsequent periods, the liability for the mandatorily redeemable non-controlling interest is adjusted each reporting period to its redemption value based on conditions that exist as of each subsequent balance sheet date. The Company reflects any adjustment in the redemption value in interest expense in the Company’s Consolidated Income Statement. The Company recorded a loss of $2.6 million in interest expense during the thirteen weeks ended November 3, 2019 in connection with the remeasurement of the mandatorily redeemable non-controlling interest to its redemption value, which reflects the amount that would be paid under the conditions specified in the terms of the acquisition agreement if settlement had occurred as of November 3, 2019. The liability for the mandatorily redeemable non-controlling interest was $28.8 million as of November 3, 2019 based on exchange rates in effect on that date, of which $15.2 million was included in accrued expenses and $13.6 million was included in other liabilities in the Company’s Consolidated Balance Sheet.

Fair Value of the Acquisition

The acquisition date fair value of the business acquired was $324.6 million, consisting of:

(In millions)		
Cash consideration	$	124.7
Fair value of the Company’s investment in PVH Australia		131.4
Fair value of the Company’s investment in Gazal		40.1
Fair value of mandatorily redeemable non-controlling interest		26.2
Elimination of pre-acquisition receivable owed to the Company		2.2
Total acquisition date fair value of the business acquired	$	324.6

Allocation of the Acquisition Date Fair Value

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

(In millions)		
Cash and cash equivalents	$	6.6
Trade receivables		15.1
Inventories		89.9
Prepaid expenses		1.3
Other current assets		3.5
Assets held for sale		58.8
Property, plant and equipment		18.4
Goodwill		66.9
Intangible assets		222.2
Operating lease right-of-use assets		56.4
Total assets acquired		539.1
Accounts payable		14.4
Accrued expenses		23.5
Short-term borrowings		50.5
Current portion of operating lease liabilities		10.9
Long-term portion of operating lease liabilities		43.9
Deferred tax liability		69.6
Other liabilities		1.7
Total liabilities assumed		214.5
Total acquisition date fair value of the business acquired	$	324.6

Prior to the closing of the Australia acquisition, Gazal had entered into an agreement to sell an office building and warehouse to a third party and, as such, the building was classified as held for sale on the acquisition date. The building was subsequently sold to a third party and leased back to the Company in June 2019. Please see Note 16, “Leases,” for further discussion of this sale-leaseback transaction.

The goodwill of $66.9 million was assigned as of the acquisition date to the Company’s Tommy Hilfiger International and Calvin Klein International segments in the amounts of $57.7 million and $9.2 million, respectively, which include the Company’s reporting units that are expected to benefit from the synergies of the combination. Goodwill will not be deductible for tax purposes. The other intangible assets of $222.2 million consisted of reacquired license rights of $204.9 million, which are indefinite lived, order backlog of $0.3 million and customer relationships of $17.0 million, which are subject to amortization on a straight-line basis over 0.5 years and 10.0 years, respectively. The Company is still in the process of finalizing the valuation of the assets and liabilities assumed; thus, the allocation of the acquisition date fair value is subject to change.

Acquisition of the *Geoffrey Beene* Tradename

The Company acquired on April 20, 2018 the *Geoffrey Beene* tradename from Geoffrey Beene, LLC (“Geoffrey Beene”). Prior to the acquisition, the Company licensed the rights to design, market and distribute *Geoffrey Beene* dress shirts and neckwear from Geoffrey Beene.

The tradename was acquired for $17.0 million, consisting of $15.9 million paid in cash, $0.7 million of royalties prepaid to Geoffrey Beene by the Company under the license agreement, and $0.4 million of liabilities assumed by the Company. The transaction was accounted for as an asset acquisition.

5. REDEEMABLE NON-CONTROLLING INTEREST

The Company and Arvind formed PVH Ethiopia, in which the Company owns a 75% interest, during 2016. The Company consolidates PVH Ethiopia in its consolidated financial statements. PVH Ethiopia was formed to operate a manufacturing facility that produces finished products for the Company for distribution primarily in the United States.

The shareholders agreement governing PVH Ethiopia (the “Shareholders Agreement”) contains a put option under which Arvind can require the Company to purchase all of its shares in the joint venture during various future periods as specified in the Shareholders Agreement. The first such period immediately precedes the ninth anniversary of PVH Ethiopia’s date of incorporation. The Shareholders Agreement also contains call options under which the Company can require Arvind to sell to the Company (i) all or a portion of its shares during various future periods as specified in the Shareholders Agreement; (ii) all of its shares in the event of a change of control of Arvind; or (iii) all of its shares in the event that Arvind ceases to hold at least 10% of the outstanding shares. The Company’s first call option referred to in clause (i) immediately follows the fifth anniversary of the date of incorporation of PVH Ethiopia. The put and call prices are the fair market value of the shares on the redemption date based upon a multiple of PVH Ethiopia’s EBITDA for the prior 12 months, less PVH Ethiopia’s net debt.

The fair value of the redeemable non-controlling interest (“RNCI”) as of the date of formation of PVH Ethiopia was $0.1 million. The carrying amount of the RNCI is adjusted to equal the redemption amount at the end of each reporting period, provided that this amount at the end of each reporting period cannot be lower than the initial fair value adjusted for the minority shareholder’s share of net income or loss. Any adjustment to the redemption amount of the RNCI is determined after attribution of net income or loss of the RNCI and will be recognized immediately in retained earnings of the Company, since it is probable that the RNCI will become redeemable in the future based on the passage of time. The carrying amount of the RNCI as of November 3, 2019 was $(0.9) million, which is greater than the redemption amount. The carrying amount decreased from $0.2 million as of February 3, 2019 as a result of a net loss attributable to the RNCI for the thirty-nine weeks ended November 3, 2019 of $1.1 million. The carrying amount of the RNCI as of November 4, 2018 was $0.5 million.

6. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

The Company had investments in unconsolidated affiliates of $148.4 million, $207.1 million and $198.0 million as of November 3, 2019, February 3, 2019 and November 4, 2018, respectively. These investments are accounted for under the equity method of accounting and included in other assets in the Company’s Consolidated Balance Sheets. The Company received dividends of $13.6 million and $3.6 million from these investments during the thirty-nine weeks ended November 3, 2019 and November 4, 2018, respectively, and made payments related to these investments of $2.5 million during the thirty-nine weeks ended November 3, 2019 to contribute its share of funding for the period.

PVH Legwear

The Company and a wholly owned subsidiary of the Company's Heritage Brands socks and hosiery licensee formed a joint venture, PVH Legwear LLC ("PVH Legwear") in the thirty-nine weeks ended November 3, 2019, in which the Company owns a 49% economic interest. PVH Legwear was formed for the purpose of consolidating the Company's socks and hosiery businesses for all Company brands in the United States and Canada. PVH Legwear licenses from the Company the rights to distribute and sell in these countries *TOMMY HILFIGER*, *CALVIN KLEIN*, *IZOD*, *Van Heusen* and *Warner's* socks and hosiery. Additionally, PVH Legwear sells socks and hosiery under other owned and licensed tradenames. PVH Legwear began operations in December 2019. This investment is being accounted for under the equity method of accounting.

Gazal and PVH Australia

Prior to May 31, 2019, the Company held an approximately 22% ownership interest in Gazal and a 50% ownership interest in PVH Australia. These investments were accounted for under the equity method of accounting until the closing of the Australia acquisition on May 31, 2019, on which date the Company derecognized its equity investments in Gazal and PVH Australia and began to consolidate the operations of Gazal and PVH Australia into its financial statements. Please see Note 4, "Acquisitions," for further discussion.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the thirty-nine weeks ended November 3, 2019, by segment (please see Note 20, "Segment Data," for further discussion of the Company's reportable segments), were as follows:

(In millions)	Calvin Klein North America	Calvin Klein International	Tommy Hilfiger North America	Tommy Hilfiger International	Heritage Brands Wholesale	Heritage Brands Retail	Total
Balance as of February 3, 2019							
Goodwill, gross	$ 780.3	$ 909.5	$ 204.4	$ 1,529.8	$ 246.5	$ 11.9	$ 3,682.4
Accumulated impairment losses	—	—	—	—	—	(11.9)	(11.9)
Goodwill, net	780.3	909.5	204.4	1,529.8	246.5	—	3,670.5
Australia acquisition	—	9.2	—	57.7	—	—	66.9
TH CSAP acquisition	—	—	—	63.9	—	—	63.9
Currency translation	0.2	(18.4)	—	(44.6)	—	—	(62.8)
Balance as of November 3, 2019							
Goodwill, gross	780.5	900.3	204.4	1,606.8	246.5	11.9	3,750.4
Accumulated impairment losses	—	—	—	—	—	(11.9)	(11.9)
Goodwill, net	$ 780.5	$ 900.3	$ 204.4	$ 1,606.8	$ 246.5	$ —	$ 3,738.5

The goodwill acquired in the Australia and TH CSAP acquisitions was assigned as of the respective acquisition dates to the Company's reporting units that are expected to benefit from the synergies of the combinations.

The Company performed its annual impairment assessment for goodwill, which is done at the reporting unit level, and indefinite-lived intangible assets as of the beginning of the third quarter of 2019. Please see Note 1, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements included in Item 8 of the Company's Annual Report on Form 10-K for the year ended February 3, 2019 for discussion of the Company's goodwill and intangible assets impairment testing process.

The Company's annual goodwill impairment test for 2019 yielded estimated fair values in excess of the carrying amounts for all of the Company's reporting units and therefore no impairment of goodwill was identified. The reporting unit with the least excess fair value had an estimated fair value that exceeded its carrying amount by 15%.

Additionally, no impairment of indefinite-lived intangible assets was identified as a result of the Company's annual indefinite-lived intangible asset impairment test for 2019. The fair values of all of the Company's indefinite-lived intangible assets substantially exceeded their carrying amounts, with the exception of the Company's perpetual license right, which had a fair value that exceeded its carrying amount by 3% at the testing date. The excess fair value of the perpetual license right declined compared to the prior year, primarily driven by an increase in the weighted average cost of capital as compared to the prior year. The carrying amount of the perpetual license right was $203.8 million as of November 3, 2019. While the perpetual license right was not determined to be impaired, it is at risk of future impairment in the event the related business does not perform as projected or if market factors utilized in the impairment analysis deteriorate, including an unfavorable change in long-term growth rates or the weighted average cost of capital. Holding all other assumptions constant, a 100 basis point change in the annual revenue growth rate of the business conducted under the perpetual license would result in a change to the estimated fair value of the Company’s perpetual license right of approximately $25.0 million. Likewise, a 100 basis point change in the weighted average cost of capital would result in a change to the estimated fair value of the Company’s perpetual license right of approximately $50.0 million.

8. RETIREMENT AND BENEFIT PLANS

The Company, as of November 3, 2019, has five noncontributory qualified defined benefit pension plans covering substantially all employees resident in the United States who meet certain age and service requirements. The plans provide monthly benefits upon retirement generally based on career average compensation and years of credited service. Vesting in plan benefits generally occurs after five years of service. The Company refers to these five plans as its “Pension Plans.”

The Company also has three noncontributory unfunded non-qualified supplemental defined benefit pension plans, including:

– A plan for certain current and former members of Tommy Hilfiger’s domestic senior management. The plan is frozen and, as a result, participants do not accrue additional benefits.
– A capital accumulation program for certain current and former senior executives. Under the individual participants’ agreements, the participants in the program will receive a predetermined amount during the ten years following the attainment of age 65, provided that prior to the termination of employment with the Company, the participant has been in the plan for at least ten years and has attained age 55.
– A plan for certain employees resident in the United States who meet certain age and service requirements that provides benefits for compensation in excess of Internal Revenue Service earnings limits and requires payments to vested employees upon, or shortly after, employment termination or retirement.

The Company refers to these three plans as its “SERP Plans.”

The components of net benefit cost recognized were as follows:

	Pension Plans		Pension Plans	
	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(In millions)	11/3/19	11/4/18	11/3/19	11/4/18
Service cost	$ 8.4	$ 8.4	$ 25.1	$ 25.3
Interest cost	6.9	6.5	20.9	19.5
Expected return on plan assets	(10.0)	(10.1)	(30.2)	(30.2)
Total	$ 5.3	$ 4.8	$ 15.8	$ 14.6

	SERP Plans		SERP Plans	
	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(In millions)	11/3/19	11/4/18	11/3/19	11/4/18
Service cost	$ 1.4	$ 1.5	$ 4.3	$ 4.4
Interest cost	1.1	0.9	3.2	2.9
Total	$ 2.5	$ 2.4	$ 7.5	$ 7.3

The Company also provides certain postretirement health care and life insurance benefits to certain retirees resident in the United States. As a result of the Company’s acquisition of The Warnaco Group, Inc. (“Warnaco”), the Company also provides certain postretirement health care and life insurance benefits to certain Warnaco retirees resident in the United States. Retirees contribute to the cost of the applicable plan, both of which are unfunded and frozen. The Company refers to these two plans as its “Postretirement Plans.” Net benefit cost related to the Postretirement Plans was immaterial for the thirteen and thirty-nine weeks ended November 3, 2019 and November 4, 2018.

The service cost component of net benefit cost is recorded in selling, general and administrative ("SG&A") expenses and the other components of net benefit cost are recorded in non-service related pension and postretirement income in the Company's Consolidated Income Statements.

The Company made a contribution of $0.7 million to its Pension Plans during the third quarter of 2019 and does not expect to make any additional contributions to the Pension Plans in 2019. The Company's actual contributions may differ from planned contributions due to many factors, including changes in tax and other laws, as well as significant differences between expected and actual pension asset performance or interest rates.

9. DEBT

Short-Term Borrowings

The Company has the ability to draw revolving borrowings under its senior unsecured credit facilities, as discussed in the section entitled "2019 Senior Unsecured Credit Facilities" below. The Company had $306.0 million outstanding under these facilities as of November 3, 2019. The weighted average interest rate on funds borrowed as of November 3, 2019 was 3.06%. The maximum amount of revolving borrowings outstanding under these facilities during the thirty-nine weeks ended November 3, 2019 was $378.4 million.

Additionally, the Company has the availability to borrow under short-term lines of credit, overdraft facilities and short-term revolving credit facilities denominated in various foreign currencies. These facilities provided for borrowings of up to $134.3 million based on exchange rates in effect on November 3, 2019 and are utilized primarily to fund working capital needs. The Company had $81.5 million outstanding under these facilities as of November 3, 2019, inclusive of borrowings under a facility utilized by the Company's recently acquired business in Australia. The weighted average interest rate on funds borrowed as of November 3, 2019 was 2.08%. The maximum amount of borrowings outstanding under these facilities during the thirty-nine weeks ended November 3, 2019 was $99.5 million.

Long-Term Debt

The carrying amounts of the Company's long-term debt were as follows:

(In millions)	11/3/19	2/3/19	11/4/18
Senior unsecured Term Loan A facilities due 2024 (1)(2)	$ 1,633.8	$ —	$ —
Senior secured Term Loan A facility due 2021	—	1,643.8	1,708.3
7 3/4% debentures due 2023	99.7	99.6	99.6
3 5/8% senior unsecured euro notes due 2024 (2)	385.7	396.5	394.4
3 1/8% senior unsecured euro notes due 2027 (2)	660.5	679.5	676.0
Total	2,779.7	2,819.4	2,878.3
Less: Current portion of long-term debt	41.3	—	—
Long-term debt	$ 2,738.4	$ 2,819.4	$ 2,878.3

(1) The outstanding principal balance for the United States dollar-denominated Term Loan A facility and the euro-denominated Term Loan A facility was $1,086.4 million and €496.9 million, respectively, as of November 3, 2019.

(2) The carrying amount of the Company's euro-denominated Term Loan A facility and senior unsecured euro notes includes the impact of changes in the exchange rate of the United States dollar against the euro.

Please see Note 12, "Fair Value Measurements," for the fair value of the Company's long-term debt as of November 3, 2019, February 3, 2019 and November 4, 2018.

As of November 3, 2019, the Company's mandatory long-term debt repayments for the remainder of 2019 through 2024 were as follows:

(In millions)

Fiscal Year	Amount [1]
Remainder of 2019	$ 10.3
2020	41.3
2021	61.9
2022	103.1
2023	223.8
2024	1,689.4

[1] A portion of the Company's mandatory long-term debt repayments are denominated in euro and subject to changes in the exchange rate of the United States dollar against the euro.

Total debt repayments for the remainder of 2019 through 2024 exceed the total carrying amount of the Company's Term Loan A facilities, 7 3/4% debentures due 2023 and 3 5/8% senior euro notes due 2024 as of November 3, 2019 because the carrying amount reflects the unamortized portions of debt issuance costs and the original issue discounts.

As of November 3, 2019, after taking into account the effect of the Company's interest rate swap agreements discussed in the section entitled "2019 Senior Unsecured Credit Facilities," which were in effect as of such date, approximately 60% of the Company's long-term debt had fixed interest rates, with the remainder at variable interest rates.

2016 Senior Secured Credit Facilities

On May 19, 2016, the Company entered into an amendment to its senior secured credit facilities (as amended, the "2016 facilities"). The Company replaced the 2016 facilities with new senior unsecured credit facilities on April 29, 2019 as discussed in the section entitled "2019 Senior Unsecured Credit Facilities" below. The 2016 facilities, as of the date they were replaced, consisted of a $2,347.4 million United States dollar-denominated Term Loan A facility and senior secured revolving credit facilities consisting of (i) a $475.0 million United States dollar-denominated revolving credit facility, (ii) a $25.0 million United States dollar-denominated revolving credit facility available in United States dollars and Canadian dollars and (iii) a €185.9 million euro-denominated revolving credit facility available in euro, British pound sterling, Japanese yen and Swiss francs.

2019 Senior Unsecured Credit Facilities

The Company refinanced the 2016 facilities on April 29, 2019 (the "Closing Date") by entering into senior unsecured credit facilities (the "2019 facilities"), the proceeds of which, along with cash on hand, were used to repay all of the outstanding borrowings under the 2016 facilities, as well as the related debt issuance costs.

The 2019 facilities consist of a $1,093.2 million United States dollar-denominated Term Loan A facility (the "USD TLA facility"), a €500.0 million euro-denominated Term Loan A facility (the "Euro TLA facility" and together with the USD TLA facility, the "TLA facilities") and senior unsecured revolving credit facilities consisting of (i) a $675.0 million United States dollar-denominated revolving credit facility, (ii) a CAD $70.0 million Canadian dollar-denominated revolving credit facility available in United States dollars or Canadian dollars, (iii) a €200.0 million euro-denominated revolving credit facility available in euro, British pound sterling, Japanese yen, Swiss francs, Australian dollars and other agreed foreign currencies and (iv) a $50.0 million United States dollar-denominated revolving credit facility available in United States dollars or Hong Kong dollars. The 2019 facilities are due on April 29, 2024. In connection with the refinancing of the senior credit facilities, the Company paid debt issuance costs of $10.4 million (of which $3.5 million was expensed as debt modification costs and $6.9 million is being amortized over the term of the debt agreement) and recorded debt extinguishment costs of $1.7 million to write off previously capitalized debt issuance costs.

Each of the senior unsecured revolving facilities, except for the $50.0 million United States dollar-denominated revolving credit facility available in United States dollars or Hong Kong dollars, also include amounts available for letters of credit and have a portion available for the making of swingline loans. The issuance of such letters of credit and the making of any swingline loan reduces the amount available under the applicable revolving credit facility. So long as certain conditions are satisfied, the Company may add one or more senior unsecured term loan facilities or increase the commitments under the senior unsecured revolving credit facilities by an aggregate amount not to exceed $1,500.0 million. The lenders under the 2019 facilities are not required to provide commitments with respect to such additional facilities or increased commitments.

The Company had loans outstanding of $1,633.8 million, net of debt issuance costs and based on applicable exchange rates, under the TLA facilities, $306.0 million of borrowings outstanding under the senior unsecured revolving credit facilities and $20.4 million of outstanding letters of credit under the senior unsecured revolving credit facilities as of November 3, 2019.

The terms of the TLA facilities require the Company to make quarterly repayments of amounts outstanding under the 2019 facilities, which commenced with the calendar quarter ending September 30, 2019. Such required repayment amounts equal 2.50% per annum of the principal amount outstanding on the Closing Date for the first eight calendar quarters following the Closing Date, 5.00% per annum of the principal amount outstanding on the Closing Date for the four calendar quarters thereafter and 7.50% per annum of the principal amount outstanding on the Closing Date for the remaining calendar quarters, in each case paid in equal installments and in each case subject to certain customary adjustments, with the balance due on the maturity date of the TLA facilities. The outstanding borrowings under the 2019 facilities are prepayable at any time without penalty (other than customary breakage costs). Any voluntary repayments made by the Company would reduce the future required repayment amounts.

The Company made payments of $10.2 million on its term loans under the 2019 facilities and repaid the 2016 facilities in connection with the refinancing of the senior credit facilities during the thirty-nine weeks ended November 3, 2019. The Company made payments of $85.0 million during the thirty-nine weeks ended November 4, 2018 on its term loans under the 2016 facilities.

The United States dollar-denominated borrowings under the 2019 facilities bear interest at a rate equal to an applicable margin plus, as determined at the Company's option, either (a) a base rate determined by reference to the greater of (i) the prime rate, (ii) the United States federal funds effective rate plus 1/2 of 1.00% and (iii) a one-month reserve adjusted Eurocurrency rate plus 1.00% or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The Canadian dollar-denominated borrowings under the 2019 facilities bear interest at a rate equal to an applicable margin plus, as determined at the Company’s option, either (a) a Canadian prime rate determined by reference to the greater of (i) the rate of interest per annum that Royal Bank of Canada establishes as the reference rate of interest in order to determine interest rates for loans in Canadian dollars to its Canadian borrowers and (ii) the average of the rates per annum for Canadian dollar bankers' acceptances having a term of one month or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

Borrowings available in Hong Kong dollars under the 2019 facilities bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The borrowings under the 2019 facilities in currencies other than United States dollars, Canadian dollars or Hong Kong dollars bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The current applicable margin with respect to the TLA facilities and each revolving credit facility is 1.250% for adjusted Eurocurrency rate loans and 0.250% for base rate or Canadian prime rate loans. The applicable margin for borrowings under the TLA facilities and the revolving credit facilities is subject to adjustment (i) after the date of delivery of the compliance certificate and financial statements, with respect to each of the Company’s fiscal quarters, based upon the Company’s net leverage ratio or (ii) after the date of delivery of notice of a change in the Company’s public debt rating by Standard & Poor’s or Moody’s.

The Company entered into interest rate swap agreements designed with the intended effect of converting notional amounts of its variable rate debt obligation to fixed rate debt. Under the terms of the agreements, for the outstanding notional amount, the Company’s exposure to fluctuations in the one-month London interbank offered rate (“LIBOR”) is eliminated and the Company pays a fixed rate plus the current applicable margin. The following interest rate swap agreements were entered into or in effect during the thirty-nine weeks ended November 3, 2019 and/or November 4, 2018:

(In millions)

Designation Date	Commencement Date	Initial Notional Amount	Notional Amount Outstanding as of November 3, 2019	Fixed Rate	Expiration Date
August 2019	February 2020	$ 50.0	$ —	1.1975%	February 2022
June 2019	February 2020	50.0	—	1.409%	February 2022
June 2019	June 2019	50.0	50.0	1.719%	July 2021
January 2019	February 2020	50.0	—	2.4187%	February 2021
November 2018	February 2019	139.2	139.1	2.8645%	February 2021
October 2018	February 2019	115.7	178.3	2.9975%	February 2021
June 2018	August 2018	50.0	50.0	2.6825%	February 2021
June 2017	February 2018	306.5	119.0	1.566%	February 2020
July 2014	February 2016	682.6	—	1.924%	February 2018

The notional amounts of the outstanding interest rate swaps that commenced in February 2018 and February 2019 are adjusted according to pre-set schedules during the terms of the swap agreements such that, based on the Company's projections for future debt repayments, the Company's outstanding debt under the USD TLA facility is expected to always equal or exceed the combined notional amount of the then-outstanding interest rate swaps.

The 2019 facilities contain customary events of default, including but not limited to nonpayment; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; certain events related to the Employee Retirement Income Security Act of 1974, as amended; and a change in control (as defined in the 2019 facilities).

The 2019 facilities require the Company to comply with customary affirmative, negative and financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the 2019 facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable, which would result in acceleration of the Company's other debt.

7 3/4% Debentures Due 2023

The Company has outstanding $100.0 million of debentures due November 15, 2023 that accrue interest at the rate of 7 3/4%. The debentures are not redeemable at the Company's option prior to maturity.

3 5/8% Euro Senior Notes Due 2024

The Company has outstanding €350.0 million euro-denominated principal amount of 3 5/8% senior notes due July 15, 2024. Interest on the notes is payable in euros. The Company may redeem some or all of these notes at any time prior to April 15, 2024 by paying a "make whole" premium plus any accrued and unpaid interest. In addition, the Company may redeem some or all of these notes on or after April 15, 2024 at their principal amount plus any accrued and unpaid interest.

3 1/8% Euro Senior Notes Due 2027

The Company has outstanding €600.0 million euro-denominated principal amount of 3 1/8% senior notes due December 15, 2027. Interest on the notes is payable in euros. The Company may redeem some or all of these notes at any time prior to September 15, 2027 by paying a "make whole" premium plus any accrued and unpaid interest. In addition, the Company may redeem some or all of these notes on or after September 15, 2027 at their principal amount plus any accrued and unpaid interest.

As of November 3, 2019, the Company was in compliance with all applicable financial and non-financial covenants under its financing arrangements.

Please see Note 8, "Debt," in the Notes to Consolidated Financial Statements included in Item 8 of the Company's Annual Report on Form 10-K for the year ended February 3, 2019 for further discussion of the Company's debt.

10. INCOME TAXES

The effective income tax rates for the thirteen weeks ended November 3, 2019 and November 4, 2018 were 13.6% and 4.1%, respectively. The effective income tax rates for the thirty-nine weeks ended November 3, 2019 and November 4, 2018 were 15.1% and 12.7%, respectively.

The effective income tax rates for the thirteen and thirty-nine weeks ended November 3, 2019 were lower than the United States statutory income tax rate primarily due to (i) the benefit of certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation, which resulted in a benefit to the Company's effective income tax rates of 13.7% and 4.5% for the thirteen and thirty-nine weeks ended November 3, 2019, respectively, partially offset by (ii) the tax on foreign earnings in excess of a deemed return on tangible assets of foreign corporations (known as "GILTI") imposed by the United States Tax Cuts and Jobs Act of 2017 (the "U.S. Tax Legislation"), which more than offset the benefit of overall lower tax rates in certain international jurisdictions where the Company files tax returns. The effective income tax rate for the thirty-nine weeks ended November 3, 2019 also included the favorable impact of a tax exemption on the noncash gain recorded in the second quarter of 2019 to write up the Company's equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition that resulted in a 3.7% benefit to the Company's effective tax rate.

The effective income tax rates for the thirteen and thirty-nine weeks ended November 4, 2018 were lower than the United States statutory income tax rate primarily due to (i) the benefit of certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation, which resulted in a benefit to the Company's effective income tax rates of 16.6% and 5.9% for the thirteen and thirty-nine weeks ended November 4, 2018, respectively, and (ii) the benefit of overall lower tax rates in certain international jurisdictions where the Company files tax returns.

The Company files income tax returns in more than 40 international jurisdictions each year. A substantial amount of the Company's earnings are in international jurisdictions, particularly the Netherlands and Hong Kong, where income tax rates, coupled with special rates levied on income from certain of the Company's jurisdictional activities, are lower than the United States statutory income tax rate.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Cash Flow Hedges

The Company has exposure to changes in foreign currency exchange rates related to anticipated cash flows associated with certain international inventory purchases. The Company uses foreign currency forward exchange contracts to hedge against a portion of this exposure.

The Company also has exposure to interest rate volatility related to its term loans under the 2019 facilities. The Company has entered into interest rate swap agreements to hedge against a portion of this exposure. Please see Note 9, "Debt," for further discussion of the 2019 facilities and these agreements.

The Company records the foreign currency forward exchange contracts and interest rate swap agreements at fair value in its Consolidated Balance Sheets and does not net the related assets and liabilities. The foreign currency forward exchange contracts associated with certain international inventory purchases and the interest rate swap agreements are designated as effective hedging instruments (collectively, "cash flow hedges"). The changes in the fair value of the cash flow hedges are recorded in equity as a component of accumulated other comprehensive loss ("AOCL"). No amounts were excluded from effectiveness testing.

Net Investment Hedges

The Company has exposure to changes in foreign currency exchange rates related to the value of its investments in foreign subsidiaries denominated in a currency other than the United States dollar. To hedge against a portion of this exposure, the Company designated the carrying amounts of its €600.0 million euro-denominated principal amount of 3 1/8% senior notes due 2027 and €350.0 million euro-denominated principal amount of 3 5/8% senior notes due 2024 (collectively, "foreign currency borrowings"), that it had issued in the United States, as net investment hedges of its investments in certain of its foreign subsidiaries that use the euro as their functional currency. Please see Note 9, "Debt," for further discussion of the Company's foreign currency borrowings.

The Company records the foreign currency borrowings at carrying value in its Consolidated Balance Sheets. The carrying value of the foreign currency borrowings is remeasured at the end of each reporting period to reflect changes in the foreign currency exchange spot rate. Since the foreign currency borrowings are designated as net investment hedges, such remeasurement is recorded in equity as a component of AOCL. The fair value and the carrying value of the foreign currency borrowings designated as net investment hedges were $1,177.0 million and $1,046.2 million, respectively, as of November 3, 2019, $1,098.3 million and $1,076.0 million, respectively, as of February 3, 2019 and $1,102.2 million and $1,070.4 million, respectively, as of November 4, 2018. The Company evaluates the effectiveness of its net investment hedges at inception and at the beginning of each quarter thereafter. No amounts were excluded from effectiveness testing.

Undesignated Contracts

The Company records immediately in earnings changes in the fair value of hedges that are not designated as effective hedging instruments ("undesignated contracts"), including all of the foreign currency forward exchange contracts related to intercompany transactions and intercompany loans that are not of a long-term investment nature. Any gains and losses that are immediately recognized in earnings on such contracts are largely offset by the remeasurement of the underlying intercompany balances.

The Company does not use derivative or non-derivative financial instruments for trading or speculative purposes. The cash flows from the Company's hedges are presented in the same category in the Company's Consolidated Statements of Cash Flows as the items being hedged.

The following table summarizes the fair value and presentation of the Company's derivative financial instruments in its Consolidated Balance Sheets:

(In millions)	Assets						Liabilities					
	11/3/19		2/3/19		11/4/18		11/3/19		2/3/19		11/4/18	
	Other Current Assets	Other Assets	Other Current Assets	Other Assets	Other Current Assets	Other Assets	Accrued Expenses	Other Liabilities	Accrued Expenses	Other Liabilities	Accrued Expenses	Other Liabilities
Contracts designated as cash flow hedges:												
Foreign currency forward exchange contracts (inventory purchases)	$ 21.3	$ 0.1	$ 24.0	$ 0.7	$ 33.7	$ 1.7	$ 3.3	$ 0.4	$ 3.5	$ 0.7	$ 0.3	$ 0.1
Interest rate swap agreements	0.2	0.1	1.4	—	2.0	0.9	4.9	1.8	1.2	1.6	0.1	—
Total contracts designated as cash flow hedges	21.5	0.2	25.4	0.7	35.7	2.6	8.2	2.2	4.7	2.3	0.4	0.1
Undesignated contracts:												
Foreign currency forward exchange contracts	1.5	—	0.1	—	0.1	—	1.7	—	2.0	—	3.5	—
Total	$ 23.0	$ 0.2	$ 25.5	$ 0.7	$ 35.8	$ 2.6	$ 9.9	$ 2.2	$ 6.7	$ 2.3	$ 3.9	$ 0.1

The notional amount outstanding of foreign currency forward exchange contracts was $1,336.9 million at November 3, 2019. Such contracts expire principally between November 2019 and March 2021.

The following tables summarize the effect of the Company's hedges designated as cash flow and net investment hedging instruments:

(In millions)	(Loss) Gain Recognized in Other Comprehensive (Loss) Income	
Thirteen Weeks Ended	11/3/19	11/4/18
Foreign currency forward exchange contracts (inventory purchases)	$ (23.4)	$ 23.4
Interest rate swap agreements	(0.3)	0.4
Foreign currency borrowings (net investment hedges)	(3.1)	16.0
Total	$ (26.8)	$ 39.8
Thirty-Nine Weeks Ended	11/3/19	11/4/18
Foreign currency forward exchange contracts (inventory purchases)	$ 19.1	$ 89.8
Interest rate swap agreements	(5.4)	1.1
Foreign currency borrowings (net investment hedges)	31.1	100.7
Total	$ 44.8	$ 191.6

	Amount of (Loss) Gain Reclassified from AOCL into (Expense) Income, Consolidated Income Statement Location, and Total Amount of Consolidated Income Statement Line Item				
(In millions)	Amount Reclassified		Location	Total Income Statement Amount	
Thirteen Weeks Ended	11/3/19	11/4/18		11/3/19	11/4/18
Foreign currency forward exchange contracts (inventory purchases)	$ (2.3)	$ 5.5	Cost of goods sold	$ 1,181.5	$ 1,159.7
Interest rate swap agreements	(0.6)	0.2	Interest expense	29.2	30.3
Total	$ (2.9)	$ 5.7			
Thirty-Nine Weeks Ended	11/3/19	11/4/18		11/3/19	11/4/18
Foreign currency forward exchange contracts (inventory purchases)	$ 23.4	$ (23.1)	Cost of goods sold	$ 3,317.7	$ 3,220.0
Interest rate swap agreements	(0.4)	0.6	Interest expense	88.5	90.0
Total	$ 23.0	$ (22.5)			

A net gain in AOCL on foreign currency forward exchange contracts at November 3, 2019 of $27.6 million is estimated to be reclassified in the next 12 months in the Company's Consolidated Income Statement to costs of goods sold as the underlying inventory hedged by such forward exchange contracts is sold. In addition, a net loss in AOCL for interest rate swap agreements at November 3, 2019 of $4.7 million is estimated to be reclassified to interest expense within the next 12 months. Amounts recognized in AOCL for foreign currency borrowings would be recognized in earnings only upon the sale or substantially complete liquidation of the hedged net investment.

The following table summarizes the effect of the Company's undesignated contracts recognized in SG&A expenses in its Consolidated Income Statements:

(In millions)	Gain (Loss) Recognized in Income (Expense)	
Thirteen Weeks Ended	11/3/19	11/4/18
Foreign currency forward exchange contracts	$ —	$ (3.0)
Thirty-Nine Weeks Ended	11/3/19	11/4/18
Foreign currency forward exchange contracts	$ 0.7	$ (3.0)

The Company had no derivative financial instruments with credit risk-related contingent features underlying the related contracts as of November 3, 2019.

12. FAIR VALUE MEASUREMENTS

In accordance with accounting principles generally accepted in the United States, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level hierarchy prioritizes the inputs used to measure fair value as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs reflecting the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability based on the best information available.

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company's financial assets and liabilities that are required to be remeasured at fair value on a recurring basis:

	11/3/19				2/3/19				11/4/18			
(In millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:												
Foreign currency forward exchange contracts	N/A	$ 22.9	N/A	$ 22.9	N/A	$ 24.8	N/A	$ 24.8	N/A	$ 35.5	N/A	$ 35.5
Interest rate swap agreements	N/A	0.3	N/A	0.3	N/A	1.4	N/A	1.4	N/A	2.9	N/A	2.9
Total Assets	N/A	$ 23.2	N/A	$ 23.2	N/A	$ 26.2	N/A	$ 26.2	N/A	$ 38.4	N/A	$ 38.4
Liabilities:												
Foreign currency forward exchange contracts	N/A	$ 5.4	N/A	$ 5.4	N/A	$ 6.2	N/A	$ 6.2	N/A	$ 3.9	N/A	$ 3.9
Interest rate swap agreements	N/A	6.7	N/A	6.7	N/A	2.8	N/A	2.8	N/A	0.1	N/A	0.1
Total Liabilities	N/A	$ 12.1	N/A	$ 12.1	N/A	$ 9.0	N/A	$ 9.0	N/A	$ 4.0	N/A	$ 4.0

The fair value of the foreign currency forward exchange contracts is measured as the total amount of currency to be purchased, multiplied by the difference between (i) the forward rate as of the period end and (ii) the settlement rate specified in each contract. The fair value of the interest rate swap agreements is based on observable interest rate yield curves and represents the expected discounted cash flows underlying the financial instruments.

There were no transfers between any levels of the fair value hierarchy for any of the Company's fair value measurements.

The following tables show the fair value of the Company's non-financial assets and liabilities that were required to be remeasured at fair value on a non-recurring basis (consisting of operating lease right-of-use assets and property, plant and equipment) during the thirty-nine weeks ended November 3, 2019 and November 4, 2018, and the total impairments recorded as a result of the remeasurement process:

	11/3/2019				
(In millions)	Fair Value Measurement Using			Fair Value As Of Impairment Date	Total Impairments
	Level 1	Level 2	Level 3		
Operating lease right-of-use assets	N/A	N/A	$ 18.2	$ 18.2	$ 77.9
Property, plant and equipment, net	N/A	N/A	—	—	11.4

	11/4/2018				
(In millions)	Fair Value Measurement Using			Fair Value As Of Impairment Date	Total Impairments
	Level 1	Level 2	Level 3		
Property, plant and equipment, net	N/A	N/A	$ —	$ —	$ 4.7

Operating lease right-of-use assets with a carrying amount of $96.1 million were written down to a fair value of $18.2 million during the thirty-nine weeks ended November 3, 2019 primarily as a result of the closure during the first quarter of 2019 of the Company's *TOMMY HILFIGER* flagship and anchor stores in the United States (the "TH U.S. store closures") and the closure during the first quarter of 2019 of the Company's *CALVIN KLEIN* flagship store on Madison Avenue in New York, New York in connection with the Calvin Klein restructuring (as defined in Note 17, "Exit Activity Costs"). Please see Note 17 for further discussion of the Calvin Klein restructuring costs. The fair value of the Company's operating lease right-of-use assets was determined based on the discounted cash flows of estimated sublease income using market participant assumptions.

Property, plant and equipment with a carrying amount of $11.4 million was written down to a fair value of zero during the thirty-nine weeks ended November 3, 2019 in connection with the TH U.S. store closures, the closure of the Company's *CALVIN KLEIN 205 W39 NYC* brand (formerly *Calvin Klein Collection*), and the financial performance in certain of the Company's retail stores, including certain *CALVIN KLEIN* stores affected by the realignment of the Calvin Klein creative direction globally. Please see Note 17, "Exit Activity Costs," for further discussion of the Calvin Klein restructuring costs. Fair value of the Company's property, plant and equipment was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions.

The $89.3 million of impairment charges was included in SG&A expenses, of which $49.7 million was recorded in the Tommy Hilfiger North America segment, $33.9 million was recorded in the Calvin Klein North America segment, $5.6 million was recorded in the Calvin Klein International segment and $0.1 million was recorded in the Heritage Brands Retail segment.

Property, plant and equipment with a carrying amount of $4.7 million was written down to a fair value of zero during the thirty-nine weeks ended November 4, 2018 primarily in connection with the financial performance in certain of the Company's retail stores. Fair value of the Company's property, plant and equipment was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions. The $4.7 million of impairment charges was included in SG&A expenses, of which $2.0 million was recorded in the Calvin Klein International segment, $1.8 million was recorded in the Calvin Klein North America segment, $0.7 million was recorded in the Tommy Hilfiger International segment and $0.2 million was recorded in the Tommy Hilfiger North America segment.

The carrying amounts and the fair values of the Company's cash and cash equivalents, short-term borrowings and long-term debt were as follows:

	11/3/19		2/3/19		11/4/18	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 555.2	$ 555.2	$ 452.0	$ 452.0	$ 398.5	$ 398.5
Short-term borrowings	387.5	387.5	12.8	12.8	276.7	276.7
Long-term debt (including portion classified as current)	2,779.7	2,931.9	2,819.4	2,853.7	2,878.3	2,929.0

The fair values of cash and cash equivalents and short-term borrowings approximate their carrying amounts due to the short-term nature of these instruments. The Company estimates the fair value of its long-term debt using quoted market prices as of the last business day of the applicable quarter. The Company classifies the measurement of its long-term debt as a Level 1 measurement. The carrying amounts of long-term debt reflect the unamortized portions of debt issuance costs and the original issue discounts.

13. STOCK-BASED COMPENSATION

The Company grants stock-based awards under its 2006 Stock Incentive Plan (the "2006 Plan"). Shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the 2006 Plan: (i) non-qualified stock options ("stock options"); (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; (v) restricted stock units ("RSUs"); (vi) performance shares; (vii) performance share units ("PSUs"); and (viii) other stock-based awards. Each award granted under the 2006 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, performance periods and performance measures, and such other terms and conditions as the plan committee determines. Awards granted under the 2006 Plan are classified as equity awards, which are recorded in stockholders' equity in the Company's Consolidated Balance Sheets.

Through November 3, 2019, the Company has granted under the 2006 Plan (i) service-based stock options, RSUs and restricted stock; and (ii) contingently issuable PSUs and RSUs. There was no restricted stock outstanding as of November 3, 2019.

According to the terms of the 2006 Plan, for purposes of determining the number of shares available for grant, each share underlying a stock option award reduces the number available by one share and each share underlying an RSU or PSU award reduces the number available by two shares.

Net income for the thirty-nine weeks ended November 3, 2019 and November 4, 2018 included $43.2 million and $41.9 million, respectively, of pre-tax expense related to stock-based compensation, with related recognized income tax benefits of $5.1 million and $8.4 million, respectively.

The Company receives a tax deduction for certain transactions associated with its stock-based plan awards. The actual income tax benefits realized from these transactions during the thirty-nine weeks ended November 3, 2019 and November 4, 2018 were $8.7 million and $13.3 million, respectively. The tax benefits realized included discrete net excess tax benefits of $0.9 million and $4.9 million recognized in the Company's provision for income taxes during the thirty-nine weeks ended November 3, 2019 and November 4, 2018, respectively.

Stock Options

Stock options granted to employees are generally exercisable in four equal annual installments commencing one year after the date of grant. The underlying stock option award agreements generally provide for accelerated vesting upon the award recipient's retirement (as defined in the 2006 Plan). Such stock options are granted with a 10-year term and the per share exercise price cannot be less than the closing price of the common stock on the date of grant.

The Company estimates the fair value of stock options at the date of grant using the Black-Scholes-Merton model. The estimated fair value of the stock options granted is expensed over the stock options' vesting periods.

The following summarizes the assumptions used to estimate the fair value of stock options granted during the thirty-nine weeks ended November 3, 2019 and November 4, 2018 and the resulting weighted average grant date fair value per stock option:

	11/3/19	11/4/18
Weighted average risk-free interest rate	2.15%	2.78%
Weighted average expected stock option term (in years)	6.25	6.25
Weighted average Company volatility	29.88%	26.92%
Expected annual dividends per share	$ 0.15	$ 0.15
Weighted average grant date fair value per stock option	$ 37.14	$ 51.66

The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. The expected stock option term represents the weighted average period of time that stock options granted are expected to be outstanding, based on vesting schedules and the contractual term of the stock options. Company volatility is based on the historical volatility of the Company's common stock over a period of time corresponding to the expected stock option term. Expected dividends are based on the Company's common stock cash dividend rate at the date of grant.

The Company has continued to utilize the simplified method to estimate the expected term for its "plain vanilla" stock options granted due to a lack of relevant historical data resulting, in part, from changes in the pool of employees receiving stock option grants. The Company will continue to evaluate the appropriateness of utilizing such method.

Stock option activity for the thirty-nine weeks ended November 3, 2019 was as follows:

(In thousands, except per stock option data)	Stock Options	Weighted Average Exercise Price Per Stock Option
Outstanding at February 3, 2019	791	$ 107.81
Granted	169	111.92
Exercised	25	78.56
Cancelled	26	120.33
Outstanding at November 3, 2019	909	$ 109.02
Exercisable at November 3, 2019	595	$ 105.80

RSUs

RSUs granted to employees since 2016 generally vest in four equal annual installments commencing one year after the date of grant. Outstanding RSUs granted to employees prior to 2016 generally vest in three annual installments of 25%, 25% and 50% commencing two years after the date of grant. Service-based RSUs granted to non-employee directors vest in full one year after the date of grant. The underlying RSU award agreements (excluding agreements for non-employee director awards) generally provide for accelerated vesting upon the award recipient's retirement (as defined in the 2006 Plan). The fair value of RSUs is equal to the closing price of the Company's common stock on the date of grant and is expensed over the RSUs' vesting periods.

RSU activity for the thirty-nine weeks ended November 3, 2019 was as follows:

(In thousands, except per RSU data)	RSUs	Weighted Average Grant Date Fair Value Per RSU
Non-vested at February 3, 2019	847	$ 122.97
Granted	606	110.14
Vested	344	116.09
Cancelled	92	123.44
Non-vested at November 3, 2019	1,017	$ 117.61

PSUs

Contingently issuable PSUs granted to certain of the Company's senior executives since 2015 are subject to a three-year performance period. For such awards, the final number of shares to be earned, if any, is contingent upon the Company's achievement of goals for the applicable performance period, of which 50% is based upon the Company's absolute stock price growth during the applicable performance period and 50% is based upon the Company's total shareholder return during the applicable performance period relative to other companies included in the S&P 500 as of the date of grant. For awards granted in 2016, the three-year performance period ended during the first quarter of 2019 and holders of the awards earned an aggregate of 67,000 shares, which was between the threshold and target levels. The Company records expense ratably over the applicable vesting period regardless of whether the market condition is satisfied because the awards are subject to market conditions. The fair value of the awards granted was established for each grant on the grant date using the Monte Carlo simulation model.

The following summarizes the assumptions used to estimate the fair value of PSUs granted during the thirty-nine weeks ended November 3, 2019 and November 4, 2018 and the resulting weighted average grant date fair value per PSU:

	11/3/19	11/4/18
Risk-free interest rate	2.13%	2.62%
Expected Company volatility	30.25%	29.78%
Expected annual dividends per share	$ 0.15	$ 0.15
Weighted average grant date fair value per PSU	$ 119.46	$ 159.53

For certain of the awards granted, the after-tax portion of the award is subject to a holding period of one year after the vesting date. For such awards, the grant date fair value was discounted 6.20% in 2019 and 7.09% in 2018 for the restriction of liquidity, which was calculated using the Chaffe model.

PSU activity for the thirty-nine weeks ended November 3, 2019 was as follows:

(In thousands, except per PSU data)	PSUs	Weighted Average Grant Date Fair Value Per PSU
Non-vested at February 3, 2019	194	$ 106.76
Granted at target	72	119.46
Reduction due to market condition achieved below target	10	87.16
Vested	67	87.16
Cancelled	8	117.27
Non-vested at November 3, 2019	181	$ 119.63

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present the changes in AOCL, net of related taxes, by component for the thirty-nine weeks ended November 3, 2019 and November 4, 2018:

(In millions)	Foreign currency translation adjustments	Net unrealized and realized gain (loss) on effective cash flow hedges	Total
Balance, February 3, 2019	$ (537.6)	$ 29.7	$ (507.9)
Other comprehensive (loss) income before reclassifications	(107.2) [1][2]	13.8	(93.4)
Less: Amounts reclassified from AOCL	—	21.3	21.3
Other comprehensive loss	(107.2)	(7.5)	(114.7)
Balance, November 3, 2019	$ (644.8)	$ 22.2	$ (622.6)

(In millions)	Foreign currency translation adjustments	Net unrealized and realized (loss) gain on effective cash flow hedges	Total
Balance, February 4, 2018	$ (249.4)	$ (72.1)	$ (321.5)
Other comprehensive (loss) income before reclassifications	(321.0) [1][2]	86.9	(234.1)
Less: Amounts reclassified from AOCL	—	(21.3)	(21.3)
Other comprehensive (loss) income	(321.0)	108.2	(212.8)
Balance, November 4, 2018	$ (570.4)	$ 36.1	$ (534.3)

[1] Foreign currency translation adjustments included a net gain on net investment hedges of $23.6 million and $75.9 million during the thirty-nine weeks ended November 3, 2019 and November 4, 2018, respectively.

[2] Unfavorable foreign currency translation adjustments were principally driven by a strengthening of the United States dollar against the euro.

The following table presents reclassifications out of AOCL to earnings for the thirteen and thirty-nine weeks ended November 3, 2019 and November 4, 2018:

	Amount Reclassified from AOCL				Affected Line Item in the Company's Consolidated Income Statements
	Thirteen Weeks Ended		Thirty-Nine Weeks Ended		
(In millions)	11/3/19	11/4/18	11/3/19	11/4/18	
Realized (loss) gain on effective cash flow hedges:					
Foreign currency forward exchange contracts (inventory purchases)	$ (2.3)	$ 5.5	$ 23.4	$ (23.1)	Cost of goods sold
Interest rate swap agreements	(0.6)	0.2	(0.4)	0.6	Interest expense
Less: Tax effect	0.2	(0.1)	1.7	(1.2)	Income tax expense
Total, net of tax	$ (3.1)	$ 5.8	$ 21.3	$ (21.3)	

15. STOCKHOLDERS' EQUITY

The Company's Board of Directors has authorized over time since 2015 an aggregate $2.0 billion stock repurchase program through June 3, 2023. Repurchases under the program may be made from time to time over the period through open market purchases, accelerated share repurchase programs, privately negotiated transactions or other methods, as the Company deems appropriate. Purchases are made based on a variety of factors, such as price, corporate requirements and overall market conditions, applicable legal requirements and limitations, trading restrictions under the Company's insider trading policy and other relevant factors. The program may be modified by the Board of Directors, including to increase or decrease the repurchase limitation or extend, suspend, or terminate the program, at any time, without prior notice.

During the thirty-nine weeks ended November 3, 2019 and November 4, 2018, the Company purchased 2.4 million shares and 1.7 million shares, respectively, of its common stock under the program in open market transactions for $223.3 million and $247.4 million, respectively. As of November 3, 2019, the repurchased shares were held as treasury stock and $784.9 million of the authorization remained available for future share repurchases.

Treasury stock activity also includes shares that were withheld in conjunction with the settlement of RSUs and PSUs to satisfy tax withholding requirements.

16. LEASES

The Company leases approximately 1,835 Company-operated freestanding retail store locations across more than 35 countries, generally with initial lease terms of three to ten years. The Company also leases warehouses, distribution centers, showrooms, office space and a factory in Ethiopia, generally with initial lease terms of ten to 20 years, as well as certain equipment and other assets, generally with initial lease terms of one to five years.

Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of fixed lease payments over the expected lease term. The Company uses its incremental borrowing rates to determine the present value of fixed lease payments based on the information available at the lease commencement date, as the rate implicit in the lease is not readily determinable for the Company's leases. The Company's incremental borrowing rates are based on the term of the lease, the economic environment of the lease, and the effect of collateralization. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the right-of-use asset and lease liability. Certain leases also contain termination options with an associated penalty. Generally, the Company is reasonably certain not to exercise these options and as such, they are not included in the determination of the expected lease term. The Company recognizes operating lease expense on a straight-line basis over the lease term.

Leases with an initial lease term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

Leases generally provide for payments of nonlease components, such as common area maintenance, real estate taxes and other costs associated with the leased property. For lease agreements entered into or modified after February 3, 2019, the Company accounts for lease components and nonlease components together as a single lease component and, as such, includes fixed payments of nonlease components in the measurement of the right-of-use assets and lease liabilities. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred as variable lease costs and are not recorded on the balance sheet.

The Company's lease agreements do not contain any material residual value guarantees or material restrictions or covenants.

In conjunction with the Australia acquisition during the second quarter of 2019, the Company acquired an office building and warehouse owned by Gazal. Prior to the acquisition, Gazal had entered into an agreement with a third party to sell the building and as such, the building was classified as held for sale and recorded at its fair value less estimated costs to sell on the acquisition date. Please see Note 4, "Acquisitions," for further discussion. In June 2019, the Company completed the sale of the office building and warehouse for $59.4 million, incurring costs of $1.0 million, and leased back the building without an option to repurchase. No gain or loss was recognized on the transaction. The lease was classified as an operating lease with an initial lease term of five years and includes three options to renew for a period of five years each. Exercise of these renewal options is not reasonably certain and as a result, the Company recognized an operating lease right-of-use asset and operating lease liability based on the initial term of the lease.

The components of the net lease cost for the thirteen and thirty-nine weeks ended November 3, 2019 were as follows:

(In millions)	Line Item in the Company's Consolidated Income Statement	Thirteen Weeks Ended 11/3/19	Thirty-Nine Weeks Ended 11/3/19
Finance lease cost:			
Amortization of right-of-use-assets	SG&A expenses (depreciation and amortization)	$ 1.3	$ 4.0
Interest on lease liabilities	Interest expense	0.1	0.4
Total finance lease cost		1.4	4.4
Operating lease cost	SG&A expenses	115.3	343.6
Short-term lease cost	SG&A expenses	9.0	17.8
Variable lease cost	SG&A expenses	30.9	97.8
Less: sublease income	SG&A expenses	(0.1)	(0.2)
Total net lease cost		$ 156.5	$ 463.4

Supplemental balance sheet information related to leases as of November 3, 2019 was as follows:

(In millions)	Line Item in the Company's Consolidated Balance Sheet	11/3/19
Right-of-use assets:		
Operating lease	Operating lease right-of-use assets	$ 1,648.1
Finance lease	Property, plant and equipment, net	14.8
		$ 1,662.9
Current lease liabilities:		
Operating lease	Current portion of operating lease liabilities	$ 347.3
Finance lease	Accrued expenses	4.7
		$ 352.0
Other lease liabilities:		
Operating lease	Long-term portion of operating lease liabilities	$ 1,517.5
Finance lease	Other liabilities	11.1
		$ 1,528.6

Supplemental cash flow information related to leases for the thirty-nine weeks ended November 3, 2019 was as follows:

(In millions)	Thirty-Nine Weeks Ended 11/3/19
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 355.4
Operating cash flows from finance leases	0.4
Financing cash flows from finance leases	4.1
Non-cash transactions:	
Right-of-use assets obtained in exchange for new operating lease liabilities	311.4
Right-of-use assets obtained in exchange for new finance lease liabilities	3.4

The following summarizes the weighted average remaining lease term and weighted average discount rate related to the Company's right-of-use assets and lease liabilities recorded on the balance sheet as of November 3, 2019:

	11/3/19
Weighted average remaining lease term (years):	
Operating leases	6.92
Finance leases	4.36
Weighted average discount rate:	
Operating leases	4.34%
Finance leases	3.25%

At November 3, 2019, the maturities of the Company's lease liabilities were as follows:

(In millions)	Finance Leases	Operating Leases	Total
Remainder of 2019	$ 1.4	$ 86.2	$ 87.6
2020	5.1	436.0	441.1
2021	4.5	375.8	380.3
2022	2.5	302.4	304.9
2023	0.9	228.3	229.2
Thereafter	2.9	763.5	766.4
Total lease payments	$ 17.3	$ 2,192.2	$ 2,209.5
Less: Interest	(1.5)	(327.4)	(328.9)
Total lease liabilities	$ 15.8	$ 1,864.8	$ 1,880.6

The Company's lease liabilities exclude $14.8 million of future lease payment obligations related to leases for two new warehouses that were entered into but did not commence as of November 3, 2019. These leases are expected to commence in March 2020 with initial lease terms of five to ten years.

17. EXIT ACTIVITY COSTS

Calvin Klein Restructuring Costs

The Company announced on January 10, 2019 a restructuring in connection with strategic changes for its Calvin Klein business (the "Calvin Klein restructuring"). The strategic changes included (i) the closure of the *CALVIN KLEIN 205 W39 NYC* brand (formerly *Calvin Klein Collection*), (ii) the closure of the flagship store on Madison Avenue in New York, New York, (iii) the restructuring of the Calvin Klein creative and design teams globally, and (iv) the consolidation of operations for the men's Calvin Klein Sportswear and Calvin Klein Jeans businesses. In connection with the Calvin Klein restructuring, the Company recorded pre-tax costs during 2018 and the thirteen and thirty-nine weeks ended November 3, 2019 and expects to incur total costs as follows:

(In millions)	Total Costs Expected to be Incurred	Costs Incurred During the Thirteen Weeks Ended 11/3/19	Costs Incurred During the Thirty-Nine Weeks Ended 11/3/19	Cumulative Costs Incurred To Date
Severance, termination benefits and other employee costs	$ 52.9	$ 1.2	$ 25.6	$ 52.9
Long-lived asset impairments [1]	45.1	—	38.2	45.1
Contract termination and other costs	32.9	2.3	26.2	30.5
Inventory markdowns	15.1	—	12.9	15.1
Total	$ 146.0	$ 3.5	$ 102.9	$ 143.6

[1] Includes the impact of the closure of the flagship store on Madison Avenue in New York, New York in the first quarter of 2019.

Of the charges for severance, termination benefits and other employee costs, long-lived asset impairments and contract termination and other costs incurred during the thirty-nine weeks ended November 3, 2019, $59.5 million relate to SG&A expenses of the Calvin Klein North America segment and $30.5 million relate to SG&A expenses of the Calvin Klein International segment. Of the charges for inventory markdowns incurred during the thirty-nine weeks ended November 3, 2019, $6.5 million relate to cost of goods sold of the Calvin Klein North America segment and $6.4 million relate to cost of goods sold of the Calvin Klein International segment. Of the $143.6 million cumulative costs incurred to date in connection with the restructuring activities, $84.9 million related to the Calvin Klein North America segment and $58.7 million related to the Calvin Klein International segment. The Company expects to incur total costs of approximately $146 million through the end of 2019 in connection with the restructuring activities, of which approximately $86 million is estimated to relate to the Calvin Klein North America segment and approximately $60 million is estimated to relate to the Calvin Klein International segment. Please see Note 20, "Segment Data," for further discussion of the Company's reportable segments.

Please see Note 12, "Fair Value Measurements," for further discussion of the long-lived asset impairments recorded during the thirty-nine weeks ended November 3, 2019.

The liabilities at November 3, 2019 related to these costs were principally recorded in accrued expenses in the Company's Consolidated Balance Sheets and were as follows:

(In millions)	Liability at 2/3/19	Costs Incurred During the Thirty-Nine Weeks Ended 11/3/19	Costs Paid During the Thirty-Nine Weeks Ended 11/3/19	Liability at 11/3/19
Severance, termination benefits and other employee costs	$ 25.8	$ 25.6	$ 40.0	$ 11.4
Contract termination and other costs	2.3	26.2	24.5	4.0
Total	$ 28.1	$ 51.8	$ 64.5	$ 15.4

18. NET INCOME PER COMMON SHARE

The Company computed its basic and diluted net income per common share as follows:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(In millions, except per share data)	11/3/19	11/4/18	11/3/19	11/4/18
Net income attributable to PVH Corp.	$ 209.2	$ 243.1	$ 484.7	$ 587.7
Weighted average common shares outstanding for basic net income per common share	73.9	76.4	74.6	76.8
Weighted average impact of dilutive securities	0.3	0.7	0.4	0.9
Total shares for diluted net income per common share	74.2	77.1	75.0	77.7
Basic net income per common share attributable to PVH Corp.	$ 2.83	$ 3.18	$ 6.49	$ 7.65
Diluted net income per common share attributable to PVH Corp.	$ 2.82	$ 3.15	$ 6.46	$ 7.56

Potentially dilutive securities excluded from the calculation of diluted net income per common share as the effect would be anti-dilutive were as follows:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(In millions)	11/3/19	11/4/18	11/3/19	11/4/18
Weighted average potentially dilutive securities	1.4	0.3	1.1	0.2

Shares underlying contingently issuable awards that have not met the necessary conditions as of the end of a reporting period are not included in the calculation of diluted net income per common share for that period. The Company had contingently issuable PSU awards outstanding that did not meet the performance conditions as of November 3, 2019 and November 4, 2018 and, therefore, were excluded from the calculation of diluted net income per common share for the thirteen and thirty-nine weeks ended November 3, 2019 and November 4, 2018. The maximum number of potentially dilutive shares that could be issued upon vesting for such awards was 0.4 million and 0.2 million as of November 3, 2019 and November 4, 2018, respectively. These amounts were also excluded from the computation of weighted average potentially dilutive securities in the table above.

19. NONCASH INVESTING AND FINANCING TRANSACTIONS

The Company completed the Australia acquisition during the thirty-nine weeks ended November 3, 2019. Omitted from the Company's Consolidated Statement of Cash Flows for the thirty-nine weeks ended November 3, 2019 was the following noncash acquisition consideration: (i) the issuance to key members of Gazal and PVH Australia management of approximately 6% of the outstanding shares in the subsidiary of the Company that holds 100% of the ownership interests in the Australia business, for which the Company recognized a $26.2 million liability on the date of the acquisition and (ii) the elimination of a $2.2 million pre-acquisition receivable owed to the Company by PVH Australia. In connection with the acquisition, the Company also remeasured its previously held equity investments in Gazal and PVH Australia to fair value, resulting in noncash increases of $23.6 million and $89.5 million, respectively, to these equity investments balances. Subsequent to the acquisition, the Company recorded a loss of $2.6 million during the thirty-nine weeks ended November 3, 2019 resulting from the remeasurement of the liability for the 6% interest issued to key members of Gazal and PVH Australia management to its redemption value as of November 3, 2019. The liability was $28.8 million as of November 3, 2019 based on exchange rates in effect on that date.

Omitted from acquisition of treasury shares in the Company's Consolidated Statements of Cash Flows for the thirty-nine weeks ended November 3, 2019 and November 4, 2018 were $3.2 million and $1.9 million respectively, of shares repurchased under the stock repurchase program for which the trades occurred but remained unsettled as of the end of the respective period.

The Company recorded a loss of $1.7 million during the thirty-nine weeks ended November 3, 2019 to write-off previously capitalized debt issuance costs in connection with the refinancing of its senior credit facilities.

The Company completed the acquisition of the *Geoffrey Beene* tradename during the thirty-nine weeks ended November 4, 2018. Omitted from acquisitions, net of cash acquired in the Company's Consolidated Statement of Cash Flows for the thirty-nine weeks ended November 4, 2018 was $0.7 million of acquisition consideration related to royalties prepaid to Geoffrey Beene by the Company under the prior license agreement and $0.4 million of liabilities assumed by the Company.

Omitted from purchases of property, plant and equipment in the Company's Consolidated Statement of Cash Flows for the thirty-nine weeks ended November 4, 2018 were $2.9 million of assets acquired through finance leases. Please see Note 16, "Leases," for supplemental noncash transactions information related to finance leases during the thirty-nine weeks ended November 3, 2019.

20. SEGMENT DATA

The Company manages its operations through its operating divisions, which are presented as six reportable segments: (i) Tommy Hilfiger North America; (ii) Tommy Hilfiger International; (iii) Calvin Klein North America; (iv) Calvin Klein International; (v) Heritage Brands Wholesale; and (vi) Heritage Brands Retail.

Tommy Hilfiger North America Segment - This segment consists of the Company's Tommy Hilfiger North America division. This segment derives revenue principally from (i) marketing *TOMMY HILFIGER* branded apparel and related products at wholesale in the United States and Canada, primarily to department stores, warehouse clubs, and off-price and independent retailers, as well as digital commerce sites operated by department store customers and pure play digital commerce retailers; (ii) operating retail stores, which are primarily located in premium outlet centers in the United States and Canada, and a digital commerce site in the United States, which sell *TOMMY HILFIGER* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the *TOMMY HILFIGER* brand names for a broad array of product categories in North America. This segment also includes the Company's proportionate share of the net income or loss of its investment in its unconsolidated foreign affiliate in Mexico relating to the affiliate's Tommy Hilfiger business.

Tommy Hilfiger International Segment - This segment consists of the Company's Tommy Hilfiger International division. This segment derives revenue principally from (i) marketing *TOMMY HILFIGER* branded apparel and related products at wholesale principally in Europe, Asia and, since May 31, 2019, Australia, primarily to department and specialty stores, and digital commerce sites operated by department store customers and pure play digital commerce retailers, as well as through distributors and franchisees; (ii) operating retail stores and concession locations in Europe, Asia (including the TH CSAP acquisition) and, since May 31, 2019, Australia, and international digital commerce sites, which sell *TOMMY HILFIGER* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the *TOMMY HILFIGER* brand names for a broad array of product categories outside of North America. This segment also includes the Company's proportionate share of the net income or loss of its investments in its unconsolidated Tommy Hilfiger foreign affiliates in Brazil and India. This segment included the Company's proportionate share of the net income or loss of its investment in PVH Australia relating to its Tommy Hilfiger business until May 31, 2019, on which date the Company completed the Australia acquisition and began to consolidate the operations of PVH Australia into its financial statements. Please see Note 4, "Acquisitions," for further discussion.

Calvin Klein North America Segment - This segment consists of the Company's Calvin Klein North America division. This segment derives revenue principally from (i) marketing *CALVIN KLEIN* branded apparel and related products at wholesale in the United States and Canada, primarily to warehouse clubs, department and specialty stores, and off-price and independent retailers, as well as digital commerce sites operated by department store customers and pure play digital commerce retailers; (ii) operating retail stores, which are primarily located in premium outlet centers, and digital commerce sites in the United States and Canada, which sell *CALVIN KLEIN* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the *CALVIN KLEIN* brand names for a broad array of product categories in North America. This segment also includes the Company's proportionate share of the net income or loss of its investment in its unconsolidated foreign affiliate in Mexico relating to the affiliate's Calvin Klein business.

Calvin Klein International Segment - This segment consists of the Company's Calvin Klein International division. This segment derives revenue principally from (i) marketing *CALVIN KLEIN* branded apparel and related products at wholesale principally in Europe, Asia, Brazil and, since May 31, 2019, Australia, primarily to department and specialty stores, and digital commerce sites operated by department store customers and pure play digital commerce retailers, as well as through distributors and franchisees; (ii) operating retail stores, concession locations and digital commerce sites in Europe, Asia, Brazil and, since May 31, 2019, Australia, which sell *CALVIN KLEIN* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the *CALVIN KLEIN* brand names for a broad array of product categories outside of North America. This segment also includes the Company's proportionate share of the net income or loss of its unconsolidated Calvin Klein foreign affiliate in India. This segment included the Company's proportionate share of the net income or loss of its investment in PVH Australia relating to its Calvin Klein business until May 31, 2019, on which date the Company completed the Australia acquisition and began to consolidate the operations of PVH Australia into its financial statements. Please see Note 4, "Acquisitions," for further discussion.

Heritage Brands Wholesale Segment - This segment consists of the Company's Heritage Brands Wholesale division. This segment derives revenue primarily from the marketing to department, chain and specialty stores, warehouse clubs, and mass market, off-price and independent retailers, as well as digital commerce sites operated by select wholesale partners and pure play digital commerce retailers in North America of (i) men's dress shirts and neckwear under various owned and licensed brand names, including several private label brands; (ii) men's sportswear principally under the brand names *Van Heusen*, *IZOD* and *ARROW*; (iii) men's, women's and children's swimwear, pool and deck footwear, and swim-related products and accessories under the *Speedo* trademark; and (iv) women's intimate apparel under the *Warner's*, *Olga*, and *True&Co.* brands. Additionally, this segment derives revenue from Company-operated digital commerce sites in the United States through *SpeedoUSA*.com, *TrueAndCo*.com, *VanHeusen*.com, *IZOD*.com and *styleBureau*.com. In addition, since May 31, 2019, this segment also derives revenue from the Heritage Brands business in Australia. As well, this segment includes the Company's proportionate share of the net income or loss of its investment in its unconsolidated foreign affiliate in Mexico relating to the affiliate's Heritage Brands business. This segment included the Company's proportionate share of the net income or loss of its investment in PVH Australia relating to its Heritage Brands business until May 31, 2019, on which date the Company completed the Australia acquisition and began to consolidate the operations of PVH Australia into its financial statements. Please see Note 4, "Acquisitions," for further discussion.

Heritage Brands Retail Segment - This segment consists of the Company's Heritage Brands Retail division. This segment derives revenue principally from operating retail stores, primarily located in outlet centers throughout the United States and Canada, which primarily sell apparel, accessories and related products. All of the Company's Heritage Brands stores offer a broad selection of *Van Heusen* men's and women's apparel, along with various of the Company's dress shirt and neckwear offerings, and *IZOD* and *Warner's* products. The majority of these stores feature multiple brand names on the store signage, with the remaining stores operating under the *Van Heusen* name.

The Company's revenue by segment was as follows:

(In millions)	Thirteen Weeks Ended 11/3/19 [1]	Thirteen Weeks Ended 11/4/18 [1]	Thirty-Nine Weeks Ended 11/3/19 [1]	Thirty-Nine Weeks Ended 11/4/18 [1]
Revenue – Tommy Hilfiger North America				
Net sales	$ 388.8	$ 394.9	$ 1,126.7	$ 1,151.6
Royalty revenue	25.8	23.8	62.6	56.7
Advertising and other revenue	8.2	5.6	18.3	13.8
Total	422.8	424.3	1,207.6	1,222.1
Revenue – Tommy Hilfiger International				
Net sales	803.7	688.1	2,145.4	1,897.6
Royalty revenue	12.3	14.4	37.9	39.4
Advertising and other revenue	5.1	5.7	15.3	17.8
Total	821.1	708.2	2,198.6	1,954.8
Revenue – Calvin Klein North America				
Net sales	386.1	420.3	1,130.6	1,212.6
Royalty revenue	49.9	45.9	114.8	111.9
Advertising and other revenue	19.3	14.8	42.7	38.5
Total	455.3	481.0	1,288.1	1,363.0
Revenue – Calvin Klein International				
Net sales	486.8	452.8	1,368.3	1,336.9
Royalty revenue	19.3	21.7	55.1	56.2
Advertising and other revenue	7.5	7.7	20.3	22.2
Total	513.6	482.2	1,443.7	1,415.3
Revenue – Heritage Brands Wholesale				
Net sales	305.7	357.9	960.4	1,000.7
Royalty revenue	4.9	5.4	15.0	15.8
Advertising and other revenue	0.9	1.0	3.1	3.0
Total	311.5	364.3	978.5	1,019.5
Revenue – Heritage Brands Retail				
Net sales	62.4	63.4	188.4	194.7
Royalty revenue	0.9	1.0	2.9	3.1
Advertising and other revenue	0.1	0.1	0.4	0.3
Total	63.4	64.5	191.7	198.1
Total Revenue				
Net sales	2,433.5	2,377.4	6,919.8	6,794.1
Royalty revenue	113.1	112.2	288.3	283.1
Advertising and other revenue	41.1	34.9	100.1	95.6
Total	$ 2,587.7	$ 2,524.5	$ 7,308.2	$ 7,172.8

[1] Revenue was impacted by fluctuations of the United States dollar against foreign currencies in which the Company transacts significant levels of business.

The Company's revenue by distribution channel was as follows:

(In millions)	Thirteen Weeks Ended 11/3/19	Thirteen Weeks Ended 11/4/18	Thirty-Nine Weeks Ended 11/3/19	Thirty-Nine Weeks Ended 11/4/18
Wholesale net sales	$ 1,431.2	$ 1,415.5	$ 3,929.7	$ 3,830.1
Retail net sales	1,002.3	961.9	2,990.1	2,964.0
Net sales	2,433.5	2,377.4	6,919.8	6,794.1
Royalty revenue	113.1	112.2	288.3	283.1
Advertising and other revenue	41.1	34.9	100.1	95.6
Total	$ 2,587.7	$ 2,524.5	$ 7,308.2	$ 7,172.8

The Company's income before interest and taxes by segment was as follows:

(In millions)	Thirteen Weeks Ended 11/3/19 [1]	Thirteen Weeks Ended 11/4/18 [1]	Thirty-Nine Weeks Ended 11/3/19 [1]	Thirty-Nine Weeks Ended 11/4/18 [1]
Income before interest and taxes – Tommy Hilfiger North America	$ 39.3	$ 64.6	$ 72.9 [7][9]	$ 179.6
Income before interest and taxes – Tommy Hilfiger International	137.6 [3]	112.6 [11]	344.2 [4]	263.6 [11]
Income before interest and taxes – Calvin Klein North America	64.6 [5]	51.2	77.3 [6][7]	154.5
Income before interest and taxes – Calvin Klein International	58.7 [3][5]	69.7	112.2 [4][6][7]	180.0
Income before interest and taxes – Heritage Brands Wholesale	14.5 [3]	23.8	67.5 [4]	90.1
(Loss) Income before interest and taxes – Heritage Brands Retail	(0.8)	0.4	3.3	8.3
Loss before interest and taxes – Corporate [2]	(44.4)	(40.0)	(23.0) [4][8][10]	(118.1)
Income before interest and taxes	$ 269.5	$ 282.3	$ 654.4	$ 758.0

(1) Income (loss) before interest and taxes was impacted by fluctuations of the United States dollar against foreign currencies in which the Company transacts significant levels of business.

(2) Includes corporate expenses not allocated to any reportable segments, the Company's proportionate share of the net income or loss of its investments in Gazal (prior to the Australia acquisition closing) and Karl Lagerfeld Holding B.V., and the results of PVH Ethiopia. Please see Note 4, "Acquisitions," for further discussion. Corporate expenses represent overhead operating expenses and include expenses for senior corporate management, corporate finance, information technology related to corporate infrastructure, certain digital investments, actuarial gains and losses on the Company's Pension Plans, SERP Plans and Postretirement Plans (which are generally recorded in the fourth quarter) and gains and losses from changes in the fair value of foreign currency option contracts.

(3) Income before interest and taxes for the thirteen weeks ended November 3, 2019 included costs of $8.6 million in connection with the Australia and TH CSAP acquisitions, primarily consisting of noncash valuation adjustments. Such costs were included in the Company's segments as follows: $5.4 million in Tommy Hilfiger International, $2.4 million in Calvin Klein International and $0.8 million in Heritage Brands Wholesale. Please see Note 4, "Acquisitions," for further discussion.

(4) Income before interest and taxes for the thirty-nine weeks ended November 3, 2019 included costs of $13.4 million in connection with the Australia and TH CSAP acquisitions, primarily consisting of noncash valuation adjustments, and one-time costs of $2.1 million recorded on the Company's equity investments in Gazal and PVH Australia prior to the Australia acquisition closing. Such costs were included in the Company's segments as follows: $7.9 million in Tommy Hilfiger

International, $3.9 million in Calvin Klein International, $1.2 million in Heritage Brands Wholesale and $2.5 million in corporate expenses not allocated to any reportable segments. Please see Note 4, “Acquisitions,” for further discussion.

(5) Income before interest and taxes for the thirteen weeks ended November 3, 2019 included costs of $3.5 million incurred in connection with the Calvin Klein restructuring. Such costs were included in the Company’s segments as follows: $0.9 million in Calvin Klein North America and $2.6 million in Calvin Klein International. Please see Note 17, “Exit Activity Costs,” for further discussion.

(6) Income before interest and taxes for the thirty-nine weeks ended November 3, 2019 included costs of $102.9 million incurred in connection with the Calvin Klein restructuring. Such costs were included in the Company’s segments as follows: $66.0 million in Calvin Klein North America and $36.9 million in Calvin Klein International. Please see Note 17, “Exit Activity Costs,” for further discussion.

(7) Income before interest and taxes for the thirty-nine weeks ended November 3, 2019 included costs of $59.8 million in connection with agreements the Company entered into in the second quarter of 2019 to terminate early the licenses for the global Calvin Klein and Tommy Hilfiger North America socks and hosiery businesses in conjunction with the Company’s plan to consolidate the socks and hosiery business for all Company brands in North America in a newly formed joint venture, which began operations in December 2019, and to bring in-house the international Calvin Klein socks and hosiery wholesale businesses. Such costs were included in the Company’s segments as follows: $7.5 million in Tommy Hilfiger North America, $25.5 million in Calvin Klein North America and $26.8 million in Calvin Klein International.

(8) Income before interest and taxes for the thirty-nine weeks ended November 3, 2019 included a noncash gain of $113.1 million to write up the Company’s equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition. Please see Note 4, “Acquisitions,” for further discussion.

(9) Income before interest and taxes for the thirty-nine weeks ended November 3, 2019 included costs of $54.9 million incurred in connection with the TH U.S. store closures, primarily consisting of noncash lease asset impairments. Please see Note 12, “Fair Value Measurements,” for further discussion.

(10) Income before interest and taxes for the thirty-nine weeks ended November 3, 2019 included costs of $6.2 million related to the refinancing of the Company’s senior credit facilities. Please see Note 9, “Debt,” for further discussion.

(11) Income before interest and taxes for the thirteen and thirty-nine weeks ended November 4, 2018 included costs of $6.3 million and $19.9 million, respectively, associated with the acquisition of the 55% ownership interests in TH Asia, Ltd., the Company’s former joint venture for *TOMMY HILFIGER* in China, that the Company did not already own, consisting of noncash amortization of short-lived assets.

Intersegment transactions primarily consist of transfers of inventory principally from the Heritage Brands Wholesale segment to the Heritage Brands Retail segment, the Tommy Hilfiger North America segment and the Calvin Klein North America segment. These transfers are recorded at cost plus a standard markup percentage. Such markup percentage on ending inventory is eliminated principally in the Heritage Brands Retail segment, the Tommy Hilfiger North America segment and the Calvin Klein North America segment.

21. GUARANTEES

The Company is deemed to have guaranteed lease payments for substantially all G. H. Bass & Co. (“Bass”) retail stores included in the 2013 sale of substantially all of the assets of the Company’s Bass business pursuant to the terms of noncancelable leases expiring on various dates through 2022. The obligations deemed to be guaranteed include minimum rent payments and relate to leases that commenced prior to the sale of the Bass assets. In certain instances, the Company’s obligations remain in effect when an option is exercised to extend the term of the lease. The maximum amount deemed to have been guaranteed for all leases as of November 3, 2019 was $3.9 million and the Company has the right to seek recourse from the buyer of the Bass assets for the full amount. The liability for the guaranteed lease payments was immaterial as of November 3, 2019, February 3, 2019 and November 4, 2018.

The Company has guaranteed a portion of the debt of one of its joint ventures in India. The maximum amount guaranteed as of November 3, 2019 was approximately $7.8 million, which is subject to exchange rate fluctuation. The guarantee is in effect for the entire term of the debt. The liability for this guarantee obligation was immaterial as of November 3, 2019, February 3, 2019 and November 4, 2018.

The Company has guaranteed to a financial institution the repayment of a store security deposit in Japan paid to a landlord on behalf of the Company. The amount guaranteed as of November 3, 2019 was approximately $4.6 million, which is subject to exchange rate fluctuation. The Company has the right to seek recourse from the landlord for the full amount. The guarantee expires on March 28, 2022. The liability for this guarantee obligation was immaterial as of November 3, 2019, February 3, 2019 and November 4, 2018.

The Company has guaranteed the payment of amounts on behalf of certain other parties, none of which are material individually or in the aggregate.

22. RECENT ACCOUNTING GUIDANCE

Recently Adopted Accounting Guidance

The Financial Accounting Standards Board ("FASB") issued in February 2016 new guidance on leases. The new guidance, among other changes, requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet for most leases, but retains an expense recognition model similar to the previous guidance. The lease liability is measured at the present value of the fixed lease payments over the lease term and the right-of-use asset is measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs. The guidance also requires additional quantitative and qualitative disclosures. The Company adopted the guidance in the first quarter of 2019 using the modified retrospective approach applied as of the period of adoption with a cumulative-effect adjustment to opening retained earnings and as such, prior periods have not been restated. Upon adoption, the Company (i) recognized operating lease right-of-use assets of $1.7 billion and lease liabilities of $1.9 billion, (ii) recorded a cumulative-effect adjustment to retained earnings of $3.1 million and (iii) recorded other reclassification adjustments within its Consolidated Balance Sheet related to, among other things, deferred rent.

The effects of the adoption on the Company's Consolidated Balance Sheet as of February 3, 2019 were as follows:

(In millions)	As Reported 2/3/19	Adjustments	Adjusted 2/3/19
Assets			
Prepaid expenses	$ 168.7	$ (21.3)	$ 147.4
Operating Lease Right-of-Use Assets	—	1,708.2	1,708.2
Other Assets	400.9	(10.3)	390.6
Liabilities			
Accrued expenses	891.6	(17.0)	874.6
Current portion of operating lease liabilities	—	350.5	350.5
Long-Term Portion of Operating Lease Liabilities	—	1,514.1	1,514.1
Other Liabilities	1,322.4	(167.9)	1,154.5
Stockholders' Equity			
Retained earnings	4,350.1	(3.1)	4,347.0

The Company also elected the package of practical expedients permitted under the transition guidance, which allows the Company not to reassess whether any existing contracts are or contain a lease, the lease classification for any existing leases, and the capitalization of initial direct costs for any existing leases, as of the adoption date. The Company's accounting for finance leases (formerly called capital leases) remains substantially unchanged. The adoption of the guidance did not have a material impact on the Company's results of operations or cash flows. Please see Note 16, "Leases," for additional disclosures required by the guidance.

The FASB issued in August 2017 an update to accounting guidance to simplify the application of hedge accounting in certain situations and allow companies to better align their hedge accounting with their risk management activities. The update eliminates the requirement to separately measure and report hedge ineffectiveness and requires companies to recognize all elements of hedge accounting that impact earnings in the same income statement line as the hedged item. The update also simplifies the requirements for hedge documentation and effectiveness assessments and amends the presentation and disclosure requirements. The Company adopted this update in the first quarter of 2019 using a modified retrospective approach, except for the presentation and disclosure guidance, which is being applied on a prospective basis, as required. The adoption of this update did not have any impact on the Company's consolidated financial statements.

The FASB issued in August 2018 an update to accounting guidance related to implementation costs incurred in a cloud computing arrangement that is a service contract. The update aligns the requirements for capitalizing implementation costs incurred under such arrangements with the requirements for capitalizing costs incurred to develop or obtain internal-use software. Under previous accounting guidance, the Company generally expensed the implementation costs incurred in connection with a cloud computing arrangement that is a service contract. The Company early adopted this update in the first quarter of 2019 using a prospective approach. As a result of the adoption, the Company capitalized $8.7 million of costs incurred in the thirty-nine weeks ended November 3, 2019 to implement cloud computing arrangements, primarily related to digital and consumer data platforms. Such costs were included in prepaid expenses and other assets in the Company's Consolidated Balance Sheet. The Company expects to incur additional costs to implement cloud computing arrangements during the remainder of 2019 and expects the implementation costs capitalized in its Consolidated Balance Sheet will increase accordingly.

23. OTHER COMMENTS

Wuxi Jinmao Foreign Trade Co., Ltd. ("Wuxi"), one of the Company's finished goods inventory suppliers, has a wholly owned subsidiary with which the Company entered into a loan agreement in 2016. Under the agreement, Wuxi's subsidiary borrowed a principal amount of $13.8 million for the development and operation of a fabric mill. Principal payments are due in semi-annual installments beginning March 31, 2018 through September 30, 2026. The outstanding principal balance of the loan bears interest at a rate of (i) 4.50% per annum until the sixth anniversary of the closing date of the loan and (ii) LIBOR plus 4.00% thereafter. The Company received principal payments of $0.4 million and $0.2 million during the thirty-nine weeks ended November 3, 2019 and November 4, 2018, respectively. The outstanding balance, including accrued interest, was $13.2 million, $13.8 million and $13.6 million as of November 3, 2019, February 3, 2019, and November 4, 2018, respectively, and was included in other assets in the Company's Consolidated Balance Sheets.

The Company records warehousing and distribution expenses, which are subject to exchange rate fluctuations, as a component of SG&A expenses in its Consolidated Income Statements. Warehousing and distribution expenses incurred in the thirteen and thirty-nine weeks ended November 3, 2019 totaled $91.0 million and $250.3 million, respectively. Warehousing and distribution expenses incurred in the thirteen and thirty-nine weeks ended November 4, 2018 totaled $73.0 million and $211.6 million, respectively.

ITEM 2 - MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We aggregate our reporting segments into three main businesses: (i) Tommy Hilfiger, which consists of the businesses we operate under our *TOMMY HILFIGER* trademarks; (ii) Calvin Klein, which consists of the businesses we operate under our *CALVIN KLEIN* trademarks; and (iii) Heritage Brands, which consists of the businesses we operate under our *Van Heusen*, *IZOD*, *ARROW*, *Warner’s*, *Olga*, *True&Co.* and *Geoffrey Beene* trademarks, the *Speedo* trademark we license in perpetuity for North America and the Caribbean, and other owned and licensed trademarks. References to the brand names *TOMMY HILFIGER*, *CALVIN KLEIN*, *Van Heusen*, *IZOD*, *ARROW*, *Warner’s*, *Olga*, *True&Co.*, *Geoffrey Beene* and *Speedo* and to other brand names are to registered and common law trademarks owned by us or licensed to us by third parties and are identified by italicizing the brand name.

OVERVIEW

The following discussion and analysis is intended to help you understand us, our operations and our financial performance. It should be read in conjunction with our consolidated financial statements and the accompanying notes, which are included in the immediately preceding item of this report.

We are one of the largest branded apparel companies in the world, with a history going back over 135 years. Our brand portfolio consists of nationally and internationally recognized trademarks, including *TOMMY HILFIGER*, *CALVIN KLEIN*, *Van Heusen*, *IZOD*, *ARROW*, *Speedo* (licensed in perpetuity for North America and the Caribbean from Speedo International Limited), *Warner’s*, *Olga*, *True&Co.* and *Geoffrey Beene.* Our brand portfolio also consists of various other owned, licensed and, to a lesser extent, private label brands.

Our business strategy is to position our brands to sell globally at various price points and in multiple channels of distribution. This enables us to offer products to a broad range of consumers, while minimizing competition among our brands and reducing our reliance on any one demographic group, product category, price point, distribution channel or region. We also license the use of our trademarks to third parties and joint ventures for product categories and in regions where we believe our licensees’ expertise can better serve our brands.

Our revenue was $9.657 billion in 2018, of which over 50% was generated outside of the United States. Our global designer lifestyle brands, *TOMMY HILFIGER* and *CALVIN KLEIN*, together generated over 80% of our revenue.

OPERATIONS OVERVIEW

We generate net sales from (i) the wholesale distribution to retailers, franchisees, licensees and distributors of dress shirts, neckwear, sportswear, jeanswear, performance apparel, intimate apparel, underwear, swim products, handbags, accessories, footwear and other related products under owned and licensed trademarks, including through digital commerce sites operated by our wholesale partners and pure play digital commerce retailers, and (ii) the sale of certain of these products through (a) approximately 1,835 Company-operated freestanding retail store locations worldwide under our *TOMMY HILFIGER, CALVIN KLEIN* and certain of our heritage brands trademarks, (b) approximately 1,500 Company-operated shop-in-shop/concession locations worldwide under our *TOMMY HILFIGER* and *CALVIN KLEIN* trademarks, and (c) digital commerce sites in over 30 countries under each of our *TOMMY HILFIGER* and *CALVIN KLEIN* trademarks and in the United States through our *SpeedoUSA*.com, *TrueAndCo*.com, *VanHeusen*.com, *IZOD*.com and *styleBureau*.com digital commerce sites. Additionally, we generate royalty, advertising and other revenue from fees for licensing the use of our trademarks. We manage our operations through our operating divisions, which are presented as six reportable segments: (i) Tommy Hilfiger North America; (ii) Tommy Hilfiger International; (iii) Calvin Klein North America; (iv) Calvin Klein International; (v) Heritage Brands Wholesale; and (vi) Heritage Brands Retail.

We have entered into the following transactions, which impact our results of operations and comparability among the periods, including our full year 2019 expectations as compared to full year 2018, as discussed in the section entitled “Results of Operations” below:

- We entered into agreements on July 3, 2019 to terminate early the licenses for the global Calvin Klein and Tommy Hilfiger North America socks and hosiery businesses (the “Socks and Hosiery transaction”) in conjunction with our plan to consolidate the socks and hosiery businesses for all of our brands in the United States and Canada in a newly formed joint venture, PVH Legwear LLC (“PVH Legwear”), in which we own a 49% economic interest, and to bring in-house the international Calvin Klein socks and hosiery wholesale businesses. PVH Legwear began operations in December 2019. We recorded a pre-tax charge of $60 million in the thirty-nine weeks ended November 3, 2019 in connection with these agreements.

- We announced on June 3, 2019 that we and G-III Apparel Group, Ltd. (“G-III”) had entered into a license agreement for the design, production and wholesale distribution of *CALVIN KLEIN JEANS* women’s jeanswear collections in the United States and Canada (the “G-III license”), which resulted in the discontinuation of our directly operated Calvin Klein North America women’s jeanswear wholesale business in 2019.

- We completed two acquisitions in the second quarter of 2019. The first acquisition, which closed on May 31, 2019, was to acquire the approximately 78% interest in Gazal Corporation Limited (“Gazal”) that we did not already own (the “Australia acquisition”). Prior to the closing, we, along with Gazal, jointly owned and managed a joint venture, PVH Brands Australia Pty. Limited (“PVH Australia”), which licensed and operated businesses under the *TOMMY HILFIGER*, *CALVIN KLEIN* and *Van Heusen* brands, along with other licensed and owned brands. PVH Australia came under our full control as a result of the acquisition. The aggregate net purchase price for the shares acquired was $59 million, net of cash acquired and after taking into account the proceeds from the divestiture to a third party of an office building and warehouse owned by Gazal in June 2019. The second was our acquisition on July 1, 2019 of the Tommy Hilfiger retail business in Central and Southeast Asia from our previous licensee in that market (the “TH CSAP acquisition”) for $74 million. Please see Note 4, “Acquisitions” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

  In connection with the Australia and TH CSAP acquisitions, we recorded an aggregate net pre-tax gain of $95 million in the thirty-nine weeks ended November 3, 2019, including (i) a noncash gain of $113 million to write up our existing equity investments in Gazal and PVH Australia to fair value, partially offset by (ii) $15 million of pre-tax costs, primarily consisting of noncash valuation adjustments and one-time expenses recorded on our equity investments in Gazal and PVH Australia prior to the Australia acquisition closing, and (iii) a $3 million expense recorded in interest expense, net resulting from the remeasurement of our mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition. We expect to incur additional pre-tax expenses of approximately $10 million during the remainder of 2019, including (i) $6 million of costs, primarily consisting of noncash valuation adjustments, and (ii) a $4 million expense to be recorded in interest expense, net resulting from the remeasurement of our mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition.

- We refinanced on April 29, 2019 our senior credit facilities and recorded pre-tax debt modification and extinguishment charges of $5 million. Please see the section entitled “Liquidity and Capital Resources” below for further discussion.

- We closed our *TOMMY HILFIGER* flagship and anchor stores in the United States (the “TH U.S. store closures”) in the first quarter of 2019 and recorded pre-tax costs of $55 million, primarily consisting of noncash lease asset impairments. Please see Note 12, “Fair Value Measurements,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion of the noncash lease asset impairments.

- We announced on January 10, 2019 a restructuring in connection with strategic changes for our Calvin Klein business (the “Calvin Klein restructuring”). The strategic changes included (i) the closure of the *CALVIN KLEIN 205 W39 NYC* brand (formerly *Calvin Klein Collection*), (ii) the closure of the flagship store on Madison Avenue in New York, New York (collectively with (i), the “CK Collection closure”), (iii) the restructuring of the Calvin Klein creative and design teams globally, and (iv) the consolidation of operations for the men’s Calvin Klein Sportswear and Calvin Klein Jeans businesses. We recorded pre-tax costs of $41 million in the fourth quarter of 2018 in connection with the Calvin Klein restructuring. We recorded pre-tax costs of $103 million in the thirty-nine weeks ended November 3, 2019, consisting of a $30 million noncash lease asset impairment resulting from the closure of the flagship store on Madison Avenue in New York, New York, $26 million of contract termination and other costs, $26 million of severance, $9 million of other noncash asset impairments and $13 million of inventory markdowns. We expect to incur additional pre-tax costs of approximately $2 million during the remainder of 2019 in connection with the Calvin Klein restructuring. Please see Note 17, “Exit Activity Costs,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

- We acquired on April 20, 2018 the *Geoffrey Beene* tradename from Geoffrey Beene, LLC (“Geoffrey Beene”) for $17 million, of which $16 million was paid in cash. Prior to the acquisition, we had licensed the rights to design, market and distribute *Geoffrey Beene* dress shirts and neckwear from Geoffrey Beene.

- We acquired on April 13, 2016 the 55% interest in our former joint venture for *TOMMY HILFIGER* in China that we did not already own (the “TH China acquisition”). We recorded pre-tax charges of $24 million in 2018, of which $20 million was incurred during the thirty-nine weeks ended November 4, 2018, consisting of noncash amortization of short-lived assets.

Our Tommy Hilfiger and Calvin Klein businesses each have substantial international components that expose us to significant foreign exchange risk. Our Heritage Brands business also has international components but those components are not significant to the business. Our results of operations in local foreign currencies are translated into United States dollars using an average exchange rate over the representative period. Accordingly, our results of operations are unfavorably impacted during times of a strengthening United States dollar against the foreign currencies in which we generate significant revenue and earnings and favorably impacted during times of a weakening United States dollar against those currencies. Over 50% of our $9.657 billion of revenue in 2018 was subject to foreign currency translation. Based on current foreign currency exchange rates, we expect a decrease in revenue of approximately $220 million and a decrease in net income of approximately $25 million in 2019 as compared to 2018 due to the impact of foreign currency translation.

There is also a transactional impact on our financial results because inventory typically is purchased in United States dollars by our foreign subsidiaries. As with translation, our results of operations will be unfavorably impacted during times of a strengthening United States dollar as the increased local currency value of inventory results in a higher cost of goods in local currency when the goods are sold and favorably impacted during times of a weakening United States dollar as the decreased local currency value of inventory results in a lower cost of goods in local currency when the goods are sold. We use foreign currency forward exchange contracts to hedge against a portion of the exposure related to this transactional impact. The contracts cover at least 70% of the projected inventory purchases in United States dollars by our foreign subsidiaries. These contracts are generally entered into 12 months in advance of the related inventory purchases. Therefore, the impact of fluctuations of the United States dollar on the cost of inventory purchases covered by these contracts may be realized in our results of operations in the year following their inception, as the underlying inventory hedged by the contracts is sold. Additionally, there is a transactional impact related to changes in selling, general and administrative (“SG&A”) expenses as a result of fluctuations in foreign currency exchange rates. Based on current foreign currency exchange rates, we expect a slight benefit to our net income in 2019 as compared to 2018 due to the transactional impact.

Further, we have exposure to changes in foreign currency exchange rates related to our €950 million aggregate principal amount of euro-denominated senior notes, as the weakening of the United States dollar against the euro would require us to use a greater amount of our cash flows from operations to pay interest and make long-term debt repayments. We designated the carrying amount of these euro-denominated senior notes that we had issued in the United States as net investment hedges of our investments in certain of our foreign subsidiaries that use the euro as their functional currency. As a result, the remeasurement of these foreign currency borrowings at the end of each period is recorded in equity.

Retail comparable store sales discussed below refer to sales from retail stores that have been open for at least 12 months, as well as sales from Company-operated digital commerce sites for those businesses and regions that have operated the related digital commerce site for at least 12 months. Sales from retail stores and Company-operated digital commerce sites that are closed or shut down during the year are excluded from the calculation of retail comparable store sales. Sales for retail stores that are relocated, materially altered in size or closed for a certain number of consecutive days and sales from Company-operated digital commerce sites that are materially altered are also excluded from the calculation of retail comparable store sales until such stores or sites have been in their new location or in their newly renovated state, as applicable, for at least 12 months. Retail comparable store sales are based on local currencies and comparable weeks.

SEASONALITY

Our business generally follows a seasonal pattern. Our wholesale businesses tend to generate higher levels of sales in the first and third quarters, while our retail businesses tend to generate higher levels of sales in the fourth quarter. Royalty, advertising and other revenue tends to be earned somewhat evenly throughout the year, although the third quarter has the highest level of royalty revenue due to higher sales by licensees in advance of the holiday selling season. We expect this seasonal pattern will generally continue. Working capital requirements vary throughout the year to support these seasonal patterns and business trends.

Due to the above factors, our results of operations for the thirty-nine weeks ended November 3, 2019 are not necessarily indicative of those for a full fiscal year.

RESULTS OF OPERATIONS

Thirteen Weeks Ended November 3, 2019 Compared With Thirteen Weeks Ended November 4, 2018

Total Revenue

Total revenue in the third quarter of 2019 was $2.588 billion as compared to $2.525 billion in the third quarter of the prior year. The increase in revenue of $63 million, or 3%, was due principally to the net effect of the following items:

- The net addition of an aggregate $111 million of revenue, or a 10% increase over the prior year period, attributable to our Tommy Hilfiger International and Tommy Hilfiger North America segments, which included a negative impact of $29 million, or 3%, related to foreign currency translation. Tommy Hilfiger International segment revenue increased 16% (including a 4% negative foreign currency impact), primarily driven by continued outperformance in Europe and the addition of revenue resulting from the Australia and TH CSAP acquisitions. Tommy Hilfiger International comparable store sales increased 8%. Revenue in our Tommy Hilfiger North America segment was flat, as growth in the North America wholesale business was offset by a 5% decline in North America comparable store sales due to continued weakness in traffic and consumer spending trends, especially in stores located in international tourist locations.

- The net addition of an aggregate $6 million of revenue, or 1% increase over the prior year period, attributable to our Calvin Klein International and Calvin Klein North America segments, which included a negative impact of $19 million, or 2%, related to foreign currency translation. Calvin Klein International segment revenue increased 7% (including a 4% negative foreign currency translation impact), driven by continued solid growth in Europe and the addition of revenue resulting from the Australia acquisition. These increases were partially offset by softness in Asia due, in part, to the business disruptions caused by ongoing protests in Hong Kong and the trade tensions between the United States and China. Calvin Klein International comparable store sales decreased 2%. Revenue in our Calvin Klein North America segment decreased 5% principally due to a decrease in the wholesale business, including the effect of the G-III license, and a 4% decline in North America comparable store sales due to continued weakness in traffic and consumer spending trends, especially in stores located in international tourist locations.

- The reduction of an aggregate $54 million of revenue, or a 13% decrease compared to the prior year period, attributable to our Heritage Brands Retail and Heritage Brands Wholesale segments, primarily due to weakness in the North America wholesale business and a 2% decline in comparable store sales.

Gross Profit

Gross profit is calculated as total revenue less cost of goods sold and gross margin is calculated as gross profit divided by total revenue. Included as cost of goods sold are costs associated with the production and procurement of product, such as inbound freight costs, purchasing and receiving costs and inspection costs. Also included as cost of goods sold are the amounts recognized on foreign currency forward exchange contracts as the underlying inventory hedged by such forward exchange contracts is sold. Warehousing and distribution expenses are included in SG&A expenses. All of our royalty, advertising and other revenue is included in gross profit because there is no cost of goods sold associated with such revenue. As a result, our gross profit may not be comparable to that of other entities.

Gross profit in the third quarter of 2019 was $1.406 billion, or 54.3% of total revenue, as compared to $1.365 billion, or 54.1% of total revenue, in the third quarter of the prior year. The 20 basis point increase in gross margin was primarily driven by faster growth in our Tommy Hilfiger International and Calvin Klein International segments than in our North America segments, as our International segments generally carry higher gross margins, and gross margin improvements realized in our Calvin Klein North America business. These increases were partially offset by a gross margin decline in our Tommy Hilfiger North America retail business, principally due to more promotional selling as compared to the third quarter of the prior year, and short-lived noncash inventory valuation adjustments recorded in connection with the Australia and TH CSAP acquisitions.

SG&A Expenses

SG&A expenses in the third quarter of 2019 were $1.142 billion, or 44.1% of total revenue, as compared to $1.091 billion, or 43.2% of total revenue, in the third quarter of the prior year. The 90 basis point increase in SG&A expenses as a percentage of total revenue was principally attributable to (i) a change in the mix of business due to faster growth in our Tommy Hilfiger International and Calvin Klein International segments than in our North America segments, as our International segments generally carry higher SG&A expenses as percentages of total revenue, (ii) a deleveraging of expenses in our North America businesses, and (iii) costs incurred in connection with the Calvin Klein restructuring and the Australia and TH CSAP acquisitions. These increases were offset slightly by the absence in 2019 of costs that were recorded in the third quarter of 2018 in connection with the TH China acquisition, consisting of noncash amortization of short-lived assets.

Non-Service Related Pension and Postretirement Income

Non-service related pension and postretirement income in the third quarter of 2019 was $2 million as compared to $3 million in the third quarter of the prior year.

Equity in Net Income of Unconsolidated Affiliates

The equity in net income of unconsolidated affiliates was $3 million in the third quarter of 2019 as compared to $6 million in the third quarter of the prior year. These amounts relate to our share of income (loss) from our joint venture for the *TOMMY HILFIGER* and *CALVIN KLEIN* brands and certain of our heritage brands in Mexico (“PVH Mexico”), our joint ventures for the *TOMMY HILFIGER* brand in India and Brazil, our joint venture for the *CALVIN KLEIN* brand in India, and our newly formed PVH Legwear joint venture. Also included is our share of income (loss) from our investment in Karl Lagerfeld Holding B.V. (“Karl Lagerfeld”). Included in the third quarter of the prior year was our share of income from our PVH Australia joint venture and our investment in Gazal, as we completed the Australia acquisition in the second quarter of 2019. Our investments in the continuing joint ventures and Karl Lagerfeld are being accounted for under the equity method of accounting. Please see the section entitled “Investments in Unconsolidated Affiliates” within “Liquidity and Capital Resources” below for further discussion.

Interest Expense, Net

Net interest expense decreased to $28 million in the third quarter of 2019 from $29 million in the third quarter of the prior year. Included in net interest expense in the third quarter of 2019 is an expense of $3 million resulting from the remeasurement of our mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition.

Income Taxes

The effective income tax rate for the third quarter of 2019 was 13.6% compared to 4.1% in the third quarter of the prior year.

Our effective income tax rate for the third quarter of 2019 was lower than the United States statutory income tax rate primarily due to (i) the benefit of certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation, which resulted in a benefit to our effective tax rate of 13.7%, partially offset by (ii) the tax on foreign earnings in excess of a deemed return on tangible assets of foreign corporations (known as “GILTI”) imposed by the United States Tax Cuts and Jobs Act of 2017 (the “U.S. Tax Legislation”), which more than offset the benefit of overall lower tax rates in certain jurisdictions where we file tax returns.

Our effective income tax rate for the third quarter of 2018 was lower than the United States statutory income tax rate primarily due to (i) the benefit of certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation, which resulted in a benefit to our effective tax rate of 16.6%, and (ii) the benefit of overall lower tax rates in certain international jurisdictions where we file tax returns.

We file income tax returns in more than 40 international jurisdictions each year. A substantial amount of our earnings are in international jurisdictions, particularly the Netherlands and Hong Kong, where income tax rates, coupled with special rates levied on income from certain of our jurisdictional activities, are lower than the United States statutory income tax rate.

Redeemable Non-Controlling Interest

We have a joint venture in Ethiopia with Arvind Limited named PVH Manufacturing Private Limited Company ("PVH Ethiopia") in which we own a 75% interest. We consolidate the results of PVH Ethiopia in our consolidated financial statements. PVH Ethiopia was formed to operate a manufacturing facility that produces finished products for us for distribution primarily in the United States.

The net loss attributable to the redeemable non-controlling interest ("RNCI") in PVH Ethiopia was immaterial in the third quarters of 2019 and 2018. Please see Note 5, "Redeemable Non-Controlling Interest," in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

Thirty-Nine Weeks Ended November 3, 2019 Compared With Thirty-Nine Weeks Ended November 4, 2018

Total Revenue

Total revenue in the thirty-nine weeks ended November 3, 2019 was $7.308 billion as compared to $7.173 billion in the thirty-nine week period of the prior year. The increase in revenue of $135 million, or 2%, was due to the net effect of the following items:

- The net addition of an aggregate $229 million of revenue, or a 7% increase over the prior year period, attributable to our Tommy Hilfiger International and Tommy Hilfiger North America segments, which included a negative impact of $112 million, or 4%, related to foreign currency translation. Tommy Hilfiger International segment revenue increased 12% (including a 6% negative foreign currency impact), driven principally by outperformance in Europe and the addition of revenue resulting from the Australia acquisition. Tommy Hilfiger International comparable store sales increased 9%. Revenue in the Tommy Hilfiger North America segment decreased 1%, driven by a 6% decline in Tommy Hilfiger North America comparable store sales due to continued weakness in traffic and consumer spending trends, especially in stores located in international tourist locations, partially offset by growth in the North America wholesale business.

- The net reduction of an aggregate $46 million of revenue, or a 2% decrease compared to the prior year period, attributable to our Calvin Klein International and Calvin Klein North America segments, which included a negative impact of $73 million, or 3%, related to foreign currency translation. Calvin Klein International segment revenue increased 2% (including a 5% negative foreign currency impact), as continued solid growth in Europe and the addition of revenue resulting from the Australia acquisition were partly offset by the negative impacts of (i) softness experienced in Asia due, in part, to the business disruptions caused by the ongoing protests in Hong Kong and the trade tensions between the United States and China and (ii) the reduction of revenue resulting from the CK Collection closure. Calvin Klein International comparable store sales decreased 2%. Revenue in the Calvin Klein North America segment decreased 5%, driven by a 4% decrease in Calvin Klein North America comparable store sales due to continued weakness in traffic and consumer spending trends, especially in stores located in international tourist locations, and the effect of the G-III license.

- The decrease of an aggregate $47 million of revenue, or a 4% decrease compared to the prior year period, attributable to our Heritage Brands Retail and Heritage Brands Wholesale segments, primarily due to weakness in the North America wholesale business and a 3% decline in comparable store sales.

We currently expect that full year revenue will increase approximately 1% in 2019 compared to 2018, inclusive of a negative impact of approximately 3% related to foreign currency translation. Revenue for the Tommy Hilfiger business is expected to increase approximately 6% compared to 2018, inclusive of a negative impact of approximately 3% related to foreign currency translation. Revenue for the Calvin Klein business is expected to decrease approximately 2% compared to 2018, inclusive of a negative impact of approximately 2% related to foreign currency translation. Revenue for the Heritage Brands business is expected to decrease approximately 3% compared to 2018. Our 2019 guidance reflects the addition of revenue resulting from the Australia and TH CSAP acquisitions that closed in the second quarter of 2019, and the impact of the CK Collection closure and the G-III license.

Gross Profit

Gross profit in the thirty-nine weeks ended November 3, 2019 was $3.990 billion, or 54.6% of total revenue, as compared to $3.953 billion, or 55.1% of total revenue, in the thirty-nine week period of the prior year. The 50 basis point decrease in gross margin was principally driven by a gross margin decline in our Tommy Hilfiger North America business due to more promotional selling as compared to the prior year period, as well as inventory markdowns recorded in connection with the Calvin Klein restructuring and short-lived noncash inventory valuation adjustments recorded in connection with the Australia and TH CSAP acquisitions. These decreases were partially offset by the favorable impact of faster growth in our Tommy Hilfiger International and Calvin Klein International segments than in our North America segments, as our International segments generally carry higher gross margins, as well as gross margin improvements realized in our Calvin Klein North America business.

We currently expect that gross margin for the fourth quarter of 2019 will increase as compared to 2018 primarily due to gross margin improvements in our Calvin Klein business, partially offset by a gross margin decline in our Tommy Hilfiger North America business. We currently expect that gross margin for the full year 2019 will decrease slightly as compared to 2018 primarily due to (i) an expected gross margin decline in our Tommy Hilfiger North America business, (ii) an expected negative impact of tariffs imposed and expected to be imposed on goods imported from China into the United States, and (iii) short-lived noncash inventory valuation adjustments incurred and expected to be incurred in connection with the Australia and TH CSAP acquisitions. These decreases are expected to be largely offset by the impact of expected faster growth in our Tommy Hilfiger International and Calvin Klein International segments than in our North America segments, as our International segments generally carry higher gross margins, and gross margin improvements in our Calvin Klein business.

SG&A Expenses

SG&A expenses in the thirty-nine weeks ended November 3, 2019 were $3.458 billion, or 47.3% of total revenue, as compared to $3.216 billion, or 44.8% of total revenue, in the thirty-nine week period of the prior year. The 250 basis point increase in SG&A expenses as a percentage of total revenue was principally attributable to costs incurred in connection with (i) the Calvin Klein restructuring, (ii) the Socks and Hosiery transaction, and (iii) the TH U.S. store closures. These increases were partially offset by the absence in 2019 of costs that were recorded in the thirty-nine weeks ended November 4, 2018 in connection with the TH China acquisition, consisting of noncash amortization of short-lived assets.

We currently expect that SG&A expenses as a percentage of total revenue for the fourth quarter of 2019 will also increase compared to 2018, although the increase will be significantly less pronounced than for the thirty-nine weeks ended November 3, 2019 as certain costs, including the costs for the Socks and Hosiery transaction and the TH U.S. store closures, do not repeat in the fourth quarter. We currently expect that SG&A expenses for the full year 2019 will increase as compared to 2018 due to (i) an increase in costs incurred and expected to be incurred in connection with the Calvin Klein restructuring, (ii) costs incurred in connection with the TH U.S. store closures, (iii) costs incurred in connection with the Socks and Hosiery transaction and (iv) a change in the mix of business due to faster growth in our Tommy Hilfiger International and Calvin Klein International segments than in our North America segments, as our International segments generally carry higher SG&A expenses as percentages of total revenue. These increases will be partially offset by the absence in 2019 of costs that were recorded in 2018 in connection with the TH China acquisition, consisting of noncash amortization of short-lived assets.

Non-Service Related Pension and Postretirement Income

Non-service related pension and postretirement income in the thirty-nine weeks ended November 3, 2019 was $6 million as compared to $8 million in the thirty-nine week period of the prior year.

We currently expect that non-service related pension and postretirement income for the full year 2019 will be approximately $8 million compared to non-service related pension and postretirement (cost) of $(5) million in 2018. Non-service related pension and postretirement income (cost) recorded throughout the year is calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions. Differences between estimated and actual results give rise to gains and losses that are recorded immediately in earnings, generally in the fourth quarter of the year, which can create volatility in our results of operations. Our 2018 non-service related pension and postretirement (cost) included a $(15) million actuarial loss on our retirement plans recorded in the fourth quarter. Our expectation of 2019 non-service related pension and post-retirement income does not include the impact of an actuarial gain or loss. However, based on current market, economic, and demographic conditions, we may incur a significant actuarial loss in the fourth quarter of 2019 if such conditions continue. Our actual 2019 non-service related pension and postretirement income (cost) may be significantly different than our projections.

Debt Modification and Extinguishment Costs

We incurred costs totaling $5 million during the thirty-nine weeks ended November 3, 2019 in connection with the refinancing of our senior credit facilities. Please see the section entitled “Liquidity and Capital Resources” below for further discussion.

Other Noncash Gain

We recorded a noncash gain of $113 million in the thirty-nine weeks ended November 3, 2019 to write up our equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition. Please see Note 4, “Acquisitions,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

Equity in Net Income of Unconsolidated Affiliates

The equity in net income of unconsolidated affiliates was $8 million in the thirty-nine weeks ended November 3, 2019 as compared to $13 million in the thirty-nine week period of the prior year. These amounts relate to our share of income (loss) from our PVH Australia joint venture (prior to the Australia acquisition on May 31, 2019), our PVH Mexico joint venture, our joint ventures for the *TOMMY HILFIGER* brand in India and Brazil, our joint venture for the *CALVIN KLEIN* brand in India, and our newly formed PVH Legwear joint venture. Also included is our share of (loss) income from our investments in Karl Lagerfeld and in Gazal (prior to the Australia acquisition on May 31, 2019). The equity in net income of unconsolidated affiliates for the thirty-nine weeks ended November 3, 2019 includes only a partial year of income from our investments in Gazal and PVH Australia and one-time expenses of $2 million recorded on our equity investments in Gazal and PVH Australia prior to the Australia acquisition closing. Our investments in the continuing joint ventures and Karl Lagerfeld are being accounted for under the equity method of accounting. Subsequent to the closing of the Australia acquisition, we began to consolidate the results of Gazal and PVH Australia into our financial statements. Please see the section entitled “Investments in Unconsolidated Affiliates” within “Liquidity and Capital Resources” below for further discussion.

We currently expect that our equity in net income of unconsolidated affiliates for the full year 2019 will decrease as compared to 2018 as the income we recognized on our investments in Gazal and PVH Australia in 2019 was only for the portion of the year prior to the acquisition closing.

Interest Expense, Net

Net interest expense decreased to $85 million in the thirty-nine weeks ended November 3, 2019 from $87 million in the thirty-nine week period of the prior year. Included in net interest expense in the current period is an expense of $3 million resulting from the remeasurement of our mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition.

Net interest expense for the full year 2019 is currently expected to be approximately $114 million compared to $116 million in 2018. Our expectation of 2019 net interest expense includes a $7 million expense expected to result from the remeasurement of our mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition.

Income Taxes

The effective income tax rate for the thirty-nine weeks ended November 3, 2019 was 15.1% compared to 12.7% in the thirty-nine week period of the prior year.

Our effective income tax rate for the thirty-nine weeks ended November 3, 2019 was lower than the United States statutory income tax rate primarily due to (i) the benefit of certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation, which resulted in a benefit to our effective tax rate of 4.5%, and (ii) the favorable impact of a tax exemption on the noncash gain recorded to write up our existing equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition, which resulted in a benefit to our effective tax rate of 3.7%, partially offset by (iii) the GILTI tax imposed by the U.S. Tax Legislation, which more than offset the benefit of overall lower tax rates in certain international jurisdictions where we file tax returns.

Our effective income tax rate for the thirty-nine weeks ended November 4, 2018 was lower than the United States statutory income tax rate primarily due to (i) the benefit of certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation, which resulted in a benefit to our effective tax rate of 5.9%, and (ii) the benefit of overall lower tax rates in certain international jurisdictions where we file tax returns.

We file income tax returns in more than 40 international jurisdictions each year. A substantial amount of our earnings are in international jurisdictions, particularly the Netherlands and Hong Kong, where income tax rates, coupled with special rates levied on income from certain of our jurisdictional activities, are lower than the United States statutory income tax rate.

We currently expect that our effective income tax rate for the fourth quarter of 2019 will reflect a favorable settlement of a multi-year audit from an international jurisdiction. We currently expect that our effective income tax rate for the full year 2019 will be in a range of 11.5% to 12.0%. Our expectation that our effective income tax rate for the full year 2019 will be lower than the United States statutory income tax rate is principally due to the overall benefit of certain discrete items, including (i) the favorable impact on certain liabilities for uncertain tax positions, including an expected favorable settlement of a multi-year audit from an international jurisdiction in the fourth quarter, and (ii) the tax exemption on the noncash gain recorded to write up our existing equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition. Our expectation that the effective income tax rate for the full year 2019 will increase compared to 4.0% for the full year 2018 is primarily due to (i) the absence of a 5.3% benefit to our 2018 effective income tax rate related to the remeasurement of certain of our net deferred tax liabilities in connection with the enactment of legislation in the Netherlands known as the “2019 Dutch Tax Plan” and (ii) the absence of a 3.2% benefit to our 2018 effective income tax rate related to the U.S. Tax Legislation, partially offset by (iii) the favorable impact of a tax exemption on the noncash gain recorded in 2019 to write up our existing equity investments in Gazal and PVH Australia to fair value.

Our tax rate is affected by many factors, including the mix of international and domestic pre-tax earnings, discrete events arising from specific transactions, and new regulations, as well as audits by tax authorities and the evaluation of new facts and information, any of which can cause us to change our estimate for uncertain tax positions.

RNCI

The net loss attributable to the RNCI was immaterial in the thirty-nine weeks ended November 3, 2019 and November 4, 2018. We currently expect that the net loss attributable to the RNCI for the full year 2019 will be immaterial. Please see Note 5, “Redeemable Non-Controlling Interest,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Summary

Cash and cash equivalents at November 3, 2019 was $555 million, an increase of $103 million from the amount at February 3, 2019 of $452 million. The change in cash and cash equivalents included the impact of (i) $306 million of borrowings outstanding under our senior unsecured revolving credit facilities, (ii) a $59 million net payment made during the second quarter of 2019 in connection with the Australia acquisition, (iii) a $74 million payment made during the second quarter of 2019 in connection with the TH CSAP acquisition, (iv) $220 million of common stock repurchases under the stock repurchase program, and (v) $10 million of long-term debt repayments. The seasonality of our business results in significant fluctuations in our cash balance between fiscal year end and subsequent interim periods due to the timing of inventory purchases and peak sales periods. Cash flow for the full year 2019 will be impacted by various factors in addition to those noted below in this “Liquidity and Capital Resources” section, including (i) expected long-term debt repayments of approximately $50 million and (ii) expected common stock repurchases under the stock repurchase program of approximately $300 million.

As of November 3, 2019, approximately $524 million of cash and cash equivalents was held by international subsidiaries. Our intent is to reinvest indefinitely substantially all of our earnings in foreign subsidiaries outside of the United States. However, if management decides at a later date to repatriate these earnings to the United States, we may be required to accrue and pay additional taxes, including any applicable foreign withholding tax and United States state income taxes. It is not practicable to estimate the amount of tax that might be payable if these earnings were repatriated due to the complexities associated with the hypothetical calculation.

Operations

Cash provided by operating activities was $432 million in the thirty-nine weeks ended November 3, 2019 compared to $305 million in the thirty-nine weeks ended November 4, 2018. The increase in cash provided by operating activities as compared to the prior year period was primarily driven by changes in working capital, including a favorable change in trade receivables and inventories, partially offset by a decrease in net income as adjusted for noncash charges.

In connection with our acquisition of Calvin Klein, we were obligated to pay Mr. Calvin Klein contingent purchase price payments based on 1.15% of total worldwide net sales (as defined in the acquisition agreement, as amended) of products bearing any of the *CALVIN KLEIN* brands with respect to sales made through February 12, 2018. A significant portion of the sales on which the payments to Mr. Klein were made were wholesale sales by us and our licensees and other partners to retailers. Contingent purchase price payments totaled $16 million in the thirty-nine weeks ended November 4, 2018. The final payment due to Mr. Klein was made in the second quarter of 2018.

Capital Expenditures

Our capital expenditures in the thirty-nine weeks ended November 3, 2019 were $233 million compared to $270 million in the thirty-nine weeks ended November 4, 2018. We currently expect that capital expenditures for the full year 2019 will be approximately $375 million and will include expenditures primarily related to (i) investments in new stores and store expansions, (ii) continued investments to upgrade and enhance our operating, supply chain and logistics systems and our digital commerce platforms, and (iii) the expansion of our warehouse and distribution network in North America.

Investments in Unconsolidated Affiliates

We received dividends of $14 million and $4 million from our investments in unconsolidated affiliates during the thirty-nine weeks ended November 3, 2019 and November 4, 2018, respectively. These dividends are included in our net cash provided by operating activities in our Consolidated Statements of Cash Flows for the respective period.

We made a payment of $2 million to our newly formed PVH Legwear joint venture during the thirty-nine weeks ended November 3, 2019 to contribute our share of the joint venture funding. This payment is included in our net cash used by investing activities in our Consolidated Statement of Cash Flows for the period. We made an additional payment of $25 million in December 2019 to contribute our share of the PVH Legwear joint venture funding, at which time PVH Legwear began operations.

Loan to a Supplier

Wuxi Jinmao Foreign Trade Co., Ltd. (“Wuxi”), one of our finished goods inventory suppliers, has a wholly owned subsidiary with which we entered into a loan agreement in 2016. Under the agreement, Wuxi’s subsidiary borrowed a principal amount of $14 million for the development and operation of a fabric mill. Principal payments are due in semi-annual installments beginning March 31, 2018 through September 30, 2026. The outstanding principal balance of the loan bears interest at a rate of (i) 4.50% per annum until the sixth anniversary of the closing date of the loan and (ii) London interbank offered rate (“LIBOR”) plus 4.00% thereafter. We received principal payments of $400,000 and $200,000 during the thirty-nine weeks ended November 3, 2019 and November 4, 2018, respectively. The outstanding balance, including accrued interest, was $13 million as of November 3, 2019, and $14 million as of both February 3, 2019 and November 4, 2018.

TH CSAP Acquisition

We completed the acquisition of the Tommy Hilfiger retail business in Central and Southeast Asia on July 1, 2019 for $74 million. Please see Note 4, “Acquisitions,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

Australia Acquisition

We completed the Australia acquisition on May 31, 2019. Prior to this acquisition, we had an approximately 22% interest in Gazal and a 50% interest in PVH Australia, both of which were accounted for under the equity method of accounting. This transaction resulted in a net cash payment of $59 million, including (i) a payment of $118 million, net of cash acquired of $7 million, as cash consideration for the acquisition and (ii) proceeds of $59 million related to the sale of an office building and warehouse owned by Gazal. Please see Note 4, “Acquisitions,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

Acquisition of the Geoffrey Beene Tradename

We acquired the *Geoffrey Beene* tradename on April 20, 2018 for $17 million, of which $16 million was paid in cash. Please see Note 4, “Acquisitions,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

Dividends

Our common stock currently pays annual dividends totaling $0.15 per share. Dividends on common stock totaled $11 million and $12 million during the thirty-nine weeks ended November 3, 2019 and November 4, 2018, respectively. No further common stock dividends are scheduled to be declared in 2019.

Acquisition of Treasury Shares

Our Board of Directors has authorized over time since 2015 an aggregate $2.0 billion stock repurchase program through June 3, 2023. Repurchases under the program may be made from time to time over the period through open market purchases, accelerated share repurchase programs, privately negotiated transactions or other methods, as we deem appropriate. Purchases are made based on a variety of factors, such as price, corporate requirements and overall market conditions, applicable legal requirements and limitations, trading restrictions under our insider trading policy and other relevant factors. The program may be modified by the Board of Directors, including to increase or decrease the repurchase limitation or extend, suspend, or terminate the program, at any time, without prior notice.

During the thirty-nine weeks ended November 3, 2019 and November 4, 2018, we purchased approximately 2.4 million shares and 1.7 million shares, respectively, of our common stock under the program in open market transactions for $223 million and $247 million, respectively. Purchases of $3 million and $2 million were accrued for in the Consolidated Balance Sheets as of November 3, 2019 and November 4, 2018, respectively. Purchases of $2 million that were accrued for in the Consolidated Balance Sheet as of February 4, 2018 were paid in the first quarter of 2018. The repurchased shares were held as treasury stock and $785 million of the authorization remained available for future share repurchases as of November 3, 2019.

Treasury stock activity also includes shares that were withheld in conjunction with the settlement of restricted stock units and performance share units to satisfy tax withholding requirements.

Financing Arrangements

Our capital structure was as follows:

(In millions)	11/3/19	2/3/19	11/4/18
Short-term borrowings	$ 387	$ 13	$ 277
Current portion of long-term debt	41	—	—
Finance lease liabilities	16	17	14
Long-term debt	2,738	2,819	2,878
Stockholders’ equity	5,985	5,828	5,681

In addition, we had $555 million, $452 million and $399 million of cash and cash equivalents as of November 3, 2019, February 3, 2019 and November 4, 2018, respectively.

Short-Term Borrowings

We have the ability to draw revolving borrowings under our senior unsecured credit facilities, as discussed in the section entitled “2019 Senior Unsecured Credit Facilities” below. We had $306 million outstanding under these facilities as of November 3, 2019, which is expected to be repaid by the end of 2019. The weighted average interest rate on funds borrowed as of November 3, 2019 was 3.06%. The maximum amount of revolving borrowings outstanding under these facilities during the thirty-nine weeks ended November 3, 2019 was $378 million.

Additionally, we have the availability to borrow under short-term lines of credit, overdraft facilities and short-term revolving credit facilities denominated in various foreign currencies. These facilities provided for borrowings of up to $134 million based on exchange rates in effect on November 3, 2019 and are utilized primarily to fund working capital needs. We had $81 million outstanding under these facilities as of November 3, 2019, inclusive of borrowings under a facility utilized by our recently acquired business in Australia. The weighted average interest rate on funds borrowed as of November 3, 2019 was 2.08%. The maximum amount of borrowings outstanding under these facilities during the thirty-nine weeks ended November 3, 2019 was $99 million.

Finance Lease Liabilities

Our cash payments for finance lease liabilities totaled $4 million in each of the thirty-nine weeks ended November 3, 2019 and November 4, 2018.

2016 Senior Secured Credit Facilities

On May 19, 2016, we entered into an amendment to our senior secured credit facilities (as amended, the “2016 facilities”). We replaced the 2016 facilities with new senior unsecured credit facilities on April 29, 2019 as discussed in the section entitled “2019 Senior Unsecured Credit Facilities” below. The 2016 facilities, as of the date they were replaced, consisted of a $2.347 billion United States dollar-denominated Term Loan A facility and senior secured revolving credit facilities consisting of (i) a $475 million United States dollar-denominated revolving credit facility, (ii) a $25 million United States dollar-denominated revolving credit facility available in United States dollars and Canadian dollars and (iii) a €186 million euro-denominated revolving credit facility available in euro, British pound sterling, Japanese yen and Swiss francs.

2019 Senior Unsecured Credit Facilities

We refinanced the 2016 facilities on April 29, 2019 (the “Closing Date”) by entering into senior unsecured credit facilities (the “2019 facilities”), the proceeds of which, along with cash on hand, were used to repay all of the outstanding borrowings under the 2016 facilities, as well as the related debt issuance costs.

The 2019 facilities consist of a $1.093 billion United States dollar-denominated Term Loan A facility (the “USD TLA facility”), a €500 million euro-denominated Term Loan A facility (the “Euro TLA facility” and together with the USD TLA facility, the “TLA facilities”) and senior unsecured revolving credit facilities consisting of (i) a $675 million United States dollar-denominated revolving credit facility, (ii) a CAD $70 million Canadian dollar-denominated revolving credit facility available in United States dollars or Canadian dollars, (iii) a €200 million euro-denominated revolving credit facility available in euro, British pound sterling, Japanese yen, Swiss francs, Australian dollars and other agreed foreign currencies and (iv) a $50 million United States dollar-denominated revolving credit facility available in United States dollars or Hong Kong dollars. The 2019 facilities are due on April 29, 2024. In connection with the refinancing of our senior credit facilities, we paid debt issuance costs of $10 million (of which $3 million was expensed as debt modification costs and $7 million is being amortized over the term of the debt agreement) and recorded debt extinguishment costs of $2 million to write off previously capitalized debt issuance costs.

Each of the senior unsecured revolving facilities, except for the $50 million United States dollar-denominated revolving credit facility available in United States dollars or Hong Kong dollars, also include amounts available for letters of credit and have a portion available for the making of swingline loans. The issuance of such letters of credit and the making of any swingline loan reduces the amount available under the applicable revolving credit facility. So long as certain conditions are satisfied, we may add one or more senior unsecured term loan facilities or increase the commitments under the senior unsecured revolving credit facilities by an aggregate amount not to exceed $1.5 billion. The lenders under the 2019 facilities are not required to provide commitments with respect to such additional facilities or increased commitments.

We had loans outstanding of $1.634 billion, net of debt issuance costs and based on applicable exchange rates, under the TLA facilities, $306 million of borrowings outstanding under the senior unsecured revolving credit facilities and $20 million of outstanding letters of credit under the senior unsecured revolving credit facilities as of November 3, 2019.

The terms of the TLA facilities require us to make quarterly repayments of amounts outstanding under the 2019 facilities, which commenced with the calendar quarter ending September 30, 2019. Such required repayment amounts equal 2.50% per annum of the principal amount outstanding on the Closing Date for the first eight calendar quarters following the Closing Date, 5.00% per annum of the principal amount outstanding on the Closing Date for the four calendar quarters thereafter and 7.50% per annum of the principal amount outstanding on the Closing Date for the remaining calendar quarters, in each case paid in equal installments and in each case subject to certain customary adjustments, with the balance due on the maturity date of the TLA facilities. The outstanding borrowings under the 2019 facilities are prepayable at any time without penalty (other than customary breakage costs). Any voluntary repayments we make would reduce the future required repayment amounts.

We made payments of $10 million on our term loans under the 2019 facilities and we repaid the 2016 facilities in connection with the refinancing of the senior credit facilities during the thirty-nine weeks ended November 3, 2019. We made payments of $85 million during the thirty-nine weeks ended November 4, 2018 on our term loans under the 2016 facilities.

The United States dollar-denominated borrowings under the 2019 facilities bear interest at a rate equal to an applicable margin plus, as determined at our option, either (a) a base rate determined by reference to the greater of (i) the prime rate, (ii) the United States federal funds effective rate plus 1/2 of 1.00% and (iii) a one-month reserve adjusted Eurocurrency rate plus 1.00% or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The Canadian dollar-denominated borrowings under the 2019 facilities bear interest at a rate equal to an applicable margin plus, as determined at our option, either (a) a Canadian prime rate determined by reference to the greater of (i) the rate of interest per annum that Royal Bank of Canada establishes as the reference rate of interest in order to determine interest rates for loans in Canadian dollars to its Canadian borrowers and (ii) the average of the rates per annum for Canadian dollar bankers' acceptances having a term of one month or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

Borrowings available in Hong Kong dollars under the 2019 facilities bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The borrowings under the 2019 facilities in currencies other than United States dollars, Canadian dollars or Hong Kong dollars bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The current applicable margin with respect to the TLA facilities and each revolving credit facility is 1.250% for adjusted Eurocurrency rate loans and 0.250% for base rate or Canadian prime rate loans. The applicable margin for borrowings under the TLA facilities and the revolving credit facilities is subject to adjustment (i) after the date of delivery of the compliance certificate and financial statements, with respect to each of our fiscal quarters, based upon our net leverage ratio or (ii) after the date of delivery of notice of a change in our public debt rating by Standard & Poor’s or Moody’s.

We entered into interest rate swap agreements designed with the intended effect of converting notional amounts of our variable rate debt obligation to fixed rate debt. Under the terms of the agreements, for the outstanding notional amount, our exposure to fluctuations in the one-month LIBOR is eliminated and we pay a fixed rate plus the current applicable margin. The following interest rate swap agreements were entered into or in effect during the thirty-nine weeks ended November 3, 2019 and/or November 4, 2018:

(In millions)

Designation Date	Commencement Date	Initial Notional Amount	Notional Amount Outstanding as of November 3, 2019	Fixed Rate	Expiration Date
August 2019	February 2020	$ 50	$ —	1.1975%	February 2022
June 2019	February 2020	50	—	1.409%	February 2022
June 2019	June 2019	50	50	1.719%	July 2021
January 2019	February 2020	50	—	2.4187%	February 2021
November 2018	February 2019	139	139	2.8645%	February 2021
October 2018	February 2019	116	178	2.9975%	February 2021
June 2018	August 2018	50	50	2.6825%	February 2021
June 2017	February 2018	306	119	1.566%	February 2020
July 2014	February 2016	683	—	1.924%	February 2018

The notional amounts of the outstanding interest rate swaps that commenced in February 2018 and February 2019 are adjusted according to pre-set schedules during the terms of the swap agreements such that, based on our projections for future debt repayments, our outstanding debt under the USD TLA facility is expected to always equal or exceed the combined notional amount of the then-outstanding interest rate swaps.

7 3/4% Debentures Due 2023

We have outstanding $100 million of debentures due November 15, 2023 that accrue interest at the rate of 7 3/4%. The debentures are not redeemable at our option prior to maturity.

3 5/8% Euro Senior Notes Due 2024

We have outstanding €350 million euro-denominated principal amount of 3 5/8% senior notes due July 15, 2024. Interest on the notes is payable in euros. We may redeem some or all of these notes at any time prior to April 15, 2024 by paying a “make whole” premium plus any accrued and unpaid interest. In addition, we may redeem some or all of these notes on or after April 15, 2024 at their principal amount plus any accrued and unpaid interest.

3 1/8% Euro Senior Notes Due 2027

We have outstanding €600 million euro-denominated principal amount of 3 1/8% senior notes due December 15, 2027. Interest on the notes is payable in euros. We may redeem some or all of these notes at any time prior to September 15, 2027 by paying a “make whole” premium plus any accrued and unpaid interest. In addition, we may redeem some or all of these notes on or after September 15, 2027 at their principal amount plus any accrued and unpaid interest.

Our financing arrangements contain financial and non-financial covenants and customary events of default. As of November 3, 2019, we were in compliance with all applicable financial and non-financial covenants under our financing arrangements.

As of November 3, 2019, our issuer credit was rated BBB- by Standard & Poor’s with a stable outlook and our corporate credit was rated Baa3 by Moody’s with a stable outlook. In assessing our credit strength, we believe that both Standard & Poor’s and Moody’s considered, among other things, our capital structure and financial policies, our consolidated balance sheet, our historical acquisition activity and other financial information, as well as industry and other qualitative factors.

Please see Note 9, “Debt,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for a schedule of mandatory long-term debt repayments for the remainder of 2019 through 2024.

Please see Note 8, “Debt,” in the Notes to Consolidated Financial Statements included in Item 8 of our Annual Report on Form 10-K for the year ended February 3, 2019 for further discussion of our debt.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. Our significant accounting policies are outlined in Note 1, “Summary of Significant Accounting Policies,” in the Notes to Consolidated Financial Statements included in Item 8 of our Annual Report on Form 10-K for the year ended February 3, 2019.

We performed our annual impairment assessment for goodwill, which is done at the reporting unit level, and indefinite-lived intangible assets as of the beginning of the third quarter of 2019. Our annual goodwill impairment test for 2019 yielded estimated fair values in excess of the carrying amounts for all of our reporting units and therefore no impairment of goodwill was identified. The reporting unit with the least excess fair value had an estimated fair value that exceeded its carrying amount by 15%. Additionally, no impairment of indefinite-lived intangible assets was identified as a result of our annual indefinite-lived intangible asset impairment test for 2019. The fair values of all of our indefinite-lived intangible assets substantially exceeded their carrying amounts, with the exception of our perpetual license right, which had a fair value that exceeded its carrying amount by 3% at the testing date. The excess fair value of the perpetual license right declined compared to the prior year, primarily driven by an increase in the weighted average cost of capital as compared to the prior year. The carrying amount of the perpetual license right was $203.8 million as of November 3, 2019. While the perpetual license right was not determined to be impaired, it is at risk of future impairment in the event the related business does not perform as projected or if market factors utilized in the impairment analysis deteriorate, including an unfavorable change in long-term growth rates or the weighted average cost of capital. Holding all other assumptions constant, a 100 basis point change in the annual revenue growth rate of the business conducted under the perpetual license would result in a change to the estimated fair value of our perpetual license right of approximately $25 million. Likewise, a 100 basis point change in the weighted average cost of capital would result in a change to the estimated fair value of our perpetual license right of approximately $50 million.

We adopted, effective the first quarter of 2019, accounting guidance related to leases. The guidance requires that we recognize a right-of-use asset and a lease liability in the balance sheet for most leases, but retains an expense recognition model similar to the current guidance. Please see Note 22, “Recent Accounting Guidance,” and Note 16, “Leases,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion. We also adopted, effective the first quarter of 2019, accounting guidance related to implementation costs incurred in a cloud computing arrangement that is a service contract. The update aligns the requirements for capitalizing implementation costs incurred under such arrangements with the requirements for capitalizing costs incurred to develop or obtain internal-use software. Under previous accounting guidance, we generally expensed the implementation costs incurred in connection with a cloud computing arrangement that is a service contract. Please see Note 22, “Recent Accounting Guidance,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for further discussion.

During the thirty-nine weeks ended November 3, 2019, there were no significant changes to our critical accounting policies from those described in our Annual Report on Form 10-K for the year ended February 3, 2019, except for the items mentioned above.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial instruments held by us as of November 3, 2019 include cash and cash equivalents, short-term borrowings, long-term debt, foreign currency forward exchange contracts and interest rate swap agreements. Note 12, "Fair Value Measurements," in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report outlines the fair value of our financial instruments as of November 3, 2019. Cash and cash equivalents held by us are affected by short-term interest rates, which are currently low. The potential for a significant decrease in short-term interest rates is low due to the currently low rates of return we are receiving on our cash and cash equivalents and, therefore, a further decrease would not have a material impact on our interest income. However, there is potential for a more significant increase in short-term interest rates, which could have a more material impact on our interest income. Given our balance of cash and cash equivalents at November 3, 2019, the effect of a 10 basis point change in short-term interest rates on our interest income would be approximately $600,000 annually. Borrowings under our 2019 facilities bear interest at a rate equal to an applicable margin plus a variable rate. As such, our 2019 facilities expose us to market risk for changes in interest rates. We have entered into interest rate swap agreements for the intended purpose of reducing our exposure to interest rate volatility. As of November 3, 2019, after taking into account the effect of our interest rate swap agreements that were in effect as of such date, approximately 60% of our long-term debt was at a fixed interest rate, with the remainder at variable interest rates. Given our long-term debt position at November 3, 2019, the effect of a 10 basis point change in interest rates on our variable interest expense would be approximately $1 million annually. Please refer to "Liquidity and Capital Resources" in the Management's Discussion and Analysis section included in Part I, Item 2 of this report for further discussion of our credit facilities and interest rate swap agreements.

Our Tommy Hilfiger and Calvin Klein businesses each have substantial international components that expose us to significant foreign exchange risk. Our Heritage Brands business also has international components but those components are not significant to the business. Over 50% of our $9.657 billion of revenue in 2018 was generated outside of the United States. Changes in exchange rates between the United States dollar and other currencies can impact our financial results in two ways: a translational impact and a transactional impact.

The translational impact refers to the impact that changes in exchange rates can have on our results of operations and financial position. The functional currencies of our foreign subsidiaries are generally the applicable local currencies. Our consolidated financial statements are presented in United States dollars. The results of operations in local foreign currencies are translated into United States dollars using an average exchange rate over the representative period and the assets and liabilities in local foreign currencies are translated into United States dollars using the closing exchange rate at the balance sheet date. Foreign exchange differences that arise from the translation of our foreign subsidiaries' assets and liabilities into United States dollars are recorded as foreign currency translation adjustments in other comprehensive (loss) income. Accordingly, our results of operations and other comprehensive (loss) income will be unfavorably impacted during times of a strengthening United States dollar, particularly against the euro, the Brazilian real, the Japanese yen, the Korean won, the British pound sterling, the Canadian dollar and the Chinese yuan renminbi, and favorably impacted during times of a weakening United States dollar against those currencies.

In the thirty-nine weeks ended November 3, 2019, we recognized unfavorable foreign currency translation adjustments of $131 million within other comprehensive (loss) income principally driven by a strengthening of the United States dollar against the euro of 3% since February 3, 2019. Our foreign currency translation adjustments recorded in other comprehensive (loss) income are significantly impacted by the substantial amount of goodwill and other intangible assets denominated in the euro, which represented 32% of our $7.5 billion total goodwill and other intangible assets as of November 3, 2019. This translational impact was partially mitigated by the change in the fair value of our net investment hedges discussed below.

A transactional impact on financial results is common for apparel companies operating outside the United States that purchase goods in United States dollars, as is the case with most of our foreign operations. As with translation, our results of operations will be unfavorably impacted during times of a strengthening United States dollar as the increased local currency value of inventory results in a higher cost of goods in local currency when the goods are sold and favorably impacted during times of a weakening United States dollar as the decreased local currency value of inventory results in a lower cost of goods in local currency when the goods are sold. We also have exposure to changes in foreign currency exchange rates related to certain intercompany transactions and SG&A expenses. We currently use and plan to continue to use foreign currency forward exchange contracts or other derivative instruments to mitigate the cash flow or market value risks associated with these inventory and intercompany transactions, but we are unable to entirely eliminate these risks. The foreign currency forward exchange contracts cover at least 70% of the projected inventory purchases in United States dollars by our foreign subsidiaries.

Given our foreign currency forward exchange contracts outstanding at November 3, 2019, the effect of a 10% change in foreign currency exchange rates against the United States dollar would result in a change in the fair value of these contracts of approximately $110 million. Any change in the fair value of these contracts would be substantially offset by a change in the fair value of the underlying hedged items.

In order to mitigate a portion of our exposure to changes in foreign currency exchange rates related to the value of our investments in foreign subsidiaries denominated in the euro, we designated the carrying amount of our €950 million aggregate principal amount of euro-denominated senior notes that we had issued in the United States as net investment hedges of our investments in certain of our foreign subsidiaries that use the euro as their functional currency. The effect of a 10% change in the euro against the United States dollar would result in a change in the fair value of the net investment hedges of approximately $105 million. Any change in the fair value of the net investment hedges would be more than offset by a change in the value of our investments in certain of our European subsidiaries. Additionally, during times of a weakening United States dollar against the euro, we would be required to use a greater amount of our cash flows from operations to pay interest and make long-term debt repayments on our euro-denominated senior notes.

Included in the calculations of expense and liabilities for our pension plans are various assumptions, including return on assets, discount rates, mortality rates and future compensation increases. Actual results could differ from these assumptions, which would require adjustments to our balance sheet and could result in volatility in our future pension expense. Holding all other assumptions constant, a 1% change in the assumed rate of return on assets would result in a change to 2019 net benefit cost related to the pension plans of approximately $6 million. Likewise, a 0.25% change in the assumed discount rate would result in a change to 2019 net benefit cost of approximately $30 million.

ITEM 4 - CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Operating & Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Operating & Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Operating & Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

We implemented internal controls in connection with our adoption of the new lease accounting standard in the first quarter of 2019. There have been no other changes in our internal control over financial reporting during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

We are a party to certain litigations which, in management’s judgment based, in part, on the opinions of legal counsel, will not have a material adverse effect on our financial position.

ITEM 1A - RISK FACTORS

Please refer to Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended February 3, 2019 for a description of certain significant risks and uncertainties to which our business, operations and financial condition are subject. There have been no material changes to these risk factors as of November 3, 2019.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased[1][2]	(b) Average Price Paid per Share (or Unit)[1][2]	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[1]	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs[1]
August 5, 2019 - September 1, 2019	308,974	$ 72.86	308,700	$ 858,905,027
September 2, 2019 - October 6, 2019	458,859	86.71	457,530	819,237,668
October 7, 2019 - November 3, 2019	392,203	87.77	391,387	784,914,789
Total	1,160,036	$ 83.38	1,157,617	$ 784,914,789

[1] Our Board of Directors has authorized over time since 2015 an aggregate $2.0 billion stock repurchase program through June 3, 2023, of which $750 million was authorized on March 26, 2019. Repurchases under the program may be made from time to time over the period through open market purchases, accelerated share repurchase programs, privately negotiated transactions or other methods, as we deem appropriate. Purchases are made based on a variety of factors, such as price, corporate requirements and overall market conditions, applicable legal requirements and limitations, trading restrictions under our insider trading policy and other relevant factors. The program may be modified by the Board of Directors, including to increase or decrease the repurchase limitation or extend, suspend, or terminate the program, at any time, without prior notice.

[2] Our 2006 Stock Incentive Plan provides us with the right to deduct or withhold, or require employees to remit to us, an amount sufficient to satisfy any applicable tax withholding requirements applicable to stock-based compensation awards. To the extent permitted, employees may elect to satisfy all or part of such withholding requirements by tendering previously owned shares or by having us withhold shares having a fair market value equal to the minimum statutory tax withholding rate that could be imposed on the transaction. Included in this table are shares withheld during the third quarter of 2019 in connection with the settlement of restricted stock units to satisfy tax withholding requirements, in addition to the shares repurchased as part of the stock repurchase program discussed above.

ITEM 6 - EXHIBITS

The following exhibits are included herein:

3.1	Amended and Restated Certificate of Incorporation of PVH Corp. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed June 21, 2019).
3.2	By-Laws of PVH Corp., as amended through June 20, 2019 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K, filed on June 21, 2019).
4.1	Specimen of Common Stock certificate (incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the period ended July 31, 2011).
4.2	Indenture, dated as of November 1, 1993, between Phillips-Van Heusen Corporation and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.01 to our Registration Statement on Form S-3 (Reg. No. 33-50751) filed on October 26, 1993); First Supplemental Indenture, dated as of October 17, 2002, to Indenture, dated as of November 1, 1993, between Phillips-Van Heusen Corporation and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.15 to our Quarterly Report on Form 10-Q for the period ended November 3, 2002); Second Supplemental Indenture, dated as of February 12, 2002, to Indenture, dated as of November 1, 1993, between Phillips-Van Heusen Corporation and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on February 26, 2003); Third Supplemental Indenture, dated as of May 6, 2010, between Phillips-Van Heusen Corporation and The Bank of New York Mellon (formerly known as The Bank of New York), as Trustee (incorporated by reference to Exhibit 4.16 to our Quarterly Report on Form 10-Q for the period ended August 1, 2010); Fourth Supplemental Indenture, dated as of February 13, 2013, to Indenture, dated as of November 1, 1993, between PVH Corp. and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.11 to our Quarterly Report on Form 10-Q for the period ended May 5, 2013).
4.3	Indenture, dated as of June 20, 2016, between PVH Corp., U.S. Bank National Association, as Trustee, Elavon Financial Services Limited, UK Branch, as Paying Agent and Authenticating Agent, and Elavon Financial Services Limited, as Transfer Agent and Registrar (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on June 20, 2016).
4.4	Indenture, dated as of December 21, 2017, between PVH Corp., U.S. Bank National Association, as Trustee, Elavon Financial Services DAC, UK Branch, as Paying Agent and Authenticating Agent, and Elavon Financial Services DAC, as Transfer Agent and Registrar (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on December 21, 2017).
+31.1	Certification of Emanuel Chirico, Chairman and Chief Executive Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
+31.2	Certification of Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
*,+32.1	Certification of Emanuel Chirico, Chairman and Chief Executive Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.
*,+32.2	Certification of Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.
+101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
+101.SCH	Inline XBRL Taxonomy Extension Schema Document
+101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document

+101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
+101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
+101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+Filed or furnished herewith.

* Exhibits 32.1 and 32.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

SIGNATURES

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

PVH CORP.

Registrant

Dated: December 9, 2019

/s/ JAMES W. HOLMES

James W. Holmes

Senior Vice President and Controller (Principal Accounting Officer)

EXHIBIT 31.1

I, Emanuel Chirico, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PVH Corp.;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

    d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 9, 2019

/s/ EMANUEL CHIRICO
Emanuel Chirico
Chairman and Chief Executive Officer

EXHIBIT 31.2

I, Michael Shaffer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PVH Corp.;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

    d) Disclosed in this Report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: December 9, 2019	/s/ MICHAEL SHAFFER
	Michael Shaffer
	Executive Vice President and Chief Operating & Financial Officer

EXHIBIT 32.1

CERTIFICATE PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of PVH Corp. (“the Company”) for the quarterly period ended November 3, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Emanuel Chirico, Chairman and Chief Executive Officer of the Company, certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	December 9, 2019	
	By:	/s/ EMANUEL CHIRICO
	Name:	Emanuel Chirico Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

**CERTIFICATE PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PVH Corp. (the “Company”) for the quarterly period ended November 3, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer of the Company, certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 9, 2019

By: /s/ MICHAEL SHAFFER

Name: Michael Shaffer
Executive Vice President and
Chief Operating & Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.