

## Guess Inc. (GES)

Price:	\$20.07	Net Tang. Bk Value Incl. Cash, Excl.	\$1,151,850,000	Net Tang. Book Yr. 5 (Inc. Cash):	\$1,835,987,675.00
Shares Outstanding:	85,210,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$222,647,535.00
Market Cap:	\$1,710,164,700	NTBVIC/Market Downside Recovery:	67.35%	Year 5 Disposition FCF Multiple:	3.0
Cash:	\$466,540,000	Op. Cash Flow:	\$222,647,535	Year 5 Disposition Price:	\$2,503,930,280.00
Debt:	\$8,740,000	Implied Years to Fill Gap:	2.51		
Net Cash:	\$457,800,000	Today's Equity if 5x Op. CF:	\$1,819,792,605		
Enterprise Value:	\$1,252,364,700			Net Tang. Book+ Gain Disposition:	\$2,503,930,280.00
				IRR:	7.92%
				Price:	\$29.39
				Target Market Cap:	\$2,503,930,280
				Target Enterprise Value:	\$2,046,130,280

\* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

**Guess (GES) the American bad boy, fashion brand, the 90s rockstar, got rocked this past earnings call. Down 9.5% yesterday and down 33% YTD.**

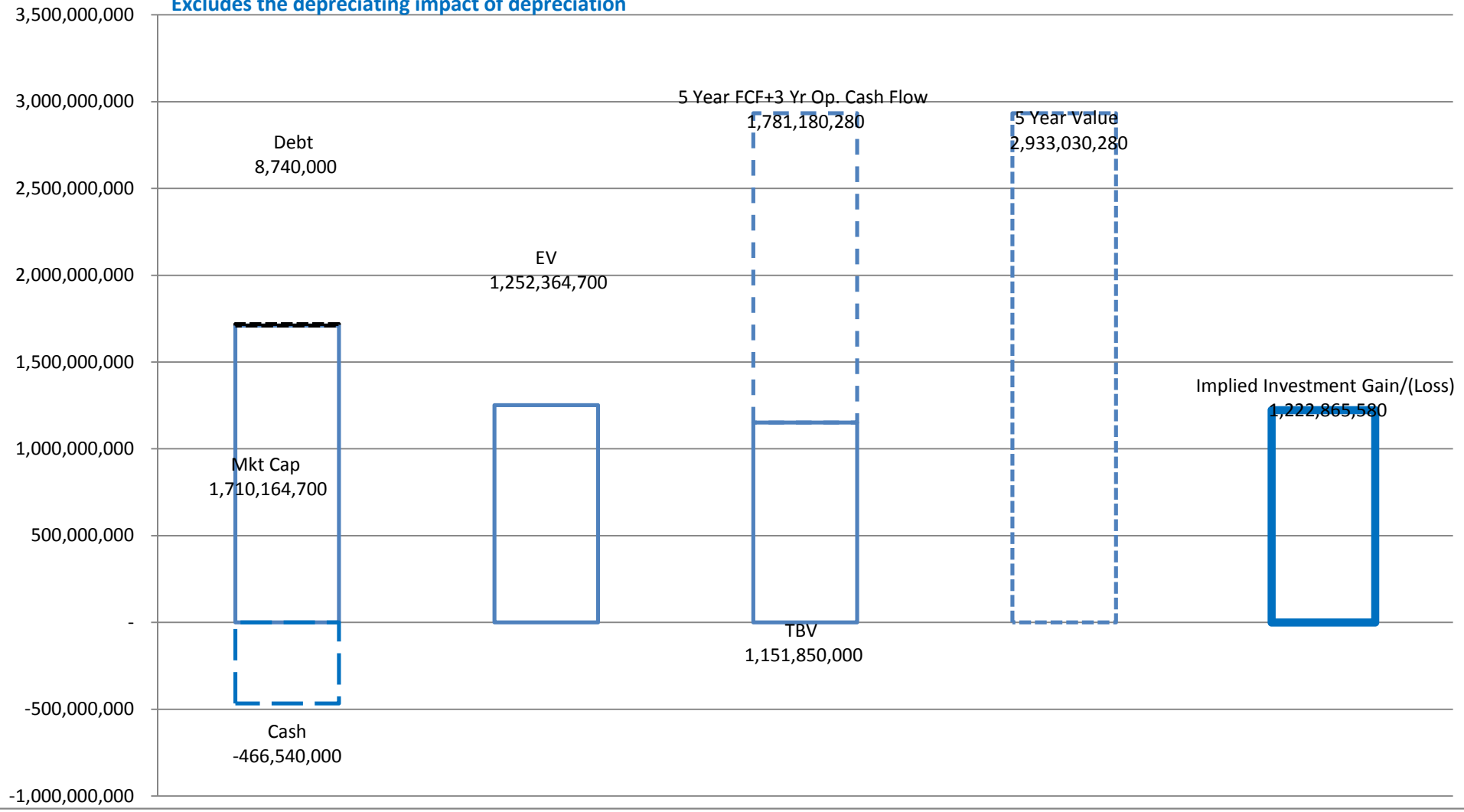
**However, this is a great time to buy the cheap stocks of a solid company.**

Recently, Joz Jeans, Aeorpostale, and Guess saw their stocks dip as continued weakness in the retail, fashion sector, threaten the investors confidence in the growth and profitability of the companies.

Yet, we are going against the grain and say it is a great time to be looking at these companies. Right now may not be the best moment since there is more bloodshed to be seen, but maybe after the end of year selling, toward early January, it may be a good time to pick up the stocks. Another reason is the investors will get a better feeling for the Christmas sales after EOY, so we say hold off on the stock until there is more stability in the pricing.

We see the stock going to \$30 in 5 years. Company pays out a healthy 4.7% dividend so one could hold/sell for a long term investment.

Excludes the depreciating impact of depreciation



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<b>Company Name:</b>	<b>Guess Inc.</b>
Ticker Symbol:	GES
<b>Last Price:</b>	<b>\$20.07</b>
Net Cash/Share:	\$5.37
Net Cash to Last Price:	26.77%
Shares Outstanding:	85,210,000
Industry:	Apparel Stores
Sector:	Consumer Cyclical
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	#VALUE!
Insider Ownership:	#VALUE!
Float:	#VALUE!

<b>Technicals</b>	
52 week low:	Error
Today from 52 week low:	#VALUE!
52 week high:	Error
Today from 52 week high:	#VALUE!

<b>Analyst/Consensus</b>	
Analyst Sales Growth FY1:	-3.80%
Analyst Sales Growth FY2:	1.10%
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

Analyst Earnings Estimate FY1:	\$1.10
Analyst Earnings Estimate FY2:	\$1.33
SN Valuation Earnings Est. FY1:	\$1.61
SN Valuation Earnings Est. FY2:	\$1.61

<b>Multiples</b>	
<b>Market Value to Book:</b>	<b>1.44</b>
EV to Book:	1.05
Market Value to Tangible Net Assets:	6.34
P/E Ratio:	15.69
Trailing P/E Ratio:	13.85
Forward P/E Ratio:	15.09
Beta:	Error
Dividend:	0.90
<b>Dividend Yield:</b>	<b>4.48%</b>
Dividend Date:	Sep 26, 2014
Ex-Dividend Date:	Sep 8, 2014

<b>Competitors</b>	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	4.03
Average EV to EBIT:	N/A
Company EV to EBITA:	5.63

Market Capitalization:	\$1,710,164,700.00
Total Debt:	\$8,740,000.00
Total Cash:	\$466,540,000.00
Net Cash/(Debt):	\$457,800,000.00
Enterprise Value:	\$1,252,364,700.00
Current EV/Share:	\$14.70
EBITDA:	\$310,960,000.00
EV/EBITDA Multiple:	4.03
EV/EBITDA Multiple Average Year 1-5:	4.30
EV/FCF Multiple (excluding acquisition):	4.96
	5.62

<b>Upper Range</b>	
<b>DCF: EV/EBITDA Terminal Value</b>	
Implied TV from 3 X EV/EBITDA Multiple	\$616,749,600.00
Enterprise Value	\$616,749,600.00
Cash at Year 5:	\$1,579,777,675.00
Debt at Year 5:	\$8,740,000.00
Equity Value Year 5:	\$2,187,787,275.00
<b>Equity/Share at Year 5:</b>	<b>\$25.68</b>
Annualized Return:	5.05%

<b>Lower Range</b>	
<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>	
Year 5 Net Tangible Assets excluding cash and debt	\$281,430,000.00
Enterprise Value	\$281,430,000.00
Cash at Year 5:	\$1,579,777,675.00
Debt at Year 5:	\$8,740,000.00
Equity Value Year 5:	\$1,852,467,675.00
<b>Equity/Share at Year 5:</b>	<b>\$21.74</b>
Annualized Return:	1.61%

<b>EVA</b>	
EVA today:	\$1,210,140,945.76
EVA in 5 Years:	\$1,219,352,203.29
EVA/Share:	\$14.31
Cash at Year 5:	\$1,579,777,675.00
Debt at Year 5:	\$8,740,000.00
Equity Value Year 5:	\$2,790,389,878.29
<b>Equity/Share at Year 5:</b>	<b>\$32.75</b>
Annualized return	0.15%

<b>Current Net Tangible Asset</b>	
<b>Net Tangible Asset/Share:</b>	<b>\$13.93</b>
<b>Net Tangible Asset/Share in Year 5:</b>	<b>\$21.96</b>
Annualized return	9.53%

Current Equity Price:	\$20.07
Selling at Discount?	Premium
Appreciation Potential:	-30.59%

<b>Income Statement</b>		
Revenue:	\$2,490,000,000.00	100.0%
Cost of Goods Sold:	\$1,513,860,000.00	60.8%
Gross Profit:	\$976,140,000.00	39.2%
EBITDA:	\$252,740,000.00	10.2%
Net Income:	\$109,030,000.00	4.4%

<b>Balance Sheet</b>		
Cash:	\$461,520,000.00	
Short Term Investment:	\$5,020,000.00	
A/R:	\$280,000,000.00	
PP&E:	\$360,000,000.00	
Assets:	\$1,832,000,000.00	

A/P:	\$192,000,000.00
Deferred Tax:	\$0.00
Other Liabilities:	\$392,190,000.00
Short term Debt:	\$2,000,000.00
Long Term Debt:	\$6,740,000.00
Liabilities:	\$592,930,000.00

Retained Earnings:	\$1,250,000,000.00
Paid-In Capital:	\$440,850,000.00
Treasury Stock:	-\$500,000,000.00
Stockholder's Equity:	\$1,190,850,000.00

<b>Cash Flow</b>		
Net Income:	157,710,000.00	
Depreciation/Amortization:	88,370,000.00	
Change in Working capital:	72,260,000.00	
Cash from Operating Activities:	327,940,000.00	

Capital Expenditures:	-75,440,000.00
Cash from Investing Activities:	-63,080,000.00

Total Cash Dividends Paid:	-68,220,000.00
Issuance (Retirement) of Stock:	-18,240,000.00
Issuance (Retirement) of Debt:	1,630,000.00
Cash from Financing Activities:	-84,810,000.00

<b>Profitability Margins</b>		
Debt to Equity:	0.73%	
Return on Assets:	8.38%	
Return on Capital:	12.79%	
Return on Equity:	12.88%	

SN VALUATION

LBO Pro Forma Income Statement

Name:

Guess Inc.

Ticker:

GES

	Historical				Forecasted				
	12 months ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	52 weeks ending 2014-02-01	2014	2015	2016	2017	2018
Revenue	2,487.29	2,688.05	2,658.61	2,569.79	2,569.79	2,569.79	2,569.79	2,569.79	2,569.79
COGS	1,404.97	1,531.82	1,591.48	1,593.65	1,618.97	1,618.97	1,618.97	1,618.97	1,618.97
Gross margin	1,082.32	1,156.23	1,067.13	976.14	950.82	950.82	950.82	950.82	950.82
SG&A	671.88	738.28	792.60	741.11	745.24	745.24	745.24	745.24	745.24
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	5.82	20.70	0.00	12.44	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
<b>Operating Income (EBITA)</b>	<b>404.62</b>	<b>397.25</b>	<b>274.53</b>	<b>222.59</b>	<b>205.58</b>	<b>205.58</b>	<b>205.58</b>	<b>205.58</b>	<b>205.58</b>
Interest income/(expense)	0.34	1.14	0.38	2.17	4.92	4.92	4.92	4.92	4.92
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	16.41	0.96	5.71	8.20	0.00	0.00	0.00	0.00	0.00
<b>Income before tax</b>	<b>421.38</b>	<b>399.34</b>	<b>280.61</b>	<b>232.96</b>	<b>210.50</b>	<b>210.50</b>	<b>210.50</b>	<b>210.50</b>	<b>210.50</b>
Tax	126.88	128.69	99.12	75.25	73.68	73.68	73.68	73.68	73.68
<b>Income after tax</b>	<b>294.50</b>	<b>270.65</b>	<b>181.49</b>	<b>157.71</b>	<b>136.83</b>	<b>136.83</b>	<b>136.83</b>	<b>136.83</b>	<b>136.83</b>
Minority Interest	-5.00	-5.15	-2.74	-4.28	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income</b>	<b>289.51</b>	<b>265.50</b>	<b>178.74</b>	<b>153.43</b>	<b>136.83</b>	<b>136.83</b>	<b>136.83</b>	<b>136.83</b>	<b>136.83</b>
*Figures are in millions (\$)									
EPS (based off today's share count)	\$3.40	\$3.12	\$2.10	\$1.80	\$1.61	\$1.61	\$1.61	\$1.61	\$1.61
P/E (historical today's price; forecasted intrinsic price)	5.91	6.44	9.57	11.15	13.49	14.56	15.71	16.96	18.30
<b>Revenue Growth</b>	<b>N/A</b>	<b>8.07%</b>	<b>-1.10%</b>	<b>-3.34%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Tax Rate	30.11%	32.23%	35.32%	32.30%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	2.36%	9.31%	3.72%	18.48%	NA	NA	NA	NA	NA
<b>Margins</b>									
COGS	56.49%	56.99%	59.86%	62.01%	63.00%	63.00%	63.00%	63.00%	63.00%
<b>Gross margin</b>	<b>43.51%</b>	<b>43.01%</b>	<b>40.14%</b>	<b>37.99%</b>	<b>37.00%</b>	<b>37.00%</b>	<b>37.00%</b>	<b>37.00%</b>	<b>37.00%</b>
SG&A	27.01%	27.47%	29.81%	28.84%	29.00%	29.00%	29.00%	29.00%	29.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.23%	0.77%	0.00%	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Operating Income (EBITA)</b>	<b>16.27%</b>	<b>14.78%</b>	<b>10.33%</b>	<b>8.66%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
Interest income/(expense)	0.01%	0.04%	0.01%	0.08%	0.19%	0.19%	0.19%	0.19%	0.19%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.66%	0.04%	0.21%	0.32%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income before tax</b>	<b>16.94%</b>	<b>14.86%</b>	<b>10.55%</b>	<b>9.07%</b>	<b>8.19%</b>	<b>8.19%</b>	<b>8.19%</b>	<b>8.19%</b>	<b>8.19%</b>
Tax	5.10%	4.79%	3.73%	2.93%	2.87%	2.87%	2.87%	2.87%	2.87%
<b>Income after tax</b>	<b>11.84%</b>	<b>10.07%</b>	<b>6.83%</b>	<b>6.14%</b>	<b>5.32%</b>	<b>5.32%</b>	<b>5.32%</b>	<b>5.32%</b>	<b>5.32%</b>
Minority Interest	-0.20%	-0.19%	-0.10%	-0.17%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Net income</b>	<b>11.64%</b>	<b>9.88%</b>	<b>6.72%</b>	<b>5.97%</b>	<b>5.32%</b>	<b>5.32%</b>	<b>5.32%</b>	<b>5.32%</b>	<b>5.32%</b>

	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2014-02-01	As of 2014-08-02	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
						+	-						
Cash	427.03	491.81	329.02	502.95	461.52			461.52	684,167,535	906.82	1,129.46	1,352.11	1,574.76
Short term investment	15.09	4.06	6.91	5.12	5.02			5.02	5.02	5.02	5.02	5.02	5.02
<b>Cash and Short term</b>	<b>442.12</b>	<b>495.87</b>	<b>335.93</b>	<b>508.07</b>	<b>466.54</b>			<b>466.54</b>	<b>689.19</b>	<b>911.84</b>	<b>1,134.48</b>	<b>1,357.13</b>	<b>1,579.78</b>
Accounts Receivable	358.48	340.60	324.97	276.56	280.00			280.00	280.00	280.00	280.00	280.00	280.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>358.48</b>	<b>340.60</b>	<b>324.97</b>	<b>276.56</b>	<b>280.00</b>			<b>280.00</b>	<b>280.00</b>	<b>280.00</b>	<b>280.00</b>	<b>280.00</b>	<b>280.00</b>
Total Inventory	294.70	328.60	369.71	350.90	392.39			392.39	392.39	392.39	392.39	392.39	392.39
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	68.27	96.41	76.61	80.55	109.47			109.47	109.47	109.47	109.47	109.47	109.47
<b>Current Assets</b>	<b>1,163.57</b>	<b>1,261.48</b>	<b>1,107.22</b>	<b>1,216.08</b>	<b>1,248.40</b>	<b>0.00</b>	<b>0.00</b>	<b>1,248.40</b>	<b>1471.047535</b>	<b>1,693.70</b>	<b>1,916.34</b>	<b>2,138.99</b>	<b>2,361.64</b>
PP&E, Gross	677.93	759.87	826.17	0.00	830.00			830.00	830.00	830.00	830.00	830.00	830.00
Change in Depreciation	63.75	77.04	87.20	85.82	85.82			85.82	85.82	85.82	85.82	85.82	85.82
Accumulated Depreciation	364.08	410.98	470.44	0.00	470.00			470.00	555.82	641.64	727.46	813.28	899.10
<b>PP&amp;E, Net</b>	<b>313.85</b>	<b>348.89</b>	<b>355.73</b>	<b>0.00</b>	<b>360.00</b>			<b>360.00</b>	<b>274.18</b>	<b>188.36</b>	<b>102.54</b>	<b>16.72</b>	<b>-69.10</b>
Goodwill	29.59	29.07	39.29	38.99	39.00	0.00		39.00	39.00	39.00	39.00	39.00	39.00
Intangibles	9.19	10.70	16.03	13.14	13.00			13.00	13.00	13.00	13.00	13.00	13.00
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	169.58	194.34	195.23	171.60	171.60			171.60	171.60	171.60	171.60	171.60	171.60
<b>Long Term Assets</b>	<b>522.21</b>	<b>583.00</b>	<b>606.28</b>	<b>223.73</b>	<b>583.60</b>			<b>583.60</b>	<b>497.78</b>	<b>411.96</b>	<b>326.14</b>	<b>240.32</b>	<b>154.50</b>
<b>Total Assets</b>	<b>1,685.78</b>	<b>1,844.48</b>	<b>1,713.50</b>	<b>1,439.81</b>	<b>1,832.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,832.00</b>	<b>1,968.83</b>	<b>2,105.66</b>	<b>2,242.48</b>	<b>2,379.31</b>	<b>2,516.14</b>
Accounts Payable	233.85	224.86	191.14	191.53	192.00			192.00	192.00	192.00	192.00	192.00	192.00
Accrued Expense	157.63	165.20	156.03	160.80	160.00			160.00	160.00	160.00	160.00	160.00	160.00
Other current Liabilities	37.36	27.95	35.89	13.54	0.34			0.34	0.34	0.34	0.34	0.34	0.34
<b>Total Current Liabilities</b>	<b>428.84</b>	<b>418.01</b>	<b>383.06</b>	<b>365.87</b>	<b>352.34</b>	<b>0.00</b>	<b>0.00</b>	<b>352.34</b>	<b>352.34</b>	<b>352.34</b>	<b>352.34</b>	<b>352.34</b>	<b>352.34</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	2.18	2.03	1.90	4.16	2.00			2.00	2.00	2.00	2.00	2.00	2.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	12.22	10.21	8.31	7.58	6.74			6.74	6.74	6.74	6.74	6.74	6.74
<b>Total Interest Earning Debt</b>	<b>14.40</b>	<b>12.24</b>	<b>10.21</b>	<b>11.74</b>	<b>8.74</b>	<b>0.00</b>	<b>0.00</b>	<b>8.74</b>	<b>8.74</b>	<b>8.74</b>	<b>8.74</b>	<b>8.74</b>	<b>8.74</b>
Deferred Income tax	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	26.03	26.93	17.02	21.30	21.29			21.29	21.29	21.29	21.29	21.29	21.29
Other liabilities	161.66	211.68	216.21	211.01	210.56			210.56	210.56	210.56	210.56	210.56	210.56
<b>Total Liabilities</b>	<b>630.93</b>	<b>668.86</b>	<b>626.50</b>	<b>609.92</b>	<b>592.93</b>	<b>0.00</b>	<b>0.00</b>	<b>592.93</b>	<b>592.93</b>	<b>592.93</b>	<b>592.93</b>	<b>592.93</b>	<b>592.93</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.92	0.90	0.85	0.85	0.85		0.00	0.85	0.85	0.85	0.85	0.85	0.85
Additional Paid-in capital	368.23	400.18	423.39	439.74	440.00	0.00	0.00	440.00	440.00	440.00	440.00	440.00	440.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	960.46	1,155.70	1,162.98	1,247.18	1,250.00			1,250.00	1,386.83	1,523.66	1,660.48	1,797.31	1,934.14
Treasury Stock	-266.15	-357.94	-497.77	-519.46	-500.00		0.00	-500.00	-500.00	-500.00	-500.00	-500.00	-500.00
Other Equity	-8.58	-23.20	-2.46	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>1,054.88</b>	<b>1,175.64</b>	<b>1,086.99</b>	<b>1,154.41</b>	<b>1,190.85</b>	<b>0.00</b>	<b>0.00</b>	<b>1,190.85</b>	<b>1,327.68</b>	<b>1,464.51</b>	<b>1,601.33</b>	<b>1,738.16</b>	<b>1,874.99</b>
<b>Liability + Equity</b>	<b>1,685.81</b>	<b>1,844.50</b>	<b>1,713.49</b>	<b>1,764.33</b>	<b>1,783.78</b>	<b>0.00</b>	<b>0.00</b>	<b>1,783.78</b>	<b>1,920.61</b>	<b>2,057.44</b>	<b>2,194.26</b>	<b>2,331.09</b>	<b>2,467.92</b>
<b>Variance</b>	-0.03	-0.02	0.01	-324.52	48.22			48.22	48.22	48.22	48.22	48.22	48.22
<b>Debt/Equity</b>	0.01	0.01	0.01	0.01	0.01			0.01	0.01	0.01	0.01	0.01	0.00
Inventory Turnover	8.44	8.18	7.19	7.32	6.55			6.55	6.55	6.55	6.55	6.55	6.55
Inventory Turnover Days	43.25	44.62	50.76	49.84	55.73			55.73	55.73	55.73	55.73	55.73	55.73
Days Inventory Outstanding	76.56	78.30	84.79	80.37	88.47			88.47	88.47	88.47	88.47	88.47	88.47
Accounts Receivable Turnover	6.94	7.89	8.18	9.29	9.18			9.18	9.18	9.18	9.18	9.18	9.18
Accounts Receivable Turnover Days	52.61	46.25	44.62	39.28	39.77			39.77	39.77	39.77	39.77	39.77	39.77
Days Payable Outstanding	60.75	53.58	43.84	43.87	43.29			43.29	43.29	43.29	43.29	43.29	43.29
Days Sales Outstanding	52.61	46.25	44.62	39.28	39.77			39.28	39.77	39.77	39.77	39.77	39.77
Cash Conversion Cycle	68.41	70.97	85.57	75.78	84.95			85.18	84.95	84.95	84.95	84.95	84.95
Net tangible assets/share	\$11.92	\$13.33	\$12.11	\$12.94	\$13.37			\$14.97	\$16.58	\$18.18	\$19.79	\$21.39	\$21.39

	12 months ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	52 weeks ending 2014-02-01	2014	2015	2016	2017	2018
Net Income	294.50	270.65	181.49	157.71	136.83	136.83	136.83	136.83	136.83
Depreciation	63.75	77.04	87.20	85.82	85.82	85.82	85.82	85.82	85.82
<b>Net Income + Depreciation</b>	<b>358.25</b>	<b>347.69</b>	<b>268.69</b>	<b>243.53</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>
Amortization	3.74	2.24	2.50	2.55	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	11.85	-0.89	7.30	-17.80	0.00	0.00	0.00	0.00	0.00
Non Cash Items	29.55	25.21	28.96	27.40	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-57.01	-9.76	-38.54	72.26	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	17.68	15.63	48.41	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-33.90	-41.11	18.81	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-8.99	-33.72	0.39	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>346.38</b>	<b>364.49</b>	<b>268.91</b>	<b>327.94</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>
Capital Expenditures Expenditures	-123.06	-123.53	-99.59	-75.44	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-23.04	-8.56	-20.67	12.36	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-146.10</b>	<b>-132.09</b>	<b>-120.26</b>	<b>-63.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Financing Cash flow items	8.70	1.02	-7.29	0.02	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-247.10	-74.37	-172.80	-68.22	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-37.47	-87.87	-135.90	-18.24	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-1.14	-1.77	-2.30	1.63	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-277.01</b>	<b>-162.99</b>	<b>-318.29</b>	<b>-64.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	1.71	-4.64	6.86	-6.13	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	502.07	427.04	491.81	329.02	461.52	684.17	906.82	1,129.46	1,352.11
<b>Net Change in Cash</b>	<b>-75.03</b>	<b>64.77</b>	<b>-162.78</b>	<b>173.92</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>
Ending Cash Balance	427.04	491.81	329.03	502.94	684.17	906.82	1,129.46	1,352.11	1,574.76
Capex to Revenue	4.95%	4.60%	3.75%	2.94%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation to Sales	2.56%	2.87%	3.28%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%
Amortization to Sales	0.15%	0.08%	0.09%	0.10%	0.11%	0.10%	0.10%	0.10%	0.10%
A/R to Sales	14.41%	12.67%	12.22%	10.76%	10.76%	10.76%	10.76%	10.76%	10.76%
Distributable FCF/EV Yield	15.99%	18.56%	11.87%	21.15%	17.78%	17.78%	17.78%	17.78%	17.78%
Dividend Yield	-14.45%	-4.35%	-10.10%	-3.99%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing)</b>	<b>470.42</b>	<b>315.33</b>	<b>342.12</b>	<b>320.72</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

GES

	Proforma	2014	2015	2016	2017	2018
<b>Net Change in Cash</b>	<b>173.92</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
Current Portion Debt Balance	2.00	2.00	2.00	2.00	2.00	2.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		5.00%	5.00%	5.00%	5.00%	5.00%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>0.16</b>	<b>0.16</b>	<b>0.16</b>	<b>0.16</b>	<b>0.16</b>
Cash Balance		508.07				
Interest @ 1.0%		5.08	5.08	5.08	5.08	5.08
<b>Net Interest Expense/(Income)</b>		<b>(4.92)</b>	<b>(4.92)</b>	<b>(4.92)</b>	<b>(4.92)</b>	<b>(4.92)</b>
<b>Net Interest Rate</b>		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
EBITDA		205.58	205.58	205.58	205.58	205.58
<b>EBITDA/Interest Expense Coverage</b>		<b>1284.90</b>	<b>1284.90</b>	<b>1284.90</b>	<b>1284.90</b>	<b>1284.90</b>

Interest Rate Coverage Table

Debt Rating					
AAA	AAA	AAA	AAA	AAA	AAA
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

\*Source: NYU; Professor Damodaran

# SN VALUATION

## Altman Z Score

Company Name:

Guess Inc.

Ticker:

GES

Period	2010	2011	2012	2013	2014	2015	2016	2017	2018
Working Capital	734.73	843.47	724.16	896.06	1,118.71	1,341.36	1,564.00	1,786.65	2,009.30
Total Assets	1,685.78	1,844.48	1,713.50	1,832.00	1,968.83	2,105.66	2,242.48	2,379.31	2,516.14
<b>X1</b>	<b>0.44</b>	<b>0.46</b>	<b>0.42</b>	<b>0.49</b>	<b>0.57</b>	<b>0.64</b>	<b>0.70</b>	<b>0.75</b>	<b>0.80</b>
Retained Earnings	960.46	1,155.70	1,162.98	1,250.00	1,386.83	1,523.66	1,660.48	1,797.31	1,934.14
Total Assets	1,685.78	1,844.48	1,713.50	1,832.00	1,968.83	2,105.66	2,242.48	2,379.31	2,516.14
<b>X2</b>	<b>0.57</b>	<b>0.63</b>	<b>0.68</b>	<b>0.68</b>	<b>0.70</b>	<b>0.72</b>	<b>0.74</b>	<b>0.76</b>	<b>0.77</b>
EBITDA	404.62	397.25	274.53	222.59	205.58	205.58	205.58	205.58	205.58
Total Assets	1,685.78	1,844.48	1,713.50	1,832.00	1,968.83	2,105.66	2,242.48	2,379.31	2,516.14
<b>X3</b>	<b>0.24</b>	<b>0.22</b>	<b>0.16</b>	<b>0.12</b>	<b>0.10</b>	<b>0.10</b>	<b>0.09</b>	<b>0.09</b>	<b>0.08</b>
Market Value of Equity	1,710.16	1,710.16	1,710.16	1,710.16	1,845.67	1,991.92	2,149.75	2,320.09	2,503.93
Total Liabilities	630.93	668.86	626.50	592.93	592.93	592.93	592.93	592.93	592.93
<b>X4</b>	<b>2.71</b>	<b>2.56</b>	<b>2.73</b>	<b>2.88</b>	<b>3.11</b>	<b>3.36</b>	<b>3.63</b>	<b>3.91</b>	<b>4.22</b>
Net Sales	2,487.29	2,688.05	2,658.61	2,569.79	2,569.79	2,569.79	2,569.79	2,569.79	2,569.79
Total Assets	1,685.78	1,844.48	1,713.50	1,832.00	1,968.83	2,105.66	2,242.48	2,379.31	2,516.14
<b>X5</b>	<b>1.48</b>	<b>1.46</b>	<b>1.55</b>	<b>1.40</b>	<b>1.31</b>	<b>1.22</b>	<b>1.15</b>	<b>1.08</b>	<b>1.02</b>
<b>Altman Z Score</b>	<b>5.21</b>	<b>5.13</b>	<b>5.18</b>	<b>5.08</b>	<b>5.19</b>	<b>5.34</b>	<b>5.50</b>	<b>5.67</b>	<b>5.86</b>

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red



Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
<b>Tangible Book Value</b>	<b>1,151.85</b>	<b>1,288.68</b>	<b>1,425.51</b>	<b>1,562.33</b>	<b>1,699.16</b>	<b>1,835.99</b>				<b>1,835.99</b>
Annual Change		136.83	136.83	136.83	136.83	136.83				
<b>Annual FCF</b>	<b>252.50</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>222.65</b>	<b>667.94</b>
Annual Op. Cash Flow	327.94	222.65	222.65	222.65	222.65	222.65	222.65	222.65	222.65	
Annual PP&E Investment	(75.44)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Today's Tangible Book Value</b>	<b>1,151.85</b>	<b>1,264.42</b>	<b>1,387.99</b>	<b>1,523.63</b>	<b>1,672.53</b>	<b>1,835.99</b>				<b>2,503.93</b>
Intrinsic Value IRR	9.77%									
<b>Market Price</b>	<b>1,710.16</b>	<b>1,845.67</b>	<b>1,991.92</b>	<b>2,149.75</b>	<b>2,320.09</b>	<b>2,503.93</b>				<b>2,503.93</b>
Market Price IRR	7.92%									

Debt	50.00%	855.08
Equity	50.00%	855.08
<b>Total</b>	<b>100.00%</b>	<b>1,710.16</b>

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	1190.85	855.08	944.25	1,033.41	1,122.58	1,211.74	1,300.91				
Goodwill	39	558.31	558.31	558.31	558.31	558.31	558.31				
Debt	0	<b>855.08</b>	<b>855.08</b>	<b>855.08</b>	<b>855.08</b>	<b>855.08</b>	<b>855.08</b>				
Debt Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%				
Additional Interest Expense		73.33	73.33	73.33	73.33	73.33					
<b>Tangible Book Value</b>	<b>1151.85</b>	<b>296.77</b>	<b>385.93</b>	<b>475.10</b>	<b>564.26</b>	<b>653.43</b>	<b>742.59</b>				<b>742.59</b>
Annual Change			89.16	89.16	89.16	89.16	89.16				
<b>Annual FCF</b>	<b>252.50</b>		<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>524.95</b>
Annual Net Income	153.43		89.16	89.16	89.16	89.16	89.16	89.16	89.16	89.16	
<b>Annual Op. Cash Flow</b>	<b>327.94</b>		<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	<b>174.98</b>	
Dividend Payments											
Annual PP&E Investment	(75.44)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Debt Paydown	0.00							0.00	0.00	0.00	

Sale Price in Year 5 **1,267.55**

Capital Left for Equity Investor **1,267.55**  
 Dividend Payments **0.00**  
 Total Cash In Flow **1,267.55**

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity **855.08**  
 IRR **8.19%**

Value Creation  
 TBV Growth (equals sum of NI Year 1-5) 445.82  
 Cash Flow (Year 6-8) 524.95  
**970.78**

Value Dilution  
 Debt 855.08  
 Goodwill 519.31  
 Additional Interest 366.64  
**1,741.03**